

REGULATORY UPDATE FOR JULY 13 (COVERING WEEK OF JULY 6)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions¹:**

R.14-07-002/A.16-07-015 (Net Energy Metering proceeding). This decision would modify Decision 16-01-044 to reduce and minimize ambiguity regarding eligibility to take service on a virtual net energy metering tariff. The modifications to Decision 16-01-044 confirm Commission policy to permit netting of energy from a single eligible renewable generating facility among customers or accounts behind multiple service delivery points and on multiple contiguous parcels, provided that those customers or accounts are part of the same multitenant or multi-meter facility.

Other Filings or Rulings:

R.19-11-009 (Resource Adequacy proceeding). Commissioner Randolph issued an Amended Scoping Memo and Ruling. The Amended Scoping Memo and Ruling: (a) designates Track 3 issues as Track 3.A and Track 3.B, and (b) replaces the previous Track 3 schedule with a Track 3.A and Track 3.B schedule. Track 3.A issues will include: (1) evaluation of the California Independent System Operator's (CAISO) updated LCR reliability criteria; (2) evaluation of an LCR reduction compensation mechanism to be applied to the central procurement framework; and (3) consideration of the Central Procurement Entity's ("CPE") rules to ensure that confidential, market sensitive information received by the CPE from generators, LSEs, or third-party marketers as part of the central solicitation and procurement process will be protected, as well as what firewall safeguards will be implemented to prevent the sharing of information beyond those employees involved in the central solicitation and procurement process. A proposed decision is scheduled to be issued in the fourth quarter of 2020.

Track 3.B will address, among other items: (1) incentives for load-serving entities that are deficient in year-ahead RA filings, as discussed in D.20-06-031; (2) multi-year system and flexible RA requirements, as stated in D.20-06-002; and (3) refinements to the MCC buckets adopted in D.20-06-031. A proposed decision in Track 3.B is scheduled to be issued in the first quarter of 2021.

¹ Per Commission Rules of Practice and Procedure, Rule 14.3, Comments on proposed decisions are due 20 days after issuance of the proposed decision, and reply comments are due five days thereafter. Comments on Draft Resolutions are due twenty days after the draft resolution appears in the Commission's daily calendar, per Rule 14.5.

Voting Meetings:

The Commission's next voting meeting is scheduled for July 16. The agenda for the July 16 meeting includes the following items:

Item 3: Draft Resolution UEB-400. This Resolution would establish a citation program under the administration of the Director of the Consumer Protection and Enforcement Division to enforce compliance with the consumer protection measures authorized by the California Public Utilities Commission for net energy metering customers. This citation program is applicable to Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, providing grid interconnection services for residential rooftop solar customers taking service under the CPUC's NEM tariff. This citation program does not cover interconnection applications for new home construction.

Item 10: R.16-02-007. This decision denies the petition for modification (PFM) of Decision (D.) 19-11-016 filed by the California Energy Storage Alliance (CESA) on April 1, 2020. In its PFM, CESA sought to require that any contracts entered into by the investor-owned utilities for the online date of August 1, 2021 be processed by the Commission with Tier 2 advice letters, instead of Tier 3 advice letters as required by D.19-11-016. Though the PFM is denied, this decision commits to processing the IOU filings for 2021 as quickly as possible, including utilizing all appropriate means of expediting Tier 3 advice letters.

Item 18: R.19-07-017. This decision approves servicing orders to be executed between the California Department of Water Resources and the large electrical corporations in order to support the collection of a Wildfire Fund non-bypassable charge contemplated by AB 1054 and adopted by D.19-10-056.

Item 45: Proposed Order Instituting Rulemaking to Further Develop a Risk-Based Decision -Making Framework for Electric and Gas Utilities. This new rulemaking would consider ways to strengthen the risk-based decision-making framework that regulated energy utilities use to assess, manage, mitigate and minimize safety risks. The rulemaking will build on requirements for a utility risk framework adopted in the first Safety Model Assessment Proceeding, Application 15-05-002 et al, and in Rulemaking 13-11-006, the Risk-Based Decision-Making proceeding, with the goal of further prioritizing safety by electric and gas utilities.

Commission workshops

July 15, 2020, 9 a.m. to 4 p.m. Public Webinar: 2020 Demand Response Auction Mechanism (DRAM) Refinements Workshop Session 2.

California Independent System Operator

Upcoming Meetings and Deadlines:

Resource Adequacy Enhancements, Fifth Revised Straw Proposal. The California ISO will hold public stakeholder calls on July 14-16, 2020, to discuss the fifth revised straw proposal for the Resource Adequacy Enhancements initiative, which it issued on July 7, 2020. The paper, along with a presentation, will be available prior to the calls on the initiative webpage at <http://www.caiso.com/StakeholderProcesses/Resource-Adequacy-Enhancements>.

The CAISO's fifth revised straw proposal considers enhancements to RA counting rules and assessments. This includes considering methodologies for determining forced outage rates for system, local, and flexible RA requirements. It is common practice among other independent system operators (ISOs) and regional transmission organizations (RTOs) to include an assessment of unforced capacity values that relies on the probability a resource will experience a forced outage or derate at some point when it has been procured for RA capacity. The CAISO proposes to develop a methodology for calculating unforced capacity values and a portfolio assessment to ensure the shown RA capacity is collectively adequate to meet the CAISO's operational needs in all hours.

The CAISO is also proposing that RA resources will have a 24 by 7 must offer obligation into the day-ahead market unless explicitly provided an exemption to this requirement through the proposed policy modifications. The CAISO is also proposing that RA resources will be subject to bid insertion, unless exempted.

The CAISO is also proposing several changes to the existing planned outage provisions and the planned outage process, including changes are intended to provide higher assurance that planned outages scheduled by 45 days prior to the month can be taken when scheduled. The CAISO proposes to redesign the planned outage process to reflect system UCAP targets rather than traditional NQC targets. This proposal includes a process that accounts for the need for planned outages in the upfront procurement and eliminates the need for all planned outage substitution. Under this proposal, the CAISO will (1) eliminate RAAIM, and (2) retain complete discretion to grant or deny all opportunity outages.

The CAISO also proposes modifications to the RA import provisions. The SC for the RA resource will be required to submit supporting documentation demonstrating that any RA import resource shown on annual and monthly supply plans represent physical capacity that has not been sold or committed to any other entity for the applicable RA period. The CAISO will require that all RA imports, at minimum, identify the source BA and resource or aggregation or portfolio of resources within a single BAA that will provide the capacity.

The CAISO is also proposing a new flexible RA framework that more deliberately captures the CAISO's operational needs for unpredictable ramping needs between day-ahead and real-time markets.

The CAISO is also proposing modifications to its backstop capacity procurement provisions to align backstop authority with the resource adequacy counting rules and adequacy assessments. These proposed modifications include new procurement authority to use the capacity procurement mechanism as an option to fulfill load serving entities' unforced capacity deficiencies and system deficiencies as determined through a resource adequacy portfolio showing analysis.

Energy Storage and Distributed Energy Resources, Draft Tariff Language. The California ISO will hold a public stakeholder web conference on July 20, 2020, to discuss the draft tariff language for Phase 4 of the Energy Storage and Distributed Energy Resources (ESDER) initiative. The draft language is available on the ESDER initiative webpage at http://www.caiso.com/informed/Pages/StakeholderProcesses/EnergyStorage_DistributedEnergyResources.aspx

System Market Power Mitigation, Draft Final Proposal. The California ISO held a public stakeholder web conference on June 24, 2020, to discuss the draft final proposal for the System Market Power Mitigation initiative. Written comments are due July 14.

Day-Ahead Market Enhancements: Written Comments Deadline Extended. In response to requests from stakeholders, the California ISO has extended the deadline for written comments on the Day-Ahead Market Enhancements revised straw proposal. The submission deadline has been extended from July 6 to July 13.

Hybrid Resources, Revised Draft Tariff Language. The California ISO will hold a public stakeholder web conference on July 17, 2020, to discuss the revised draft tariff language for phase 1 of the Hybrid Resources initiative. The revised draft language incorporates stakeholder input received to date. Comments will be accepted during the web conference. The ISO will post an updated matrix responding to comments received from stakeholders. The revised draft language will be available prior to the web conference on the Hybrid Resources initiative webpage at <http://www.caiso.com/StakeholderProcesses/Hybrid-resources>.

California Energy Commission

On July 1, 2020, the California Energy Commission (CEC) held a public workshop related to offshore wind energy off the Central Coast of California. The workshop was part of the Bureau of Ocean Energy Management (BOEM) California Intergovernmental Renewable Energy Task Force (California Task Force) and was a follow-up to the [Outreach on Additional Considerations for Offshore Wind Energy off the Central Coast of California](#) presented to the California Task Force during the [March 9, 2020 California Task Force meeting](#). The purpose of the public workshop was to take public comment on potential additional offshore wind energy locations off the Central Coast of California. Written comments are due by 5:00 p.m. on July 31, 2020.

California State Water Resources Control Board

On June 19, 2020, the State Water Resources Control Board (State Water Board) published a [third revised public notice](#) changing the date of the State Water Board meeting wherein the State Water Board will conduct a public hearing and consider adoption of a proposed amendment to the Water Quality Control Policy On the Use of Coastal and Estuarine Waters for Power Plant Cooling (“OTC Policy”). The State Water Board meeting will now be held on September 1, 2020 at 9:30 a.m. According to the notice, no changes were made to the public comment period, which ended on May 18, 2020. For more details about the amendment, please visit the State Water Board [program page](#).

Minnesota Public Utilities Commission

Xcel Energy 2020-2034 Upper Midwest Integrated Resource Plan (“IRP”) Supplemental Filing

On June 30, 2020, Xcel Energy (“Xcel”) filed its supplemental IRP filing pursuant to Commission orders in various dockets as well as direction in the IRP docket. At a high level, Xcel’s Supplemental Preferred Plan contemplates the following: (1) retirement of all coal generation by 2030 and reduction of operations at some units prior to retirement; (2) extension of the Monticello plant to the year 2040; (3) addition of approximately 6,000 MW of new renewables within the planning period; (4) addition of significant demand-side management, including 400 MW of demand response by 2023 and average annual energy efficiency savings over 780 gigawatt hours; and (5) addition of firm peaking resources as needed in the latter years of the plan. Xcel also confirms that its updated filing is consistent with the goals of the Commission’s COVID-19 Economic-Recovery docket (outlined in previous updates) as well as the Company’s own filings in that docket. Also worth noting is the portion of the Supplemental Preferred Plan that calls for 400 MW of demand response by 2023 which appears to be consistent with the Commission’s order in the previous IRP docket (MPUC Docket No. 15-21) and the pending petition by the Advanced Energy Management Alliance (MPUC Docket No. 20-421), where the organization is seeking an expedited proceeding for the creation of a demand-response tariff to comply with the Commission’s order in the previous IRP. The current IRP and the Advanced Energy Management Alliance’s petition are currently separate; however, it remains to be seen how parties will react to the apparent link between the two. Parties have the next few months to analyze the contents of Xcel’s updated IRP filing. As of now, initial comments are due on October 30, 2020, and reply comments are due on January 15, 2021.

Xcel Renewable*Connect/Windsource Commission Order

By way of background, the Windsource and Renewable*Connect programs are separate Xcel green tariff programs, and the Commission approved Xcel’s proposal to make the Renewable*Connect program a permanent offering and transition existing Windsource customers to Renewable*Connect in 2019. On July 2, 2020, the Commission filed an order approving the Windsource Program Surplus Balance joint resolution. The surplus is the product of Xcel sunseting the Windsource program. As part of the resolution, the first \$6 million refund will occur by mid-September 2020 via a per kWh credit to individual customers’ bills relating to their relative Windsource usage between June 2018 to April 2020. The remaining refund will be

calculated in the same fashion with May 2020 sales through sales prior to the transition of Windsource to the Renewable*Connect program.

Enbridge Energy Line 3 Replacement Project Commission Hearing

On June 25, 2020, the Commission met to consider the heavily contested Line 3 project. The Line 3 proposal calls for the replacement of an existing pipeline in northern Minnesota. Line 3 was previously approved by the Commission; however, the Commission renewed its review of the project after remand from the Minnesota Court of Appeals. Alleging that new evidence exists, opponents of the project filed a petition for reconsideration, which was denied by the Commission in a 4-1 vote. The Commission also approved certain permit amendments and various expenditure issues. A Commission order is expected in the near future.

Federal Energy Regulatory Commission

FERC will hold a [technical conference](#) on July 23 on hybrid resources. The conference will address technical and market issues prompted by growing interest in generation and electric storage resources paired at the same plant location.

FERC [announced a technical conference on October 27](#) on offshore wind generation integration in RTOs/ISOs. The conference will address whether existing Commission transmission, interconnection, and merchant transmission facility frameworks in RTOs/ISOs can accommodate anticipated growth in offshore wind generation in an efficient and effective manner that safeguards open access transmission principles and to consider possible changes or improvements to the current framework should they be needed to accommodate such growth. Commissioners may participate in the technical conference. Individuals interested in participating as panelists should submit a self-nomination form by [Friday, August 14, 2020](#).

FERC [announced a technical conference on September 30](#) on carbon pricing in organized wholesale electricity markets. The conference will address state adoption of mechanisms to price carbon dioxide emissions, commonly referred to as carbon pricing, in regions with Commission-jurisdictional organized wholesale electricity markets.

On July 8, the Department of Energy releases a request for information (“RFI”) to solicit views on safeguarding the bulk-power system (“BPS”) supply chain from threats and vulnerabilities, an action related to the [executive order](#) on securing the BPS issued in May. Responses to the RFI must be submitted no later than 5:00 p.m. ET on August 7, 2020.

On July 10, the U.S. Court of Appeals for the D.C. Circuit (“D.C. Circuit”) upheld the Federal Energy Regulatory Commission’s (“FERC”) Order Nos. 841 and 841A, which established a framework for electric storage resources (“ESRs”) participation in wholesale markets. The D.C. Circuit rejected the petitioners’ arguments that FERC exceeded its jurisdictional boundaries and intruded on regulatory matters left to the States in prohibiting States from barring ESRs located on their distribution and retail systems from participating in federal markets. The D.C. Circuit also held that FERC’s orders were not arbitrary and capricious

and that FERC adequately explained its decision to reject a state opt-out, a feature present in previous FERC programs addressing the demand response participation in wholesale markets.

FERC will hold an open meeting this Thursday July 16 and is expected to address the following notable matters:

1. A notice of proposed rulemaking issued in September that would seriously overhaul the agency's PURPA regulations. Among other changes, the notice proposed allowing states to replace fixed energy rates for qualifying facilities with rates that vary by time, date, or with market fluctuations. The notice also proposed expanding the "one-mile rule" to allow facilities located fewer than 10 miles apart to be considered a single facility, allowing entities to challenge self-certifications or re-certifications by qualifying facilities, reducing the must-purchase obligation threshold to 1 MW and providing new avenues for utilities to avoid the must-purchase obligation, and refining the definition of a legally enforceable obligation. The proposed rule would have significant impacts on the development of qualifying facilities.
2. A petition by the New England Ratepayers Association that essentially requests that FERC end retail net metering by requesting that the Commission rule that FERC has exclusive jurisdiction over wholesale energy sales from generation sources located on the customer side of the retail meter and that such rates be priced in accordance with PURPA. Hundreds of comments have been submitted in response to the petition.
3. A proceeding involving the application of PJM's Financial Transmission Rights forfeiture rule to Up-to-Congestion transactions and how uplift is, or should be, allocated to all virtual transactions in PJM. The Commission received additional briefing on how uplift is, or should be, allocated to virtual transactions in PJM in the fall, following an order from the Commission declining to adopt broadly applicable uplift cost allocation reforms.
4. Requests for rehearing of FERC's order approving Dominion Energy's proposal to move from a 1-CP to a 12-CP method of transmission cost allocation.

Procurement News

On July 7, 2020, PacifiCorp issued an All-Source Request for Proposals (RFP) seeking proposals for up to 4.3 gigawatts of competitively priced new and existing resources capable of interconnecting with or delivering to PacifiCorp's transmission system in its east or west balancing authority areas. To be eligible, new wind and solar resources would need to achieve commercial operation by the end of 2024. PacifiCorp will also accept bids from pumped storage hydro resources that have an expected commercial operation date beyond 2024. Projects must have a minimum net power production capacity greater than 20 MWac (except for QFs with nameplate capacities greater than the relevant state's standard avoided cost schedule). Parties that intend to submit RFP bids must provide a Notice of Intent to Bid to PacifiCorp by July 20, 2020.

The RFP is available at:

https://www.pacificorp.com/content/dam/pcorp/documents/en/pacificorp/suppliers/rfps/2020-all-source-request-for-proposals/documents/main-documents-appendices/2020AS_RFP_Main_Document_July_7_2020.pdf