

**REGULATORY UPDATE FOR MAY 17, 2022 (WEEK OF MAY 9, 2022)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions<sup>1</sup>

Draft Resolution E-5209. This resolution adopts updated contract prices by Product Category for the feed-in-tariff program, known as Renewable Market Adjusting Tariff (ReMAT), using price data from Renewable Portfolio Standard contracts executed between 2015 and 2021. In addition, it orders Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to amend their ReMAT program tariff to reflect the adopted fixed prices by Product Category paid to the seller.

R.20-08-020 (NEM proceeding). On May 9, 2022, the assigned ALJ issued a ruling reopening the evidentiary record on a limited basis to consider three topics from the Proposed Decision issued in this proceeding in December 2021. The three elements are: (A) the glide path approach; (B) NBCs on gross consumption; and (C) community DERs and comparison to those tariffs (i.e., Community Solar Green Tariff). The ruling poses 14 detailed questions relating to these three elements and directs parties to submit opening comments on June 10; reply comments are due June 24. For more details, see our Renewable + Law blog post [here](#).

Voting Meetings

The Commission's next voting meeting is scheduled for May 19, 2022. The agenda includes the following energy-related items.

Item 4. R.20-05-003 (IRP Proceeding). This decision adopts a Modified Cost Adjustment Mechanism to calculate above-market costs of utility procurement to procure resources for load-serving entities that either opted out of procurement or failed to procure as required in response to procurement D.19-11-016 (total 3,300 MW) or D.21-06-035 (total 11,500 MW).

Item 5. Resolution E-5194. This resolution adopts, with modification and clarification, the criteria and process proposed by SDG&E, PG&E, and SCE pursuant to Section 3.5.3 of D.21-01-018 for evaluating the safety and reliability of electric isolation technologies prior to deployment or implementation of the technologies.

Item 9. Draft Resolution E-5206. SDG&E filed Advice Letter (AL) 3936-E on January 19, 2022, requesting the Commission to review and approve two separate but similar purchase and sale agreements (PSAs) with SDCP and CEA. The PSAs are long-term contracts for

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<sup>1</sup> Per CPUC 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 20 days after the draft resolution appears in the CPUC's daily calendar, per Rule 14.5.

renewable energy, along with the associated renewable energy credits, originating from various facilities in SDG&E's Power Charge Indifferent Amount-eligible RPS portfolio. This resolution approves the PSAs without modification.

Item 10. Draft Resolution E-5204. This resolution approves a 2022 Power Displacement Agreement between SCE and the United States Department of Defense, Edwards Air Force Base. This 2022 Power Displacement Agreement replaces the 2012 Power Displacement Agreement, which expired on December 31, 2021.

Item 11. Draft Resolution E-5205. This resolution approves five energy storage contracts for 498 megawatts (MW) of nameplate capacity, expected to provide 462 MW of incremental September net qualifying capacity, that SCE procured to address 2023 and 2024 mid-term reliability. Those five contracts are for the following projects: AES (Alamitos BESS II, 82 MW), Calpine (Santa Ana III, 40 MW), LS Power (Gateway, 75 MW), Tenaska/Falcon Energy (Condor, 200 MW), and Tenaska/Falcon Energy (Peregrine, 100 MW). All the contracts are RA only, other than the AES contract, which is an RA with put option (which allows seller to put the dispatch rights to SCE).

Item 15. Draft Resolution E5181. This resolution approves PG&E's request to shift funds between categories in PG&E's approved 2018-2022 Demand Response (DR) budget to make up for a shortfall of \$9,999,585 needed to pay for CPUC required IT system upgrades and related costs. PG&E proposes to shift approximately \$5.8M from Category 1, Supply Side DR Programs, specifically the SmartAC program. PG&E proposes to shift approximately \$4.2M from Category 5, Pilots, Resolution E-5181 DRAFT May 19, 2022 PG&E AL 6180-E/WMB 2 because the Commission did not ultimately authorize the Supply Side Pilot beyond the first three years of the program cycle, leaving the remaining budget unspent.

## **CALIFORNIA ISO**

### **Stakeholder Initiatives: Upcoming Meetings and Deadlines**

**Extended Day-Ahead Market Initiative.** The California ISO has published the straw proposal for the Extended Day-Ahead Market initiative, which will be discussed, along with governance topics, at an upcoming stakeholder meeting on May 25-26, 2022. The deadline to submit written comments on the straw proposal has been extended from June 9, 2022, to June 16, 2022.

**2021-2022 Transmission Planning Process.** Completed proposals for the Collinsville and Manning substation projects must be submitted prior to the close of business on July 15, 2022. Completed proposals for the Newark – Northern Receiving Station and Metcalf – San Jose B HVDC competitive solicitation projects must be submitted prior to the close of business on August 26, 2022.

**Energy Storage Enhancements.** The California ISO has postponed the public stakeholder call scheduled for May 19, 2022. This meeting was originally intended to discuss the draft final proposal. The next step in the initiative process will not be to post a draft final

proposal. The California ISO is taking additional time to carefully consider stakeholder comments and questions that were raised through the last round of comments and from the April 13, 2022 stakeholder workshop. The California ISO is also working to prepare a matrix with responses to comments and questions that have been received to date. Another notice will be sent in the coming weeks to announce next steps.

**Flexible Ramping Product Refinements Impacts to WEIM Resource Sufficiency Evaluation.** The California ISO held a stakeholder call on May 10, 2022 to discuss the interactions between the nodal flexible ramping product the California ISO plans to implement in fall 2022 and the existing WEIM resource sufficiency evaluation. Comments on the meeting discussion are due May 20.

**FERC Order No. 881 – Managing Transmission Line Ratings.** The California ISO will hold a public stakeholder call on May 24, 2022, to discuss its compliance with FERC Order No. 881 – Managing Transmission Line Ratings. Written comments on the discussion are due June 7, 2022.

**Price Formation Enhancements.** The California ISO will hold a public stakeholder workshop on June 1, 2022, to discuss the new Price Formation Enhancement initiative.

## **CALIFORNIA ENERGY COMMISSION (CEC)**

### Energy System Reliability

On May 9, 2022, the CEC published a Notice of Staff Workshop on Summer and Midterm Reliability that will be held in two sessions on May 20, 2022. Session 1 will begin at 9:30 a.m. and session 2 will begin at 1:00 p.m. The workshop will be held both in person at the CEC headquarters in Sacramento and remotely. The workshop will provide an update on the outlook for summer 2022 and midterm electric system reliability and will also provide an overview of the Tracking Energy Development Task Force.

For additional information regarding the workshop, please visit TN #242986 available in [Docket No. 21-ESR-01](#).

### Offshore Wind

On May 18, 2022, CEC staff will host a workshop on offshore wind energy development off the California Coast focused on “Maximum Feasible Capacity and Megawatt Planning Goals for 2030 and 2045.” During the workshop, CEC staff will present a [draft report](#) that includes staff’s proposed findings and recommendations addressing the requirements of Assembly Bill (AB) 525 for the CEC to evaluate and quantify the maximum feasible capacity of offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits and establish megawatt offshore wind planning goals for 2030 and 2045.

According to the [Notice](#) published in Docket No. 17-MISC-01 on May 9, 2022, a quorum of CEC commissioners may participate, but no votes will be taken. Commissioners from the

CPUC may also attend. If CPUC commissioners are present at the workshop, the CPUC's rules governing ex parte contacts with commissioners and their staff remain in effect even though this is a CEC-initiated and noticed workshop.

The workshop will begin at 9:30 a.m. and will support both in-person and remote attendance. Additional information about the workshop is available in the Notice, which is available at TN #242969 in [Docket No. 17-MISC-01](#).

Note that according to Item 3 of the CEC's May 24, 2022 Business Meeting [agenda](#), the CEC will consider adoption of the California Offshore Wind Energy Development Report at the May 24, 2022 Business Meeting.

### Integrated Energy Policy Report (IEPR)

CEC staff will host a remote workshop to solicit comments on proposed transmission-related data collection and analyses for the 2023 Integrated Energy Policy Report (2023 IEPR) relating to electricity resource plans. According to the Notice, data collection is occurring through the 2022 IEPR Update Docket for use and analysis in the 2023 IEPR. The workshop Notice is available at TN #243069 in [Docket No. 22-IEPR-03](#).

### Gas Decarbonization OIIP

The CEC will host a two-session workshop on June 3, 2022 to launch the [Gas Decarbonization Order Instituting Informational Proceeding \(OIIP\)](#). The Gas Decarbonization OIIP was launched in March 2022 and continues the dialogue on gas transition topics and begins carrying out the 2021 Integrated Energy Policy Report (2021 IEPR) recommendations. The proceeding is intended to enhance collaboration among the CPUC, California Air Resources Board, the California ISO, and other state agencies, as well as the various stakeholders with an interest in gas decarbonization issues. The workshop Notice is available at TN #243070 in [Docket No. 22-OII-02](#).

As background, as California decarbonizes its energy system, the state will face various challenges, including addressing declining long-term gas demand from building electrification, the interdependencies between gas and electricity systems, and the potential role of low-carbon fuels and technologies. Volume III: Decarbonizing the State's Gas System of the 2021 IEPR asserts that California needs a comprehensive, inclusive, long-term gas planning process to ensure a safe, reliable, and equitable transition away from fossil gas.

According to the workshop Notice, the proceeding will be a multi-year investigation that will run parallel to and inform the CEC's IEPR processes. The CEC also intends to initiate phases within the OIIP to focus the proceeding's scope and to address new or emerging issues. Phase 1 of the OIIP will provide comprehensive assessments and forecasts of gas supply, demand, prices and rates, and infrastructure topics, including analytical improvements to support long-term gas planning. The workshop will provide an overview of the objectives of the proceeding and solicit stakeholder input on issues to be addressed to achieve decarbonization of

the gas system in California. Staff will provide an overview of currently planned activities under the proceeding and seek input on additional activities. A detailed meeting schedule will be posted prior to the workshop [here](#).

#### Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on May 26, 2022 at 1:30 p.m. in Calipatria, California. The meeting will support in-person and remote participation. Additional details are available at TN #243097 [here](#).

#### Energy Conservation Assistance Act

CEC staff will hold a workshop at 10:00 a.m. on May 27, 2022 to discuss and solicit public comments on proposed modifications to the existing Energy Conservation Assistance Act (ECAA) program. ECAA is a low-interest loan program providing financing to cities, counties, schools, and other eligible public entities for energy-efficiency and clean energy generation projects. Additional information is available at TN #243090 in [Docket No. 22-ECAA-01](#).

#### Renewable Portfolio Standard (RPS)

California load-serving entities (LSEs), including retail sellers and local publicly owned electric utilities (POUs), must report 2021 retirements of renewable energy credits for California's RPS to the CEC by Friday, July 1, 2022. As specified by the *Renewable Portfolio Standard Eligibility Guidebook, Ninth Edition (Revised)*, all LSEs are required to track and report RPS procurement using the Western Renewable Generation Information System (WREGIS).

POUs are required to submit 2021 Annual Summary Reports and supporting documentation, including new or revised contracts executed in the prior year, e-Tag Reports, and Hourly Reports through the RPS Online System, by the July 1, 2022 deadline.

To assist LSEs with annual reporting, CEC staff prepared the following documents:

- [2021 WREGIS Reporting Guidance](#)
- [2021 Annual Reporting Instructions](#)

#### Rulemaking to Amend Regulations for Geothermal Delegation of Certification Authority

During the May 11, 2022 CEC Business Meeting, the CEC adopted Resolution No. 22-0511-06, available at TN #243020 in [Docket No. 21-OIR-02](#). The resolution adopts amendments to the CEC's geothermal delegation regulations, as set forth in the Express Terms that were published on February 24, 2022 in [Docket No. 21-OIR-02](#).

### CEC Business Meetings

The next CEC Business Meeting is scheduled for May 24, 2022. The agenda is available [here](#).

## **CALIFORNIA AIR RESOURCES BOARD (CARB)**

### Meetings and Workshops

On May 19-20, 2022, CARB will hold its next regular [meeting](#). During the meeting, CARB will hear an informational update on the AB 617 Community Air Protection Program statewide strategy, the [Program Blueprint](#). Notice of the meeting is available [here](#), and public comments can be submitted to CARB [here](#) in advance of the hearing.

### Opportunities for Public Comment

Comments on the draft [AB 32 Scoping Plan Update](#), which assesses progress towards achieving targets to decrease California's greenhouse gas emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045, may be submitted [here](#) on or before June 24, 2022.

CARB held a series of [public workshops](#) on draft regulatory language for the proposed [Advanced Clean Fleets regulation](#) to achieve zero-emission medium and heavy-duty zero-emission truck and bus fleets by 2045. Informal comments on the proposed regulation may be submitted [here](#) on or before December 31, 2022.

## **OREGON PUBLIC UTILITIES COMMISSION (OPUC)**

### OPUC to Issue Formal Rulemaking with Respect to Transportation Electrification Planning

Last Tuesday, May 10, the OPUC issued Order 22-158, which approved staff's request to open a formal rulemaking docket related to transportation electrification planning. The order contains proposed draft rules which incorporate the budgeting requirements under HB 2165. The proposed rules and order can be located [here](#).

### OPUC Meetings This Week

On Tuesday, May 17 at 9:30 a.m. PST, the OPUC will hold a public meeting to discuss a wide range of dockets including UM 1930 (related to implementation of Oregon's Community Solar Program) and UM 2143 (related to resource adequacy in Oregon).

Later in the week on Thursday, May 19 at 9:30 a.m. PST, the OPUC is holding a special public meeting in UM 2166 to discuss PGE's 2021 Request for Proposals. The meeting agenda and dial-in details can be located [here](#). Additionally, at 1:00 p.m. PST, the OPUC will hold a

staff workshop in UM 2005 (related to distribution system planning in Oregon). The workshop agenda and dial-in details can be located [here](#).

### **FEDERAL ENERGY REGULATORY COMMISSION (FERC)**

FERC's next open meeting is May 19 and is expected to address the following topics of interest:

- Action on requests for rehearing of FERC's final rule on managing transmission line ratings (Order No. 881).
- Action in several dockets addressing cost-justifications filings for sales above the Western Electricity Coordinating Council's soft price cap of \$1,000/MWh.
- Action on a request for rehearing of FERC's order approving revisions to the Southeast Energy Exchange Market Agreement.

During last month's open meeting, FERC [issued](#) a Notice of Proposed Rulemaking (NOPR) meant to facilitate future regional transmission development aimed at improving reliability, reducing costs, and achieving long-term resource needs and goals over a 20-year horizon. The NOPR was approved by a 4-1 vote, with Commissioner Danly as the lone dissenting voice. Missing from the proposed reforms, however, were proposed changes to the generator interconnection process – something that many developers had hoped would be addressed in light of the significant delays impacting interconnection queues in several regions of the country. The NOPR resides in Docket No. RM21-17.

Also during the April open meeting, FERC [directed](#) six organized energy market operators to provide information regarding changing system needs and plans for potential reforms. These reports due within 180 days will address current system needs given resources mixes and load profiles, as well as project future needs over the next five and 10 years. The public may comment on the reports for up to 60 days following their filing. Docket No. AD21-10.

Earlier this month, FERC rejected a proposal by MISO that would have extended the Self-Funding Option to allow transmission owners to unilaterally elect to fund and receive a return on and of the capital cost of network upgrades, necessary upgrades, and protection facilities identified for the interconnection of Merchant High Voltage Direct Current (MHVDC) transmission lines. The Self-Funding Option has been controversial since it was put in place several years ago for generator interconnection; however, FERC rejected MISO's attempts to extend the funding option to MHVDC lines, in part, because merchant transmission developers do not have the same funding options available to them as do generator interconnection customers. Commissioner Danly dissented. The order is available [here](#).

This month, PJM plans to file substantial reforms to its generator interconnection procedures, which changes will cause customers to do more in demonstrating project viability and financial commitments in order to advance an interconnection request. A detailed presentation from PJM that outlines the upcoming filing is [here](#).

