

**REGULATORY UPDATE FOR OCTOBER 20 (WEEK OF OCTOBER 12)****California Public Utilities Commission****New Proposed Decisions and Draft Resolutions:<sup>1</sup>**

A.20-03-015. This proposed decision would grant Pacific Gas and Electric Company's (PG&E) application to sell the Chili Bar Hydroelectric Project and associated property to the Sacramento Municipal Utility District.

I.17-02-002 (Investigation in Aliso Canyon Natural Gas Storage Facility). In response to Administrative Law Judge's Ruling Entering into the Record Direction to Maintain Aliso Canyon Storage Capacity at or Below the Interim Level of 34 Billion Cubic Feet and Requesting Comments, issued on August 26, 2020, the majority of the comments recommended that the maximum storage capacity at the Aliso Canyon Natural Gas Storage Facility be set at 68.6 billion cubic feet. One party recommended closing Aliso Canyon Natural Gas Storage Facility immediately. This proposed decision would decline to change the interim storage capacity because the current interim level of 34 billion cubic feet is based upon five detailed reports that chronicled Aliso Canyon Natural Gas Storage Facility's safety and reliability requirements since 2017, and a new level will be determined shortly based on the extensive work in Phase 2 of this proceeding.

**Voting Meetings:**

The Commission will hold a voting meeting on October 22, 2020. The agenda includes the following items:

Item 3: R.12-11-005 (Self-Generation Incentive Program). This proposed decision partially approves and partially denies a Petition for Modification of the California Energy Storage Alliance (CESA). It approves with modifications CESA's request that the Commission immediately authorize Self-Generation Incentive Program (SGIP) Program Administrators (PA) to transfer funds between technology incentive budgets. It directs SGIP PAs to file Tier 1 advice letters within 30 days of adoption of this decision confirming transfer of a total of \$100 million and \$8.5 million in funds from the Large-Scale General Market Budget to the Non-Residential Equity Budget and the Residential Equity Budget, respectively. It adopts a specific budget amount for each PA's fund transfer and directs each PA to award the transferred Non-Residential Equity Budget funds using a one-time-only lottery for the waitlisted applications submitted on May 12, 2020. The decision also adopts a cap of \$5 million for Non-Residential Equity Budget incentives for any one entity. This decision denies CESA's suggested revisions to the SGIP lottery prioritization criteria adopted in Decision (D.) 16-06-055; the one-time lottery for funds

---

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

transferred herein to the Non-Residential Equity Budget will be random and not use any prioritization criteria. It denies CESA's request to remove the moratorium on PA submittal of advice letters proposing to transfer funds between technology incentive budgets until after December 31, 2022, adopted in D.20-01-021, but approves additional limited PA fund transfer authority starting in 2021.

Item 5: I.19-09-016 (PG&E Bankruptcy). This proposed decision would close the Commission proceeding regarding PG&E's bankruptcy, in light of the bankruptcy court's approval of a reorganization plan and PG&E's emergence from bankruptcy.

Item 6: Proposed Resolution UEB-004. This proposed resolution approves a citation program for enforcing the Net Energy Metering interconnection application consumer protection requirements enacted in D.16-01-044, D.18-09-044, and D.20-02-011.

Item 19: A.20-02-003 (PG&E Wildfire Rates). This proposed decision authorizes PG&E to recover, on an interim basis and subject to refund, \$447 million in revenue over a period commencing December 2020 and continuing through April 2022 associated with wildfire mitigation-related memorandum accounts. The decision declines PG&E's request for authorization to institute interim rates, subject to refund, whenever it accumulates a total of \$100 million or more (in revenue requirement equivalent) relating to new Commission- or legislatively mandated activities in one or more memorandum accounts established to allow the utility to record such costs.

### **California Independent System Operator**

On October 13, 2020, the California ISO announced that Petar Ristanovic, Vice President of Technology, and Eric Schmitt, Vice President of Operations, are retiring. The California ISO also announced that it had created a new Chief Operating Officer (COO) position. Mark Rothleder, currently the ISO's Vice President of Market Policy and Performance, will become the new COO.

#### **Upcoming Meetings and Deadlines:**

**Generator Downsizing Request Submittal Window for Generator Interconnection Projects: Open 10/15/20 to 11/15/20.** The California ISO will begin to accept downsizing requests on October 15, 2020, for active interconnection requests and commercial generating facilities seeking to downsize under the annual generator downsizing process. All downsizing requests and deposits must be submitted to the ISO by 5:00 p.m. (Pacific Standard Time), November 15, 2020.

**Annual Policy Initiatives Roadmap Process: 2021 Draft Policy Initiatives Roadmap Posted.** Comments on the 2021 draft Policy Initiatives Roadmap, part of the ISO's annual policy initiatives roadmap process, are due October 21, 2020.

**Extended Day-Ahead Market.** The California ISO has extended the deadline to submit written comments on the Extended Day-Ahead Market bundle 1 straw proposal from October 8, 2020 to November 12, 2020.

**Hybrid Resources: Final Proposal Comments Deadline Extended.** Comments on the final proposal for the Hybrid Resources initiative are now due by October 23, 2020.

### **California Energy Commission**

The California Energy Commission (CEC) has scheduled a new time and date for the Lead Commissioner workshop in which the CEC intends to solicit further public and stakeholder comment on proposed modifications to the Renewables Portfolio Standard enforcement regulations for local publicly owned electric utilities. The workshop was previously scheduled for October 13, 2020, but is now scheduled for 9:00 a.m. on October 30, 2020. For more information:

<https://www.energy.ca.gov/proceedings/energy-commission-proceedings/proceeding-modifications-rps-enforcement-regulations>

### **California Air Resources Board**

On November 19 and 20, 2020, the California Air Resources Board (CARB) will hold a public hearing to consider amendments to its regulations for the reporting of Criteria Air Pollutants and Toxic Air Contaminants. The proposed amendments will expand CARB's inventories of emissions from stationary sources, on-road and off-road mobile sources, and area-wide sources, i.e., consumer products. The amendments would expand the scope of sources subject to reporting, increasing the number of facilities reporting from about 1,300 to approximately 60,000 at full implementation. The amendments would incorporate a six-year phase-in for reporting of additional processes and provide abbreviated reporting requirements for thousands of facilities. The amendments would also improve consistency with air toxic "hot spots" reporting requirements under Assembly Bill 2588. Details on the proposed amendments and the hearing are available [here](#). Written comments can be submitted by mail or electronically [here](#) and must be received no later than November 16, 2020, if they will not be physically submitted at the hearing.

### **Washington Utilities and Transportation Commission**

On November 6, 2020, the Washington Utilities and Transportation Commission will hold a public hearing for the adoption of proposed rules in its Energy Independent Act rulemaking (Docket No. UE-190652).

### **Federal Energy Regulatory Commission**

The Federal Energy Regulatory Commission (FERC) has a [technical conference scheduled for October 27, 2020, on offshore wind generation](#) integration in ISOs/RTOs. 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 will consider possible changes or improvements to the current framework should they be needed to accommodate such growth. Commissioners may participate in the technical conference.

In FERC's monthly meeting, it largely accepted the most recent compliance filing in PJM's Minimum Offer Price Rule (MOPR) proceeding. However, FERC did clarify several aspects of the MOPR. For example, in response to requests for clarification regarding the exemption for incentives for general industrial development, such as local tax relief that encourages an attribute related to electricity, like pollution controls, FERC clarified that only payments that were designed to provide an incentive and promote general industrial development in an area or siting facilities in one locality over another are exempt. FERC also clarified that in order to obtain the RPS Exemption from the MOPR, a customer alone must have signed an Interconnection Service Agreement, Interconnection Construction Services Agreement, or Wholesale Market Participant Agreement prior to FERC's December 2019 order. Those agreements need not be signed by all parties. Lastly, FERC clarified that if a New Entry Capacity Resource enters the capacity market and is not subject to the MOPR (either through the Competitive Exemption or because it is not state subsidized), and then subsequently elects to accept a State Subsidy *at any point in its asset life*, that resource may not participate in the capacity market from that point forward for a period of years equal to its remaining applicable asset life (which is typically 20 years).

In its monthly open meeting, FERC also issued a policy statement that declares FERC's jurisdiction with respect to ISO/RTO market rules that incorporate state-determined carbon prices, based on the fact that such prices and market rules may directly affect wholesale energy rates. In addition, FERC also encouraged ISOs/RTOs to explore and consider the benefits of Federal Power Act section 205 filings to establish such rules; however, some market operators may be hesitant to do so given what has transpired in the MOPR docket.