

**REGULATORY UPDATE FOR APRIL 18, 2023
(WEEK OF APRIL 10, 2023)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

New Proposed Decisions and Draft Resolutions¹

Draft Resolution E-5267. This resolution adopts, with modifications, changes to the Emergency Load Reduction Program (ELRP) as proposed by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E). This resolution orders the three utilities to file amended ELRP Terms and Conditions documents, via a Supplemental Advice Letter, incorporating the modifications.

Investigation 15-08-019 (PG&E Safety Culture Investigation). This decision adopts the *Modified Safety Policy Division Staff Report*, dated April 2023. The Modified Staff Report sets forth recommended reporting requirements and proposes a plan for tracking designated recommendations from 2017 Assessment of PG&E's Safety Culture and 2019 First Update Report. CPUC staff will continue to monitor PG&E's safety practices and take action, as needed. PG&E is ordered to comply with the reporting requirements set forth in the Modified Staff Report. This proceeding is closed.

Application 22-05-015; 22-05-016 (Sempra Utilities 2024 GRC). This decision grants Southern California Gas Company (SoCalGas) and SDG&E (jointly, Sempra Utilities) the authority to establish General Rate Case (GRC) memorandum accounts for the recording of the test year 2024 GRC revenue requirements effective January 1, 2024, for Track 1. This decision authorizes the Sempra Utilities to make January 1, 2024 the effective date of any new revenue requirements and associated tariff revisions and ratemaking mechanisms approved by the CPUC in the 2024 GRC.

Application 19-08-013 (SCE 2021 GRC). This decision adopts the uncontested settlement agreement proposed by SCE, the Public Advocates Office at the CPUC, and The Utility Reform Network addressing SCE's wildfire liability insurance costs for 2023 and 2024. Adoption of the settlement agreement results in a reduction of \$80 million to SCE's authorized revenue requirement for 2023, a potential \$160 million reduction to SCE's requested revenue requirement for 2024, and other potential savings and benefits to ratepayers. This decision modifies and supersedes any wildfire liability insurance provision of Decision 21-08-036 issued in Track 1 of this proceeding that conflicts with this decision.

¹ Per CPUC's 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 CPUC's daily calendar, per Rule 14.5.

Voting Meetings

The CPUC's next voting meeting will be held on April 27, 2023.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Transmission Service and Market Scheduling Priorities Phase 2. CAISO extended the comment deadline for the Transmission Service and Market Scheduling Priorities Phase 2 draft tariff language from April 28 to May 10, 2023. CAISO extended the deadline to give stakeholders additional time to provide robust comments on this initiative, following the submittal of comments on April 28, 2023 for the Extended Day-Ahead Market draft tariff language.

Subscriber Participating Transmission Owner Model. CAISO will hold a public stakeholder call on April 18, 2023 to discuss the draft final proposal for the Subscriber Participating Transmission Owner Model initiative. Written comments on the draft final proposal are due May 2, 2023.

Transmission Development Forum. CAISO, in conjunction with the CPUC and the participating transmission owners, will hold its quarterly public stakeholder call on April 25, 2023 to provide status updates on the transmission projects previously approved through the transmission planning process and network upgrades identified in the generation interconnection process.

2023 Interconnection Process Enhancements. CAISO will host a public stakeholder call on May 1, 2023 to discuss the Track 1 final proposal for the 2023 Interconnection Process Enhancements initiative. Written comments on the final proposal are due April 24, 2023.

Draft 2024 Flexible Capacity Needs Assessment. CAISO will hold a public stakeholder call on April 20, 2023 to discuss the Draft 2024 Flexible Capacity Needs Assessment. Written comments on the draft assessment are due by May 4, 2023.

Ancillary Service State of Charge Constraint. CAISO postponed the April 27, 2023 stakeholder meeting to discuss the straw proposal and policy and changes related to the Ancillary Service State of Charge Constraint filed at FERC in September 2022. This discussion is postponed until the third quarter of 2023, and a notice will be sent once this meeting is rescheduled.

CALIFORNIA ENERGY COMMISSION (CEC)

Offshore Wind

The CEC published a "Save the Date" for a May 8, 2023 offshore wind energy symposium entitled "On With The Wind: Toward 25 GW of Offshore Wind Energy in

California.” According to the email notice, the symposium will feature a U.S. Department of Energy Interactive Workshop to discuss efforts required to advance floating offshore wind. The symposium will be held in person (with advance registration) and via remote access. For more information about the symposium, please visit the [symposium website](#). Integrated Energy Policy Report

The CEC will host a remote-access-only webinar on April 18, 2023 to provide an overview of the 2023 North American Market Gas trade model, end-use price assumptions, and preliminary results. This webinar will provide staff with the opportunity to vet model assumptions, discuss price results, and seek stakeholder feedback. The webinar will be held at 10 a.m. PT and login details are available [here](#).

Energy System Reliability

On April 19, 2023, the CEC will host a workshop in collaboration with the CPUC and CAISO to present and seek comments from stakeholders and interested parties on the preliminary load shift goal and the forthcoming preliminary report to reduce net peak electrical demand as required by Senate Bill (SB) 846. The workshop will include a public comment period. SB 846, in part, directs the CEC (in consultation with the CPUC and CAISO) to establish a load shift goal that focuses on reducing net peak electrical demand and a report that includes recommended policies to increase demand response and load shifting without increasing greenhouse gas emissions or electricity rates. According to SB 846, the load shift goal must be adopted by June 1, 2023, and is to be adjusted in each biennial Integrated Energy Policy Report thereafter.

The CEC released the final Clean Energy Reliability Investment Plan, available [here](#).

Electric and Zero Emissions Vehicles

The CEC is taking comments on electric vehicle infrastructure projects for medium- and heavy-duty vehicles, and specifically seeks input on project ideas and project details such as location, technical considerations, scalability, public-private partnerships, and business models. The CEC is hoping to identify the most promising projects for the Charging and Fueling Infrastructure (CFI) and National Electric Vehicle Infrastructure grant funding programs, and to ensure that they will align with state goals and priorities. Additional information regarding the request for information is available [here](#) and a link to comments submitted in response is available [here](#), in Docket 23-TRAN-01.

Hydrogen Funding Opportunities

On April 5, 2023, the CEC announced that it intends to release a solicitation to provide cost-share funding (total funding available is \$20 million) to applicants that apply for and receive an award under an eligible federal funding opportunity announcement for hydrogen technology projects meeting the requirements of the solicitation and of Assembly Bill (AB) 209. Eligible projects under AB 209 are specific to hydrogen derived from water using eligible renewable

energy resources, as defined in Section 399.12 of the Public Utilities Code, or produced from these eligible renewable energy resources. The announcement encouraged interested applicants to review GFO-21-901 (Section IV) (Electric Program Investment Charge Cost Share Solicitation) for elements that could be considered in the scoring criteria, due to the short time for applications. The CEC may consider the following criteria, which is subject to change when the final solicitation is released: technical merit, technical approach, impacts and benefits to California, term qualifications and capabilities, budget and cost-effectiveness, and impacts on disadvantaged and low-income or tribal communities. The anticipated release date is May 2023.

Reliability Reserve Incentive Programs

On April 26, 2023, CEC staff [will hold a remote-access-only workshop](#) to discuss the Demand Side Grid Support (DSGS) program's draft revised guidelines. As background, the DSGS program compensates certain participants for upfront capacity commitments and per-unit reductions in net energy load during extreme events achieved through reduced usage, use of backup generation, or both. In January 2023, CEC staff held a workshop and collected public comment on the launch of the DSGS program.

CEC Business Meetings

The next CEC Business Meeting is scheduled for May 10, 2023.

CALIFORNIA AIR RESOURCES BOARD (CARB)

Agency Updates

On April 17, 2023, the [2023 California Climate Investments annual report](#) to the California Legislature was released, summarizing the status and outcomes of programs, projects, and initiatives funded by the Greenhouse Gas Reduction Fund, which is funded from California Cap-and-Program allowance auction proceeds.

Meetings and Workshops

CARB will hold its next Board Meeting on April 27-28, 2023. At the meeting, CARB will consider the proposed [Advanced Clean Fleets Regulation](#). The agenda for the meeting is available [here](#).

On May 2 and May 4, 2023, CARB will hold virtual community meetings on the [Low Carbon Fuel Standard](#) and potential changes to the regulation. Information and registration for the meetings is available [here](#).

Opportunities for Public Comment

On February 22, 2023, CARB held a [public workshop](#) on potential changes to the [Low Carbon Fuel Standard](#). At the workshop, staff presented additional information on potential credit generation opportunities that may affect carbon intensity targets, preliminary fuel mix, and

cost outputs from the California Transportation Supply model, and concepts related to streamlining implementation. Staff has released [draft regulatory text](#) of the proposed changes. Comments on the proposed changes for Tier 1 Simplified Calculators and Lookup Table Values may be submitted [here](#) on or before May 31, 2023.

ILLINOIS COMMERCE COMMISSION (ICC)

The ICC will hold its next voting meeting on April 20, 2023 at 11:30 a.m. CT. The ICC's meeting agenda will be posted 48 hours in advance, available [here](#).

OREGON PUBLIC UTILITY COMMISSION (OPUC)

On April 6, the OPUC approved a request by PacifiCorp to be allowed until May 31, 2023, to file its Clean Energy Plan and Jim Bridger Long-Term Fuel Plan and begin the associated review process. In a separate approval, the OPUC also set May 31, 2023, as the deadline for PacifiCorp to file its annual report.

The OPUC held a prehearing conference on April 10, 2023 in Docket LC 80, which addresses Portland General Electric's Integrated Resource Plan and Clean Energy Plan that was filed on March 31.

IDAHO PUBLIC UTILITIES COMMISSION (IPUC)

On April 5, 2023, the IPUC issued a [notice](#) of Idaho Power's application for participation in the Western Resource Adequacy Program (WRAP) and recovery of WRAP-associated costs in a future rate proceeding. Interventions are due by April 26, 2023.

TEXAS LEGISLATURE & ELECTRIC RELIABILITY COUNCIL OF TEXAS (ERCOT)

Texas lawmakers continued their push to punish renewables in the wake of Winter Storm Uri by advancing several bills on April 5, 2023. These bills would fund 10 GW of gas-fired plants solely to prevent load shed; limit the amount of renewable generation constructed; institute a firming requirement for all resources and load-serving entities; and mandate that generation be built closer to load to reduce transmission costs.

Chief among the bills is Senate Bill (SB) 6. This bill calls for interest-free loans from state funds to build "reliability assets." These reliability assets are gas plants in ERCOT's footprint with on-site fuel storage. The bill is expected to cost between \$10 and \$18 billion. The bill has been revised to state that plants constructed with these funds cannot enter the competitive day-ahead and real-time markets for 40 years. This change is meant to maintain the competitiveness of the ERCOT market. The bill would also cap the rate of return for these reliability assets at 10%. If there are not enough funds for the program, the Texas Public Utilities Commission would set a nonbypassable charge to all transmission and distribution utilities, municipally owned utilities and electric cooperatives in ERCOT.

Senators also approved SB 7, which creates a new ancillary service program that requires load-serving entities to purchase "dispatchable" reliability reserve services on a day-ahead basis.

The key provision of this “firming” bill hinders energy storage development by requiring that resources offering the ancillary service be capable of running for at least 10 hours. The original version of the bill mandated a four-hour run time. SB 7 would not be compatible with ERCOT’s view that energy storage is dispatchable.

The Senate has also advanced other bills to the House of Representatives. SB 2014 would make RECs voluntary instead of mandatory and SB 2015 would require that 50% of generating capacity installed in ERCOT after 2023 be from dispatchable resources.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

On April 14, 2023, in a “FERC after dark” ruling, FERC rejected a proposal by the Southwest Power Pool (SPP) that would have changed how transmission owners self-fund network upgrades that are identified in the generator interconnection process. Self-funding is a controversial topic in interconnection circles, as it allows the interconnecting utility to fund the cost of network upgrades and then charge the associated interconnection customer an ongoing rate for the upgrade that includes a utility rate of return. Self-funding therefore can increase the cost of network upgrades for generators. SPP’s new proposal would have allowed transmission owners to elect not to self-fund early in the interconnection but then change course later, and FERC thought that would subject interconnection customers to too much uncertainty.

On April 7, 2023, FERC conditionally approved a proposal by PJM Interconnection, L.L.C. (PJM) to alter its process for accrediting capacity variable and hybrid resources under PJM’s effective load-carrying capability (ELCC) model. The newly approved rule limits the hourly output that is used in the ELCC for these types of resources at their individual capacity interconnection rights level.

On March 16, 2023, FERC issued an [Order on Formula Rate Protocols and Establishing a Show Cause Proceeding](#), 182 FERC ¶ 61,156 (2023) (Order), finding that the transmission formula rate protocols of Commonwealth Edison Company (ComEd) appear to “have . . . become” unjust and unreasonable because they do not conform with FERC’s current policy as established in a series of orders regarding Midcontinent Independent System Operator, Inc. (MISO) and the protocols of the MISO transmission owners. *See also* [Order on Compliance Filings re MISO Under ER13-2379](#); [Order on Rehearing and Clarification re MISO](#). The Order identified three broad categories of concern with ComEd’s protocols: (1) the limited scope of participation by interested parties, (2) the transparency of information provided under the protocols, and (3) the adequacy of the formula rate challenge procedures. Regarding the scope of participation, the Order noted that its policy is to allow participation by all interested parties, and that the protocols should define “interested parties” to include customers, state public utility commissions, consumer advocate agencies, and state attorneys general. Order ¶¶ 12-13. Regarding transparency, the Order expressed concern that ComEd’s protocols do not provide interested parties with sufficient time to review, request information, and challenge annual updates *before* the formula rate filings are made with FERC. Order ¶ 20. Regarding the adequacy of formula rate challenge procedures, the Order was concerned that ComEd’s protocols did not specify procedures through which interested parties can *informally* challenge the proposed inputs to the formula rate, and that such procedures should not impede the statutory

rights of other parties to file complaints regarding the formula rates. Order ¶¶ 30-34. As a result, the Order initiated an investigation under Section 206(b) of the Federal Power Act and directed ComEd within 60 days to “show cause why” its protocols remain just and reasonable, explain what changes to its protocols would remedy the identified concerns if FERC were to find these deviations to be unjust and unreasonable, and establish a refund effective date as of the Order’s publication in the Federal Register.

On March 24, 2023, the Independent Market Monitor (IMM) for PJM filed a [Complaint](#) against PJM, alleging that PJM refused to permit it to participate in meetings of the PJM Liaison Committee—a stakeholder committee whose charter limits attendance to PJM Members and PJM Board Members. The Complaint contends that the IMM’s exclusion from *any* PJM stakeholder process is inconsistent with the independence of PJM, the PJM Board, and the IMM, and that the IMM’s participation is “appropriate and necessary to perform its functions” as the market monitor. Apparently, the IMM was allowed to attend PJM Liaison Committee meetings until 2018, when the PJM Members Committee voted to enforce the Committee’s charter and restrict participation solely to PJM Members and PJM Board Members. The IMM’s Complaint comes on the heels of a similar [Complaint](#) filed by the Public Service Commission of West Virginia (WV PSC) alleging that it too was being improperly barred from attending PJM Liaison Committee meetings. According to the WV PSC, its right to observe the PJM Liaison Committee meetings is critical to carrying out its responsibilities in protecting West Virginia consumers’ interests.

U.S. DEPARTMENT OF TRANSPORTATION (DOT)

The DOT hosted a series of webinars to share information regarding the CFI discretionary grant funding opportunity it opened on March 14, 2023. One webinar took place on March 21, 2023 at 1 p.m. ET, and another was held on March 22, 2023 at 2 p.m. ET. The webinars were recorded and are available for viewing [here](#), together with additional information regarding the CFI grant opportunity. The funding opportunity includes \$2.5 billion over five years, with \$700 million in funding available from fiscal years 2022 and 2023. This program funding is in addition to the \$5 billion in funding that was authorized under the National Electric Vehicle Infrastructure Formula Program, as this funding opportunity is designed to “fill gaps” in the alternative fuel corridors network and to prioritize disadvantaged communities. There are two funding categories under the CFI program: (1) Community Charging and Fueling Grants (Community Program), and (2) Alternative Fuel Corridor Grants (Corridor Program).

Applications for the CFI funding opportunity are due by May 30, 2023.