

**REGULATORY UPDATE FOR APRIL 19, 2022 (WEEK OF APRIL 12, 2022)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions<sup>1</sup>

Draft Resolution E-5206. San Diego Gas & Electric Company (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 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.

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 Southern California Edison (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).

Voting Meetings

The Commission's next voting meeting will be held April 21, 2022. The agenda includes the following energy-related items.

Item 3. Resolution E-5192. This resolution approves a total budget of \$11.7 million for Pacific Gas and Electric Company (PG&E) to implement three short-term pilots to address specific barriers to vehicle-grid integration:

- Pilot #1: Vehicle-to-grid Residential Pilot Program (residential pilot) is approved as modified in this resolution at \$7.5 million.
- Pilot #2: Vehicle-to-grid Commercial Pilot Program (commercial fleets pilot) is approved as modified in this resolution at \$2.7 million.
- Pilot #3: Vehicle-to-microgrid Public Safety Power Shutoff Microgrid Pilot (microgrids pilot) is approved as modified in this resolution at \$1.5 million.

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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.

This resolution also denies the proposed budget of \$2.3 million for pilot #4 to explore vehicle-to-grid export value because AL 6259-E does not fully comply with Decision (D.) 20-12-029 requirements regarding budget, scope, and reporting. This resolution does, however, authorize PG&E to refile a new Tier 2 AL within 60 days to correct these deficiencies, if it chooses.

Item 5. A.21-07-017 (SDG&E Rate Relief for Wildfire Mitigation Plan Costs). This decision denies SDG&E's request for authorization to establish an interim rate recovery mechanism for costs recorded in the utility's Wildfire Mitigation Plan Memorandum Accounts. After reviewing SDG&E's request and intervenors' objections, including SDG&E's financial standing, as described in Application (A.) 21-07-017, and considering the timing of SDG&E's next General Rate Case (GRC) filing, the Commission concludes that SDG&E did not sufficiently demonstrate a need for interim rate relief. Pursuant to Public Utilities Code section 8386.4(b), SDG&E is directed to file for reasonableness review and cost recovery of wildfire mitigation plan costs through its GRC or via a separate application filed at the conclusion of the three-year wildfire mitigation plan cycle.

Item 6. A.21-03-008 (PG&E 2020 ERRa Compliance). This decision finds that PG&E meets the standard for compliance under the Energy Resources Recovery Account (ERRA) regulatory compliance process for the 2020 record year. During the 2020 record year, PG&E complied with all the requirements that the Commission reviews during the ERRa compliance process. Specifically, during the 2020 record year, PG&E (1) prudently managed its utility owned generation facilities; (2) prudently administered its energy resource contracts; and (3) complied with its Bundled Procurement Plan in procuring fuel, procuring greenhouse gas (GHG) compliance instruments, procuring and selling resource adequacy, and dispatching energy in a least cost manner. In addition, PG&E has demonstrated that, except for the account adjustments expressly provided in the parties' settlement agreement, the entries PG&E recorded in the ERRa and Portfolio Allocation Balancing Account, as well as other balancing and memorandum accounts reviewed in this application, are reasonable, appropriate, and accurate. This decision approves a settlement agreement entered by all the parties that actively participated in Phase One of this proceeding. The settlement agreement resolves all the contested issues in Phase One. This decision also approves all of PG&E's uncontested Phase One requests to the extent that the requests are not specifically addressed in the settlement agreement.

Item 8. R.20-01-007 (Long-Term Gas System Planning). This decision extends the Southern California Gas Company Rule 30 Operational Flow Order winter noncompliance penalty structure adopted in D.19-05-030 and extended by D.21-11-021, year-round, and makes it applicable to Southern California Gas Company, SDG&E, and PG&E service territories.

Item 9. Resolution E-5199. SCE requests approval of amendments to power purchase agreements (PPAs) with AES Alamitos, LLC and AES Huntington Beach, LLC (collectively, AES). Together the amendments provide an additional 49.5 MW of additional capacity and approximately 16.5 MW of energy and ancillary services at no additional cost for delivery periods during which the sellers exercise the put option contained in the AES PPAs. The AES projects are combined cycle power plants that achieved commercial operation in February 2020. Prior to the start of the delivery terms of the AES PPAs in May and June 2020, the sellers

conducted required capacity testing. These tests determined that 49.5 MW of additional capacity was available from the projects. The purpose of the amendments is to ensure that SCE has access to all of the capacity from the AES projects to meet reliability needs on behalf of all benefiting customers by amending the PPAs to account for the additional capacity.

Item 10. R.19-11-009 (Resource Adequacy). The Commission issued D.20-06-031 on June 30, 2020. That decision adopted local capacity requirements for 2021-2023, flexible capacity requirements for 2021, and multiple refinements to the Resource Adequacy (RA) program. One refinement adopted in D.20-06-031 was the modification to the Maximum Cumulative Capacity Buckets to limit the proportion of a load-serving entity's RA obligations that can be met with use-limited resources. Specifically, the Commission adopted a 8.3% cap on the demand response (DR) bucket. On September 9, 2021, OhmConnect, Inc. filed a petition for modification of D.20-06-031, requesting that the Commission raise the DR bucket cap from the 8.3% cap that was adopted in D.20-06-031, citing Governor Newsom's Emergency Proclamation issued July 31, 2021. This decision denies that petition.

Item 11. A.20-03-002 (PG&E 2020 Energy Storage Procurement Plan and related matters). This decision reviews and approves the 2020 Assembly Bill (AB) 2514 energy storage plans for PG&E, SCE, and SDG&E. It also approves two energy storage programs proposed by SCE pursuant to AB 2868. Regarding AB 2514, this decision acknowledges that all three applicants have completely or nearly completely met their entire, in total 1,325 MW, procurement obligation and provides a procedural pathway to count procurement in other venues towards their obligation or issue an additional solicitation if necessary. This decision acknowledges that although nearly all sufficient procurement has occurred pursuant to AB 2514, the applicants must still bring the relevant energy storage projects online by the end of 2024. Regarding AB 2868, this decision authorizes SCE to move forward with two proposed programs: a New Home Energy Storage Pilot and a Smart Heat Pump Water Heater Program. SCE is authorized cost recovery of \$5 million for the New Home Energy Storage Pilot and \$15 million for the Smart Heat Pump Water Heater Program.

Item 25. Draft Resolution E-5202. This resolution approves nine energy storage contracts for 1,598.7 MW of incremental capacity that PG&E procured to address 2023 and 2024 mid-term reliability and 2023 summer reliability. These contracts include nine Long-Term Resource Adequacy Agreements with energy settlement, including Beaumont ESS I, LLC for 100 MW, Sanborn ESS I, LLC for 169 MW, Canyon Country ESS I, LLC for 80 MW, Moss Landing Energy Storage 3, LLC for 350 MW, Poblano Energy Storage, LLC for 100 MW, NextEra Energy Resources Development Corby Energy Storage for 125 MW, NextEra Energy Resources Development Kola Energy Storage for 275 MW, Nighthawk Energy Storage, LLC for 300 MW, and Caballero CA Storage, LLC for 99.7 MW.

## **CALIFORNIA ISO**

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

**Preliminary Flexible Capacity Needs and Availability Assessment Hour Requirements.** The California ISO held a public stakeholder call on April 14, 2022 to discuss the 2023, 2024, and 2025 preliminary Flexible Capacity Needs Assessment and the availability assessment hour requirements. Written comments are due April 28, 2022.

**Interconnection Process Enhancements 2021.** On April 5, 2022, the California ISO held a workshop to discuss data transparency. Comments on the workshop are due April 19, 2022.

**Local Capacity Requirements Process-2023.** On April 8, 2022, the California ISO published the draft 2023 Local Capacity Technical Report and the 2027 Long-Term Local Capacity Technical Report. Comments on the draft reports are due on April 22, 2022.

For 2023, local capacity resource needs have increased about 336 MW or 1.3% from 2022 to 2023. The results of the study will be used by the CPUC in setting local resource adequacy requirements for the load-serving entities subject to its jurisdiction, and by the California ISO in setting its Local Capacity Requirements, or LCR, and to allocate costs for any backstop procurement conducted by the California ISO.

For the draft Long-Term Local Capacity Technical Report, capacity needs have decreased approximately 756 MW or about 3.1% from 2026 to 2027.

**Extended Day-Ahead Market.** The California ISO has posted the final summary reports for the Extended Day-Ahead Market stakeholder working groups. Links to the reports are available [here](#).

**Transmission Development Forum.** The California ISO, in conjunction with the Commission and the participating transmission owners, will hold its quarterly public stakeholder call on April 26, 2022, to provide status updates on the transmission projects previously approved through the transmission planning process and network upgrades identified in the generation interconnection process. Comments on the stakeholder call discussion are due May 10.

**2021-2022 Transmission Planning Process.** The California ISO will hold a public stakeholder call on April 20, 2022, to discuss the Phase 3 Transmission Planning Process for the four competitive solicitation projects. 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 will hold a public stakeholder call on May 19, 2022, to discuss the draft final proposal for the Energy Storage Enhancements initiative. Comments on the draft final proposal are due May 31, 2022.

### CALIFORNIA ENERGY COMMISSION (CEC)

#### 2022 Integrated Energy Policy Report (IEPR) Update

On March 2, 2022, the CEC commenced the 2022 IEPR Update proceeding. The [Draft Scoping Order for the 2022 IEPR Update](#) outlines three proposed major topic areas for the 2022 IEPR Update: (i) to establish a framework to center equity and environmental justice throughout CEC efforts; (ii) to create a California Planning Library; and (iii) to address emerging topics. Details about each of the three proposed major topic areas are set forth in the Notice. The Notice also contains a proposed schedule for the 2022 IEPR Update, as follows:

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|--|-----------------------|
| • Final Scoping Order Released                                     | April 2022            |
| • Public Workshops on Specific Topics                              | April – December 2022 |
| • Adopt order instituting informational proceeding for 2022 Update | April 2022            |
| • Release Draft 2022 IEPR Update                                   | October 2022          |
| • Release Final 2022 IEPR Update                                   | January 2023          |
| • Adopted 2022 IEPR Update   | February 2023         |

In addition to the above, the CEC will hold various workshops, meetings, and hearings related to the 2022 IEPR. Written comments submitted on the draft 2022 IEPR Scoping Order ([Docket No. 22-IEPR-01](#)) are available [here](#).

At the April 26, 2022 CEC Business Meeting, the CEC will consider adoption of an order instituting informational proceeding for the 2022 IEPR Update (see Agenda Item 2 [here](#)).

#### Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on April 28, 2022 at 1:30 p.m. in El Centro, California. The meeting will support in-person and remote participation. Additional details are available at TN #242696 [here](#).

#### CEC Business Meetings

The next monthly CEC Business Meeting is scheduled for April 26, 2022. The agenda is available [here](#).

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

### Meetings and Workshops

CARB is holding virtual public meetings and workshops as part of the AB 32 Scoping Plan Update, which will assess progress towards achieving targets to decrease California's GHG emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045. On April 20, 2022, CARB will hold a workshop to present the initial results of its analysis of air quality and health impacts and its economic analysis of the various scenarios developed for the Scoping Plan Update, for both GHG sources regulated under AB 32 and natural and working lands.

On April 26, 2022, CARB will hold a public workshop to discuss potential changes to crude oil carbon intensity estimation under the Low Carbon Fuel Standard. Information on the workshop and a registration link are available [here](#).

The next regular CARB meeting will be held April 28, 2022. The agenda will be made available [here](#) 10 days prior to the meeting.

On May 19, 2022, CARB will conduct a public hearing to 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 in advance of the hearing.

### Opportunities for Public Comment

Comments on the upcoming hearing on the AB 617 Community Air Protection Program Blueprint can be submitted to CARB [here](#) on or before May 9, 2022.

Comments on the Oil Production Greenhouse Gas Emissions Estimator model for the Low Carbon Fuel Standard can be submitted [here](#) on or before May 10, 2022.

Comments on the draft environmental analysis for the federal Clean Air Act 2022 State Implementation Plan Strategy can be submitted [here](#) on or before May 13, 2022.

## **MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)**

### Northern States Power Company dba Xcel Energy's Integrated Resource Plan Order, PUC Docket No. 19-368

As a follow-up to a previous update, the MPUC issued its order on Northern States Power Company dba Xcel Energy's (Xcel) integrated resource plan (IRP) on April 15, 2022. The order can be found [here](#). In approving the plan, MPUC specifically approved the following:

- Xcel shall save at least 780 gigawatt-hours via energy efficiency;



- Xcel shall continue the acquisition of 400 MW of DR by 2023;
- In 2025 and 2026, Xcel will repower specific resources needed for blackstart services;
- By 2026, Xcel will acquire:
  - approximately 720 MW of company-owned solar generators to fully reutilize the interconnection capacity at the retiring Sherco 2 facility, 460 MW of which may come from the currently proposed Sherco Solar project; and
  - an additional 600 MW of solar resources that are not constrained by location or ownership;
- Xcel will begin a certificate of need and route permit proceeding for transmission lines extending from the locations of retiring coal facilities designed to permit new energy resources to connect to the transmission grid;
- For each specific gen-tie transmission line for which Xcel receives the required permits, Xcel may own the line and renewable resources that connect to the line up to its current interconnection rights for the location. Xcel must also file a thorough description of the RFI process it plans to conduct before seeking its certificate of need for these lines;
- Between 2027 and 2032, Xcel demonstrated a need for 600 MW of additional solar generation and 2,150 MW of wind generation, or an equivalent amount of energy and capacity from a combination of wind, solar, and/or storage; and
- Between 2028 and 2030, Xcel demonstrated a need for approximately 600 MW of company-owned solar to reutilize the retiring King coal facility.

In addition to the resource determinations above, the MPUC also found that it is more likely than not that Xcel will need approximately, but not more than, 800 MW of generic firm dispatchable resources between 2027 and 2029, and must include an evaluation of renewable resources and storage to meet that need. The MPUC also imposed the use of competitive bidding processes that Xcel must implement for the solar, wind, and storage resources noted above.

The order also requires Xcel to make various changes to its future resource planning and affiliated processes. First, Xcel must better align distribution planning and resource planning. In its next resource plan, Xcel must improve its forecasts and/or adoption of, among other things, distributed solar sited by customers including community solar gardens. As part of this process, Xcel will work with stakeholders to develop a modeling construct that enables Xcel to model solar connected to the distribution grid as a resource. Xcel must file a report discussing its efforts to comply with this order point by June 15. Second, Xcel must include an analysis of rates and bills for the Residential, Commercial, and Industrial classes in its next IRP. Lastly, Xcel will engage in community outreach to establish a stakeholder group to: (1) create a design for the more equitable delivery of electricity services and programs for energy burdened customers; (2) create new options to improve customer access to energy efficiency and renewable energy; (3) draft a plan to be submitted in the next IRP to bring racial and gender diversity of Xcel's workforce in line with the utility's stated goals; (4) design/create incentives to ensure that disadvantaged communities have equitable access to programs promoting distributed generation; (5) create and promote practices that further procedural justice; and (6) form an environmental justice board to promote initiatives throughout the utility.

Xcel will file its next resource plan by February 1, 2024. In the meantime, Xcel will begin moving forward with the shorter-term items approved in this IRP, which should create partnership opportunities for a multitude of key stakeholders in Minnesota's energy industry. Stoel Rives is available to assist if there are additional questions on the more technical aspects of MPUC's order.

#### MPUC Agenda Meeting This Week

The MPUC will hold an agenda meeting on April 21, 2022 at 8:00 a.m. PT. During the meeting, the MPUC will make decisions on the following three matters: (1) Minnesota Energy Resources Corporation's pending 2020 Decoupling Evaluation Report; (2) Dakota Electric Association's request for approval to update Standards for Interconnection; and (3) Xcel's pending Tariff Modification for a Nonstandard Provision to Uniform Statewide Contract for Cogeneration and Small Power Production Facilities.

### **OREGON PUBLIC UTILITY COMMISSION (OPUC) AND LEGISLATIVE UPDATES**

#### OPUC Meetings This Week

On Tuesday, April 19 at 9:30 a.m., the OPUC is hosting a public meeting to discuss a wide range of dockets including Docket UM 2111 (related to interconnection modernization) and ADV 1379 (related to PGE's Advice No. 22-03 regarding its updated renewable portfolio options). The agenda and dial-in details can be located [here](#) and [here](#).

On Wednesday, April 20 at 9:30 a.m., the OPUC Staff is hosting a workshop to discuss Docket UM 2225 related to implementation of HB 2021 and the adoption of utilities' clean energy plans. Later in the day at 1:30 p.m., the OPUC is hosting a hearing on Docket AR 631 related to the terms and conditions associated with standard contracts for Qualifying Facilities under PURPA.

Lastly, on Thursday, April 21 at 9:30 a.m., the OPUC is hosting a public meeting to discuss the wildfire protection plans for PacifiCorp, PGE, and Idaho Power. Later in the day at 1 p.m. the OPUC Staff is meeting to discuss Docket UM 2005 (related to distribution system planning in the state).

### **NEW JERSEY BOARD OF PUBLIC UTILITIES**

#### Stakeholders Discuss Offshore Wind Transmission Efficiency

On April 12, 2022, at a planning process hearing with the Board of Public Utilities (BPU), a number of offshore wind stakeholders proposed methods to curb the cost of transmission necessary to connect the nearly 80 proposed offshore wind projects to the transmission grid. While projects that have already been awarded offshore leases by the BPU will develop their own transmission infrastructure, the hearing related to whether one or more



developers focused only on transmission should design the infrastructure to connect future offshore wind projects to the grid.

Developers argued that having a single transmission project serve multiple generation projects would reap cost benefits for New Jersey ratepayers via efficiencies of scale and a competitive bidding process with cost caps. The chosen developers would recoup funds via a Federal Energy Regulatory Commission-authorized tariff that would amortize the cost of the projects over their life. PJM would allocate the costs to the utilities serving the state, who would in turn charge the cost as a transmission fee in ratepayer bills.

A key issue at the hearing was whether to use high-voltage alternating current (HVAC) or high-voltage direct current (HVDC). HVDC is more efficient for transferring power over long distances because it incurs less power loss; however, it lacks the sizing flexibility provided by HVAC.

### **NEW YORK PUBLIC SERVICE COMMISSION (NYPSC)**

#### **NYPSC Approves Two Large Clean Energy Contracts**

On Thursday, April 14, 2022, the NYPSC approved separate 25-year state contracts to buy electric power from the 1,300-MW Clean Path New York (CPNY) and the 1,250-MW Champlain Hudson Power Express (CHPE) transmission projects. The CPNY and CHPE projects will transmit solar, wind, and hydropower from upstate New York and Canada into New York City.

The CPNY project is being developed by the New York Power Authority and Forward Power, a joint venture of Invenegy and energyRe. The project will provide transmission service to 23 renewable energy facilities located in upstate New York and is expected to begin service in June 2027. The 25-year total contract price is approximately \$25.5 billion. The CHPE project is being developed by Transmission Developers Inc. and a U.S. subsidiary of Hydro-Québec. The project is expected to begin service in December 2025. The 25-year total contract price is approximately \$34.5 billion.

The two transmission projects further New York State's ambitious emissions reductions goal. In sum, the projects are expected to cut New York City fossil-fired generation by 51% and bring \$8.2 billion in economic development to benefit disadvantaged communities in New York.

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

FERC's next open meeting is April 21, 2022. The Commissioners will meet in person. This month's meeting includes several entries on the agenda that are sure to draw some attention, including the following:

- Item E-1, Docket No. RM21-17-000, *Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection*.
- Item E-2, Docket No. AD21-10-000, *Modernizing Wholesale Electricity Market Design*.
- Item E-8, Docket Nos. ER21-2818-001 and EL22-4-001, *Tri-State Generation and Transmission Association, Inc.*

FERC issued its [2022-2026 Strategic Plan](#). FERC's priorities include modernizing electricity market design; improving the siting and review process for interstate gas pipelines, LNG facilities, and hydroelectric projects; safeguarding electric infrastructure from emerging threats to reliability and security; facilitating the development of electricity infrastructure needed for the changing resource mix; improving accessibility and participation in proceedings; and promoting a strong and robust enforcement program.

On March 11, 2022, FERC accepted tariff revisions proposed by the NYISO that implement the NYTOs' federal right of first refusal to build an upgrade to their existing transmission facilities that are part of another developer's Order No. 1000 Public Policy Transmission Project. The order, available [here](#), demonstrates that competitive markets for transmission development, which was one of the goals of Order No. 1000, are still struggling to take hold.