

**REGULATORY UPDATE FOR DECEMBER 13, 2022
(WEEK OF DECEMBER 5, 2022)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)

New Proposed Decisions and Draft Resolutions¹

Draft Resolution E-5242 (PG&E AL 6623-E). In Resolution E-5132, effective March 18, 2021, the Commission approved Pacific Gas and Electric Company's (PG&E) Remote Grids Supplemental Provisions Agreement, allowing PG&E to deploy an initial set of Remote Grids up to 2 megawatts (MW) of peak historical customer load. PG&E requests the additional relief to offer Remote Grids as the sole standard service offering to customers when (1) the Remote Grid has a lower risk-informed estimated cost to serve than alternatives; and/or (2) the Remote Grid is the only reasonably feasible way of providing service. This relief would apply only within the limits of the Remote Grid pilot approved in Resolution E-5132. This Resolution approves PG&E's proposal.

Draft Resolution E-5239 (PG&E AL 6654-E). This Resolution approves, with modifications, PG&E's cost-recovery proposal to implement the modified cost-recovery mechanism (MCAM). The MCAM will be used by PG&E for procurement conducted on behalf of Load Serving Entities (LSEs) that opted out of procurement required by Decision (D.) 19-11-016 or that fail to meet their procurement requirements under D.19-11-016, D.21-06-035, or future Integrated Resource Planning (IRP) procurement orders.

Draft Resolution E-5250 (SDG&E AL 4096-E). This Resolution approves three San Diego Gas & Electric Company (SDG&E) contracts for 200 MW of incremental capacity procured to address 2023 and 2024 mid-term reliability (MTR). The three contracts are: the Terra-Gen Edwards Sanborn contract (resource adequacy (RA)-only 20 MW hybrid solar and storage project with expected online date of 6/1/2023), and the Ormat Bottleneck and Aypa Cald contracts (tolling agreements for battery storage projects with expected online date of 6/1/2024 for 80 MW and 100 MW of capacity, respectively).

Draft Resolution E-5240 (SCE AL 4831-E). This Resolution approves Southern California Edison (SCE) cost-recovery proposal to implement the MCAM. The MCAM will be used by SCE for procurement conducted on behalf of LSEs that opted out of procurement required by D.19-11-016 or that fail to meet their procurement requirements under D.19-11-016, D.21-06-035, or future IRP procurement orders.

Draft Resolution E-5251 (SCE AL 4885-E). This Resolution approves four MTR energy storage contracts for 619 MW of nameplate capacity, expected to provide 565.2 MW of

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.

incremental September net qualifying capacity, that SCE procured to satisfy a portion of its 2023 and 2024 MTR requirements. These contracts include two RA-only contracts and two RA with put option contracts (i.e., RA contracts where the seller also has the option to put the dispatch rights to SCE). The MTR contracts are for new in-front-of-the-meter energy storage projects. The two RA-only contracts are the Nextera 90 MW Proxima RA Storage and WPower 69 MW Stanton projects, and the two RA with put option contracts are the Calpine 230 MW Nova I and Calpine 230 MW Nova II projects.

A.22-05-002/-003/-004 (IOU DR Applications). This decision approves the Demand Response Auction Mechanism Pilot for 2024 deliveries. It also approves and provides funding for continued demand response research supervised by the CPUC's Energy Division. The proceeding remains open to consider utility and intervenor proposals for demand response programs, program modifications, pilots, and budgets for 2024-2027.

A.21-06-021 (PG&E GRC). This decision adopts an unopposed settlement by PG&E, the Public Advocates Office at the CPUC, and The Utility Reform Network to resolve the contested issues for the 2023-2026 general rate case (GRC) period regarding the structure and funding of PG&E's wildfire liability insurance coverage. The adopted settlement establishes a revenue requirement of \$400 million per year, for 2023 through 2026, for wildfire liability insurance coverage and approves coverage which consists entirely of self-insurance for third-party wildfire claims of less than \$1 billion per year.

Voting Meetings

CPUC will hold a voting meeting on December 15, 2022. The agenda includes the following energy-related items.

Item 8. R.20-07-013 (Risk-Based Decision-Making Framework). In D.14-12-025, the CPUC established parameters and processes for integrating risk assessments into the GRCs of large investor-owned utilities, with the goal of promoting transparency and assisting the CPUC and interested parties in evaluating the various processes the energy utilities use to assess their safety risks and to manage, mitigate, and minimize such risks. This decision would modify the Risk-Based Decision-Making Framework adopted in D.18-12-014. It would direct the investor-owned utilities (IOUs) to undertake Environmental and Social Justice Pilots in their next Risk Assessment and Mitigation Phase, and to consider specific action items in those pilots.

Item 9. R. ___ - ___ - ___ (Biomethane Procurement Cost OIR). The CPUC opens this rulemaking to consider cost allocation for biomethane procurement, pursuant to D.22-02-025, which established biomethane procurement targets to reduce short-lived climate pollutant emissions. The CPUC also plans to consider cost allocation between core and noncore customer classes for biomethane procured under D.22-02-025.

Item 14. R.21-10-002 (Resource Adequacy). This decision denies the petition for modification of D.22-03-034 (Petition), filed by California Community Choice Association. In light of PG&E's shortfalls in procuring local RA capacity in its role as the Central Procurement Entity (CPE) for its service territory, and the resulting impacts on other LSEs' system and

flexible RA compliance obligations, the Petition requested: (1) immediate suspension of a portion of LSEs' system and flexible RA compliance until the California Independent System Operator (CAISO) completes any local RA backstop procurement for the CPE; (2) immediate suspension of a portion of LSEs' system and flexible compliance requirements for January, February and March, until CAISO completes backstop procurement of local RA for the CPE; (3) system update and flexible RA requirements after CAISO has completed backstop procurement; and (4) require LSEs to meet the adjusted annual and system RA following the backstop adjustment not later than May 1, 2023. The Petition also requested that the CPUC immediately create an interim waiver process for system and flexible RA penalties.

Item 16. R.18-07-003 (RPS Implementation). This decision approves the 2022 RPS Procurement Plans for the IOUs, community choice aggregators, and electric service providers, subject to specified modifications. Final plans are due no later than 30 days following issuance of the decision.

Item 17. A.22-04-008/-009/-011/-012 (IOU Cost of Capital). This decision establishes the 2023 ratemaking cost of capital for PG&E, SCE, Southern California Gas Company (SoCalGas), and SDG&E.

Item 19. Resolution E-5247. SDG&E's joint Advice Letter (AL) 4011-E, consisting of BVES AL 444-E, Liberty Utilities AL 192-E, PG&E AL 6607-E, PacifiCorp AL 685-E, and SCE AL 4803-E (collectively, Joint IOUs' AL), proposes to establish a 160-business day average service energization timeline for projects installing electric vehicle charging infrastructure. The Joint IOUs' AL proposes to limit the adopted service energization timeline to cover tasks that are only within the IOUs' direct control, while also identifying measures to accelerate the timeline to complete tasks within their indirect control. Finally, the Joint IOUs' AL identifies options to improve the completion timeline for steps outside of the IOUs' direct control. This Resolution approves, with modifications, the Joint IOUs' proposed average service energization timeline. The Joint IOUs must achieve an interim average service energization timeline of 125 business days for projects going through the EV Infrastructure Rule, excluding projects with a capacity exceeding 2 MW, projects that need distribution line upgrades via Electric Rule 15, and projects requiring sub-station upgrades. The Joint IOUs must collect and report data on sites that exceed the 125-business day average service energization timeline to inform potential modifications to the target. Within one year of authorization of this Resolution, the Joint IOUs shall host a public workshop to discuss their efforts to achieve the 125-business day average service energization timeline. Within 60 days of hosting this public workshop, the Joint IOUs must submit a Tier 2 (T2) AL proposing an updated average service energization timeline informed by their efforts over the previous year. Finally, the Joint IOUs must collect service energization data related to processes atypical or outside of the EV Infrastructure Rules (i.e., projects going through Rule 15, projects exceeding 2 MW in capacity, projects requiring sub-station upgrades, etc.) to inform a potential energization timeline for such projects.

Item 30. A.22-05-025 (SDG&E ERRRA Forecast). This decision approves SDG&E's 2023 Electric Procurement Revenue Requirement Forecasts, 2023 Electric Sales Forecast, and Greenhouse Gas (GHG) Related Forecasts for inclusion in its retail rates effective January 1, 2023.

Item 32. A.22-05-029 (PG&E ERRRA Forecast). This decision adopts the 2023 Energy Resource Recovery Account (ERRA) and related energy costs, as well as the amortization of energy-related balancing accounts, and the 2023 electric sales forecast to be used by PG&E to recover these costs. The decision also adopts PG&E's 2023 forecast of revenue requirements for GHG- and climate-related costs.

Item 36. A.21-02-018 (LS Power Gates 500kV Dynamic Reactive Support Project). This decision grants LS Power Grid California LLC's request for a permit to construct the Gates 500 kilovolt Dynamic Reactive Support Project.

Item 42. A.21-10-010 (PG&E EV Charge 2 Program). This decision approves \$50,728,000 in funding for PG&E to implement phase 1 of its Electric Vehicle Charge 2 program, from January 1, 2023 to December 31, 2025, and support the installation of approximately 2,822 Level 2 and Direct Current Fast Charger ports at multifamily housing, workplace, and public destination sites in PG&E's service territory. This decision sets an equity requirement that PG&E spend at least 65% of program funding in underserved communities.

Item 44. A.22-02-007 (SoCalGas Angeles Link). This decision grants SoCalGas the authority to establish the Angeles Link Memorandum Account to record the costs of performing Phase One feasibility studies for the Angeles Link Project, up to a cap of \$26 million with the option for an increase of up to 15%. The objective of the Angeles Link Project is to develop a clean hydrogen energy transport system to serve the Los Angeles Basin.

Item 45. R.20-08-020 (Net Energy Metering). This decision would adopt a new net energy metering tariff. The decision makes a number of significant changes, including dropping the grid benefits charge based on installed capacity that the previous proposed decision would have imposed, and adopting a new method of transitioning from the current NEM 2.0 tariff that provides an adder to the export compensation paid to residential customers in PG&E's and SCE's service territories.

Item 46. R.13-02-008 (Biomethane). The CPUC directs California's four large gas IOUs to continue to file with the CPUC previously ordered biomethane-related reports regarding interconnected projects and procurement details, as well as information pertaining to factors identified in D.22-02-025, combined into a single consolidated report due annually starting May 1, 2024. This decision also adopts an interim definition for renewable hydrogen and directs the development of pilot projects to further evaluate standards for the safe injection of renewable hydrogen into California's common carrier pipeline system by specifying permissible injection thresholds, locations, testing requirements, and independent analysis.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

CAISO Board of Governors and Western Energy Imbalance Market (WEIM) Governing Body Meetings

The CAISO Board of Governors will hold a meeting December 14-15, 2022. The final agenda may be found [here](#).

The WEIM Governing Body will hold a meeting December 13-14, 2022. The final agenda may be found [here](#).

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Subscriber Participating Transmission Owner Model. CAISO held a public stakeholder call on December 5, 2022, to discuss implementation of a new Subscriber Participating Transmission Owner model, giving the CAISO operational control of the transmission lines without increasing the CAISO's transmission access charge, and TransWest Express, LLC's request to become a participating transmission owner. Please submit written comments by end of day December 19, 2022.

Day-Ahead Market Enhancements. CAISO held a public stakeholder call on December 7, 2022, to discuss the Day-Ahead Market Enhancements draft final proposal. Comments are due December 21.

Interconnection Process Enhancements 2021 Phase 2. CAISO will hold a public stakeholder call on December 20, 2022, to discuss tariff revisions for the Interconnection Process Enhancements 2021 Phase 2 initiative. Comments on the proposed tariff revisions are due prior to the stakeholder call by the end of the day on December 15, 2022.

Price Formation Enhancements Workshop. CAISO will host a Price Formation Enhancements initiative virtual public stakeholder workshop on December 16, 2022, focused on fast-start pricing initial framework.

WEIM Resource Sufficiency Evaluation Enhancements Phase 2. The CAISO has posted a second revised final proposal for the WEIM Resource Sufficiency Evaluation Phase 2 initiative. The CAISO will present the proposal to its Board of Governors and the WEIM Governing Body for decision during the joint meeting on December 14.

WEIM Governance Review Phase 3. The CAISO has posted the Extended Day-Ahead Market (EDAM) draft final proposal for the WEIM Governance Review Phase 3 initiative. The draft final proposal may be found [here](#).

2021-2022 Transmission Planning Process. The CAISO has posted a list of project sponsors whose applications the CAISO has deemed qualified for the Newark-NRS and Metal-San Jose B HVDC projects. The CAISO will now initiate the selection process to determine which qualified project sponsor should finance, construct, own, operate and maintain each transmission solution.

FERC Order No. 881 - Managing Transmission Line Ratings Phase 2. The CAISO has rescheduled the public stakeholder call on December 13, 2022 to December 21, 2022, to discuss the FERC Order No. 881 Managing Transmission Line Ratings phase 2 initiative scope, and respond to questions from stakeholders.

Extended Day-Ahead Market. The CAISO has published the EDAM final proposal. The EDAM final proposal may be found [here](#). The EDAM design will go before the CAISO Board of Governors and WEIM Governing Body for decision in February 2023.

Planning Standards - Remedial Action Scheme Guidelines Update. The CAISO will host a public stakeholder call on December 15, 2022 to discuss the draft final proposal for the Planning Standards - Remedial Action Scheme Guidelines initiative.

Transmission Service and Market Scheduling Priorities Phase 2. The CAISO has scheduled a stakeholder call on December 16, 2022, to discuss the Transmission Service and Market Scheduling Priorities Phase 2 draft final proposal. Comments are due January 4, 2023.

CALIFORNIA ENERGY COMMISSION (CEC)

Offshore Wind – AB 525

The CEC will hold a remote access [workshop](#) at 9:00 a.m. on December 19, 2022 to present a draft report that contains a preliminary assessment of the economic benefits of offshore wind as they relate to seaport investments and workforce development needs and standards. As set forth in Assembly Bill 525 (AB 525), the CEC is required to complete and submit the report to the Natural Resources Agency and the relevant fiscal and policy committees of the Legislature by December 31, 2022.

Supply-Side Demand Response

On December 5, 2022, the CEC published the *Commission Report: Qualifying Capacity of Supply-Side Demand Response Working Group Final Report*, CEC 200-2022-001-F ([Report](#)). According to the Report Abstract, “the report provides the CEC’s final findings and recommendations from the CEC’s working group on supply-side demand response to the CPUC. The CPUC requested these findings and recommendations last year in Decision 21-06-029 and earlier this year in Decision 22-06-050.”

Renewables Portfolio Standard

On November 23, 2022, CEC Staff released (i) the Renewables Portfolio Standard Verification and Compliance Methodology Staff Report, 3rd Edition, CEC-300-2022-012-SF/Docket #21-RPS-01, available [here](#), and (ii) the Renewables Portfolio Standard Staff Draft 2017-2020 Retail Sellers Procurement Verification Report, CEC-300-2022-011-SD/Docket #21-RPS-01, available [here](#). On December 9, 2022, CEC Staff issued a [Notice of Postponement](#) noting that the CEC will not consider adoption of the 2017-2020 Retail Sellers Procurement Verification Report, CEC-300-2022-011-SD, at the December 14, 2022 CEC Business Meeting

as originally published. Once rescheduled, the CEC will issue a public notice of the business meeting date when the report will be considered for adoption.

CEC Business Meetings

The next CEC Business Meeting is scheduled for December 14, 2022. The revised meeting agenda, backup materials, and presentations are available [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

CARB will hold its next board meeting on December 15-16, 2022. At the meeting, CARB will consider adoption of the final draft AB 32 [Scoping Plan Update](#). The agenda for the board meeting is available [here](#).

Opportunities for Public Comment

On November 30, 2022, CARB held a public workshop on the [U.S. Forest Projects Compliance Offset Protocol](#) under the California cap-and-trade program. The [workshop](#) included a discussion of requirements of the approved Protocol and the state of forest and forest carbon science, data, and tools relevant to the Protocol. Comments related to the workshop may be submitted to CARB [here](#) on or before December 15, 2022.

On November 9, 2022, CARB held a workshop to discuss potential changes to the [Low Carbon Fuel Standard](#). The [workshop](#) focused on options for increasing the stringency of the carbon intensity targets for 2030 and beyond, the design of initial scenarios for modeling, the modeling approach, and alternatives. The deadline to provide feedback on the workshop has been extended. Comments related to the workshop may be submitted to CARB [here](#) on or before December 21, 2022.

On December 6, 2022, CARB hosted a workshop on revisions to the Community Air Protection Program Blueprint and the fifth annual [community recommendations and selection process](#) for the AB 617 [Community Air Protection Program](#). Comments related to the workshop and the [Community Air Protection Program Blueprint 2.0 Draft Expanded Concepts Outline](#) may be submitted to CARB [here](#) on or before January 19, 2023.

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

Northern States Power Company d/b/a Xcel Energy (Xcel) Multiyear Rate Plan, MPUC Docket No. 21-630

Xcel's ongoing multiyear rate plan (MYRP) is set for evidentiary hearing this week. The hearing is scheduled from Tuesday, December 13, 2022, to Friday, December 16, 2022, before Minnesota Administrative Law Judge Chrisa Moseng. Each day the hearing will take place from 7:00 a.m. to 3:00 p.m. PT, and the hearing will be held at the MPUC.

MPUC Agenda Meeting December 15, 2022.

The MPUC will hold its weekly agenda meeting at 8:00 a.m. PT, December 15, 2022. During the meeting the MPUC will address the following matters: (1) Great Plains Natural Gas Company's annual report on incentive compensation; (2) Dakota Electric Association's petition to modify member service information relating to its disconnection of service tariff; (3) City of North Branch Water & Light and East Central Energy's service territory docket; and (4) the MPUC's investigation into privacy policies of rate regulated utilities. A link to the agenda may be found [here](#).

OREGON PUBLIC UTILITIES COMMISSION (OPUC)

On December 1, the OPUC issued order number 22-468 in the matter of UM 2011 (re General Capacity Investigation). The order adopts the staff's recommendation to adopt the Capacity Contribution Best Practices (Best Practices) and close matter UM 2011. This order closes an investigation that began in April 2019. The Best Practices are derived from the Principles of Valuation report produced by Energy and Environmental Economics, summarized by the OPUC [here](#). The order and adopted Best Practices can be found [here](#).

On Tuesday, December 13 the OPUC held a public meeting to discuss a variety of issues, including in docketed UM 1158 (re Equity performance measure recommendations for Energy Trust of Oregon) and UM 2225 (re Request to issue notice of proposed rulemaking for Clean Energy Plan procedural rules). A link to the agenda and meeting access information can be found [here](#).

On Thursday, December 15 the OPUC will host a special public meeting in the matter of UM 2225 (re HB 2021 Clean Energy Plans Resiliency Technical Conference). Additional information and the staff recommendation can be found [here](#). Access information can be found [here](#).

ILLINOIS COMMERCE COMMISSION (ICC)

On December 7, ICC held evidentiary hearings in the consolidated docket (Nos. 22-0432 and 22-0442) considering the application of Commonwealth Edison Company for approval of its Beneficial Electrification Plan (BE Plan). Opening Briefs are due January 4, 2023.

On December 1, 2022, ICC held evidentiary hearings in the consolidated docket (Nos. 22-0431 and 22-0443) considering whether to approve Ameren Illinois Company's BE Plan. Opening briefs are due December 22, 2022.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

On November 29, 2022, FERC approved PJM Interconnection, L.L.C.'s (PJM) comprehensive interconnection queue reform proposal, significantly altering how interconnection requests will be processed in the region. Our full client alert is available here: [PJM Queue Reform Client Alert](#).

Two other decisions from FERC last month have the industry focused on investor rights that allow an entity to appoint its own officer or directors to the board of a public utility or a holding company. In [TransAlta Energy Marketing \(U.S.\), Inc.](#), 181 FERC ¶ 61,055 (2022), and [Evergy Kansas Central, Inc.](#), 181 FERC ¶ 61,044 (2022), FERC asserted that such appointments will require approval under Federal Power Act Section 203 and may also create affiliations for purposes of assessing market power with respect to a public utility's ability to sell at market-based rates. In both decisions, the investor acquired less than 10% of the relevant voting securities; however, the acquisition was paired with the appointment of the investor's own officers and directors to the target company's board of directors.

On November 30, 2022, the Midcontinent Independent System Operator (MISO), acting on behalf of the MISO Transmission Owners (MISO TOs), filed [\(here\)](#) to revise Schedule 2 of the MISO tariff to eliminate all charges for the provision of reactive power from the TOs' own and affiliated generation resources. Based on FERC's "comparability principle," the MISO TOs submit that their proposal also would terminate the obligation under the MISO tariff to compensate unaffiliated generators interconnected to the MISO Transmission System for Reactive Supply within the standard power factor range of 0.95 leading and 0.95 lagging power factor. Generation resources that provide reactive power support outside the standard power factor range at the direction of MISO would continue to be afforded compensation under certain "make-whole" payment mechanisms in the tariff. The MISO TOs argue that their proposal to eliminate all capability-based compensation for reactive service is consistent with FERC policy, citing to two recent FERC decisions, [Pub. Serv. Co. of N.M.](#), 187 FERC ¶ 61,088 at P 29 (2022) and [Nev. Power Co.](#), 179 FERC ¶ 61,103 at PP 20-21 (2022). In both of those cases, FERC found that the Transmission Provider had no obligation to compensate independent generators for reactive power within the standard power factor range when its own or affiliated generators were no longer being compensated for that service. The MISO TOs also noted that the CAISO does not provide compensation for reactive power within the standard power factor range. The MISO TOs propose to terminate compensation for reactive power service effective December 1, 2022, and existing generators that currently receive compensation for reactive power service would not be grandfathered.

MISO is one of the few ISOs/RTOs (together with PJM) that compensates independent generators for reactive power capability. Assuming that FERC accepts the MISO TOs' proposal to revise Schedule 2, many dozens of approved reactive power compensation tariffs currently held by independent generators in MISO will be eliminated. Most (if not all) of these tariffs were the product of negotiated multi-party settlements approved by FERC and, if summarily terminated, will likely be subject to litigation. And with regard to the MISO reactive power cases that have been set for hearing but have not yet been settled by the parties or approved by the FERC, independent generators may be faced with sunk costs for proceedings rendered moot.

On December 2, 2022, FERC issued an [Order Approving Settlement](#) (Settlement) regarding the rates for point-to-point transmission service at the border of PJM for delivery to neighboring regions (Border Rate) over the objections of the New Jersey Board of Public Utilities (NJBPU). The Settlement modifies the formula rate for calculating the Border Rate and provides two sets of discounts to the Border Rate for customers reserving firm service on three

specified transmission paths (MTF Paths). From 2021 to 2027, PJM will provide the MTF Discount Rate, a specified discount rate to any new or existing firm transmission customer taking Border Rate service using any of the MTF Paths. From January 1, 2028, through December 31, 2039, PJM will offer the MTF Discount Percentage, a percentage reduction based upon the total amounts owed for transmission enhancement charges assigned to a merchant transmission facility or its transmission customers. The Long Island Power Authority, Neptune Regional Transmission System, LLC, the New York Power Authority, Hudson Transmission Partners, LLC, and Linden VFT, LLC (collectively, MTF Parties) reserved the right to challenge, object to, or protest such formula method and any rates, terms and conditions for Border Rate service, as applied to reservations after December 31, 2039.

For non-firm Border Rate service using an MTF Path, the Settlement establishes a rate freeze at the current discounted rate of \$.067/MWh through December 31, 2027. Until January 1, 2028, PJM agrees not to oppose an effort by the MTF Parties to change certain loading rules so that they apply to a merchant transmission facility customer taking service over a merchant transmission facility with firm transmission withdrawal rights. The MTF Parties also reserved the right to challenge inclusion in the border yearly charge formula, the revenue requirement of a transmission enhancement project subject to a funding agreement. Finally, revisions to the Settlement are subject to the *Mobile-Sierra* “public interest” standard of review.

FERC approved the contested Settlement as a package, finding that the overall effect is just and reasonable, and that the NJBPU is in “no worse position” under the Settlement than if the case were litigated. FERC found that the benefits of the Settlement outweigh the expense and uncertainties of further litigation, and provides a clear framework for Border Rate service on the MTF Paths until 2039. Regarding the discounts offered for the MTF Paths, FERC found those discounts comply with FERC regulations, Order No. 888-A, and PJM OATT Schedule 7, Section (3).

Also on December 2, 2022, FERC accepted PJM’s tariff revisions, made on behalf of the PJM Transmission Owners, to establish a new Schedule 12 – Appendix C. [PPL Elec. Utils. Corp.](#), 181 FERC ¶ 61,178 (2022). The revisions were made to reflect the State Agreement Approach, which is a supplementary transmission planning and cost allocation mechanism in PJM’s Amended and Restated Operating Agreement through which one or more state governmental entities authorized by their respective states, individually or jointly, may agree to be responsible for the allocation of all costs of a proposed transmission expansion or enhancement that addresses state public policy requirements identified by the state.

In January 2020, New Jersey formally set forth a policy goal to expand the transmission system to accommodate 7,500 MW of offshore wind generation by 2035. On November 18, 2020, NJBPU issued an order requesting that PJM, pursuant to the State Agreement Approach, open a competitive proposal window to solicit transmission proposals to interconnect and ensure deliverability of 7,500 MW of offshore wind generation by 2035. FERC accepted the proposed tariff revisions meant to accommodate this buildout by assigning cost responsibility for the transmission projects that NJBPU determines are necessary to support New Jersey law, on a

load-ratio share basis to Network Customers in New Jersey and to Point-to-Point Customers with a Point of Delivery within New Jersey.