

REGULATORY UPDATE FOR FEBRUARY 1 (WEEK OF JANUARY 25)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions:¹**

R.14-07-002 (NEM Proceeding). This decision summarily denies a petition for modification (PFM) of D.17-12-022 filed by California Storage and Solar Association, Brightline Defense, and Sunrun, Inc., on the ground that it was not timely filed. D.17-12-022 concerned the creation of the Solar on Multifamily Affordable Housing program (SOMAH). The PFM sought modification of the decision's mandates regarding the downward adjustment of incentive levels for the SOMAH program.

Resolution E-5115. This resolution adopts guidance for the supporting documentation required when implementing the preponderance of evidence process adopted in Resolution E-4939 for meeting "accelerated-replacement" criteria in custom energy efficiency projects. Accelerated-replacement refers to projects for which an energy efficiency incentive induced a customer to replace an inefficient equipment or process with one that is more energy efficient while the existing equipment or process is still functioning.

Resolution M-4850. This resolution is issued to ratify the Executive Director's action taken by letter dated January 11, 2021, granting Southern California Gas Company (SoCalGas) a three-month waiver, with conditions, of compliance with specific sections of 49 C.F.R. Parts 190 through 199, promulgated by the Pipeline and Hazardous Materials Safety Administration (PHMSA), for certain SoCalGas gas pipeline facilities in its service territory due to the COVID-19 pandemic. The effect of the waiver will be to allow SoCalGas a three-month extension, beginning January 11, 2021, to perform certain required inspection, maintenance and other compliance activities required by PHMSA regulations, where COVID-19 makes compliance impossible or where the risk to human health and safety due to COVID-19 outweighs the safety risk due to the compliance delay.

Resolution E-5127. This resolution approves PG&E's Community Microgrid Enablement Program (CMEP) and PG&E's pro forma Community Microgrid Enablement Tariff (CMET), attached as Appendix 4 to PG&E AL 5918-E, for use on an experimental basis as part of the PG&E CMEP, with the understanding that PG&E will transmit PG&E's pro forma Microgrid Operating Agreement for Commission review within 30 days. This resolution also instructs PG&E that it may seek modifications to the CMEP, including the CMET, prior to filing its program evaluation as part of its 2023 General Rate Case Application through an additional

¹ 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.

subsequent Tier 2 Advice Letter on its own motion or in response to direction from the Commission.

Voting Meetings:

The Commission's next voting meeting is scheduled for February 11, 2021. The agenda is scheduled to be published February 1, 2021.

California Independent System Operator

Board of Governors Meeting. The California ISO's next Board of Governors meeting is scheduled for February 3-4, 2021. The agenda may be found here: [FINAL Board of Governors Meeting Agenda \(caiso.com\)](https://www.aiso.com/~/media/Files/2021/02/03/2021-02-03-Board-of-Governors-Meeting-Agenda.pdf).

Upcoming Meetings and Deadlines:

Updates on Market Enhancements for Summer 2021 Readiness. The California ISO is proposing market rule and procedural changes necessary to ensure reliable grid operations for summer 2021. On January 26, 2021, it provided the latest updates regarding FERC Order No. 831, proposed market rule changes for summer readiness, and the system market power mitigation initiative:

1) FERC Order No. 831 and related import bidding and market pricing parameters changes – The ISO is targeting June 2021 implementation of both of these changes, subject to FERC's approval of the ISO's request for an extension of the compliance with Order No. 831. In the event FERC denies the request for the extension, the ISO will implement Order No. 831 on March 21, as currently required by FERC in its order, and will implement the related import bidding and market pricing parameters in June 2021.

2) Market enhancements for summer 2021 readiness – Subject to approval by its Board of Governors, the ISO is targeting June 2021 for implementation of the following proposed market rule changes:

- a. export and load scheduling priorities
- b. including reliability demand response resources in real-time pre-dispatch
- c. management of resource adequacy storage resources during tight conditions
- d. import and export settlement rules to incentivize imports during tight conditions
- e. enhancements to the energy imbalance market resource sufficiency evaluation to better account for resource availability and system needs.

3) System market power mitigation and additional proposed changes to enhance scarcity pricing signals – Subject to approval by its Board of Governors, the ISO is targeting

August 2021 for implementation of its proposed system market power mitigation rules along with the proposed scarcity pricing provisions to improve incentives and increase supply during tight system conditions. The ISO's two proposed enhancements to scarcity pricing signals are:

- a. improve day-ahead market scheduling incentives and incentives for resources to be available in real time, and
- b. improve real-time market incentives when grid operators arm load to meet contingency reserves.

Variable Operations and Maintenance Cost Review. The California ISO has scheduled a public stakeholder call on February 2, 2021, to discuss the revised draft tariff language for the Variable Operations and Maintenance Cost Review initiative. Written comments are due February 1.

Resource Adequacy Enhancements: Draft Final Proposal and Sixth Revised Straw Proposal. Written comments on the Sixth Revised Straw Proposal was extended to January 29, 2021.

Western EIM Governance Review. The California Independent System Operator has extended the deadline to submit written comments on the Western Energy Imbalance Market (EIM) Governance Review revised straw proposal from January 29, 2021 to February 3, 2021.

Market Enhancements for Summer 2021 Readiness Straw Proposal. Comments on the straw proposal for the Market Enhancements for the Summer 2021 Readiness initiative are due February 3, 2021.

FERC Order No. 831 – Import Bidding and Market Parameters. The California ISO has posted the second revised draft tariff language and a stakeholder comments response matrix for FERC Order No. 831 – Import Bidding and Market Parameters initiative. Comments are due February 4, 2021.

Western EIM Sub-Entity Scheduling Coordinator – Revised Straw Proposal. Comments on the revised straw proposal for the Western EIM Sub-Entity Scheduling Coordinator initiative are due February 18, 2021.

Commitment Cost and Default Energy Bid Enhancements, Phase 1 Deployment. The California ISO is postponing deployment of Phase 1 of its commitment cost and default energy bid enhancements (CCDEBE) scheduled for January 28, 2021, to conduct additional validation and testing. The ISO plans to complete this work and implement Phase 1 of CCDEBE on or before February 24, 2021. Currently, the ISO is completing its testing of recent fixes to defects identified in the ISO's scheduling interface business rules and will then complete additional integration testing for data payloads. After validation of these test results, the ISO will perform a full end-to-end test of Phase 1 functionality to mitigate any risk of unexpected results in production. The ISO will issue a subsequent notice to confirm the actual implementation date at least two days in advance of that date.

California Energy Commission

The California Energy Commission's (CEC) next business meeting is scheduled for February 10, 2021. Agenda is here: https://www.energy.ca.gov/sites/default/files/2021-01/2021-02-10_Agenda.pdf. Among the items on the February 10 agenda is a discussion of CEC progress on the Joint Agency Report, Charting a Path to a 100 Percent Clean Electricity Future, Senate Bill 100 (2018). Staff will present on the clean energy goals established by Senate Bill 100. Staff will also provide an update of the report development process, including the planned scope and public engagement process.

On January 21, 2021, the CEC held a [workshop](#) on clean energy alternatives to diesel backup generator systems and their use in data centers and other commercial operations in California. A [recording](#) of the workshop is now available on the CEC's workshop homepage. Written comments on the topic may be submitted to the CEC Docket Unit by February 12, 2021.

California Air Resources Board

On February 25, 2021, the California Air Resources Board will consider adoption of amendments to the designation of certain air basins within the state as attainment, nonattainment, or nonattainment-transitional, under the state ambient air quality standards, or AAQS. During this annual review, ARB is proposing to change the designation for ozone in areas of four air basins and the designation for fine particulate matter (PM_{2.5}) in one area, based on ARB's evaluation of recent air quality data. ARB's notice of the proposed amendments is available [here](#), with additional details available [here](#). Written comments can be submitted to ARB [here](#) on or before February 22, 2021, though ARB recommends filing comments at least ten days before the hearing, when possible.

On February 25, 2021, the California Air Resources Board will consider selection of three additional communities for participation in the Community Air Protection Program, established under Assembly Bill 617 (C. Garcia, 2017) to develop and implement community air monitoring systems and community emissions reduction programs. Additional information on the Community Air Protection Program and the proposed communities is available [here](#). Note, this item was originally scheduled for hearing in December 2020, however ARB is still accepting comments. See ARB's notice [here](#). Written comments can be submitted to ARB [here](#) on or before February 22, 2021, though ARB recommends filing comments at least ten days before the hearing, when possible.

Midcontinent Independent System Operator

Late last week, FERC accepted tariff revisions that will allow the Midcontinent ISO to retain financial security posted by generation interconnection customers and use that security to offset liabilities being shifted from withdrawing interconnection customers to others who remain in the queue. Previously, MISO experienced difficulties with retaining security from customers who had signed an interconnection agreement, because that security, which was posted throughout the interconnection process, became the initial payment under an interconnection

agreement and received different treatment. This tariff revision closes that potential loophole and goes into effect February 1, 2021. Docket No. ER21-525.

Oregon Public Utility Commission

Two utilities, Pacific Northwest Generating Cooperative (PNGC) and Umatilla Electric Cooperative (UEC), filed annual updates at the Oregon PUC regarding the utilities' forecasted avoided costs. Due to netting the cost of services provided by the Bonneville Power Administration, UEC forecasts its net avoided cost rate at \$13.23/MWh in 2021 and \$14.90/MWh in 2022. PNGC's update, which was also provided for its member utilities, provided a forecast over the next 20 years, with rates ranging from \$28.04/MWh in 2021 to \$38.72 in 2041. Docket RE 172.

The Oregon PUC will hear oral arguments this week in a dispute between Dalreed Solar and PacifiCorp, which dispute centers on the utility's obligations to tender and negotiate a power purchase agreement under PURPA. Docket UM 2125.

PJM

PJM announced that it will hold a series of workshops to discuss and explore enhancements to its capacity market: <https://insidelines.pjm.com/pjm-announces-new-series-of-capacity-market-workshops/>. The first workshop is scheduled to occur February 12.

Federal Energy Regulatory Commission

FERC's next open meeting is scheduled for February 18.

FERC Commissioner Danly has found himself in the dissent several times over the past week, arguing on several occasions that FERC does not have the legal authority to take the actions provided in its order. His arguments have focused primarily on FERC's authority to grant retroactive waivers and also under the Natural Gas Act to permit pipeline construction to commence while rehearing is pending.