

**REGULATORY UPDATE FOR FEBRUARY 22 (WEEK OF FEBRUARY 15)****California Public Utilities Commission**New Proposed Decisions and Draft Resolutions:<sup>1</sup>

None.

Voting Meetings:

The California Public Utilities Commission (Commission) will hold a voting meeting on March 4, 2021. The agenda is scheduled to be published on February 22, 2021.

**California Independent System Operator**

Commitment Cost and Default Energy Bid Enhancements Phase 1: Deployment Effective for Trade Date 2/16/21. Gas prices on the southern parts of the California system were exceptionally late last week due to the impact of cold winter conditions in other parts of the country. The Commitment Cost and Default Energy Bid Enhancements (CCDEBE) Phase 1 functionality provides suppliers an ability to update their fuel costs used in the calculation of commitment costs (start-up and minimum load costs) and default energy bids. Therefore, the California Independent System Operator (CAISO) has expedited and completed the testing for its applications and systems to support CCDEBE Phase 1 functionality. As such, the CAISO is deploying the functionality of its CCDEBE Phase 1 initiative, effective for trade day February 16, 2021. Specifically, the functionality will be available on the morning of February 15 for the day-ahead market so that it is effective for the real time trade day February 16 at hour ending 1:00 a.m.

Upcoming Meetings and Deadlines:

**Resource Adequacy Enhancements: Final Proposal – Phase 1.** The CAISO released the Final Proposal for Phase I of its Resource Adequacy Enhancements initiative on February 17. A public stakeholder call will be held on February 23, 2021, to discuss the Final Proposal. Written comments are due by March 9.

**2020-2021 Transmission Planning Process.** Written comments on the Draft Plan and Appendices are due by February 23, 2021.

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<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.

**2021-2022 Transmission Planning Process: Draft Study Plan.** The CAISO will hold a public stakeholder meeting on February 25, 2021, to discuss the draft study plan for the 2021-2022 Transmission Planning Process. Written comments are due by March 11, 2021.

**Market Enhancements for Summer 2021 Readiness.** The CAISO rescheduled the stakeholder call for the Market Enhancements for Summer 2021 Readiness initiative from February 18–19, 2021 to February 22, 2021. This call focused on the draft final proposal only. Comments on the draft final proposal are due February 26, 2021. A stakeholder call to discuss the draft tariff language and business requirements specification (BRS) for the Market Enhancements for Summer 2021 Readiness initiative will be held February 26, 2021. Comments on the draft tariff and BRS are due March 3, 2021.

### **California Energy Commission**

The public comment period for the California Energy Demand Forecast Update, Volume III of the Draft 2020 Integrated Energy Policy Report closed on February 18, 2021. For additional information regarding the Draft 2020 IEPR Update, including the Draft 2020 IEPR Update, Volume I: Blue Skies, Clean Transportation, please visit the 2020 IEPR Update [web page](#). The Draft 2020 IEPR Update, Volume II: The Role of Microgrids in California’s Clean and Resilient Energy Future will be available later.

### **California Air Resources Board**

On February 25, 2021, the California Air Resources Board (ARB) 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<sub>2.5</sub>) in one area, based on ARB’s evaluation of recent air quality data. Additional details are available [here](#). Written comments can be submitted to ARB [here](#) on or before February 22, 2021, though ARB recommends filing comments at least 10 days before the hearing.

On February 25, 2021, ARB 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 at ARB’s December 2020 meeting; however, ARB is still accepting comments. Written comments can be submitted to ARB [here](#) on or before February 22, 2021, though ARB recommends filing comments at least 10 days before the hearing.

At its February 25, 2021 meeting, the ARB Executive Officer will provide the Board with an overview of the agency’s priorities for 2021. Executive Officer Richard Corey’s presentation to the Board will be available [here](#) the day before the meeting. Members of the public may submit written comments on this item [here](#) the day of the meeting, starting at 9:00 a.m. Pacific time.

ARB's [Compliance Offset Protocol Task Force](#) will hold its third meeting on March 2, 2021. The Task Force provides guidance to ARB in establishing new [offset protocols](#) for the [California Cap-and-Trade Program](#). In October 2020, the Task Force issued a report with its [Initial Draft Recommendations](#) for the Compliance Offset Program.

## **MINNESOTA PUBLIC UTILITIES COMMISSION**

### 1. Commission Meetings

The Minnesota Public Utilities Commission (Commission) noticed two separate meetings for the week of February 22, 2021. First, on February 23, 2021, the Commission will meet with utilities and government agencies to discuss the impact of the recent cold weather and resulting natural gas price increases. Second, on February 26, 2021, the Commission will convene a technical conference to continue the discussion of open data access standards, which was most recently before it via a petition by the Citizens Utility Board of Minnesota (MPUC Docket No. E,G-999/M-19-505). The Commission intends to use the technical conference as the beginning of another round of stakeholder comments prior to another Commission hearing within the next year.

### 2. Minnesota Power Integrated Resource Plan

The Commission will meet on February 25, 2021, to address Minnesota Power's recent Integrated Resource Plan (IRP) filing. Specifically, the Commission will address whether it should (1) refer the case to the Minnesota Office of Administrative Hearings for the purpose of additional public meetings; (2) require Minnesota Power to provide written notice to its customers regarding public input on the IRP; and (3) take any additional action related to soliciting public input. Minnesota Power's resource plan was filed on February 1, 2021, in MPUC Docket No. E015/RP-21-33.

## **NORTH DAKOTA PUBLIC SERVICE COMMISSION**

On February 3, 2021, the North Dakota Public Service Commission (Commission) issued multiple orders allowing Montana Dakota Utilities Co., Northern States Power Company, and Otter Tail Power Company (collectively, the "Utilities") to implement deferred accounting to track revenue changes resulting from the COVID-19 pandemic. In the separate orders, the Commission determined that the impacts of the pandemic are unprecedented, unforeseeable, and extraordinary, justifying the use of deferred accounting. While acknowledging the validity of the Utilities' request, the Commission did not permit them to use deferred accounting prior to the date of their initial filings. Therefore, the Utilities are permitted to employ deferred accounting for COVID-19-related expenses after April 24, 2020.

## **OREGON**

1. Order Issued in Regard to PGE's Green Tariff – UM 1953

Last Wednesday, February 17, the Oregon Public Utility Commission (Commission) adopted a staff recommendation approving PGE's rate and credit calculations under Phase 1 Customer Supply Option offerings of its voluntary renewable energy tariff (i.e., GEAR program). Specifically, the Commission approved PGE's IRP valuation methodology and estimates of administrative costs used to calculate the rates and energy/capacity credits for subscribing GEAR customers. The order can be located [here](#).

2. Public Hearing Scheduled for HB 2064

On Tuesday, February 23, 2021 at 1:00 p.m. Pacific time, the Oregon House Committee on Rules is holding a public meeting to discuss HB 2064, which changes the quorum requirement for the Energy Facility Sitting Council (EFSC). Currently, the agency requires five of its seven members to be present in order to conduct official business. HB 2064 would modify this to require a majority of EFSC members to be present in order to promote efficiency in rulemaking and energy project development.

## WASHINGTON

1. Avista and Puget Sound Energy Draft IRP Open Meetings – UE-200304 and UE-200301

On Tuesday, February 23, 2021 at 9:30 a.m. Pacific time, the Washington Utilities and Transportation Commission (Commission) will be holding a meeting to discuss Avista's 2021 IRP.

Later in the week, on Friday, February 26, 2021, at 10:30 a.m. Pacific time, the Commission will also be holding a meeting to discuss Puget Sound Energy's (PSE) 2021 IRP.

2. Senate Negotiations Continue in Regard to SB 5126

An executive session is scheduled for this Thursday, February 25, where the Senate Committee on Environment, Energy, and Technology will be discussing SB 5126, an amendment to Washington's Climate Commitment Act. If passed, this bill will establish a cap and invest program for greenhouse gas emissions and allocate auction revenues for purposes such as clean energy transition and energy efficiency projects. The latest Senate bill report can be located [here](#).

## FEDERAL ENERGY REGULATORY COMMISSION

1. The Federal Energy Regulatory Commission (FERC or Commission) held an open meeting on February 18, 2021, and addressed the following topics of interest:

- a. FERC issued an [order on rehearing](#) in the PJM MOPR proceeding, addressing the narrow issue of state-directed default service auctions. PJM's previously submitted compliance filings have excluded revenues from state-directed default service auctions from the definition of State Subsidies, provided the auctions were the result of a competitive and non-discriminatory bidding process. In its order last year accepting that proposed exemption, FERC included a footnote that created some confusion as to whether the application of RPS requirements to such services would qualify. Requests for rehearing were filed and during the last Commission meeting, which occurred in the final days of the Trump administration, then-Chairman Danly presented a draft order, which did not vacate the confusing footnote. The draft order was voted down. Yesterday, in its first meeting of the Biden administration, the Commission issued an order vacating that footnote, and clarifying that such RPS requirements do not disqualify a state-directed default service auction from the exemption. While a minor issue, Chairman Glick's resolution of the issue in favor of RPS standards may indicate a willingness to revisit MOPRs and issues of states' rights.
  - b. FERC also [issued an order](#) in the proceeding addressing NYISO's buyer-side market power mitigation rules, modifying its October 7, 2020 Order to find that payments received under Consolidated Edison Company of New York's and Orange and Rockland Utilities' Commercial System Distribution Load Relief Programs qualify for exclusion from the calculation of the offer floors for Special Case Resources under the NYISO buyer-side market power mitigation rules.
  - c. FERC [terminated the proceeding](#) it began in 2018 on Grid Resilience in Regional Transmission Organizations and Independent System Operators, Docket No. AD18-7-000. The Commission stated that it did not believe generic action was appropriate and that concerns about the resilience of the bulk power system are best addressed on a case-by-case and region-by-region basis. Four Commissioners issued a dissent (Chatterjee) or concurrence (Danly, and Clements and Christie jointly) that expressed a need for the Commission to address grid resiliency concerns.
  - d. FERC issued a [Notice of Proposed Rulemaking](#) to lighten the regulatory requirements applicable to hydroelectric projects that are 10 MW or Less by (1) removing the requirement that a notice of intent to construct a qualifying conduit include a profile drawing showing the source of the hydroelectric potential in instances where a dam would be constructed in association with the facility and (2) extending the licensing requirements that currently apply to major projects up to 5 MW to major projects 10 MW or less, consistent with the amended definition of a small hydroelectric power project in the Hydropower Regulatory Efficiency Act of 2013.
2. FERC is [monitoring efforts](#) to restore power in the Midwest and Southern states that were hit by extreme winter weather last week. FERC remains in contact with ERCOT, SPP

and the MISO as they work to restore service on their systems. FERC and NERC have initiated a joint inquiry into how the bulk power system operated during the extreme winter weather conditions being experienced by the Midwest and Southern states.

3. FERC [issued a Notice of Inquiry \(NOI\)](#) seeking new information and additional stakeholder perspectives on revising its 1999 policy statement on the certification of new natural gas transportation facilities. FERC had previously issued an NOI on this topic in 2018 and is looking to build upon the record already established in response to its 2018 NOI. The refreshed NOI includes new questions on how the Commission should analyze and consider the impacts of a proposed project's greenhouse gas emissions and on how the Commission and applicants could mitigate a proposed project's impacts on climate change, and also solicits comments on how the Commission identifies and addresses effects on environmental justice communities and on ways in which the Commission may mitigate those effects. The term "environmental justice communities" encompasses (i) populations of color; (ii) communities of color; (iii) Native communities; and (iv) low-income rural and urban communities, who are exposed to a disproportionate burden of the negative human health and environmental impacts of pollution or other environmental hazards.
4. FERC [announced](#) that it will convene a technical conference on resource adequacy in the evolving electricity sector on Tuesday March 23, 2021, from approximately 9:00 a.m. to 4:00 p.m., and Wednesday March 24, 2021, from approximately 9:00 a.m. to 12:00 p.m. Eastern time. The conference will be held remotely.
5. FERC will hold a technical conference on February 25–26, 2021, to discuss principles and best practices for credit risk management in organized wholesale electric markets. The conference may address the following aspects of credit policy: the credit and risk management infrastructure of the Regional Transmission Organizations and Independent System Operators; best practices and principles underlying capitalization requirements, financial security requirements, and unsecured credit allowances; the applicability of Know Your Customer protocols and other counterparty risk management tools; considerations for implementing Financial Transmission Right-specific credit policies, such as a mark-to-auction mechanism; and the relationship between credit policy and wholesale electric market design.

## **BUREAU OF LAND MANAGEMENT**

On February 17, 2021, the United States Department of the Interior, Bureau of Land Management issued a press release indicating that they will formally revoke the comment period on the Trump Administration's draft environmental impact statement to amend the Desert Renewable Energy Conservation Plan ("DRECP"). The DRECP is a collaborative effort between the BLM, U.S. Fish and Wildlife Service, California Energy Commission, and California Department of Fish and Wildlife. BLM's press release is available [here](#) and the response from CEC Commissioner Douglas is available [here](#). Notice of the proposed amendments was [published](#) in the Federal Register on January 14, 2021.