

REGULATORY UPDATE FOR FEBRUARY 7 (WEEK OF JANUARY 31, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)****New Proposed Decisions and Draft Resolutions¹**

A.14-08-007 (SoCalGas Distributed Energy Resources Tariff). On August 8, 2014, Southern California Gas Company (SoCalGas) filed Application (A.) 14-08-007 for California Public Utilities Commission (Commission) approval of its proposed “fully elective, optional, nondiscriminatory tariff service which would provide its customers an opportunity to employ Distributed Energy Resources.” SoCalGas’ Distributed Energy Resources Services (DERS) Tariff (DERS Tariff) facilitates the adoption and use of “advanced energy systems including, but not limited to, combined heat and power (CHP), fuel cells, Waste Heat to Power (WHP), and mechanical drive technology applications” and provides opportunities for third-party participation. These systems are fueled in whole (or in part) by natural gas, biogas, or other gaseous fuels (e.g., hydrogen). On December 26, 2015, the Commission issued Decision (D.) 15-10-049 granting SoCalGas’s application to establish a DERS Tariff with modifications and denying joint settlement agreement between SoCalGas and the Public Advocates Office. On October 20, 2020, SoCalGas filed a petition for modification of D.15-10-049, seeking to expand the eligibility of technologies that qualify for the DERS Tariff to support resiliency and backup generation needs, and to establish or update the greenhouse gas emissions standards for DERS projects. This decision denies the petition for modification, without prejudice.

R.13-11-005 (Energy Efficiency). This Presiding Officer’s Decision finds that SoCalGas spent ratepayer funds on codes and standards activities following the issuance of D.18-05-041, which prohibited such activity. This decision directs SoCalGas to refund ratepayer expenditures and associated shareholder incentives; prohibits SoCalGas from recovering costs of codes and standards activity (such as conducting research or communicating with an agency responsible for establishing building or appliance standards about a proposed building code or appliance standard) from ratepayers unless and until SoCalGas demonstrates sufficient and appropriate policies, practices, and procedures to ensure adherence to Commission intent for codes and standards advocacy; and imposes a financial penalty of \$9,807,000 for violations of California Public Utilities Code Sections 2113 and 2107.

Workshops and Hearings

R.19-11-009 (Resource Adequacy). The workshops concluded on January 19, 2022. The informal comment deadline is now February 7, 2022.

¹ 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.

R.21-10-002. Workshops for BTM storage capacity working group and DER resource adequacy working group scheduled for February 8, 2022.

Interconnection Discussion Workshop scheduled for February 16, 2022 from 1 p.m. to 4 p.m. This is an informal venue designed to foster proactive, constructive communication between utilities, developers, and other impacted stakeholders about Rule 21 implementation and other interconnection rules.

Voting Meetings

The Commission will hold a voting meeting on February 10, 2022. The agenda includes the following energy-related items:

Item 5. Draft Resolution E-5191. In Advice Letter (AL) 4464-E, Southern California Edison Company (SCE) requests a modification to its 2014 Bundled Procurement Plan to allow SCE to engage in bilateral transactions for firm energy to meet its Resource Adequacy compliance obligations. This Resolution approves SCE's request in AL 4464-E without modification.

Item 6. Draft Resolution E-5182. This Resolution adopts modifications to the Self-Generation Incentive Program (SGIP) Handbook setting forth eligibility standards for the California Manufacturer Adder. D.19-02-006 directed the SGIP Program Administrators (PAs) to jointly file an AL outlining eligibility for additional incentives for project equipment manufactured in California. On April 15, 2019, the PAs filed this joint AL seeking approval of their proposed revisions to the SGIP Handbook: SoCalGas AL 5455-G, PG&E AL 4089-G/5524-E, SCE AL 3989-E, and CSE AL 101-E (collectively, the Joint SGIP PAs' AL). The Joint SGIP PAs' AL is approved with modifications. This Resolution requires the SGIP PAs to determine eligibility for the California Manufacturer Adder by assessing the value of all eligible capital inputs into eligible SGIP battery modules as a cumulative whole.

Item 9. Draft Resolution E-5193. This Resolution approves three utility-owned energy storage contracts for 161 megawatts (MW) of incremental capacity that San Diego Gas & Electric Company procured to address 2023 summer reliability. These contracts include two Engineering, Procurement, and Construction contracts, one with Mitsubishi Power America, Inc. for 10 MW, and one with Fluence Energy, LLC for 20 MW, and a Build, Own, and Transfer agreement with Consolidated Edison Development, Inc. for 131 MW. This Resolution approves the requested relief in AL 3913-E.

Item 10. A.21-06-001 (PG&E ERRAs). This decision adopts and approves, with modifications, the following requests by Pacific Gas and Electric Company (PG&E): (1) 2022 forecast of electric sales; (2) 2022 forecasted energy procurement revenue requirements to be effective in rates on or after January 1, 2022; (3) Greenhouse Gas (GHG) allowance revenue return forecast and costs; (4) rate design proposals associated with PG&E's proposed electric procurement-related revenue requirements, including the Green Tariff Shared Renewables rate proposal; (5) methodology to transfer certain year-end 2021 Energy Resource Recovery Account (ERRA) balances to the latest vintage of the Portfolio Allocation Balancing Account (PABA);

and (6) transfer public policy-related procurement costs from the nonvintage PABA subaccount to the Public Policy Charge Balancing Account for recovery through the Public Purpose Program Charge on a going-forward basis. The decision sets a total 2022 revenue requirement of \$2,416,928,000.

Item 12. R.20-05-003 (IRP). This decision adopts a Preferred System Plan (PSP) portfolio that meets the statewide 38 million metric ton (MMT) GHG target for the electric sector in 2030. This portfolio was developed first with an aggregation of the individual integrated resource plans (IRPs) of all load serving entities (LSEs), reflecting the resource preferences of those LSEs. Then, Commission staff made adjustments to extend the timeframe beyond 2030 to 2032 for transmission planning purposes and to add the resources required in D.21-06-035 for mid-term reliability purposes. Finally, the portfolio utilizes a managed mid-demand paired with high electric vehicle demand forecast from the California Energy Commission's (CEC) Integrated Energy Policy Report of 2020. This decision further recommends to the California Independent System Operator (California ISO) that the 38 MMT PSP portfolio be utilized as both the reliability base case and the policy-driven base case for study in its 2022-2023 Transmission Planning Process (TPP). This decision also delegates to Commission staff to explore with CEC and California ISO staff the development of a policy-driven sensitivity case designed to test the transmission buildout needed for a more aggressive GHG reduction case: the 30 MMT core portfolio with high electrification. The decision also evaluates the 2020 individual IRP filings of all LSEs under the CPUC's IRP purview – it approves 20 and finds that 24 plans are incomplete and require additional revisions through a Tier 2 AL. The decision also adopts an interim definition of renewable hydrogen and orders the procurement of two storage resources that were identified by the California ISO as alternatives to transmission upgrades in the previous TPP cycle.

Item 13. R.13-02-008 (Biomethane Standards). The decision implements Senate Bill 1440 by setting biomethane and/or bio-synthetic natural gas procurement targets to reduce short-lived climate pollutant emissions.

CALIFORNIA ISO

Joint EIM Governing Body/Board of Governor's Meeting February 9.

The CAISO Board of Governors and the EIM Governing Body have scheduled a joint general session on February 9, 2022. The agenda (available [here](#)) includes decisions on the Western EIM Resource Sufficiency Evaluation Enhancements Initiative-Phase 1 and the Adjustments to Intertie Constraint Penalty Prices Initiative, summarized below.

Western EIM Resource Sufficiency Evaluation Enhancements. The resource sufficiency evaluation tests each hour that each EIM balancing authority area has scheduled or bid sufficient supply in the California ISO market to meet its demand. It is intended to limit "leaning," in which a balancing authority area's participation in the EIM without sufficient supply to meet its load and instead relying on EIM energy transfers. It is also intended to address strategic under- or overscheduled base schedules. The proposed enhancements to the EIM's resource sufficiency evaluation are intended to

more accurately assess whether a balancing authority area in the EIM is scheduling or bidding sufficient supply in the upcoming hour to meet its demand. The enhancements are also intended to more appropriately allocate resource sufficiency evaluation penalty revenues.

Adjustments to Intertie Constraint Penalty Prices. In certain extreme conditions, the California ISO's market optimization may relax transmission constraints in the residual unit commitment process and real-time market in order to achieve a solution, resulting in overscheduling imports over certain interties. This occurred on July 9, 2020, when the real-time market overscheduled imports over interties de-rated due to the Bootleg fire. It occurred again in the residual unit commitment process for August 19, 2020. The proposed changes are intended to prevent overscheduling of imports at interties under these types of extreme conditions.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

2021-2022 Transmission Plan and 20-Year Transmission Outlook. On January 31, 2022, the California ISO posted a draft of its 2021-2022 Transmission Plan, as well as a draft of its 20-Year Transmission Outlook. A stakeholder meeting to discuss the drafts will be held on February 7, 2022, with written comments due February 22, 2022. The revised Transmission Plan will be adopted at the March 2022 Board of Governor's meeting.

EIM Resource Sufficiency Evaluation Enhancements Phase 1B. The California ISO has posted revised draft tariff language for the Western EIM Resource Sufficiency Evaluation Enhancements initiative. Comments on the revised draft tariff language are due February 11, 2022.

Interconnection Process Enhancements 2021. The California ISO held a public stakeholder call on February 1, 2022 to discuss the revised straw proposal for the Interconnection Process Enhancement 2021 initiative. Written comments on the revised straw proposal are due February 15, 2022.

2023 Flexible Capacity Needs and Availability Assessment Methodology. The California ISO held a public stakeholder call on February 2, 2022 to discuss the Draft 2023 Flexible Capacity Needs and Availability Assessment methodology. Written comments on the draft assessment are due February 16, 2022.

Reliability Demand Response Resource Bidding Enhancements. The California ISO held a public stakeholder call on February 2, 2022 to discuss the Reliability Demand Response Resource Bidding Enhancements initiative. Comments on the proposals and stakeholder discussion are due February 16, 2022.

2022-2023 TPP, Unified Planning Assumptions. The California ISO is seeking stakeholder input on demand response assumptions and generation or other non-transmission alternatives for consideration in the draft unified planning assumptions and 2022-2023 study plan. Stakeholder input for unified planning assumptions is due February 14, 2022.

CALIFORNIA ENERGY COMMISSION

2021 Integrated Energy Policy Report (IEPR)

In December 2021, the CEC released three of the four Draft 2021 IEPR volumes for public comment. Comments on volumes I, II, and IV were due by December 21, 2021. On January 13, 2022, CEC staff [published](#) Draft 2021 IEPR Volume III – Decarbonizing the State’s Gas System. Written comments on Draft 2021 IEPR Volume III were due by January 28, 2022 and are available in [Docket No. 21-IEPR-01](#). Copies of all Draft 2021 IEPR volumes, as well as comments received by the CEC on volumes I, II, and IV, are available [here](#).

According to the [agenda](#) for the upcoming February 16, 2022 CEC Business Meeting, the Commission will consider a proposed resolution adopting the 2021 Integrated Energy Policy Report Update: Volume I, Building Decarbonization; Volume II, Ensuring Reliability in a Changing Climate; Volume IV, California Energy Demand Forecast; and Appendix, Assessing the Benefits and Contributions of the Clean Transportation Program. The Notice of Availability and notice regarding CEC Consideration for Adoption Final 2021 IEPR Volumes I, II, and IV, and Appendix A is available [here](#).

Renewables Portfolio Standard (RPS)

The CEC will host a remote workshop at 1:00 p.m. PST on February 8, 2022 to discuss RPS requirements for energy storage associated with resources participating in the RPS. For additional details regarding how to participate in the workshop, please see the workshop notice available [here](#). An agenda for the workshop should be published in advance of the February 8 workshop.

Lithium Valley Commission

The Lithium Valley Commission will meet on February 16, 2022 at 9:00 a.m. PST. Additional information about the meeting including remote attendance instructions is available [here](#).

CEC Business Meetings

The next CEC Business Meeting is scheduled for February 16, 2022. The meeting agenda is available [here](#).

CALIFORNIA AIR RESOURCES BOARD (“CARB”)

On February 8, 2022, CARB will host a virtual meeting of the Assembly Bill (AB) 32 Environmental Justice Advisory Committee. The agenda for the meeting and information on participation in the virtual meeting is available [here](#).

On February 10, 2022, CARB will hold a virtual Board meeting to consider CARB staff’s proposed list of communities for inclusion in the AB 617 Community Air Protection Program. Under the Program, emission reduction programs and/or community air monitoring takes place in the communities chosen to participate each year. The meeting agenda and further information on participation is available [here](#). The next Board meeting will take place virtually February 24, 2022. The agenda will be provided [here](#) 10 days prior to the meeting.

CARB is holding virtual public workshops as part of the AB 32 Scoping Plan Update. On February 15, 2022, CARB will hold a [public workshop](#) in collaboration with the California Department of Public Health and the Office of Environmental Health Hazard Assessment on CARB’s planned qualitative and quantitative health analysis associated with decarbonization under Senate Bill 32 and the Scoping Plan. Recordings of past AB 32 Scoping Plan Update meetings and workshops are available [here](#).

OREGON PUBLIC UTILITY COMMISSION (OPUC)

OPUC Meetings This Week

On February 8, 2022 at 9:30 a.m. PST, the OPUC will hold a meeting to discuss a wide range of dockets including UM 2211 (related to the implementation of House Bill 2475, which allows the OPUC to consider differential energy burden and other inequities of rate affordability), UM 1930 (related to Oregon’s community Solar Program), UM 1988 (related to costs associated with QF commercial operation dates), and ADV 1355 (related to proposed modifications to Idaho Power’s demand response program).

Later in the week on February 9, 2022 at 9:00 a.m. PST, the OPUC will be holding a staff workshop to discuss implementation of House Bill 2021, which establishes Oregon’s clean energy plan (reduction of 100% of baseline emission levels by 2040). The full agenda for the meeting can be located [here](#).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC)

WUTC Meetings This Week

On February 10, 2022 at 9:30 a.m. PST, the WUTC will hold an open meeting to discuss a wide range of dockets including UE-210979 (related to PacifiCorp’s Request for Proposals) and UE-210832 (related to Avista’s Request for Proposals). The full agenda for the meeting can be located [here](#).

NEW YORK PUBLIC SERVICE COMMISSION

New York/Israel Smart Energy Challenge Launches

On February 2, 2022, Governor Kathy Hochul announced the launch of the 2022 New York Power Authority (NYPA) & Israel Smart Energy Challenge. The Challenge seeks start-up technologies from companies headquartered in Israel to help meet the needs of New York's utility operations and advance the State's clean energy transformation. The winner of the \$1 million competitive award will collaborate with NYPA on smart energy innovation projects that may be deployed by NYPA or other large utilities to support delivery of clean energy statewide.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

The Commission's next open meeting is February 17, 2022.

FERC will hold the [second public meeting](#) of the Joint Federal-State Task Force on Electric Transmission (Task Force) on February 16, 2022 at the Renaissance Downtown Hotel in Washington, D.C. The topics of discussion are (1) Specific Categories and Types of Transmission Benefits that Transmission Providers Should Consider for the Purposes of Transmission Planning and Cost Allocation and (2) Cost Allocation Principles, Methodologies, and Decision Processes for the Purposes of Transmission Planning and Cost Allocation.

FERC issued a [Notice of Proposed Rulemaking](#) (NOPR) on January 20, 2022 that proposes to direct the North American Electric Reliability Corporation to develop and submit for FERC approval new or modified Critical Infrastructure Protection (CIP) Reliability Standards that require internal network security monitoring for high and medium impact Bulk Electric System (BES) Cyber Systems. The current CIP Reliability Standards address perimeter requirements but do not address internal network security monitoring, which creates a gap. The NOPR also requests comments on the potential usefulness and practicality of implementing internal network security monitoring to detect malicious activity in networks with low impact BES Cyber Systems, including any potential benefits, technical barriers, and associated costs. Comments on the NOPR are due March 28, 2022.

FERC has extended until March 31, 2022 the waiver of its requirement that filings be notarized or supported by sworn declarations. FERC also extended the waiver of its requirements to hold in-person meetings or submit notarized documents for open access transmission tariffs.

On January 21, 2022, the D.C. Circuit of Appeals upheld FERC's interpretation of provisions in a Purchase Power Agreement (PPA) between Duke Energy Progress (Duke) and the North Carolina Eastern Municipal Power Agency (NCEMPA) that NCEMPA could use storage to reduce its capacity charges. ([Link to opinion here.](#)) NCEMPA relied on sections 9.4 and 9.5 of its PPA that permit use of demand-side management (DSM) and demand response (DR) during high-demand periods to curtail demand and thereby reduce Duke's capacity charges. FERC's [Declaratory Order](#) interpreted these provisions to include the installation of

battery storage, but Duke argued on appeal that battery storage does not qualify as DSM or DR. The D.C. Circuit Court deferred to FERC's reading of the provisions and denied Duke's petition for review.