

REGULATORY UPDATE FOR JULY 19, 2021 (WEEK OF JULY 12)**CALIFORNIA PUBLIC UTILITIES COMMISSION****New Proposed Decisions and Draft Resolutions¹**

Draft Resolution E-5038. This Resolution approves maintaining the threshold for requiring telemetry for projects sized one megawatt (MW) or greater, requires the implementation of certain technical requirements for telemetry, and directs Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) to continue development of a telemetry solution using the IEEE 2030.5 communications standards.

Draft Resolution WSD-0020. This Resolution ratifies the Action Statement of the Office of Energy Infrastructure Safety approving SCE's 2021 Wildfire Mitigation Plan Update pursuant to Public Utilities Code Section 8386.

Draft Resolution E-5112. This Resolution approves, with modifications, SCE's Mid-Cycle Review Compliance Submittal for its 2018-2022 Demand Response funding application pursuant to Decision (D.) 17-12-003. This Resolution reviews SCE's proposed changes to its DR programs and protests filed by stakeholders, and approves those changes, with modifications based on party comments. In addition, it finds that some of the changes requested in the protests are inappropriate for the Advice Letter (AL) process or out of scope of the Mid-Cycle Review (MCR). This Resolution denies SCE's Year-Around Capacity Bidding Program Day-Ahead price trigger of \$75/MWh, and instead adopts a trigger price of \$75/MWh for November – April and an \$80/MWh trigger price for May – October. This Resolution also approves several minor changes to SCE's budget and reporting requirements.

Draft Resolution E-5163. This Resolution acknowledges SDG&E's failure to fully meet the Combined Heat and Power (CHP) procurement and emission reduction targets adopted in D.10-12-035 and modified in D.15-06-028. This Resolution orders SDG&E to conduct an additional CHP-only solicitation in 2021.

Voting Meetings

The Commission held a voting meeting on July 15, 2021. The agenda included the following items.

Item 5. Draft Resolution E-5154. This Resolution adopts updated contract prices by

¹ Per California Public Regulatory Commission (CPUC or 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 CPUC's daily calendar, per Rule 14.5.

Product Category for the Renewable Market Adjusting Tariff (ReMAT) using price data from Renewables Portfolio Standards (RPS) contracts executed between 2015 and 2020. In addition, it orders PG&E and SCE to amend their Renewable Program tariff to reflect the adopted fixed prices by Product Category paid to the seller. The new prices, by Product Category, are:

| ReMAT Product Category | Weighted Average Price (\$/MWh) |
|--------------------------|---------------------------------|
| As-Available Non-Peaking | \$ 49.02 |
| As-Available Peaking | \$ 50.81 |
| Baseload | \$ 73.50 |

Approved.

Item 7. A.20-11-004 (Hydrogen-Related Additions or Revisions to the Standard Renewable Gas Interconnection Tariff). This decision dismisses Application 20-11-004 (Application) for Hydrogen-Related Additions or Revisions to the Standard Renewable Gas Interconnection Tariff, filed by PG&E, Southern California Gas Company (SoCalGas), SDG&E, and Southwest Gas Corporation (all, Joint Utilities). The Application is dismissed because it is incomplete, and its further consideration would be premature and inefficient. The Commission finds that a subsequent, complete application will permit more effective, efficient, and timely progress towards achieving the safe and optimal use of renewable hydrogen. The decision also provides guidance to the Joint Utilities and stakeholders regarding Commission expectations of a future proposed hydrogen demonstration program and funding. **Signed, D.21-07-005.**

Item 8. R.19-10-005 (EPIC Funding). This decision approves the California Energy Commission's (CEC) proposed interim Electric Program Investment Charge (EPIC) investment plan. In total, the plan would fund \$147.26 million on nine initiatives, as well as administrative expenses over 12 months, ensuring continued investments in energy innovation while this proceeding continues to consider changes to the EPIC program in advance of the next full investment cycle applications. **Signed, D.21-07-006.**

Item 9. A.14-09-001/A.15-08-005 (Lodi Gas Storage). This decision approves, in part, the petition of Wild Goose Storage, LLC (Wild Goose) and Lodi Gas Storage, L.L.C. (Lodi) to modify D.16-06-014 to eliminate the obligation imposed upon them to seek Commission approval to operate Wild Goose and Lodi as an integrated hub. The decision finds that substantial changes in the natural gas storage market, which were not contemplated when D.16-06-014 was issued, now render operation as an integrated hub impractical and possibly detrimental to maintaining a competitive natural gas storage market within the state. However, the decision also keeps in place the prohibitions from sharing sensitive information, which were implemented by D.08-01-018 and reaffirmed in D.14-12-013 and D.16-06-014. **Signed, D.21-**

07-007.

Item 13. A.10-07-009/A.19-03-002 (SDG&E GRC/Dynamic Pricing). The decision adopts the Settlement Agreement filed by SDG&E, Public Advocates Office at CPUC, Utility Consumers' Action Network, Federal Executive Agencies, California Farm Bureau Federation, San Diego Airport Parking Company, Small Business Utility Advocates, Solar Energy Industries Association, Energy Producers and Users Coalition, California Large Energy Consumers Association, California City County Street Light Association, Utility Reform Network, and City of San Diego. The settlement resolves all issues among the settling parties except for three: (1) the proposal to adopt a new schools-only rate class; (2) the proposal to extend the load limit exemption for certain small commercial customers with electric vehicle fleets; and (3) the real-time pricing dynamic rate proposal. Regarding these three issues, the decision denies the proposed schools-only rate class. The expired exemption to the small commercial rate for electric vehicle fleets is reinstated with modifications. For the real-time pricing proposal, SDG&E is directed to convene a working group to help design and implement a real-time pricing pilot for its customers. SDG&E is also directed to file a sales forecast application for 2022 within 30 days of the effective date of this decision. **Signed, D.21-07-010.**

Item 15. Draft Resolution E-5112. This Resolution approves, with modifications, SCE's AL 4182-E, Mid-Cycle Review Compliance Submittal for its 2018-2022 Demand Response funding application pursuant to D.17-12-003. The MCR is required by D.16-09-056, which increased the DR budget cycle from three years to five years. The MCR provides a full status report of each demand response program, and may recommend minor, non-controversial program changes. This Resolution reviews SCE's proposed changes to its DR programs and protests filed by stakeholders, and approves those changes, with modifications based on party comments. In addition, it finds that some of the changes requested in the protests are inappropriate for the AL process or out of scope of the MCR. SCE must submit a compliance AL with these changes, and must also reduce the Category 5 (Pilots) budget by the entire amount that would have been spent on the previously planned pilot and baseline analysis. Budget changes should be reflected in SCE's monthly ILP & DRP Report. This Resolution denies SCE's Year-Round Capacity Bidding Program Day-Ahead price trigger of \$75/MWh, and instead adopts a trigger price of \$75/MWh for November to April, and an \$80/MWh trigger price for May to October. This Resolution also approves several minor changes to SCE's budget and reporting requirements. **Approved.**

Item 16. Draft Resolution G-3583. This Resolution adopts a Backbone Transmission Service Credit mechanism for the SDG&E customers who pay for, but do not receive, firm Backbone Transmission Services because of maintenance-related outages. The Backbone Transmission Service Credit shall be included in an affected customer's monthly gas bill. **Held to August 5, 2021.**

Item 17. Draft Resolution E-5133. This Resolution approves, with modifications, AL 3618-E for SDG&E, and approves SCE's AL 4369-E. This Resolution approves SDG&E's requests for permission to deviate from tariff Schedules E-DEPART and Customer Generation Departing Load Cost Responsibility Surcharge (CGDL-CRS) by waiving departing load charges assessed in 2020 for certain customer generators, but rejects SDG&E's request for revisions to

Schedules CGDL-CRS and E-DEPART to include language that would exempt customers from being assessed these departing load charges in instances when called upon to provide grid support. In addition, this Resolution approves SCE's request for a one-time deviation from SCE's Schedule CGDL-CRS and Schedule Departing Load Nonbypassable Charge to refund departing load and nonbypassable charges incurred to specific customer generators during the August and September 2020 heatwaves. **Approved.**

Item 18. R.19-09-009 (Microgrids). This decision directs PG&E, SCE, and SDG&E to provide rate schedule(s) that suspend the capacity reservation component of their standby charge for eligible microgrids that meet the California Air Resources Board (ARB) air pollution standards for generation. This suspension is intended to allow the Commission and stakeholders to ascertain the costs that the utilities incur to provide standby service to microgrids. **Signed, D.21-07-011.**

Item 19. Draft Resolution G-3581. This Resolution adopts a Backbone Transmission Service Credit mechanism for the SoCalGas customers who pay for, but not do receive, firm Backbone Transmission Services because of maintenance-related outages. The Backbone Transmission Service Credit shall be included in an affected customer's monthly gas bill. **Held to August 5, 2021.**

Item 21. A.18-04-002/I.17-04-019 (PacifiCorp GRC). In D.20-02-025 OP 18, the Commission ordered PacifiCorp to file retirement plans for all coal facilities serving California customers, and any associated request for accelerated depreciation, consistent with its Integrated Resource Plan (IRP) filings, by second quarter 2021. PacifiCorp petitions to extend the deadline for filing these documents to the filing date of its 2023 general rate case to allow them to be efficiently considered with information obtained from PacifiCorp's 2021 IRP. This decision grants PacifiCorp's petition. **Signed, D.21-07-012.**

Item 22. A.20-02-009 (PG&E ERRRA). This decision finds that PG&E, during the 2019 record year, complied with all the requirements that the Commission reviews during the Energy Resources Recovery Account (ERRA) compliance process. Specifically, during the 2019 record year, PG&E (1) prudently administered its energy resource contracts, (2) prudently managed its utility-owned generation facilities and dispatched energy in a least-cost manner, and (3) implemented its Bundled Procurement Plan in procuring greenhouse gas compliance instruments and in procuring and selling resource adequacy (RA). In addition, PG&E has also demonstrated that (except for the account adjustments expressly provided in the parties' Settlement Agreement) the entries PG&E recorded in the ERRRA 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 but two contested issues between the parties. This decision approves the unopposed relief that PG&E is requesting in Phase One. For the two contested issues, this decision finds that PG&E shall (1) use the same methodology approved in D.20-02-047 (2020 ERRRA decision) to calculate the Retained RPS adjustment and update the RPS adjustment with actual 2019 recorded sales data, and (2) retain the same Power Charge Indifference Adjustment vintage years for the power purchase agreements PG&E amended in 2019. **Signed, D.21-07-**

013.

Item 23. R.19-09-009 (RA). This decision addresses issues scoped as Track 3B.2 to restructure the RA program and sets forth a process and schedule for further development of PG&E's slice-of-day proposal. The Commission directs parties to develop a final restructuring proposal through workshops over the next approximately six months. Parties shall undertake a minimum of five workshops to develop implementation details. The workshops should cover the following implementation details: (1) Structural Elements; (2) Resource Counting; (3) Need Determination and Allocation; (4) Hedging Component; and (5) Unforced Capacity Evaluation (UCAP) and Multi-Year Requirement Proposals. The Commission deems an implementable RA framework as one that addresses the above implementation details, as well as the four identified key principles. The Commission also directs parties to consider a final proposed framework's compatibility with existing Commission planning goals and programs, such as the IRP and RPS proceedings. The Commission recommends that the parties that submitted Track 3B.2 restructuring proposals (CalCCA, PG&E, SCE, and SDG&E) facilitate the workshops, individually or jointly. The Commission requests that California ISO (CAISO) and the CEC directly participate in these workshops, particularly on issues that pertain to their direct involvement (e.g., load forecast issues, UCAP, MOO), and that CAISO identify any required tariff modifications as early as practicable to allow for implementation prior to 2024. Energy Division shall be consulted and included throughout the workshop process. At the conclusion of the workshops, an identified party/parties shall prepare and submit a Workshop Report that provides the final proposed framework (identifying consensus and non-consensus items) and discuss how the final proposal addresses the implementation details and the key principles. The Workshop Report shall be filed and served in the RA proceeding in February 2022. Following the submission of the Workshop Report, parties will be given an opportunity to comment. Within 30 days of the effective date of this decision, parties shall reach agreement and inform the Commission (with service to the service list) of the following: (1) the date for the first workshop and placeholder dates for at least two subsequent workshops; (2) the scope of issues for each workshop; (3) identified party(ies) to facilitate each workshop; and (4) identified party(ies) to prepare and submit the Workshop Report to the Commission. The Commission will consider the final proposed framework and intends to issue a decision in the third quarter of 2022 with details for implementation in 2023 for the 2024 RA compliance year. **Signed, D.21-07-014.**

Item 24. A.20-04-002 (SCE ERRRA). This decision approves SCE's rate recovery for 2019 Record Year costs, including its procurement-related operations and regulatory account management. With respect to its procurement activities, the Commission finds SCE achieved least-cost dispatch of its energy resources and economically triggered demand response programs pursuant to Standard of Conduct Number Four (SOC 4). The Commission also finds SCE prudently administered, managed, and dispatched its Utility Retained Generation Facilities, Qualified Facilities (QF), and other non-QF contracts, in compliance with all applicable rules and regulations and Commission decisions, including but not limited to SOC 4. With respect to SCE's regulatory account management, the Commission finds SCE's recorded entries in 30 accounts are appropriate, correctly stated, and in compliance with applicable Commission decisions. SCE's recovery of \$1,726,000 in litigation costs and associated interest is deferred to a future ERRRA compliance proceeding. The Commission also finds reasonable and approves a

\$16,065,000 net revenue requirement in SCE's 2019 rate levels associated with the following costs: (1) \$15,579,000 in the Memorandum Account (MA) for Residential Rate Implementation , (2) \$257,000 in the Building Benchmarking Data MA, and (3) \$48,000 in the Power Charge Indifference Adjustment MA. Finally, the Commission authorizes SCE to eliminate the Disadvantaged Communities Single-Family Affordable Solar Homes MA and Preliminary Statement N.22 from its tariffs. **Signed, D.21-07-015.**

Item 27. A.20-06-001 (SDG&E ERRRA). This decision approves various 2019 ERRRA-related activities and costs of SDG&E. In 2019, SDG&E administered and managed its utility-owned generation facilities prudently and its contracts for generation and power purchase agreements in accordance with the contract provisions and Commission guidelines. Except for a disallowance regarding two November 2019 incidents regarding incremental bids for thermal resources, this decision also approves SDG&E's 2019 use of energy resources based upon its achievement of least-cost dispatch. **Signed, D.21-07-018.**

Item 39. R.18-12-006 (EV Rates and Infrastructure). This decision adopts guidance and a streamlined AL process for PG&E, SCE, SDG&E, Liberty Utilities LLC, Bear Valley Electric Service, and PacifiCorp regarding near-term priority transportation electrification investments and addresses issues of equity as they relate to transportation electrification. **Signed, D.21-07-028.**

Item 40. Draft Resolution WSD-017. This Resolution ratifies the Action Statement of the Wildfire Safety Division (WSD) approving PacifiCorp's 2021 Wildfire Mitigation Plan (WMP) Update pursuant to Public Utilities Code Section 8386. **Approved.**

Item 41. Draft Resolution WSD-018. This Resolution ratifies the Action Statement of the WSD approving Liberty Utilities' 2021 WMP Update pursuant to Public Utilities Code Section 8386. **Approved.**

Item 42. Draft Resolution WSD-016. This Resolution ratifies the Action Statements of the WSD approving Trans Bay Cable's and Horizon West Transmission's 2021 WMP Updates pursuant to Public Utilities Code Section 8386. **Approved.**

Item 43. Draft Resolution WSD-019. This Resolution ratifies the Action Statement of the WSD approving SDG&E's 2021 WMP Update pursuant to Public Utilities Code Section 8386. **Approved.**

CALIFORNIA ISO

California ISO Takes Action to Prepare for Extreme Heat. On July 9, 2021, the CAISO issued a flex alert, later extending it through Saturday, July 10, due to extreme heat forecasted across much of California, as well as a wildfire in Oregon threatening transmission into California. On Sunday, July 11, the California ISO issued another flex alert for Monday, July 12.

On July 9, 2021, the CAISO also issued a Significant Event Capacity Procurement Mechanism (CPM) designation to 11 resources, totaling 309.24 MW, to address a CPM Significant Event, defined in the CAISO tariff as an event or combination of events, resulting in a “material difference from what was assumed in the resource adequacy program for purposes of determining the Resource Adequacy Capacity requirements, or produce a material change in system conditions or in CAISO Controlled Grid operations, that causes, or threatens to cause, a failure to meet Reliability Criteria absent the recurring use of a non-Resource Adequacy Resource(s) on a prospective basis.” That same day, the CAISO also issued an Exceptional Dispatch CPM to an additional resource totaling 121.42 MW. The CPM term for all 12 resources is 30 days.

On July 12, 2021, the CAISO issued a CPM designation for two additional resources, totaling 64 MW.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Energy Storage Enhancements - Stakeholder Presentation Working Group Meeting.

The CAISO has invited stakeholders to attend a working group on July 26, 2021. This is an opportunity for stakeholders to showcase proposals for solutions to the issues outlined by the CAISO in the Energy Storage Enhancements issue paper. Presentations are required to be submitted in advance of the working group meeting. Draft presentations were due by July 12, and final presentations will be posted publicly on July 19.

CALIFORNIA ENERGY COMMISSION

2020 RPS Annual Reporting. As a follow-up to our June 21, 2021 Update, on July 12, 2021, the CEC [posted](#) the Office of Administrative Law’s approval of the RPS POU Regulations adopted by the CEC in December 2020, effective July 12, 2021. Additional CEC Staff guidance regarding POU reporting is available [here](#) and [here](#).

2021 IEPR. As part of the 2021 Integrated Energy Policy Report (IEPR) proceeding, the CEC will host a workshop on July 28, 2021 to discuss the potential role of hydrogen technologies in California’s clean energy transition. The workshop will be held remotely in two sessions, with the first session scheduled for 10:00 a.m. and the second session scheduled for 2:00 p.m. on July 28, 2021. Additional information is available [here](#).

SB 100 Implementation Planning. The CEC will jointly conduct a workshop on July 22, 2021 with the CPUC and the CAISO to discuss existing and proposed transmission projects that can potentially support the delivery of resources required to achieve the goals of Senate Bill 100 (SB 100). The workshop will be split into two sessions: session one begins at 9:00 a.m. and session two will begin at 1:30 p.m. The workshops will be remote access only. For more information, please see the Notice published in docket number 21-SIT-01, available at <https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=21-SIT-01>.

EPIC 2021-2025 Investment Plan. On June 2, 2021, CEC Staff published a Notice of Staff Workshops regarding a series of remote access workshops to discuss the EPIC 2021-2025

Investment Plan (EPIC 4 Investment Plan) and solicit public input on specific research topics to inform the plan. The workshops will review the research initiatives proposed in the draft EPIC 4 Investment Plan and solicit public input.

As background, the CPUC established EPIC in 2012 to fill a critical gap in funding for public investments in clean energy research and technology innovation that can provide benefits to electric ratepayers through greater reliability, lower costs, and increased safety. On September 2, 2020, the CPUC renewed EPIC for an additional 10 years (January 1, 2021 through December 31, 2030) in D.20-08-042. The CPUC approved the CEC as an EPIC administrator with an annual budget of \$148 million for the first five years and ordered the investor-owned utilities to collect funds for the renewed EPIC starting January 1, 2021. The decision requires the CEC to file an investment plan to the CPUC by October 1, 2021 to cover the period of January 1, 2021 to December 31, 2025 (referred to as EPIC 4). According to the Public Notice, CEC Staff anticipates that the CPUC will issue a decision on the EPIC 4 Investment Plan in spring 2022. More information on the CEC's administration of the EPIC program is available [here](#).

The series of CEC Staff workshops started on June 14, 2021 and will run through July 2021, culminating in an August 4, 2021 workshop entitled "Draft Initiatives for EPIC 4" that will review the research initiatives proposed in the draft EPIC 4 Investment Plan and solicit public input. A detailed list of workshop dates and times, as well as remote attendance instructions, is available [here](#).

Lithium Valley Commission. The next Lithium Valley Commission is scheduled for Thursday, July 29, 2021 at 1:30 p.m. Additional details regarding the upcoming meeting, as well as a copy of the minutes from the June 24, 2021 meeting, can be found [here](#).

CEC Business Meetings. The next CEC Business Meeting will be held remotely on August 11, 2021.

CALIFORNIA AIR RESOURCES BOARD

ARB's next general Board meeting will be held July 22-23, 2021. The meeting agenda is available [here](#).

ARB will hold a Board meeting on [community air protection](#) on July 29, 2021. At the meeting, the Board will consider the [Stockton Community Emissions Reduction Program Staff Report](#). Notice of the meeting is available [here](#), and comments on the Staff Report can be submitted to ARB on or before July 19, 2021 [here](#). The full agenda is available [here](#).

On July 20, 2021, ARB will hold a [Technical Workshop](#) on Natural and Working Lands, related to the [AB 32 Scoping Plan Update](#) for 2022. On August 2, 2021, ARB will hold a [Technical Workshop](#) on Engineered Carbon Removal. In June, ARB held a [series of public workshops](#) on development of the 2022 Scoping Plan Update. Recordings of the workshops are [available online](#).

ARB's [AB 617 Consultation Group](#), related to the Community Air Protection Program, will hold a [meeting](#) on July 20, 2021. The meeting can be accessed [here](#).

On July 27, 2021, ARB will hold a [public workshop](#) on development of the 2022 State Strategy for California's [State Implementation Plan](#) under the federal Clean Air Act. ARB staff will discuss potential measures to support attainment of the federal eight-hour standard for ozone. The workshop can be accessed [here](#).

ARB is accepting informal public comments on the proposed [Advanced Clean Fleets](#) regulation, which aims to achieve a zero-emissions truck and bus California fleet by 2045. Comments may be [submitted](#) on or before September 15, 2021.

MINNESOTA PUBLIC UTILITIES COMMISSION

1. Xcel Energy Time-of-Use Service Petition, PUC Docket No. E002/M-20-86

On July 16, 2021, the Minnesota Public Utilities Commission ("Commission") issued its order regarding Northern States Power Company, dba Xcel Energy's ("Xcel") pending time-of-use ("TOU") petition. To summarize, the Commission instructed Xcel to: (1) implement two pilot TOU programs utilizing two distinct rate designs (one as proposed by Xcel and the other as proposed by the Clean Energy Organizations) to begin in 2022; (2) solicit feedback on the programs from stakeholders; (3) file specific information about the pilots within six months of the order; (4) ensure that the TOU rate can be fully developed as early as 2024; and (5) develop a new general service TOU rate structure in a separate proceeding triggered by certain timing constraints. Parties continue to monitor this docket and will provide feedback consistent with the Commission's order.

2. Minnesota Energy Resources Corporation ("MERC") Natural Gas Extension Project ("NGEP") Rider Order, PUC Docket No. G-011/M-20-420

On July 15, 2021, the Commission issued its order approving MERC's 2021 NGEP Rider surcharge. In sum, the Commission approved the ongoing NGEP Rider with modifications, using 2018 revenues as a true-up baseline, and making other modifications. While the Commission approved MERC's petition, it disallowed rider recovery of legal fees in incremental operation and maintenance expense. MERC will file updated revenue requirement calculations and rider factors within ten days.

FEDERAL ENERGY REGULATORY COMMISSION

FERC's monthly open meeting occurred Thursday, July 15, and the agenda was relatively light as the Commission heads toward its August recess. However, the meeting did include one large policy-driven centerpiece: an Advanced Notice of Proposed Rulemaking (ANOPR) entitled "Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection." In response to this ANOPR, FERC is seeking feedback on

potential reforms in three specific areas: reforms for longer-term regional transmission planning and cost-allocation processes that take into account more holistic planning, including planning for anticipated future generation, rethinking cost responsibility for regional transmission facilities and interconnection-related network upgrades, and enhanced transmission oversight over how new transmission facilities are identified and paid for. Comments are due 75 days after publication in the Federal Register, with reply comments then being due within 30 days thereafter.