REGULATORY UPDATE FOR JUNE 1, 2021 (WEEK OF MAY 24)

CALIFORNIA PUBLIC UTILITIES COMMISSION

New Proposed Decisions and Draft Resolutions[1]

A.21-02-020 (Fire Risk Mitigation Recovery Bonds). This Financing Order grants the request by Pacific Gas and Electric Company (PG&E) for authority under Assembly Bill (AB) 1054 and Public Utilities (Pub. Util.) Code § 850.1 to issue Wildfire Hardening Recovery Bonds (Recovery Bonds) totaling approximately $1.2 billion. These Recovery Bonds will finance fire risk mitigation plan capital expenditures authorized pursuant to Pub. Util. Code § 8386.3(e), enacted under AB 1054. The Recovery Bonds' principal, interest, and related costs will be recovered via a surcharge called the Fixed Recovery Charge. All Consumers of electricity in PG&E's service territory will be required to pay the Fixed Recovery Charge, except for those Consumers that are exempt pursuant to Pub. Util. Code § 850.1(i). Pursuant to Pub. Util. Code § 850.1(e), the provisions in this Financing Order authorizing the issuance of the Recovery Bonds and the recovery of Recovery Bond principal, interest, and certain other Recovery Bond-related costs from Consumers are irrevocable.

Draft Resolution E-5154. This Resolution adopts updated contract prices by Product Category for the Renewable Market Adjusting Tariff, or ReMAT, using price data from Renewables Portfolio Standards (RPS) contracts executed between 2015 and 2020. In addition, it orders PG&E and Southern California Edison Company (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

R.18-12-005 (2019 PSPS). This presiding officer's decision finds that PG&E violated Pub. Util. Code § 451, the Phase 1 Guidelines adopted in Decision (D.) 19-05-042 and Resolution ESRB-8 based on its implementation of the Fall 2019 Public Safety Power Shutoff (PSPS) events. We find violations with respect to the failure of PG&E's website, which was unavailable or non-functional during the majority of the duration of the PSPS event, inaccuracy

[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.

of its online outage maps, inaccessibility of its secure data transfer portals to its public safety partners, and PG&E's failure to provide advanced notification of de-energization events to approximately 50,000 customers and 1,100 Medical Baseline customers during the three PSPS events in Fall 2019. The Commission finds that a penalty of $106.003 million is appropriate to deter future violations and demand accountability for PG&E's flawed implementation of the Fall 2019 PSPS events. The penalty will be offset by $86 million based on the bill credits PG&E has already provided to customers. Therefore, the net penalty assessed on PG&E is $20.003 million. The penalty includes a PG&E shareholder contribution of $1.418 million to PG&E's Disability Disaster Access & Resources Program, which provides qualifying customers access to backup portable batteries through grant, lease-to-own, or low-interest loan options. The penalty also includes a PG&E shareholder funded bill credit of $12.185 million to the general group of customers in the areas affected by the Fall 2019 PSPS events. Lastly, the penalty includes a PG&E shareholder funded bill credit of $6.4 million to the Medical Baseline customers in the areas affected by the Fall 2019 PSPS events.

Voting Meetings

The CPUC's next voting meeting is scheduled for June 3, 2021. The following items are on the agenda:

Item 2. Resolution ALJ-406. This resolution resolves San José Clean Energy's appeal of Citation No. E-4195-0074 by the CPUC's Consumer Protection and Enforcement Division. Citation No. E-4195-0074 cites and fines San José Clean Energy $1,116,149.48 for failing to procure certain of its 2020 year-ahead system resource adequacy obligations. The appeal is denied, and this proceeding is closed.

Item 3. R.17-07-007 (Rule 21). The primary objective in this proceeding is to streamline the interconnection application process; this decision adopts a series of proposals to achieve this goal. Adopted proposals include a modified, notification-only approach for certain projects, a study on cost shifts resulting from a prior distribution upgrade exemption, installation of protective equipment on large machine generators, an option for independent unintentional islanding studies, establishment of a working group to look at distribution-level solutions to anti-islanding, new anti-islanding screens in the interconnection application process for PG&E, development of an interconnection guidebook on anti-islanding, improved efficiencies in the application process that allow for applications based on street address, choice of single batch applications, a future pilot to test operational alternatives to address operational flexibility constraints, and the development and finalization of a template aggregator agreement.

Item 6. Resolution E-5143. This Resolution updates a citation program under the administration of CPUC staff (Staff) to enforce compliance with RPS reporting and filing requirements. Approval of these updates to the RPS citation program will create penalties for non-compliance with the CPUC's requirements for submission of RPS Procurement Plans, as well as penalties for non-compliance with RPS reporting requirements and non-responsiveness to requests for information by Staff related to the implementation and administration of the RPS program.

Item 10. R20-05-012 (SGIP). This decision revises program requirements for Self-Generation Incentive Program (SGIP) renewable generation technologies and addresses other issues. This decision terminates a pause on acceptance of applications for renewable generation technology projects using a control/use/destroy baseline as adopted in D. 20-01-021. It limits eligible directed renewable fuels to those produced within California and strengthens renewable fuel documentation, verification, auditing, and enforcement requirements. This decision requires that all environmental attributes associated with renewable fuels used in a SGIP project, if any, are obtained and exclusively owned and retained by the SGIP Host Customer, who must not sell, use, or transfer any Renewable Energy Credits. It clarifies that SGIP renewable generation projects using 100 percent renewable fuels and involving internal combustion engines shall meet the same criteria for pollutant emission levels as required in Pub. Util. Code § 379.6(c)(1)-(3) for fossil-fuel combustion projects. This decision requires on-site SGIP biogas projects to meet the standard of methane purity set forth in Southern California Gas Company Tariff Rule No. 30, "Transportation of Customer-Owned Gas," and prohibits award of SGIP incentives to internal combustion engine projects in counties listed as severe or extreme federal non-attainment areas for particulate matter or ozone. This decision updates the definition of SGIP-eligible renewable fuels and revises certain SGIP application requirements for wind technologies. This decision revises the eligibility requirements for the Equity Resiliency Budget and provides several other clarifications.

Item 25. I.19-11-013 (2019 PSPS Investigation). This proposed decision finds that in 2019, when proactively shutting off electric power to mitigate the risk of catastrophic wildfire caused by their infrastructure, California's three largest investor-owned electric utilities, PG&E, SCE, and San Diego Gas and Electric (SDG&E), failed in certain respects to reasonably comply with the obligation to promote safety in Pub. Util. Code § 451 and with many of the Commission's guidelines in D. 19-05-042, Resolution ESRB-8 (July 12, 2018), and other applicable laws, rules, and regulations. To address the failures of PG&E, SCE, and SDG&E to reasonably protect the public and adhere to state law and the CPUC's rules and regulations pertaining to proactive power shutoffs used as a wildfire mitigation measure, the CPUC directs utilities to, among other things:

(1) forgo collection from customers of the portion of their authorized revenue requirement equal to all future unrealized volumetric sales due to all future proactive power shutoffs;

(2) immediately initiate efforts to engage in the sharing of best practices and lessons learned for initiating, communicating, reporting, and improving all aspects of proactive power shutoffs by regularly holding utility working group meetings;

(3) immediately initiate efforts to assist the CPUC's Safety and Enforcement Division in developing a standardized 10-day post-event reporting template;

(4) file a report on an annual basis in Rulemaking (R.) 18-12-005 or a successor

proceeding describing each utility's progress and status on improving compliance with the PSPS guidelines, especially the progress and status of implementing those guidelines not addressed in 10-day post-event reports;

(5) undertake specific corrective actions, set forth below, to improve the utilities' future compliance with the PSPS Guidelines and Pub. Util. Code § 451;

(6) provide Standard Emergency Management System training for all personnel involved in PSPS planning;

(7) immediately initiate efforts to improve, among other things, communications with those customers dependent on electricity for medical reasons, especially life support, before, during, and after a proactive power shutoff; and

(8) improve transparency in all aspects of utility decision-making related to initiating proactive power shutoffs.

In addition, the CPUC's Safety and Enforcement Division will increase the transparency of its review process of the 10-day post-event reports by, as a first step, preparing a standard template for 10-day post-event reports, which will be issued for comments by parties in R.18-12-005. As a second step, CPUC will establish a single webpage on the CPUC's website to function as a central repository for all the CPUC's undertakings regarding the proactive power shutoffs that stakeholders, including the general public, can use to easily access the different aspects of the CPUC's review process of proactive power shutoffs, such as identifying the division within the CPUC undertaking a particular aspect of the review process and the subject matter of the review. As a third step, CPUC will post on this webpage the final documents related to the Safety and Enforcement Division's review of the 10-day post-event reports.

CALIFORNIA ISO

Stakeholder Initiatives: Upcoming Meetings and Deadlines

New Initiative: External Load Forward Scheduling Rights Process. The California ISO has launched a new initiative called External Load Forward Scheduling Rights Process and scheduled a public stakeholder workshop webinar on July 13, 2021. The purpose of this first workshop is to solicit input and provide stakeholders an opportunity to present the issues that need to be addressed and guiding principles for this stakeholder initiative. Requests to present and topics for the workshop are due July 7, 2021.

Western EIM Governance Review. The California ISO has extended the deadline to submit written comments on the Western Energy Imbalance Market (EIM) Governance Review straw proposal – delegation of authority issues from June 4, 2021 to June 11, 2021.

Hybrid Resources – Aggregate Capability Constraint, Final Proposal and Revised Draft Tariff Language. The California ISO will hold a stakeholder call on June 3, 2021, to discuss the Aggregate Capability Constraint final proposal with stakeholders, as part of the

Hybrid Resources Initiative. Comments are due June 14.

Generator Interconnection, Cluster 14. The California ISO has posted a spreadsheet containing a preliminary list of Interconnection Requests (IRs) being validated in Cluster 14.

New Initiative: EIM Resource Sufficiency Evaluation Enhancements Issue Paper. The California ISO has launched a new initiative called Energy Imbalance Market (EIM) Resource Sufficiency Evaluation Enhancements and scheduled a two-day stakeholder workshop to discuss the issue paper on June 23-24, 2021. Comments on the issue paper and workshop discussions/materials are due July 9, 2021.

CALIFORNIA ENERGY COMMISSION

On May 21, 2021, the California Energy Commission (CEC) published a notice of a joint agency workshop with the CPUC and the California ISO to initiate a process to explore next steps to plan for the development of resources that will be needed to achieve the goals set forth in Senate Bill 100 (SB 100). The workshop will be held in two sessions on June 2, 2021, the first at 10:00 a.m. and the second at 2:00 p.m. The notice and additional information regarding the workshop sessions are available on the CEC's *SB 100 Implementation Planning for SB100 Resource Build* docket, accessible at https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=21-SIT-01 (Docket). The notice indicates that the CEC will also post a meeting schedule to the Docket prior to the June 2, 2021 workshop.

The next CEC Business Meeting is scheduled for June 9, 2021. The agenda and remote participation instructions are available here.

CALIFORNIA AIR RESOURCES BOARD

On May 27, 2021, the California Air Resources Board (ARB) released the results of the quarterly cap-and-trade allowance auction, conducted jointly with the province of Quebec, Canada. The auction offered 71,647,138 current vintage allowances, and all were purchased. The settlement price for current vintage allowances was $18.80.

On June 2, 2021, ARB, along with the Governor's Office of Business and Economic Development, the California Energy Commission, and the California Public Utilities Commission, will hold a forum on fueling infrastructure for medium- and heavy-duty zero-emission vehicles. You can register for the forum here.

ARB will hold a series of public workshops related to development of the 2022 Scoping Plan Update to achieve carbon neutrality by 2045. Workshops will be held on June 8, June 9, and June 10, with focused discussion on natural and working lands, equity and environmental justice, the transportation sector, and the electricity sector. In addition, ARB's AB 32 Environmental Justice Advisory Committee will meet on June 4, 2021. The Committee will be advising the

Board on the development of the 2022 Scoping Plan Update. The remote meeting can be accessed here.

ARB's next Board meeting will be held June 24-25, 2021.

MINNESOTA PUBLIC UTILITIES COMMISSION

Dakota Electric Association EV Pilots, PUC Docket No. 21-127

On May 27, 2021, the Minnesota Public Utilities Commission ("Commission") approved Dakota Electric Association's petition to implement a multi-family EV service pilot and non-residential EV service program. The multi-family pilot program is tailored to customers living in multi-family homes, and would be available as a separately installed service. The non-residential EV pilot is designed for other customers, like businesses, seeking to install charging infrastructure.

Xcel Energy 2020 Stay-Out Docket, PUC Docket No. 19-688

As a followup to previous updates, the Commission met to consider Xcel's final true-up calculations related to its 2020 Stay Out. By way of background, on November 1, 2019, Xcel filed a multi-year rate plan (MYRP). On the same day, Xcel filed a proposal to withdraw its rate case and instead pursue the use of various true-up mechanisms to cover its projected revenue deficiencies (the Stay Out). It is unclear whether this type of mechanism is contemplated by Minnesota law.

In any event, Xcel's proposal compared its projected MYRP interim-rate increase ($122 million) to the total projected cost of the sales revenue true-up under the Stay Out ($94.3 million). Unlike interim rates, which are traditionally assigned to customer classes on a pro rata basis, the Stay Out proposed assigning costs based on sales and other true-up mechanisms. Initially, Xcel projected that demand-billed customers were to pay approximately $78.2 million of the total true-up, which was larger than the projected interim-rate increase for that class. As such, certain demand-billed customers objected to Xcel's proposal. Despite these objections and citing purported benefits to ratepayers as a whole, the Commission approved Xcel's 2020 Stay Out, and Xcel withdrew its MYRP. Consistent with the Commission's order approving the Stay Out, Xcel filed updated true-up calculations in early 2020. The updated calculations drastically departed from Xcel's initial projections. The total amount of the 2020 true-up inflated to $119.5 million ($25 million more than initially projected and only $2.5 million less than the 2020 MYRP interim-rate increase). Further, the updated calculations assigned all non-residential customers a surcharge of roughly $163.9 million while providing residential customers a $44.4 million rebate. The true-up surcharge for demand-billed customers is approximately $157.1 million, or nearly double the initial projection from November 2019. Upon Xcel's filing of the updated true-up calculations, certain ratepayers again objected to Xcel's use of such a non-traditional form of ratemaking without clear statutory authority, questioning Xcel's ability to surcharge one customer class a substantial amount while providing a significant refund to another, calling into question whether Xcel's proposal resulted in rates that are just and reasonable in compliance with Minn. Stat. § 216B.03. The Commission approved Xcel's updated true-up calculations, and rejected alternative proposals that would have mitigated the impact of the true-up on non-residential customers, citing the purported ratepayer benefits of the Stay Out. A written order is pending.

Xcel Energy 2021 Stay Out and Rate Case, PUC Docket Nos. 20-743 and 20-723

As a followup to previous updates, the Commission met on May 27, 2021, to determine whether it would reconsider Xcel's 2021 Stay Out. Consistent with the 2020 Stay Out (discussed above) Xcel again proposed a Stay Out in lieu of pursuing a rate case in 2021. Xcel initially projected that its 2021 rate-case interim-rate increase would be $308.9 million compared to a projected true-up of $171.1 million. Demand-billed customers were projected to pay $171.4 million of the 2021 Stay Out (approximately $10 million more than the class would pay under a rate case and larger than the entire projected 2021 true-up). Despite being over the statutory five-year limitation for MYRPs, without clear statutory authority, and touting the ratepayer benefits, the Commission again approved Xcel's Stay Out, which was based on true-up mechanisms agreed to as part of Xcel's expired MYRP. Unlike the 2020 Stay Out, Xcel's 2021 Stay Out was met with more scrutiny, including by the Minnesota Department of Commerce (the Department), Minnesota's neutral ratepayer advocate, which noted that Xcel's extreme cost shift to demand-billed customers did not appear reasonable. Throughout the approval stage, the Department proposed and the Commission subsequently adopted various rate-mitigation measures for the residential class as well as an extended 21-month payment schedule for the demand-billed class; however, none of the adopted mitigation measures impacted the ultimate recovery amount by Xcel.

Though the Commission orally approved Xcel's 2021 Stay Out in December 2020, during the intervening period between the hearing and written order, Xcel subsequently filed a letter on March 3, 2021, notifying the Commission and other parties that it had uncovered a $43 million accounting error that lowered Xcel's proposed interim-rate increase by $43 million. Stakeholders immediately flagged Xcel's letter as a concern, noting that it necessarily impacted the delta between the MYRP interim-rate increase and the 2021 Stay Out. Subsequently, the Commission issued a notice of comment period requesting feedback on its approval of the 2021 Stay Out on the same day as it issued its written order approving the 2021 Stay Out. Certain parties again weighed in, requesting that the Commission reconsider its approval based on the 2021 Stay Out resulting in unjust and unreasonable rates while not being predicated on clear statutory authority. During the Commission's comment period, Xcel provided updated projections for the 2021 true-up, now projecting a total true-up value of approximately $135.3 million with demand-billed customers paying approximately $150 million. As a whole, assuming the 2021 projections remain accurate, non-residential customers will pay $156.7 million in surcharges and residential customers will receive a roughly $21.4 million rebate, while keeping the total recovery by Xcel at $135.3 million.

During the hearing, the Commission maintained its position and did not reconsider its approval of Xcel's 2021 Stay Out. In so doing, the Commission again relied on the purported benefits to all ratepayers, despite acknowledging that certain demand-billed customers may be harmed by the result. Despite Xcel's reported accounting errors, the Commission continued to express confidence in the apparent delta between the MYRP interim-rate increase and the updated true-up calculations. One commissioner did, however, acknowledge that Xcel should probably pursue a rate case in 2022. As a result of the 2020 and 2021 sales true-ups, and assuming projections remain accurate, non-residential customers will pay approximately $320.6 million in surcharges and residential customers will receive a roughly $65.8 million rebate, while keeping the total recovery by Xcel at about $254.8 million A written order is pending.

OREGON

PGE's 2020 Small Generator Report Now Available – RE 67

Last Thursday PGE filed its annual small generator report with the Oregon Public Utility Commission (OPUC). In calendar year 2020, 13 new interconnection applications were received and 26 projects completed interconnection. The full report can be located here.

OPUC Meetings This Week

On Tuesday, June 1, at 9:30 a.m. PST, the OPUC will hold a public meeting to address a wide range of dockets, including ADV 1234, related to PGE and PacifiCorp's request to revise their community solar power purchase agreements.

Later in the week, on Friday, June 4, from 9:30 a.m. to 12:00 p.m. PST, the OPUC will hold a public workshop to discuss Oregon's Community Solar Program. Among other topics, the workshop will address challenges related to participant recruitment. The complete agenda is located here.

FEDERAL ENERGY REGULATORY COMMISSION

- FERC Staff has issued a white paper on hybrid resources. The white paper is a product of a technical conference the Commission held in July 2020 on hybrid resources. The RTOs/ISOs were directed to file informational reports on hybrid resource issues by July 19, 2021. The public is invited to submit comments on both the white paper and the RTO/ISO reports by August 18, 2021.

- FERC has published its Fiscal Year 2022 Congressional Budget Justification.

- FERC will hold a technical conference on June 1-2 on issues surrounding the threat to electric system reliability posed by climate change and extreme weather events. The conference will be webcast.

- FERC's next open meeting is June 17, 2021.