

REGULATORY UPDATE FOR JUNE 14, 2022 (WEEK OF JUNE 6, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION****New Proposed Decisions and Draft Resolutions¹**

Draft Resolution E-5217. This Resolution revises existing requirements for Pacific Gas and Electric (PG&E), and adopts new requirements for Southern California Edison (SCE) and San Diego Gas and Electric (SDG&E) to standardize their respective annual end-of-year consolidated electric revenue and January 1 rate change advice letter (AL) filings. These requirements are needed to establish uniform filing procedures for these utilities to provide a more efficient process to implement revenue requirement changes previously approved by the California Public Utilities Commission (Commission or CPUC) and the Federal Energy Regulatory Commission (FERC), and for the amortization of regulatory accounts. This Resolution requires these utilities to file a Tier 2 AL by November 5 of the year prior to the January 1 rate change with initial estimated revenue requirement amounts, and then subsequently update these forecasts with the actual amounts that were authorized in a separate Tier 1 AL to be filed by December 31.

A.20-07-020 (PG&E GT&S Capital Expenditures). This decision approves a Settlement Agreement, authorizing PG&E to recover \$356.349 million in revenue requirements over a 60-month amortization period for capital expenditures PG&E incurred in 2011-2014 for its gas transmission and storage (GT&S) system. The Settlement Agreement reduced PG&E's request for \$416.3 million by \$60.0 million in revenue requirement and increased PG&E's requested amortization period of 36 months by an additional 24 months. PG&E incurred these capital expenditures from 2011 to 2014 because of additional GT&S work it had to perform to comply with regulatory and legislative mandates and directives imposed on PG&E after the 2009 San Bruno gas pipeline explosion (San Bruno explosion). The additional work PG&E performed to meet new regulatory directives significantly exceeded the level of GT&S work and costs forecasted in the general rate case prior to the San Bruno explosion, the Gas Accord V proceeding, and Application 09-09-013.

R.17-06-026 (PCIA). This decision establishes a standard process for reviewing representatives of community choice aggregators to (i) access confidential Energy Resource Recovery Account data to develop Power Charge Indifference Adjustment forecasts and (ii) disclose non-confidential analyses of Power Charge Indifference Adjustment forecasts to community choice aggregators. This decision also confirms that the Commission's staff should exclude Voluntary Allocations from calculations of the Renewable Portfolio Standard Market Price Benchmark.

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.18-07-006 (Affordability of Utility Service). Decision 20-07-032 adopted three metrics, the Affordability Ratio, Hours-at-Minimum-Wage, and Socio-Economic Vulnerability Index, by which the Commission would assess the relative affordability of essential utility service across industries and proceedings, including examination of how different geographic areas of California are impacted. This decision directs when and how the affordability framework will be applied in Commission proceedings and further develops the tools and methodologies used to calculate three affordability metrics.

Voting Meetings

The Commission's next voting meeting is scheduled to be held on June 23, 2022. The agenda includes the following energy-related items:

Item 2. Resolution E-5194. This Resolution adopts, with modification and clarification, the criteria and process proposed by SDG&E, PG&E, and SCE pursuant to Section 3.5.3 of D.21-01-018 for evaluating the safety and reliability of electric isolation technologies prior to deployment or implementation of the technologies.

Item 5. R.11-09-011 (Rule 21). This decision determines that an increasing number of generating facilities interconnecting through the transmission grid under the net energy metering tariff, i.e., Rule 21, creates challenges to the ability of the California Independent System Operator (ISO) to ensure the safety and reliability of the transmission grid. To address this concern, the Commission finds that an immediate suspension of the net energy metering exception in Section B.1 of Rule 21 is necessary as there are no viable solutions in the record to address these concerns. PG&E, SDG&E, and SCE are directed to submit a Tier 1 AL within 14 days of the adoption of this decision, revising Rule 21 tariffs to comply with this change. A second exception in Section B.1 of Rule 21, for non-export generating facilities, is maintained at this time as non-export generating facilities do not create the same safety and reliability concerns as net energy metering generating facilities. The Energy Division is authorized to facilitate a workshop, within 90 days of the adoption of this decision, to discuss specific circumstances under which non-export facilities could create material operational challenges, including load masking, and how to address any such challenges.

Item 9. Resolution E-5209. This Resolution adopts updated contract prices by Product Category for the feed-in-tariff program, known as ReMAT, using price data from RPS contracts executed between 2015 and 2021. In addition, it orders PG&E, SCE, and SDG&E to amend their Renewable Market Adjusting Tariff (ReMAT) program tariff to reflect the adopted fixed-prices by Product Category paid to the Seller.

Item 12. A.19-08-013 (SCE 2021 Rate Case). This decision finds reasonable, and authorizes SCE to recover, (1) the revenue requirement associated with \$384.19 million in incremental 2020 Operations and Maintenance (O&M) expenses recorded in various wildfire mitigation memorandum accounts, representing approximately 81% of SCE's request of \$476 million; and (2) the 2020 revenue requirement of \$15.12 million associated with capital expenditures approved during Track 2, representing 100% of SCE's request. Consistent with the treatment approved for SCE's Track 2 O&M expenses, the approved revenue requirements will

be amortized over a 36-month period. This decision also finds reasonable \$468.39 million in recorded wildfire mitigation capital expenditures, representing approximately 69% of SCE's request for \$679 million. SCE may seek future recovery of these capital expenditures in a separate financing order application.

Item 14. Resolution E-5172. This Resolution approves, with modifications, revisions to Electric Rule 21 requested by PG&E, SCE, and SDG&E. Those revisions include incorporating Integration Capacity Analysis (ICA), a method of assessing the hosting capacity of an electric system based on its thermal, voltage, power quality, protection, and safety limits. Hosting capacity is an estimate of the amount of power output that may be accommodated without adversely impacting power quality or reliability under current configurations and without requiring infrastructure upgrades. Other modifications include applying a 10% buffer to Screen M, updating Screen N to account for thermal overload under three different ICA scenarios, and establishing a standard timeline for design and construction of interconnection-related distribution upgrades.

Item 15. Resolution E-5218. This Resolution approves PG&E's Tier 3 AL, which establishes the pool of renewable energy projects that will be used on an interim basis until PG&E procures new renewable energy resources to meet Green Tariff demand.

Item 16. Resolution E-5216. This Resolution approves PG&E's, SCE's, and SDG&E's Voluntary Allocation pro forma contracts for Power Charge Indifference Adjustment (PCIA)-eligible RPS resources with the following modifications:

a. SDG&E will modify its Voluntary Allocation pro forma contract to permit load serving entities (LSE) to elect allocations of PCIA-eligible RPS resources from both the short-term and the long-term allocation resource pools as a short-term allocation.

b. SDG&E will modify its Voluntary Allocation pro forma contract to clarify that utility-owned generation (UOG) and evergreen resources are eligible resources for Voluntary Allocation.

c. SDG&E will modify its Voluntary Allocation pro forma contract to include the following language for changes to its allocation resource pools: with 15 days' prior notice to Buyer, Seller may add or remove a resource from the resource pools as provided herein. Seller may remove a resource from the resource pools for the following reasons: (i) if Seller's power purchase agreement corresponding to the resource has been modified, terminated, or assigned to a third party, (ii) if the Resource is no longer in Seller's PCIA-eligible portfolio due to Commission order or direction, or (iii) if the Resource is owned by Seller but ceases operation for Seller.

Item 17. Resolution G-3589. This Resolution adopts an updated annual fee for registered Core Transportation Agents (CTAs). It reduces the base fee from \$3,955 to \$3,864 effective July 1, 2022, and adjusts the variable fee, which applies only to CTAs that have received complaints in 2021, based on the number of complaints processed by the Consumer

Affairs Branch and Utility Enforcement Branch for each CTA and the time spent addressing those complaints.

Item 18. A.21-06-021 (PG&E 2023 GRC). This decision grants PG&E's unopposed request to make its 2023 test year General Rate Case revenue requirement effective as of January 1, 2023 in the event the Commission adopts a final decision in this proceeding after that date. This decision also grants PG&E's request to allow for the recovery of interest, based on a Federal Reserve three-month commercial paper rate, to the extent necessary to keep PG&E, ratepayers, and shareholders relatively indifferent to the timing of the Commission's final decision regarding the 2023 revenue requirement. This decision also authorizes PG&E to use its three existing memorandum accounts to track and collect or refund any over-collection or under-collection in rates.

Item 19. R.18-07-003 (RPS Implementation). This decision determines that voluntary allocations pursuant to the Voluntary Allocation and Market Offer process adopted in decision (D.) 21-05-003 are not resales for purposes of determining Portfolio Content Category (PCC) classification for renewable energy credits (RECs). However, any subsequent transfer or resale of those allocated RECs will be considered a resale, and will result in a change in PCC classification pursuant to D.11-12-052. This decision would also not require investor-owned utilities to submit AL filings for approval of executed pro forma Voluntary Allocation contracts. However, modified pro forma contracts must be approved via a Tier 1 AL filing.

Item 20. Resolution E-5219. This Resolution approves the contracts for four utility-owned circuit-level energy storage microgrid projects for a total of 39 megawatts (MW) of incremental capacity that SDG&E procured to address 2023 summer reliability and thereafter. For each of the four projects, these contracts include an Equipment Supply Agreement with Mitsubishi Power America, Inc. (Mitsubishi), a Long-Term Services Agreement with Mitsubishi, and a Balance of Plant agreement with Morrow Meadows Corporation.

Item 21. R.20-01-007 (Long-Term Gas System Planning). This decision would resolve issues related to Track 1A (Reliability Standards) and Track 1B (Market Structure and Regulations). The decision also requires SCE and PG&E to maintain adequate backbone capacity to meet the average day in a 1-in-10 cold and dry year standard previously established by the Commission, and provides a citation structure if the utility fails to maintain that backbone capacity.

Item 42. R.21-10-002 (Resource Adequacy). This decision resolves issues in Phase 2 of both the Implementation Track and the Reform Track. In the Implementation Track, this decision adopts local capacity requirements for 2023-2025 and flexible capacity requirements for 2023, establishes effective load carrying capacity (ELCC) values for wind and solar, directs the Energy Division to develop regional wind ELCCs, and declines to adopt the ELCC methodology for hybrid or energy storage facilities. In the Reform Track, this decision adopts SCE's 24-hour slice framework. 2024 will serve as a test year, with full implementation in 2025. To further develop the Resource Adequacy (RA) framework, the decision adopts a proposed schedule that would involve workshops conducted from July through October 2022, with the final proposal

submitted November 15, 2022, and with a proposed decision issuing in the first quarter of 2023 on the remaining implementation issues.

CALIFORNIA ISO

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Generation Deliverability Study Dispatch Assumptions. The California ISO held a public stakeholder call on June 6, 2022 to discuss updating the generation deliverability study dispatch assumptions. Written comments are due June 20, 2022.

Extended Day-Ahead Market Initiative. The California ISO held a stakeholder meeting on the straw proposal on May 25-26, 2022. The deadline to submit written comments on the straw proposal has been extended from June 9, 2022 to June 16, 2022.

2021-2022 Transmission Planning Process. Completed proposals for the Collinsville and Manning substation projects must be submitted prior to the close of business on July 15, 2022. Completed proposals for the Newark – Northern Receiving Station and Metcalf – San Jose B HVDC competitive solicitation projects must be submitted prior to the close of business on August 26, 2022.

Interconnection Process Enhancements 2021. The California ISO held a public stakeholder call on June 14, 2022, to discuss the revised straw proposal for the Interconnection Process Enhancement 2021 - Phase 2 initiative. Written comments on the revised straw proposal are due June 28, 2022.

CALIFORNIA ENERGY COMMISSION (CEC)

Gas Research and Development (Gas R&D)

The CEC will hold a remote technology stakeholder workshop on June 16, 2022 at 9:30 a.m. PT regarding establishing a long-term gas research strategy to achieve statewide carbon neutrality goals. Additional information regarding the June 16 workshop, including the workshop agenda, is available [here](#).

Integrated Energy Policy Report (IEPR)

On June 10, 2022, the CEC published notice of a June 21, 2022 workshop regarding the role of hydrogen in California's clean energy future. The workshop is scheduled to begin at 10:00 a.m. Additional details are available [here](#).

Offshore Wind

On May 18, 2022, CEC staff held a workshop on offshore wind energy development off the California coast focused on “Maximum Feasible Capacity and Megawatt Planning Goals for 2030 and 2045.” During the workshop, CEC staff presented a [draft report](#) that includes staff’s proposed findings and recommendations addressing the requirements of Assembly Bill (AB) 525 for the CEC to evaluate and quantify the maximum feasible capacity of offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits and establish MW offshore wind planning goals for 2030 and 2045. A summary of the workshop can be found on the Stoel Rives Renewable + Law blog [here](#).

Since the May 18 workshop, the CEC has removed Item 3 from the CEC’s May 24, 2022 Business Meeting agenda, which had previously indicated that the CEC would consider adoption of the California Offshore Wind Energy Development Report at the May 24 Business Meeting. On May 23, 2022, the CEC circulated an update regarding the removal of the agenda item to subscribers of the CEC’s Offshore Renewable Energy List. The email correspondence stated the following regarding removal of the draft report from the May 24 agenda:

In light of new information [submitted during the workshop and public comment opportunity](#), including information recommending that the CEC establish different MW offshore wind planning goals for 2030 and 2045 than those in the draft report based on studies released after the draft report posted; Commissioner Vaccaro will conduct a public workshop to further examine this new information to consider possible changes to the draft report recommendations for MW offshore wind planning goals for 2030 and 2045.

On June 10, the CEC circulated a “Save the Date” notice regarding a June 27, 2022 workshop that will begin at 9:30 a.m. Commissioner Vaccaro will conduct the workshop to further examine this new information to consider possible changes to the draft report recommendations for megawatt offshore wind planning goals for 2030 and 2045. Additional information regarding the workshop will be published in a workshop notice by the CEC to the offshore wind docket log, available at https://efiling.energy.ca.gov/Lists/DocketLog.aspx?docketnumber=17-MISC-01&utm_medium=email&utm_source=govdelivery.

The CEC also posted a hearing notice at TN #243213 in [Docket No. 17-MISC-01](#) regarding the California Coastal Commission’s June 8, 2022 meeting. At the June 8 meeting, the Coastal Commission concurred with the Bureau of Ocean Energy Management’s Consistency Determination for leasing activities associated with future offshore wind development in the Morro Bay Wind Energy Area. Additional information regarding the Coastal Commission’s agenda Item 7a is available [here](#).

Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on June 16, 2022 at 1:00 p.m. PT in Calipatria, California. Remote access is also available. Additional information is available at TN# 243450 in [Docket No. 20-LITHIUM-01](#).

Renewable Portfolio Standard (RPS)

California LSEs, including retail sellers and local publicly owned electric utilities (POUs), must report 2021 retirements of RECs for California's RPS to the CEC by July 1, 2022. As specified by the *Renewable Portfolio Standard Eligibility Guidebook, Ninth Edition (Revised)*, all LSEs are required to track and report RPS procurement using the Western Renewable Generation Information System (WREGIS).

POUs are required to submit 2021 Annual Summary Reports and supporting documentation, including new or revised contracts executed in the prior year, e-Tag Reports, and Hourly Reports through the RPS Online System, by the July 1 deadline.

To assist LSEs with annual reporting, CEC staff prepared the following documents:

- [2021 WREGIS Reporting Guidance](#)
- [2021 Annual Reporting Instructions](#)

CEC Business Meetings

The next CEC Business Meeting is scheduled for July 13, 2022.

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

On June 24, 2022, the Board will hold a public hearing on the draft [AB 32 Scoping Plan Update](#). Comments on the draft Update may be submitted [here](#) on or before June 24, 2022.

Opportunities for Public Comment

Comments on the draft [AB 32 Scoping Plan Update](#), which assesses progress towards achieving targets to decrease California's greenhouse gas emissions by 40% below 1990 levels by 2030 and lays out a path to achieve carbon neutrality by 2045, may be submitted [here](#) on or before June 24, 2022.

A draft [People's Blueprint](#) has been prepared by community and environmental justice advisors to CARB as a starting point for discussion of CARB's update to the [AB 617 Community Air Protection Blueprint](#), prepared in 2018. Comments on the draft People's Blueprint may be submitted to CARB [here](#) on or before September 30, 2022.

CARB has held a series of [public workshops](#) on draft regulatory language for the proposed [Advanced Clean Fleets regulation](#) to achieve zero-emission medium and heavy-duty zero-emission truck and bus fleets by 2045. Informal comments on the proposed regulation may be submitted [here](#) on or before December 31, 2022.

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

Starting on Monday, June 13, 2022, evidentiary hearings in Minnesota Power's pending rate case (PUC Docket No. 21-335) will begin before an administrative law judge. The hearings will take place throughout the week. The MPUC agenda meeting is canceled this week.

OREGON PUBLIC UTILITIES COMMISSION (OPUC)

OPUC Meetings This Week

On Wednesday, June 15 at 1:00 p.m. PST, the OPUC is hosting a staff workshop in Docket UM 2225 (related to OPUC staff's investigation into HB 2021 and utility clean energy plans). The full agenda and dial-in details are [here](#).

The staff workshop in Docket UM 2005 that was originally scheduled for Thursday, June 16 at 1:00 p.m. PST, is now postponed until a later date this summer. The staff announcement is [here](#).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC)

WUTC Meetings This Week

On Thursday, June 16 at 9:30 a.m. PST, the WUTC is hosting an open meeting to address a wide range of dockets including UE-210628 (related to Avista's 2021 Clean Energy Implementation Plan). The full agenda and dial-in details are [here](#).

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

FERC issued two orders this spring providing more clarity on QF re-certifications. Read about the key takeaways on our blog [here](#).

FERC issued its [2022 summer assessment](#) on May 19, 2022. The report notes that electric markets are expected to have sufficient capacity to maintain reliable operations this summer under normal conditions but that extreme weather events could pose operational challenges. Much of the United States west of the Mississippi is at elevated or high risk of energy shortfalls during peak summer conditions. In the western United States, weak hydro and wildfire risk threaten electricity transfers; in Texas, drought-related heat events raise the risk of extreme demand; in the Southwest Power Pool (SPP), output from thermal generators may be reduced due to river water levels; and in the Midcontinent Independent System Operator (MISO), capacity shortfalls from generator retirements and increased demand raise the risk of energy shortages.

PJM plans to file substantial reforms to its generator interconnection procedures, which changes will cause customers to do more in demonstrating project viability and financial commitments in order to advance an interconnection request. A detailed presentation from PJM that outlines the upcoming filing is [here](#).

On May 28, 2022, SPP and MISO stated that they plan to eliminate the affected systems study process and replace it with a more interregional transmission analysis similar to their jointed targeted interconnection queue analysis. The proposal would create a “JTIQ affected system zone,” where SPP and MISO would identify transmission facilities near their seams that are likely to be impacted by neighboring generation-interconnection requests. Nearby interconnecting generators will be assigned a per-MW charge based on their zonal impact.

FERC issued the Sunshine Notice for its June 2022 meeting, and the agenda appears to include a proposed rulemaking to address generator interconnection agreements and procedures. We’ll know more on Thursday about what’s to come in Docket No. RM22-14-000.