

**REGULATORY UPDATE FOR JUNE 21, 2021 (WEEK OF JUNE 14)****CALIFORNIA PUBLIC UTILITIES COMMISSION**New Proposed Decisions and Draft Resolutions<sup>1</sup>

None.

Voting Meetings

The California Public Utilities Commission's (CPUC or Commission) next voting meeting will be held on June 24, 2021. The agenda includes the following items.

Item 2. Resolution E-5143. This Resolution updates a citation program under the administration of CPUC staff (Staff) to enforce compliance with Renewables Portfolio Standard (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 3. Resolution E-5150. The Avoided Cost Calculator (ACC) is used in cost-effectiveness analysis of distributed energy resource (DER) programs and policies. Decision (D.) 16-06-007 adopted annual updates to the ACC, and D.19-05-019 adopted a schedule for both major and minor changes to the ACC, with minor changes occurring in odd-numbered years by Staff-initiated Resolution. This Resolution provides the final 2021 ACC and related documentation, consistent with policies adopted in D.16-06-007 and D.19-05-019. The documentation provides additional detail about this update, including a comparison of the 2020 and 2021 ACC outputs. This Resolution describes the data and minor modeling updates to the 2021 ACC.

Item 8. R.14-07-002/A.16-07-015 (Net Energy Meeting). This decision directs the electric investor-owned utilities to each establish a web-based search engine for regulatory agency staff to search and retrieve net energy metering interconnection application documents. This decision also authorizes Commission staff to effectuate establishment and maintenance of a public list of solar providers whose interconnection application(s) or associated project(s) have been found in non-compliance with applicable state law or regulatory agency rules and regulations. Finally, this decision modifies the semi-annual spot audits originally required by D.18-09-044, by increasing the number of interconnection applications to be audited and

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<sup>1</sup> 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.

directing the electric investor-owned utilities to manually review the interconnection applications of solar providers that are on the public list.

Item 10. R.20-11-003 (Summer 2021 Reliability). This decision modifies D.21-03-056 to clarify that the adopted Emergency Load Reduction Program shall have both day-of and day-ahead triggers for Group A participants (select non-residential customers and aggregators not participating in demand response programs). It additionally clarifies that following an Alert, Warning, or Emergency declaration by the California Independent System Operator (CAISO or ISO), Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas and Electric Company (SDG&E) will exercise discretion to activate the day-of trigger for Group A participants, either selectively staggered over time or all participants at the same time.

Item 12. Draft Resolution ESRB-9. The Commission's General Order 167 (GO-167) sets forth standards for the maintenance and operation of electric generating facilities. Under the existing language of GO-167, Commission staff may issue citations only for certain specified violations of GO-167. This Resolution modifies the scope of the violations for which Commission staff may issue citations to include any violation of GO-167, and modifies the GO-167 citation process to more closely align with the Commission's other existing electric citation processes.

Item 18. R.19-11-009 (Resource Adequacy). This decision adopts local capacity requirements for 2022-2024 and flexible capacity requirements for 2022 applicable to Commission-jurisdictional load-serving entities. This decision also adopts refinements to the Resource Adequacy Program and addresses issues scoped as Track 3B.1 and Track 4. Issues scoped as part of Track 3B.2 will be addressed in a separate decision forthcoming in this proceeding. Among the refinements this decision makes to the Resource Adequacy Program are: (1) revising the maximum cumulative capacity buckets; (2) stating that investor-owned utilities will be directed to move their demand response (DR) portfolios onto their CAISO Supply Plans, but only once the Commission confirms that CAISO permits DR resources to bid variably in its markets and implements a Federal Energy Regulatory Commission (FERC)-approved RAIM penalty exemption for DR resources; (3) requesting that the California Energy Commission develop recommendations for a comprehensive and consistent measurement and verification strategy, including a new capacity counting methodology for DR addressing ex post and ex ante load impacts for implementation as early as practicable; (4) directing Energy Division to develop regional Effective Load Carrying Capability (ELCC) values for wind resources for the upcoming ELCC update for consideration in a successor RA proceeding; and (5) adopting PG&E's proposed point and tier penalty structure for system RA deficiencies.

Item 23. R.19-03-009 (Direct Access). This decision contains the Commission's recommendation to the Legislature against further expansion of the Direct Access program at this time. Public Utilities Code § 365.1 requires that recommendations to reopen Direct Access be supported by the following findings: (1) the recommendations are consistent with the state's greenhouse gas emission reduction goals, (2) the recommendations do not increase criteria air pollutants and toxic air contaminants, (3) the recommendations ensure electric system reliability, and (4) the recommendations do not cause undue shifting of costs to bundled-service customers

of an electrical corporation or to direct transaction customers. After review of the Commission Staff Report attached to this decision, the Commission concludes that at this time, expansion of Direct Access to all non-residential customers would present an unacceptable risk to the state's long-term reliability goals. Further, based on the current procurement practices of Direct Access providers, the Commission concludes that it is unable to ensure that expansion of Direct Access would not result in increased greenhouse gas emissions, criteria air pollutants, and toxic contaminants when compared to maintaining the current cap on Direct Access.

Item 25. R.18-12-005 (PSPS). This decision adopts and revises the Commission's guidelines and rules for these utilities regarding proactive de-energizations to mitigate the risk of catastrophic wildfire caused by utility infrastructure, also known as Public Safety Power Shut Offs or PSPS events. These new and revised guidelines and rules build upon prior Commission decisions, including Resolution ESRB-8 (July 12, 2018), D.19-05-042, and D.20-05-051, and include guidelines on community resource centers and critical facilities and infrastructure, as well as directing the utilities to conduct PSPS simulation exercises.

Item 26. R.20-05-003 (IRP proceeding). This decision requires at least 11,500 megawatts (MW) of additional net qualifying capacity (NQC) to be procured by all of the load-serving entities (LSEs) subject to the Commission's integrated resource planning (IRP) authority. The capacity requirements are adopted annually, beginning with 3,000 MW by 2023, an additional 4,500 MW by 2024, an additional 2,000 MW by 2025, and an additional 2,000 MW by 2026. The decision specifically orders that the resources from Diablo Canyon be replaced with at least 2,500 MW of firm, zero-emitting resources, and states that the Commission expects that almost all of the resources procured pursuant to this order will be zero-emitting. The 2026 resources are required to be long-lead-time resources, with half coming from long-duration storage and the other half from either firm (at least 85% capacity factor) or dispatchable (between hours 17 and 22) zero-emitting resources, designed to replace the firm and/or dispatchable output of Diablo Canyon and the retiring once-through-cooling facilities. Contracted imported power may be used to count toward the capacity requirements if the imports otherwise meet the requirements for firm imports in the Resource Adequacy Program, are available during the duration of 2024-2026, and are contracted with new resources that have commercial online dates after the date of this decision. Incremental capacity from fossil-fueled resources that represent efficiency improvements, upgrades, or repowering at existing sites may be used to satisfy between 1,000 MW and 1,500 MW of the total 11,500 MW requirements in this decision, to be procured by the investor-owned utilities only by 2025. These resources are determined to be needed for system reliability overall and are best procured by the investor-owned utilities (IOUs), and will therefore have their costs allocated to all customers via the cost allocation mechanism (CAM). LSEs will be required to submit procurement information twice yearly, consistent with D.20-12-044 requirements, to show progress toward the capacity procurement requirements in this decision. Backstop procurement to be conducted by the IOUs may be ordered by the Commission once yearly, with the costs allocated to the deficient LSEs and/or their customers. For the IOUs that must submit their contracts to the Commission for

advance approval, Tier 3 advice letters must be submitted for all procurement, except, as mentioned above, for contracts with fossil-fueled resources, which will require full applications.

Item 26A. R.20-05-003 (IRP proceeding). Alternate proposed decision of Commissioner Rechtschaffen. This alternate differs from the proposed decision only in the area of eligibility and authorization for resources utilizing fossil fuels. This decision directs procurement of 500 MW of conventional fossil-fueled generation by the IOUs with the following conditions: a. projects cannot be located in a disadvantaged community; b. projects at mothballed or retired plants cannot qualify; c. the project must demonstrate greenhouse gas (GHG) emission benefits and incremental NQC; and d. contracts are limited to five years. The decision also authorizes procurement by the IOUs of an additional 300 MW of eligible fossil-fueled resources that commit to using specified portions of green hydrogen fuel throughout the contract term, and specifies that this procurement will have its costs allocated via the CAM.

Item 28: New Order Instituting Rulemaking. This rulemaking will focus on preparing the electric grid for a high number of distributed energy resources, including those specific to transportation electrification and as defined in Assembly Bill 327 and Public Utilities Code Section 769. This Order Instituting Rulemaking will also address unresolved and ongoing issues from the Distribution Resources Plans proceeding (R.14-08-013) and Integrated Distributed Energy Resources proceeding (R.14-10-003).

## **CALIFORNIA ISO**

### **Stakeholder Initiatives: Upcoming Meetings and Deadlines**

**Supercluster Interconnection Procedures.** The California ISO will hold a public stakeholder call on June 21, 2021, to discuss the Supercluster Interconnection Procedures final proposal and draft tariff language. Comments are due June 28.

**2021 Summer Readiness Update.** The California ISO has scheduled the next public call to provide an update on the summer 2021 readiness efforts on June 23, 2021.

**Effective Load Carrying Capability Study Results for Demand Response Resources.** The California ISO will hold a stakeholder call on June 24, 2021, to discuss refreshed study results for applying the ELCC methodology to investor-owned utility DR resources, for consideration of its use for 2022. Comments are due June 28.

**New Initiative: Planning Standards - Remedial Action Scheme Guidelines Update, Issue Paper Posted.** The California ISO has launched a new initiative called Planning Standards - Remedial Action Scheme Guidelines Update and will hold a public stakeholder call on June 24, 2021, to discuss the issue paper. Comments are due July 9, 2021.

**Western EIM Regional Issues Forum 6/29/21 Meeting.** The Western EIM Regional Issues Forum has posted the final agenda for the June 29, 2021 meeting to the Western EIM website. Agenda may be found here: <https://www.westerneim.com/Documents/Agenda-EIMRegionalIssuesForum-Jun29-2021.pdf>

**Resource Adequacy Availability Incentive Mechanism Exemption Option for Demand Response Resources.** Comments on the final proposal for the Resource Adequacy Availability Incentive Mechanism Exemption Option for DR resources are due June 23, 2021.

**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.

**New Initiative: EIM Resource Sufficiency Evaluation Enhancements Issue Paper.** The California ISO has launched a new initiative called EIM Resource Sufficiency Evaluation Enhancements and re-scheduled a two-day stakeholder workshop to discuss the issue paper to June 25 and 28, 2021 (from June 23-24). Comments on the issue paper and workshop discussions/materials are due July 9, 2021.

## **CALIFORNIA ENERGY COMMISSION**

**SB 100 Implementation Planning.** 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 was held in two sessions on June 2, 2021. The morning of the June 2 workshop, the CEC published the workshop Presentation, which included the meeting schedule and public comment process. 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). According to the Presentation docketed on June 2, 2021, public comments on Docket 21-SIT-01 are due by 5 p.m. on June 22, 2021.

**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 Electric Program Investment Charge (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 IOUs 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 runs 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](#).

**Offshore Wind.** The CEC will host a workshop on June 21, 2021, to present the next steps for considering offshore wind energy in federal waters off the California coast. The Bureau of Ocean Energy Management and state agencies will present the next steps in the process for leasing areas for offshore wind energy off the California coast, including tribal engagement, the public process, public comment opportunities, and planned public and stakeholder outreach. There will be an opportunity for public comment during the workshop following the presentation. The workshop is scheduled to begin at 2 p.m. and will be remote access only. Additional details regarding remote access and the public comment process are available [here](#). Note that while oral comments will be accepted after the presentation, written comments must be submitted to the CEC Docket Unit by 5 p.m. on July 9, 2021. For more information regarding the CEC's involvement in offshore renewable energy is available at <https://www.energy.ca.gov/programs-and-topics/topics/renewable-energy/offshore-renewable-energy> and <https://www.energy.ca.gov/programs-and-topics/topics/renewable-energy/offshore-renewable-energy/offshore-wind-research-and>.

**Lithium Valley Commission.** On June 14, 2021, the CEC published [notice](#) of the next [Lithium Valley Commission](#) meeting, scheduled for June 24, 2021 at 1:30 p.m. The Blue Ribbon Commission on Lithium Extraction in California (referred to as the Lithium Valley Commission) is charged with reviewing, investigating, and analyzing certain issues and potential incentives regarding lithium extraction. The Lithium Valley Commission is required to submit a report to the legislature documenting its findings and recommendations on or before October 1, 2022. Additional details for the June 24, 2021 meeting and minutes from the May 24, 2021 meeting are available [here](#).

**2020 RPS Annual Reporting.** On June 17, 2021, the CEC circulated an email reminder that, as specified by the [RPS Eligibility Guidebook, Ninth Edition \(Revised\)](#) all load-serving entities (LSE), including retail sellers and local publicly owned electric utilities (POU), are required to report retirement of 2020 renewable energy credits for California's RPS to the CEC by July 1, 2021. Please see the [2020 WREGIS Reporting Guidance](#) for additional details. The CEC's email reminder also highlighted the CEC Executive Director's postponement of certain POU reporting. According to the CEC, the CEC will issue a set of 2020 annual reporting instructions for POU's and CEC Staff intends to publish such instructions concurrently with the effective date of the update to the [RPS POU Regulations](#).

**CEC Business Meetings.** The next CEC Business Meeting is scheduled for June 25, 2021. The agenda is available [here](#).

## **CALIFORNIA AIR RESOURCES BOARD**

The California Air Resources Board's (ARB) next [Board meeting](#) will be held June 24-25, 2021. During the meeting, the Board will (1) consider approval of the Zero Emission Vehicles Investment Plan prepared for Cycle 3 by Volkswagen subsidiary Electrify America, (2) receive an update on the Enforcement Division's 2020 Annual Enforcement Report, and (3) hear an informational update on the 2022 AB 32 Scoping Plan Update, including the structure, development process, and timeline for the Update.

Following on ARB's [public workshop](#) series on development of the AB 32 Scoping Plan Update for 2022, comments on the workshops can be [submitted](#) to ARB on or before July 9, 2021. Recordings of the workshops are [available online](#).

ARB is also 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.

CARB has issued a [notice for public comment](#) on additional proposed modifications to the [Regulation for Reducing Sulfur Hexafluoride Emissions from Gas Insulated Switchgear](#). Amendments to the Regulation were adopted by CARB on September 24, 2020, subject to additional conforming modifications to the Regulation. The first set of proposed conforming modifications were issued for public comment in May 2021. Comments on the second set of proposed conforming modifications are due July 2, 2021. The amendments expanded the scope of the Regulation to all insulating gases with a global warming potential greater than one, established a timeline for phasing out acquisition of sulfur hexafluoride gas-insulated equipment, and revised reporting requirements. Comments on the proposed conforming modifications can be submitted [here](#).

## **OREGON**

### Amended Rules Adopted with respect to OAR 860-083-0300 – AR 617

On June 17, 2021, the Oregon Public Utility Commission (OPUC) issued Order 21-203 which amended OAR 860-083-0300, the rule governing the use of renewable energy credits (RECs) for compliance with Oregon's renewable portfolio standard. Specifically, the new rules (i) remove the requirement that utilities use banked RECs in order from first issued to last issued, (ii) clarify the definition of "banked REC," and (iii) provide direction on addressing multi-state allocation of unbundled RECs. The order can be located [here](#).

### Idaho Power's Annual Avoided Cost Update – UM 1730(6)

On June 15, 2021, the OPUC issued Order 21-198 which conditionally approved Idaho Power's annual avoided cost update for Schedule 85, Cogeneration and Small Power Production Standard Contract Rates. While the OPUC found no issues with respect to Idaho Power's standard avoided cost prices, it did identify concern with the integration charges imposed on wind and solar

qualifying facilities. As a result, Idaho Power is required to file an update to the wind and solar integration charges within 60 days of the order's issuance date. The order can be located [here](#).

#### Updates to Oregon's Community Solar Program (CSP) – UM 1930

On June 15, 2021, the OPUC issued Order 21-199 related to general capacity and carve-out capacity project applications under the CSP. In the order, the OPUC directs Portland General Electric and Pacific Power to (i) extend the timeframe for accepting applications to their respective CSP queues through June 15, 2021, (ii) (beginning on June 16, 2021) continue to accept new applications to the CSP from carve-out eligible projects or those managed by a non-profit, (iii) stop accepting new carve-out eligible applications once the aggregate capacity for carve-out eligible projects exceeds 1.5 times the program's allocated carveout capacity, and (iv) require project managers to provide documentation of carve-out eligibility with interconnection application materials. The order can be located [here](#).

Additionally, on June 18, 2021, Pacific Power filed its draft CSP purchase agreement in compliance with Order 21-192. Pacific Power's compliance filing with proposed modifications to the purchase agreement can be located [here](#).

### **WASHINGTON**

#### CETA Implementation Joint Workshop – UM 210183

On Tuesday, June 22, from 9:00 a.m. to 12:00 p.m. PDT, the Washington Utilities and Transportation Commission (WUTC) and Washington Department of Commerce will be holding a joint workshop to discuss the treatment of energy storage for compliance with RCW 19.405.040 (requiring that all retail sales of electricity are greenhouse gas neutral by January 1, 2030). The full workshop agenda can be located [here](#).

#### Puget Sound Energy's (PSE) Revised Draft All-Source Request for Proposals – UE 210220

On June 14, 2021, WUTC issued an order conditionally approving PSE's revised 2021 All-Source Request for Proposals for renewable and peak capacity resources. The conditions specified in the order require that PSE (i) post workshop materials to its RFP website at least seven calendar days prior to each workshop, (ii) circulate any WUTC notices filed in this docket via the utility's website and email list, and (iii) file a response to comments filed pursuant to the WUTC notices within six weeks of the notice's deadline. The order can be located [here](#).

### **FEDERAL ENERGY REGULATORY COMMISSION**

1. [FERC issued an order on rehearing of Order No. 2222](#), addressing the participation of DER aggregations in markets operated by RTO/ISOs. In the order on rehearing, FERC reversed course on its prior decision not to extend the Order No. 719 opt-out for DR resources to resources that participate in heterogenous distributed resource aggregations. Instead, FERC will consider the participation of DR in both homogenous

(demand-response only) and heterogenous resource aggregations in its Notice of Inquiry regarding the continuation of the demand-response opt-out.

2. FERC issued [a policy statement](#) to clarify that states and transmission providers may enter into voluntary arrangements to plan and pay for transmission facilities.
3. FERC [established a joint federal-state task force](#) on electric transmission. The task force will be comprised of FERC Commissioners and representatives from 10 state commissions (2 from each NARUC region). The task force will meet several times a year and solicit input and make recommendations on potential modifications to FERC's regulations. The task force will be focused on efficiently and fairly planning and paying for transmission, including transmission to facilitate generator interconnection, that provides benefits from a federal and state perspective.
4. FERC issued an order on rehearing of its order in *Broadview Solar*, addressing the calculation of the maximum net power production capacity for a qualifying small power production facility. FERC's order sustained its prior rulings that the maximum production capacity is based on the facility's "send-out" or the "facility's net output to the electric utility (i.e., at the point of interconnection)."
5. FERC issued an order to show cause related to Tri-State Generation and Transmission Association's (TSGT) procedures that are supposed to provide procedures for utility members who are considering whether to terminate their membership in TSGT with payment of an early-termination fee. TSGT had proposed a Contract Termination Payment methodology a couple of years ago for this purpose, however it has since refused to provide a termination payment amount to several members who have requested them. Consequently, FERC has directed TSGT to demonstrate why its tariff remains just and reasonable or to explain what changes are needed to its tariff to address the FERC's concerns about members being unable to withdraw.