

**REGULATORY UPDATE FOR JUNE 22, 2022 (WEEK OF JUNE 13, 2022)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)**New Proposed Decisions and Draft Resolutions<sup>1</sup>

A.20-10-012 (SCE GRC, Phase 2). This decision adopts five separate and uncontested partial settlements resolving distinct and specific components of Southern California Edison Company's (SCE) proposals for establishing marginal costs, allocation of revenues, and rate designs to be used to prospectively recover SCE's revenue requirements as adopted by the Commission. They are: 1. The Marginal Cost and Revenue Allocation Settlement Agreement, filed on December 13, 2021; 2. The Residential and Small Commercial Rate Design Settlement Agreement, filed on December 17, 2021; 3. The Streetlight and Traffic Control Rate Group Settlement Agreement, filed on January 7, 2022; 4. The Agricultural and Pumping Rate Group Rate Design Settlement Agreement, filed on January 11, 2022; and 5. The Medium and Large Power Rate Group Rate Design Settlement Agreement, filed on February 18, 2022. All issues contemplated in the scoping memo for this proceeding are resolved by the five separately filed settlements except for the following: (1) Real Time Pricing rate design proposals; and (2) the proposal to increase the rate differentials for Schedules TOU-D-4-9PM1 and TOU-D-5-8PM. The proceeding remains open to address those proposals.

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 San Diego Gas and Electric (SDG&E), Pacific Gas and Electric (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

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<sup>1</sup> 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.

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.

**Rev. 1.** On June 17, the PD was revised to only remove the exemption for transmission-interconnected NEM projects that are in excess of 1 MW. It would also grandfather NEM projects with Permission to Operate letters received as of May 6, 2022 or proposed NEM facilities with materially complete interconnection applications submitted as of May 6, 2022.

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 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 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 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

**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.

The California ISO will also hold a public stakeholder call on June 27, 2022 to explore an expression of interest for out-of-state resources in the Idaho area. Comments are due July 11, 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)**

### Integrated Energy Policy Report

On June 29, 2022, the CEC will hold a workshop to provide the public the opportunity to help the CEC develop a framework to center equity and environmental justice and to revisit the Energy Equity Indicators tool developed to identify areas to invest resources. The workshop will also consider various approaches to ensure meaningful community engagement to achieve a clean energy future. The workshop will be held in person in Imperial, California and is scheduled to begin at 10:00 a.m. Remote attendance is also available. Additional information is 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 27, 2022, the CEC will hold a workshop that will further examine the new information received during the May 18 workshop and in public comments related thereto. During the June 27 workshop, Commissioner Vaccaro will consider possible changes to the draft report recommendations for megawatt offshore wind planning goals for 2030 and 2045. The workshop is scheduled to begin at 9:30 a.m. Additional information regarding the workshop is available [here](#).

### Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on June 30, 2022 at 1:00 p.m. PT in Calipatria, California. Remote access is also available. Additional information is available at TN# 243627 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* (9th rev. ed. Apr. 27, 2017)), 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 23-24, 2022, CARB will hold a Board meeting. The meeting will include 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. The meeting will also include a presentation of CARB's 2021 Annual Enforcement Report. The full agenda for the meeting is available [here](#).

On June 27-28, 2022, CARB is hosting a hybrid public meeting of the [AB 32 Environmental Justice Advisory Committee](#). Information on in-person and remote attendance and the agenda for the meeting are available [here](#) and [here](#).

### Opportunities for Public Comment

Comments on the draft [AB 32 Scoping Plan Update](#), which assesses progress towards achieving a decrease in 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 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)**

The MPUC will hold its weekly agenda meeting on June 23, 2022, at 8:00 a.m. PT. At the meeting, the MPUC will address the following four matters: (1) Buffalo Ridge LLC's application for a site permit; (2) Great River Energy's request to alter certain natural gas facilities; (3) Northern States Power Co. dba Xcel Energy's ("Xcel") 2021 sales true-up; and (4) Xcel's cost recovery of certain replacement power costs.

### **OREGON PUBLIC UTILITIES COMMISSION (OPUC)**

#### OPUC Meetings This Week

On Wednesday, June 22, at 9:30 a.m. PST, the OPUC is hosting a rulemaking hearing to discuss Docket AR 654, which relates to statewide transportation electrification planning and the implementation of HB 2165. The agenda and dial in details can be located [here](#).

### **FEDERAL ENERGY REGULATORY COMMISSION (FERC)**

At its June 16, 2022, open meeting, the Federal Energy Regulatory Commission (FERC or Commission) issued a notice of proposed rulemaking (NOPR), [Improvements to Generator Interconnection Procedures and Agreements](#), 179 FERC ¶ 61,194 (2022), proposing reforms to the Commission's standard generator interconnection procedures and agreements. The goal of the NOPR is to reduce queue backlogs and expedite the process for connecting new electric generation facilities to the transmission grid, and to do that the Commission has proposed altering its 20-year-old approach to processing interconnection requests to align with "first-ready, first-served" methods used in the organized markets around the country. Read more about the NOPR [here](#).

PJM filed modifications to its Open Access Transmission Tariff in Docket No. ER22-2110 to move its own interconnection queue to a clustered "first-ready, first-served" approach used by other regional transmission organizations and transmission providers. PJM requested a

Commission order accepting the filing by October 3, 2022, with an effective date of January 3, 2023.

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