

REGULATORY UPDATE FOR MARCH 15 (WEEK OF MARCH 7, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions¹

None.

Voting Meetings

The Commission's next voting meeting will be held on March 17, 2022. The agenda includes the following energy-related items:

Item 3. A.21-08-010 (SDG&E 2022 Sales Forecast). This decision approves San Diego Gas and Electric's (SDG&E) 2022 electric sales forecast, which is based upon the demand forecast that SDG&E developed for the California Energy Commission's 2021 energy demand forecast, and takes into account COVID-19 impacts and load migration to community choice aggregators and direct access programs. The decision also authorizes SDG&E to consolidate its future annual forecast applications with its annual ERRRA forecast applications. Prior to filing the consolidated applications, SDG&E is required to hold an annual all-party workshop to gather input and feedback from stakeholders.

Item 7. A.14-08-007. This decision denies the October 20, 2020, petition for modification of Decision (D.) 15-10-049 filed by Southern California Gas Company (SoCalGas), without prejudice. That decision set requirements for SoCalGas to establish a distributed energy resources tariff with modifications, and also denied a joint settlement agreement between SoCalGas and the Public Advocates Office. SoCalGas's petition for modification of D.15-10-049 asked for expansion of the types of technologies eligible for SoCalGas's DERs Tariff. Specifically, SoCalGas sought Commission authorization to: (1) expand the eligibility of technologies that qualify for the DERs Tariff to support resiliency and backup generation needs under D.15-10-049; and (2) establish and/or update the greenhouse gas (GHG) emission standards for DERs projects.

Item 8. A.21-06-010 (SoCalGas Gas Cost Incentive Mechanism). This decision approves SoCalGas's request for a shareholder reward of \$11,143,725 for Year 27 (2020-2021) of the company's Gas Cost Incentive Mechanism performance. The Commission's Public Advocates Office verified that SoCalGas's recorded gas costs were \$184,744,972 below the benchmark, which results in a reward of \$11,143,725 to SoCalGas's shareholders and a ratepayer benefit of \$173,601,247.

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.

Item 10. A.20-06-012 (PG&E RAMP). This decision closes Pacific Gas and Electric Company's (PG&E) 2020 Risk Assessment Mitigation Phase (RAMP) proceeding. This RAMP proceeding informs PG&E's Test Year (TY) 2023 General Rate Case (GRC) proceeding, which was filed on June 30, 2021 (Application (A.) 21-06-021) and is currently ongoing. PG&E filed its RAMP Report pursuant to the procedures set forth in D.14-12-025, D.16-08-018, and the settlement agreement adopted in D.18-12-014. The RAMP Report provides an initial quantitative and probabilistic assessment of PG&E's top 12 safety risks, plans to mitigate these risks, and estimates of costs associated with the proposed mitigations. The Commission's Safety Policy Division (SPD) is required to and did prepare an evaluation report of PG&E's RAMP Report. Parties were then given an opportunity to comment, and several parties filed comments and reply comments to both the RAMP Report and SPD's evaluation report. SPD and parties identified deficiencies and areas for improvement particularly with respect to increased granularity in PG&E's models, revisions to risk spend efficiency calculations, and revisions to the multi-value attribute function model and calculations. Comments and criticism were also directed towards the application of PG&E's Public Safety Power Shutoff as a mitigation of wildfire events. PG&E's TY2023 GRC proceeding incorporates PG&E's consideration of the comments and recommendations from SPD and parties. The filing of the RAMP Report, SPD's review, and comments from parties inform PG&E's TY2023 GRC. PG&E's consideration and integration of these comments and suggestions into its safety-related proposals in A.21-06-021 completes this RAMP process, and no further action in this proceeding is required. Issues concerning PG&E's RAMP-related proposals in the GRC, including deficiencies and shortcomings that may still exist, shall be addressed in A.21-06-021.

Item 11. Draft Resolution G-3586. This resolution approves SoCalGas to record up to \$16,494,000 in Research, Development, and Demonstration (RD&D) expenses as outlined in its 2022 RD&D Program Research Plan to its RD&D Expense Account, pursuant to D.19-09-051. Any adjustments to the Program budget necessitated for the prior year (over or under) shall be carried over to the following year, with any unspent RD&D funds remaining at the end of the GRC cycle returned in rates to customers as part of the next SoCalGas GRC.

Item 16. A.18-03-015 (PG&E Catastrophic Memorandum Account Costs). This decision approves the all-party settlement agreement resolving this matter. PG&E may recover in total revenue requirement \$683,200,000 for its expenses and capital costs associated with responding to 11 catastrophic events occurring between 2016 and 2019. That recovery is reduced by a net amount of \$373,000,000 due to this proceeding's interim decision (D.19-04-039) that allowed some interim revenue requirement recovery. Therefore, the result of this decision is the authorization of a further revenue requirement recovery of \$310,200,000 in rates.

Item 17. A.19-11-019 (PG&E Marginal Costs/Revenue Allocation/Rate Design). This decision adopts a stipulation reached between PG&E and the California Large Energy Consumers Association (Joint Parties) on the appropriate calculation for the property tax adder to be included in the marginal generation capacity cost for new customer rates effective June 1, 2022. This issue was identified as a material dispute on factual issues in D.21-11-016. The Joint Parties' stipulation addresses and resolves the outstanding property tax issues in this proceeding.

Item 18. Draft Resolution E-5134. Pursuant to D.20-08-004, this resolution approves with modifications protocols proposed by PG&E, Southern California Edison Company, and SDG&E to administer, process, and negotiate requests to prepay Power Charge Indifference Adjustment obligations.

Item 20. A.21-08-004 (PacifiCorp ECAC and GHG Forecast). This decision approves the partial settlement proposed by PacifiCorp d/b/a Pacific Power (PacifiCorp) and the Public Advocates Office at the CPUC resolving all issues raised with respect to the GHG Emissions Allowance program costs and Climate Credits determined in this proceeding. Sierra Club, the only other active party in this proceeding, does not oppose the settlement. The decision directs PacifiCorp to complete the actions set forth in their settlement, including distributing an increased California Climate Credit in 2022 for California PacifiCorp residential and small business customers of \$132.85. The decision approves this credit in time for its semi-annual distribution in April 2022. In addition, this decision updates PacifiCorp's surcharge that recovers the costs for the procurement of GHG allowances for its retail compliance obligation under California's Cap-and-Trade Program GHG Surcharge. The impact of the proposed change to the GHG Surcharge is an overall rate increase of \$3,400,000 or approximately 3.3% overall.

Item 22. A.21-05-016 (PacifiCorp Catastrophic Memorandum Account Costs). This decision approves a settlement agreement entered into by PacifiCorp and Public Advocates Office. The approved settlement agreement requests recovery of PacifiCorp's revised revenue requirement of \$477,570 held in its Catastrophic Event Memorandum Account. PacifiCorp incurred the amount approved to recover California-allocated costs to restore service to customers and to repair damage caused by the 2018 Klamathon and Delta fires.

Item 41. R.21-03-010 (General Order (GO) 156). In accordance with Senate Bill 255 (Bradford, Stat. 2019, Ch. 407), this decision revises the Commission's Supplier Diversity Program set forth in GO 156 to incorporate community choice aggregators and electric service providers. The decision also incorporates a voluntary procurement goal for Lesbian, Gay, Bisexual, and Transgender business enterprises and adds a new group of business enterprises: those owned and controlled by persons with disabilities. Additionally, this decision adopts workforce and board diversity reporting and makes other program revisions to reflect recent Commission decisions on the Supplier Diversity Program.

Item 42. R.21-10-002 (Resource Adequacy). This decision adopts modifications to the central procurement entity (CPE) structure adopted in D.20-06-002 and D.20-12-006, including revisions to the requirements for self-shown local resources, revisions to the CPE's solicitation selection criteria, and revisions to the CPE procurement timeline.

CALIFORNIA ISO

Board of Governors Meeting

The next Board of Governors meeting will be held March 17, 2022. The agenda may be found [here](#) and includes a vote on the 2021-2022 Transmission Plan and on the CPE implementation and resource adequacy availability incentive mechanism (RAAIM) settlement

modification. The modification would shift local resource adequacy obligations from load-serving entities to a CPE starting with compliance year 2023, and would allocate excess RAAIM funds to load monthly, rather than allow those funds to roll over and be allocated to load annually.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Distributed Generation Deliverability Assessment Results Posted. The California ISO has posted distributed generation deliverability assessment results for the 2022 cycle. Eligible distributed generation facilities that are seeking an initial or increase in deliverability status must apply for deliverability status assignment by April 15, 2022 for interconnections to investor-owned utility systems.

2023 and 2027 Local Capacity Requirements Technical Study Draft Results. The California ISO is conducting the local capacity technical capacity study per section 40.3.1 of the ISO tariff and held a stakeholder call on March 9, 2022 to present and discuss the proposed draft 2023 and 2027 local capacity technical study results. Written comments on the draft study results are due March 23, 2022.

Energy Storage Enhancements. The California ISO has posted the revised straw proposal for the Energy Storage Enhancements initiative. Comments on the revised straw proposal are due April 4, 2022. A web conference is scheduled on March 21, 2022.

CALIFORNIA ENERGY COMMISSION (CEC)

2021 Integrated Energy Policy Report (IEPR)

At the February 16, 2022 Business Meeting, the CEC adopted the 2021 IEPR Update: Volume I, Building Decarbonization; Volume II, Ensuring Reliability in a Changing Climate; Volume IV, California Energy Demand Forecast; and Appendix, Assessing the Benefits and Contributions of the Clean Transportation Program. At the March 9, 2022 CEC Business Meeting, the CEC adopted 2021 IEPR Update Volume III, Decarbonizing the State's Gas System. The final versions of the 2021 IEPR Update are available [here](#).

2022 IEPR Update

On March 2, 2022, the CEC published a *Notice of Request for Public Comments on the Draft Scoping Order for the 2022 IEPR Update* (Notice), a copy of which is available on the 2022 IEPR [website](#). According to the Notice, the proposed scope of the 2022 IEPR Update addresses three major topics: (i) establishing a framework to center equity and environmental justice throughout CEC efforts; (ii) creating a California Planning Library; and (iii) addressing emerging topics. Details about each of the three proposed major topic areas are set forth in the Notice. The Notice also contains a *Proposed Schedule* for the 2022 IEPR Update, as follows:

- Final Scoping Order Released April 2022

- Public Workshops on Specific Topics April – December 2022
- Adopt order instituting informational proceeding for 2022 Update April 2022
- Release Draft 2022 IEPR Update October 2022
- Release Final 2022 IEPR Update January 2023
- Adopted 2022 IEPR Update February 2023

Written comments on the draft 2022 IEPR Scoping Order are due by 5:00 p.m. PT on March 22, 2022 to Docket No. 22-IEPR-01.

Renewable Portfolio Standard (RPS)

RPS-certified facilities using more than one resource must report generation and fuel use data for calendar year 2021 to the CEC by April 1, 2022 as required by the RPS Eligibility Guidebook. All annual facility reports must be submitted using the RPS Online System on or before the applicable reporting deadline.

Access to the common carrier pipeline (CCP) report for 2021 is also available in the RPS Online System for the reporting of generation, contracts, delivery, and usage data for calendar year 2021. This report is required to be submitted by specified facilities that received fuel from a CCP in the prior calendar year and are subject to the CCP reporting requirements in the RPS Eligibility Guidebook. Annual CCP reports for 2021 are also due on April 1, 2022.

Rulemaking Proceeding (Docket No. 21-OIR-02)

On February 24, 2022, the CEC published a Notice of Proposed Action regarding *Delegation of Geothermal Power Plant Siting Authority to Local Government Sections 1802, 1860 through 1870*. A public hearing has been scheduled for April 14, 2022. A copy of the Notice is available at TN# 241941 [here](#).

In support of the proposed rulemaking, the CEC also published an Initial Statement of Reasons in support of the rulemaking proceeding. According to the Statement, the CEC proposes to adopt amendments to the relevant sections of the CEC’s procedures to delegate its site certification authority over geothermal power plants to counties contained in the California Code of Regulations, title 20. The rulemaking is in response to the Governor’s July 30, 2021 Emergency Proclamation and also supports the June 2021 decision by the CPUC to procure 11,500 MW of new electricity resources before 2026, with at least 1,000 MW coming from “firm resources with zero-onsite emissions” such as geothermal. According to the Notice, the CEC states that the existing regulations – adopted in the late 1970s – have never been used because they are overly burdensome and the CEC and counties have not been able to use the delegation authority afforded therein. According to the CEC, streamlining the regulations will help remove barriers to geothermal power plant certification. The Initial Statement of Reasons is TN# 241940 in [Docket No. 21-OIR-02](#).

Rulemaking Proceeding: Power Source Disclosure Program (Docket No. 21-OIR-01)

On March 9, 2022, the CEC adopted Order No. 22-0309-9, instituting a rulemaking proceeding to consider modifications to the Power Source Disclosure regulations, California Code of Regulations, title 20, section 1390, *et seq.* in an effort to implement Assembly Bill 242 as well as consider other modifications. The docket for this proceeding is available [here](#).

Informational Proceedings

Last week, the CEC adopted orders and opened dockets for two new informational proceedings:

- Order No. 22-0309-8, Order Instituting Informational Proceeding, *Distributed Energy Resources in California's Energy Future* (March 9, 2022) [[Docket No. 22-OII-01](#)]; and
- Order No. 22-0309-7, Order Instituting Informational Proceeding, *Decarbonizing the Gas System* (March 9, 2022) [[Docket No. 22-OII-02](#)].

Offshore Wind

CEC Staff will hold a webinar on March 22, 2022 in coordination with the California Ocean Protection Council that will present study outcomes from Conservation Biology Institute-led project designed to compile information regarding the suitability of offshore wind development in federal waters off the California coast. The models created as part of the project provide a data-driven means for assessing various considerations at a given location, including energy potential, marine life occurrence, and deployment feasibility. The March 22 webinar Notice, including background information, is available at TN# 242255 in [Docket No. 17-MISC-01](#). According to the Notice, a detailed meeting schedule will be posted to [Docket No. 17-MISC-01](#) prior to the webinar.

At the March 9, 2022 CEC Business Meeting, the CEC approved a \$10.5 million grant for renovations at the Port of Humboldt Bay to support future offshore wind activities. According to the CEC's [News Release](#), once completed, the new Humboldt Bay Offshore Wind Heavy Lift Marine Terminal will be capable of handling large heavy cargo vessels; offshore wind floating platform development, integration, and decommissioning; and various other maritime activities.

CEC Business Meetings

The next monthly CEC Business Meeting is scheduled for April 13, 2022. A special meeting is also scheduled for March 24, 2022. The agenda for the March 24 special meeting, including remote attendance instructions, is available [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

CARB will hold its next board meeting on March 24-25, 2022. A link to the meeting and the agenda will be available [here](#) 10 days prior to the meeting.

MIDCONTINENT ISO (MISO)

MISO's Planning Advisory Committee is considering enhancements to the Generator Replacement Process that will allow for a longer-term suspension study within a replacement request, whereas the current process only allows for a reliability assessment study for the gap period. In addition, the revisions would allow generators suspending operations to receive approval for their suspension on a faster timeline than the tariff currently provides. MISO anticipates seeking feedback on the draft tariff language by March 23, 2022, and intends to file with FERC in May 2022.

OREGON PUBLIC UTILITY COMMISSION (OPUC) AND LEGISLATIVE UPDATES

New Rules Adopted in Oregon Community Solar Program (CSP) – AR 644

Last Tuesday, the OPUC issued Order 22-069 which adopted a new rule and two rule amendments under the Oregon CSP. OAR 860-088-0110 clarifies the process for dispute resolution between program participants. OAR 860-088-0130 clarifies that program managers must provide any information necessary to the program administrator to determine pre-certification and certification status under the CSP. Lastly, OAR 860-088-0200 establishes the process for revocation of pre-certification or certification status for a project manager. The final order can be located [here](#).

OPUC Accepts Distribution System Plans for Major Utilities – UM 2196, UM 2197, UM 2198

Last Wednesday, the OPUC issued Order 22-083 which accepted part 1 of the distribution system plan for Idaho Power, PGE, and PacifiCorp. Among other things, part 1 of this plan includes a baseline system assessment, capacity analysis, and plan for community engagement. The final order can be located [here](#).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC) AND LEGISLATIVE UPDATES

WUTC Approves PacifiCorp's Draft IRP – UE-210979

Last Friday, WUTC issued an order which approved PacifiCorp's Draft Required for Proposals for All Generation Sources (IRP) subject to a few minor conditions. Among other

things, the order required that the RFP extend the required commercial operation date for resources from December 21, 2026, to December 21, 2027. The final order can be located [here](#).

NEW YORK INDEPENDENT SYSTEM OPERATOR (NYISO)

NYISO Launches 2022 Grid Planning Study

On March 3, 2022, NYISO presented its Grid in Transition plan that describes steps taken to clarify what the transmission grid will look like based on the shift in New York State power from central-station fossil-fuel generation towards a grid with increased intermittent renewable resources and distributed generation. The study will occur in two phases.

The study's first phase will coordinate with NYISO's Climate Change Phase I report from 2020 and analyze the evolution of load and net load shapes over time in the summer peak, winter peak, and shoulder periods. It will also evaluate the distribution of hourly ramps over time and periods with low wind and solar and what that implies for net energy and hourly ramps. The second phase of the study will coordinate with NYISO's Outlook study to communicate system needs. This study will focus on NYISO's Policy Case and also look at load shapes over time, ramp distributions over time, and reserve needs over time. NYISO may also seek to create a process to coordinate with the upcoming Reliability Needs Assessment (RNA). Given the timeline of the RNA, this coordination would occur in 2023. This process would evaluate similar items as the previous two studies.

NYISO will present the Phase I analysis in March and April 2022. The Outlook study will be presented in the second or third quarter of 2022, at which point this Grid in Transition study can coordinate with the information presented in the Outlook study. The RNA study will be presented in the fourth quarter of this year at which point NYISO will evaluate whether to coordinate with the RNA study and finalize this Grid in Transition plan based on that decision.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

On Friday, March 11, 2022, FERC accepted tariff revisions proposed by the NYISO that implement the New York Transmission Owners' federal right of first refusal to build an upgrade to its existing transmission facilities that are part of another developer's Order No. 1000 Public Policy Transmission Project. The order, available [here](#), demonstrates that competitive markets for transmission development, which was one of the goals of Order No. 1000, are still struggling to take hold.

On February 17, 2022, FERC issued a [Notice of Inquiry \(NOI\) on the use of dynamic line ratings \(DLRs\)](#) to promote grid efficiency. The NOI will examine whether the use of DLRs, which are based on a wide range of weather- and line-specific factors affecting the operation of electric transmission lines, would help ensure just and reasonable wholesale rates by improving the accuracy and transparency of line ratings. The NOI would build off of Order No. 881, which was issued last year and directed transmission providers to use ambient-adjusted ratings as the basis for evaluating near-term transmission service as well as for the determination of the

necessity of certain curtailment, interruption, or redispatch of near-term transmission service. The NOI seeks comment on whether the lack of DLR requirements renders current wholesale rates unjust and unreasonable; potential criteria for DLR requirements; the benefits, costs, and challenges of implementing DLRs; the nature of potential DLR requirements; and timeframes for implementing potential DLR requirements. Initial comments are due April 25, 2022, with reply comments due 30 days later.

On February 18, 2022, a divided (3-2) FERC issued two new policy statements regarding how it will evaluate natural gas pipeline project certifications and explicitly evaluate the impacts of the proposed projects' GHG emissions in assessing a project's environmental impacts. First, in its [Updated Policy Statement on Certification of New Interstate Natural Gas Facilities](#), FERC expands upon the considerations that it has traditionally relied upon in determining whether to grant a certificate of public convenience and necessity under Section 7 of the Natural Gas Act to more closely scrutinize the impact of the proposed project's GHG emissions on global climate change. Second, in its [Interim GHG Policy Statement](#), FERC describes the analytical framework that it will use to evaluate the market, environmental, and public interest issues associated with new natural gas pipeline projects. Under its Interim GHG Policy Statement, FERC will presume, unless rebutted by the developer, that projects with estimated GHG emissions of at least 100,000 metric tons of carbon dioxide equivalent per year will have a significant impact on climate change and require FERC to conduct an environmental impact statement.

FERC's new policy statements take effect immediately and will apply to all pending and new pipeline projects. Public comments on the Interim GHG Policy Statement are due by April 4, 2022. Comments on the Updated Policy Statement on Certification of New Interstate Natural Gas Facilities are due by April 26, 2022.

The Senate Energy and Natural Resources Full Committee held a [hearing](#) on March 3, 2022 to review recent FERC actions relating to permitting construction and operation of interstate natural gas pipelines and other natural gas infrastructure projects. Senators Manchin, Barrasso, Lee, Lankford, and Cassidy voiced concern with the new policy statements while Senators King, Hirono, Cortez Masto, and Hickenlooper expressed support for the FERC's actions.

On March 11, the U.S. Court of Appeals for the District of Columbia Circuit remanded to FERC for further environmental review a Kinder Morgan project to upgrade its Tennessee Gas Pipeline system in order to evaluate the downstream impacts of the project on GHG emissions. *Food & Water Watch & Berkshire Env't Action Team v. FERC*, No. 20-1132 (D.C. Cir. Mar. 11, 2022). This court's decision reinforces FERC's new policy imperative to more closely scrutinize the impact of proposed gas pipeline projects' GHG emissions on global climate change.