

**PACIFIC REGULATORY UPDATE FOR MARCH 15 (WEEK OF MARCH 8)**
**CALIFORNIA PUBLIC UTILITIES COMMISSION**
New Proposed Decisions and Draft Resolutions<sup>1</sup>

Draft Resolution E-5119. This draft resolution would approve three Pacific Gas and Electric Company (PG&E) power purchase agreements with Frito-Lay, Inc.; Olsen Power Partners; and Hydro Sierra Energy, LLC; and associated cost recovery.

Draft Resolution E-5139. This draft resolution approves five contracts totaling 140 MW for incremental system reliability resources that San Diego Gas & Electric Company (SDG&E) procured through its System Reliability Request for Offers solicitation in 2020. SDG&E undertook this procurement to meet its 2021 incremental procurement requirements pursuant to Decision 19-11-016 in the Integrated Resource Plan Rulemaking, 16-02-007. This Resolution approves the contracts without modification. The five contracts are described below:

<b>Project Name (Counterparty)</b>	<b>Technology</b>	<b>Size (MW)</b>	<b>Contract Type</b>	<b>Location</b>	<b>In or Adjacent to DAC?<sup>2</sup></b>	<b>Commercial Online Date</b>	<b>Term (Years)</b>
Johanna Energy Center (Calpine)	Standalone Lithium Ion Battery	20	PPA	Orange County	Yes	8/1/22	10
North Johnson Energy Center (Wellhead)	Standalone Lithium Ion Battery	25	PPA	San Diego County	Yes	6/1/22	15
BCE Los Alamitos (Bright Canyon)	Hybrid Solar Photovoltaic with Lithium Ion Battery	10	PPA	Orange County	No	6/1/22	10
Ortega Grid (Able Grid)	Standalone Lithium Ion Battery	10	RA-only	Riverside County	Yes	6/1/22	10

Draft Resolution E-5140. This resolution approves six contracts for incremental system reliability resources that PG&E procured through its System Reliability Request for Offers –

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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 Commission’s daily calendar, per Rule 14.5.

<sup>2</sup> “DAC” is a designation for Disadvantaged Community. See the discussion below for additional information.

Phase 2 solicitation in 2020. PG&E undertook this procurement to meet its 2022 and 2023 incremental procurement requirements pursuant to Decision 19-11-016 in the Integrated Resource Plan Rulemaking, 16-02-007. This Resolution approves the contracts without modification. The six contracts are described below:

<b>Counterparty (Project Name)</b>	<b>Technology</b>	<b>Size (MW)</b>	<b>Location and DAC Designation</b>	<b>Contract Type</b>	<b>Initial Delivery Date</b>	<b>Term (Years)</b>
Nexus Renewables U.S. Inc. (AMCOR)	Standalone Lithium Ion Battery	27	Fairfield, Solano County, CA (Not in DAC)	BTM LTRAA	8/1/2022	15
Lancaster Battery Storage, LLC (Lancaster Battery Storage)	Standalone Lithium Ion Battery	127	Lancaster, Los Angeles County, CA (DAC Adjacent)	LTRAA with ES	8/1/2022	15
LeConte Energy Storage, LLC (LeConte Energy Storage)	Standalone Lithium Ion Battery	40	Calexico, Imperial County, CA (In DAC)	LTRAA	8/1/2022	15
North Central Valley Energy Storage, LLC (North Central Valley Energy Storage)	Standalone Lithium Ion Battery	132	Linden, San Joaquin County, CA (DAC Adjacent)	LTRAA with ES	8/1/2023	15
Daggett Solar Power 2, LLC (Daggett 2 BESS)	Standalone Lithium Ion Battery	46	Daggett, San Bernardino County, CA (In DAC)	LTRAA	8/1/2023	15
Daggett Solar Power 3, LLC (Daggett 3 BESS)	Standalone Lithium Ion Battery	15	Daggett, San Bernardino County, CA (In DAC)	LTRAA	8/1/2023	15

Draft Resolution E-5124. This resolution approves, with modification, CleanPowerSF's Advice Letter (AL) 12-E, East Bay Community Energy's AL 14-E/E-A, Marin Clean Energy's AL 42-E/E-A/E-B, Peninsula Clean Energy's AL 11-E, and San Jose Clean Energy's AL 15-E to create tariffs to implement the Disadvantaged Communities Green Tariff and/or Community Solar Green Tariff programs.

### Voting Meetings

The CPUC's next voting meeting is scheduled for March 18, 2021. The agenda includes the following items:

Item 3. Draft Resolution E-5127. This resolution approves PG&E's Community Microgrid Enablement Program and PG&E's pro forma Community Microgrid Enablement

Tariff, attached as Appendix 4 to PG&E AL 5918-E, for use on an experimental basis as part of the PG&E Community Microgrid Enablement Program (CMEP), with the understanding that PG&E will transmit PG&E's pro forma Microgrid Operating Agreement for Commission review within 30 days. This resolution also instructs PG&E that it may seek modifications to the CMEP, including the Community Microgrid Enablement Tariff, prior to or after filing its program evaluation as part of its 2023 General Rate Case Application through an additional subsequent Tier 2 AL on its own motion or in response to direction from the Commission.

Item 4. Draft Resolution E-5126. This resolution would approve four Southern California Edison (SCE) bilateral resource adequacy transactions, described as follows:

Sky River Transaction: SCE held three PPAs with NextEra's Sky River facility that were due to terminate on December 31, 2019 to allow for a repowering of the facilities. NextEra delayed the repowering and requested that SCE allow the facilities to continue generating on a merchant basis until construction of the repowering begins. After SCE completed its January/February 2020 Resource Adequacy (RA) solicitation, some of its position remained open. Therefore, SCE allowed the facilities to continue generating on a merchant basis and negotiated with NextEra to purchase all eligible RA associated with the facilities for 2020 and 2021. SCE argues that the NextEra transaction was competitive with procurement that occurred in its January/February RA solicitation and recent RA solicitations.

LA Basin – Exelon Generation Company, LLC (Exelon): The two bilateral transactions with Exelon conveyed Local LA Basin RA capacity required for SCE to meet is three-year forward Local RAR and was in the range of similar brokered offers conveying the same Local RA attribute.

Big Creek-Ventura – Calpine Energy Services, L.P. (Calpine): The bilateral transaction with Calpine provided Local Big Creek-Ventura RA capacity required for SCE to meet is three-year forward Local RAR and was comparable to, or cheaper than, similar offers conveying the same Local RA attribute.

Item 5. Draft Resolution E-5129. PG&E's 2014 Conformed Bundled Procurement Plan enables PG&E to procure various products for terms of up to five years without the Commission's pre-approval, provided that no term extends beyond December 31, 2024. This Resolution approves, without modification, the request of PG&E to extend its five-year procurement authority on a rolling basis until the Commission revises or replaces the investor-owned utilities' (IOU) 2014 Bundled Procurement Plans.

Item 8. Draft Resolution E-5132. This Resolution approves with modification PG&E AL 6017-E and grants PG&E's request for a tariff deviation for its Standalone Power System Supplemental Provisions Agreement, attached in its AL, up to a total 2 MW megawatt cap. The Commission anticipates the experience gained will help inform further microgrid development.

Item 22. Proposed OIR re Provider of Last Resort. This Order Instituting Rulemaking (OIR) is intended to implement the provider of last resort (POLR) requirements and framework

directed by Senate Bill (SB) 520 (Hertzberg; 2019, Ch. 408). Pursuant to SB 520, each IOU is the POLR in its service territory. The Commission will begin this OIR by establishing cost allocation and recovery for the POLR and by taking steps to ensure that electrical service will be provided to customers without disruption in the event a Load-Serving Entity fails to provide or denies service to a retail end-use customer. Because most aspects of procurement and cost recovery are already being addressed in other proceedings (such as the RA and Integrated Resource Planning proceedings), this OIR will focus on (i) assessing whether existing procedures are sufficient; (ii) resolving procurement continuity risks; and (iii) resolving gaps and misalignments between existing proceedings and programs. This examination includes whether, given the specific directives and authorizations of SB 520, overall improvements can be made to the existing procurement and cost-recovery framework.

### **CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

**Western EIM Governing Body.** At its March 10, 2021 meeting, the Western Energy Imbalance Market (Western EIM) Governing Body unanimously approved market and operational enhancements for Western EIM entities participating in the California Independent System Operator's (CAISO) real-time energy market, to help maintain grid reliability this summer. The Governing Body's decision is intended to:

- Improve the resource sufficiency evaluation to ensure each balancing authority area participates in the Western EIM with the necessary resources; and
- Enhance real-time energy market models to provide better operational coordination among balancing authority areas in the Western EIM.

These items will be on the CAISO Board of Governors' next meeting agenda. Additionally, the Western EIM Governing Body provided, in its advisory capacity, support for a market-pricing enhancement for contingency reserves that will strengthen incentives during tight supply conditions. This item requires the approval of the CAISO Board of Governors, which is scheduled to consider it and other Market Enhancements for Summer 2021 Readiness initiatives later this month.

#### Upcoming Meetings and Deadlines

**New Initiative: Maximum Import Capability Enhancements.** CAISO has launched a new initiative called Maximum Import Capability Enhancements, and will hold a public stakeholder call on March 18, 2021 to discuss the issue paper for this initiative. Comments are due April 1.

**Market Enhancements for Summer 2021 Readiness.** CAISO has scheduled a stakeholder call to discuss the revised draft tariff language for the Market Enhancements for Summer 2021 Readiness initiative on March 18, 2021. Comments on the draft tariff are due March 17, 2021.

**Resource Adequacy Enhancements: Final Proposal – Phase 1.** CAISO released the Final Proposal for Phase 1 of its Resource Adequacy Enhancements initiative on February 17, 2021. Written comments are due by March 9, 2021. CAISO has also scheduled a public stakeholder call on March 22, 2021 to discuss the draft tariff language for phase 1. Written comments are due March 17, 2021.

**2021-2022 Transmission Planning Process: Draft Study Plan.** Written comments on the draft study plan are due by March 11, 2021.

### **CALIFORNIA ENERGY COMMISSION**

On March 15, 2021, the California Energy Commission (CEC) issued the final SB 100 Joint Agency Report. In response to public comment, the final Report made the following changes to the draft Report issued December 3, 2020:

- Clarifying language and updating statistics
- Adding a summary of the Draft 2021 Report Workshop
- Clarifying renewable and zero-carbon resource eligibility, including clarifying that the list of modeled resources may be updated for future SB 100-related modeling
- Updating generation resources to include a missing resource (1,600 MW pumped hydro energy storage) and several smaller resources that were miscategorized (300 MW of existing large hydro that are actually small hydro)
- Updating geothermal capacity factors to better reflect actual operations
- Updating charts and graphs to meet accessibility requirements

These changes resulted in a 2 GW increase in utility-scale solar built, a 1 GW decrease in battery storage built, a 1 GW decrease in gas capacity retention, and a \$200 million increase in total resource cost for the SB 100 Core scenario. Other scenarios resulted in similar changes.

In addition to the Final 2021 SB 100 Report, the SB 100 RESOLVE model package has been posted on the CEC's website.

The Report is available here: [California Energy Commission : Docket Log](#).

The public comment period for the California Energy Demand Forecast Update, Volume III of the Draft 2020 Integrated Energy Policy Report closed on February 18, 2021. On February 25, 2021, the CEC published a notice of intent to adopt the Proposed Final 2020 Integrated Energy Policy Report (IEPR) Update, Volume III: California Energy Demand Forecast Update at the March 17, 2021 CEC Business Meeting. For a full copy of the notice of intent and for additional information regarding the Proposed 2020 IEPR Update, including the Draft 2020 IEPR Update, Volume I: Blue Skies, Clean Transportation, please visit the 2020 IEPR Update [web page](#). The March 17, 2021 CEC Business Meeting agenda is available [here](#). The 2020 IEPR Update, Volume I and Volume III (20-IEPR-01), is item 13 on the agenda. The Draft 2020 IEPR Update,

Volume II: The Role of Microgrids in California's Clean and Resilient Energy Future, will be available at a later date.

Also on the agenda for the upcoming March 17, 2021 Business Meeting, CEC staff will present the final 2021 SB 100 Joint Agency Report. The presentation will include an overview of key findings and recommendations.

On March 9, 2021, CEC Staff published a Notice of IEPR Staff Webinar on Forms and Instructions to Collect Electricity Demand Forecast and Electricity Resource Plan Data from Load-Serving Entities. According to the Notice, the webinar will be held via Zoom on March 19, 2021 at 2 p.m. For additional information and instructions regarding the webinar, please visit <https://www.energy.ca.gov/event/webinar/2021-03/iepr-staff-webinar-forms-and-instructions-collect-electricity-demand-forecast>.

### **CALIFORNIA AIR RESOURCES BOARD**

At its March 25 meeting, the California Air Resources Board (ARB) will consider adoption of the proposed Triennial Strategic Research Plan for 2021-2024, as well as the proposed research for fiscal year 2021-2022. The Triennial Plan identifies ARB's highest priority research initiatives and serves as a guide for the annual selection of individual research projects.

### **MINNESOTA PUBLIC UTILITIES COMMISSION**

#### **1. Minnesota Power Electric Vehicle (EV) Petition**

On March 11, 2021, the Minnesota Public Utilities Commission (Commission) met to consider Minnesota Power's EV petition consisting of: (1) a residential EV charging rewards pilot program; (2) a residential EV charging rebate program; and (3) a dedicated education and outreach budget for its EV programs. After slight modifications, the Commission approved all three programs. The Commission, however, spent a significant amount of time analyzing Minnesota Power's cost-recovery proposal. Unlike other Minnesota utilities that elected to seek deferred accounting for EV pilot programs, Minnesota Power's petition sought approval of a rider for EV resources. This aspect of Minnesota Power's petition was met with the most stakeholder opposition. Ultimately, the Commission took no action on cost recovery after determining that a rider was inappropriate. The Commission's written order or subsequent Minnesota Power filings will likely provide more details of how cost recovery of the pilot programs will be addressed.

#### **2. Minnesota Utilities' Transportation Electrification Plans**

As part of its agenda on March 11, 2021, the Commission reviewed the 2019 Transportation Electrification Plans (TEP) submitted by Minnesota Power, Otter Tail Power, and Xcel Energy (collectively, the Utilities) filed in various dockets. After review, the Commission accepted the Utilities' TEPs and annual reports while requiring the Utilities to submit certain reporting data



and discussion points in their 2021 TEPs. Additionally, the Commission formally adopted a biennial filing requirement for the TEPs, the next of which will be filed later in 2021.

## **OREGON**

### **1. Order Issued in Regard to Community Solar Program's (CSP) Low-Income Subscription Requirement – UM 1930**

Last Friday, March 12, 2021, the Oregon Public Utility Commission adopted a staff recommendation approving a proposed penalty for non-compliance with Oregon CSP's low-income subscription requirement. The penalty applies to CSP managers who fail to subscribe at least 10% of project capacity to low-income participants within 12 months of project certification. Under the penalty, managers will forfeit revenue generated by the unsubscribed capacity. The penalty will be lifted once 10% of capacity is ultimately subscribed to low-income participants. The order can be located [here](#).

### **2. Oregon's Renewable Portfolio Standard (RPS) – AR 617**

Last Tuesday, March 9, 2021, the Oregon Public Utility Commission issued an order responding to a request for formal rulemaking related to the use of renewable energy credits (RECs) in Oregon's RPS. The staff's proposed rules will make three substantive changes to OAR 860-083-0300. Specifically, the rules will (1) remove the requirement that utilities use banked RECs in order from first issued to last issued (2) clarify the definition of "banked REC" and (3) provide direction on addressing multi-state allocation of unbundled RECs. The proposed rules can be found [here](#).

## **WASHINGTON**

### **1. Public Hearing and Executive Session Scheduled this Week in Regard to SB 5126**

On Monday, March 15, 2021 at 4 p.m. PT, the Senate Committee on Ways and Means will hold a public hearing to discuss SB 5126. SB 5126 if passed, will establish a cap and invest program for greenhouse gas emissions and allocate auction revenues for purposes such as clean energy transition and energy efficiency projects. Later in the week, on Friday, March 18, 2021, the state legislature will hold an executive session to discuss bill revisions and adoption. The current version of the bill can be located [here](#).

## **FEDERAL ENERGY REGULATORY COMMISSION**

1. The Federal Energy Regulatory Commission's (FERC or Commission) open meeting this Thursday, March 18, 2021, may address the following topics of interest:
  - a. An order providing for further consideration of requests for rehearing and clarification of [Order No. 2222](#), which opened RTO/ISO markets to distributed energy resource aggregations. While the requests were denied by operation of

- law in November, FERC is expected to provide additional rationale for its decision.
- b. A potential new rulemaking on the participation of aggregated retail demand response customers in RTO/ISO markets.
  - c. An order providing for further consideration of requests for rehearing of the Commission's controversial decision in *Broadview Solar*, which upended the industry's methodology for calculating net power production capacity. This technical issue has broad implications because statutory and regulatory thresholds on the size of facilities use this calculation to determine whether projects have the right to PURPA contracts, regulatory exemptions, and QF status. While the requests were denied by operation of law in November, FERC is expected to provide additional rationale for its decision.
  - d. Action on the PJM Independent Market Monitor's (IMM) complaint (and a subsequent complaint by several state consumer advocates) against PJM regarding PJM's assumptions for the expected number of performance assessment intervals in calculating the default capacity market seller offer cap. The IMM alleged that PJM's unsupported assumptions resulted in the offer cap being overstated and resulted in a lack of effective market power mitigation in the capacity market.
  - e. Action on a petition for a declaratory order by Hollow Road Solar LLC, requesting that the Commission confirm that the project will not be subject to the PJM MOPR as a result of it being granted local property tax relief under a Virginia pollution control statute.
  - f. Action on a petition for a declaratory order by NextEra regarding the acquisition of voting securities by financial institutions and the application of the Commission's passive interest standards. Also on the docket is action in the rulemaking proceeding for Order No. 860, indicating that the Commission may issue a broader order on these issues and provide some clarity to the industry.
2. The timeframe for market-based rate sellers to file their baseline filings in compliance with FERC Order No. 860 is drawing near—April 1, 2021. The relational database system is open through March 31, 2021 for testing, and then the system will be open for baseline filings until early August 2021.
  3. FERC will convene a [technical conference on resource adequacy](#) in the evolving electricity sector on Tuesday March 23, 2021, from approximately 9 a.m. to 4 p.m., and Wednesday March 24, 2021, from approximately 9 a.m. to 12 p.m., ET. The conference will be held remotely.
  4. FERC will hold a [technical workshop](#) on March 25, 2021 from 10 a.m. to 3 p.m., ET to discuss the functionality and features of the relational database through which FERC will begin collecting certain market-based rate (MBR) information in accordance with Order No. 860 (MBR Database).