

PACIFIC REGULATORY UPDATE FOR MARCH 8 (WEEK OF MARCH 1)**CALIFORNIA PUBLIC UTILITIES COMMISSION****New Proposed Decisions and Draft Resolutions¹**

Proposed Decision R.20-11-003 (2021 Reliability). This proposed decision directs Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to take specific actions to decrease peak and net peak demand and increase peak and net peak supply to avert the potential need for rotating outages that are similar to the events that occurred in summer 2020 in the summers of 2021 and 2022. Those actions include:

1. Fund a Statewide Flex Alert Paid Media campaign, to be paid by ratepayers.
2. Modify Critical Peak Pricing rate design programs.
3. Develop and administer an Emergency Load Reduction Program pilot, to be in place and operable no later than by June 20, 2021.
4. Modify existing demand response programs.

The proposed decision would also effectively raise the planning reserve margin to 17.5%, to remain in effect until superseded by Commission decision. Pacific Gas and Electric (PG&E), Southern California Edison (SCE), and San Diego Gas and Electric (SDG&E) are ordered to continue their procurement efforts and endeavor to meet and exceed their respective incremental procurement targets to achieve this effective 17.5% PRM for the months of concern.

Draft Resolution E-5118. By this resolution, the California Public Utilities Commission (CPUC) approves, with two adjustments, additions to several SCE net energy metering and virtual net energy metering tariffs related to customers who wish to replace their renewable distributed generation systems destroyed as a result of disasters. The CPUC authorizes SCE to modify certain tariffs for disaster-impacted customers to: allow sizing replacement renewable distributed generation systems to the estimated load, remove the 10 percent / 1 kilowatt system modification threshold, and exempt customers from the interconnection application fee when reapplying for service. Also, the CPUC authorizes SCE to update its interconnection application forms to provide a means for disaster-impacted customers to identify themselves during the interconnection process. The CPUC requires SCE to allow disaster-impacted customers four years to apply for interconnection.

¹ Per 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.

Voting Meetings

The CPUC held a voting meeting on March 4, 2021. The agenda included the following items:

Item 4. Resolution E-5035 (Rule 21 Revisions). This resolution approves modifications to the Electric Rule 21 Tariff of PG&E, SCE, and SDG&E to incorporate revisions ordered by D.19-03-013. These modifications include the following: (1) update and streamline the application of Screen Q, which assesses the need for projects to undergo transmission cluster studies; (2) allow for specific types of modifications to interconnection applications under Fast Track; (3) adopt specific process options for identified categories of modifications to existing generating facilities; (4) allow customer ownership of some behind-the-meter telemetry equipment; and (5) allow customers to replace existing inverters with inverters of equal or greater ability and require that any replacement inverter with greater abilities than the original shall be set with all the most current required functionalities, unless the interconnection applicant can demonstrate that safety or operational needs necessitate otherwise. However, this resolution delays the effective date of the modifications and orders (1) PG&E, SCE, and SDG&E (jointly, the Utilities) to standardize the Electric Rule 21 language describing the allowed types of modifications to interconnection applications under Fast Track; (2) PG&E to amend Rule 21 to clarify that the Utilities have the discretion to allow more than one material modification to a Fast Track interconnection application, even when utility action has not necessitated the modification, and to correct the error in the footnotes in Table Ee.3; (3) the Utilities to update Rule 21 to reflect the appropriate process options for Use Case 3 material modifications; and (4) PG&E and SCE to align their Rule 21 Section G.3.a language expanding the Screen Q exemption with that proposed by SDG&E. The resolution also approves an interim standard form template for Type II modifications to existing generating facilities, as ordered by D.19-03-013, subject to the following modifications: (1) update the document to reflect the appropriate process options for Use Case 3 material modifications and (2) update Section 4.1 to reflect that verified equipment may be listed on one of multiple equipment lists. **Approved.**

Item 9. This decision summarily denies a petition for modification of D.17-12-022 filed by the California Solar and Storage Association, Brightline Defense, and Sunrun, Inc. That decision concerned the creation of the Solar on Multifamily Affordable Housing (SOMAH) program. The petition sought modification of the decision's mandates regarding the downward adjustment of incentive levels for the SOMAH program. The decision denies the petition as untimely. **Signed, D.21-03-004.**

Item 12. Draft Resolution E-5127. This resolution approves PG&E's Community Microgrid Enablement Program (CMEP) 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 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 filing its program evaluation as part of its 2023 General Rate Case Application through an additional subsequent Tier 2 Advice Letter on its own motion

or in response to direction from the Commission. **Held to 3/18 meeting.**

Item 15. R.10-05-004 (SGIP). This decision approves the Joint Petition for Modification of Decision 11-09-015 filed by Southern California Gas Company, PG&E, SCE, and Center for Sustainable Energy on December 23, 2020. In D.11-09-015, the SGIP payment structure was modified from an upfront-only capacity-based incentive mechanism (payment provided upon project completion and verification) with a performance-based incentive payment structure by which 50 percent of the incentive would be paid upfront, and 50 percent of the incentive would be a performance-based incentive based on the kilowatt hour (kWh) generation of on-site load over five years. According to the petition, COVID-19 pandemic impacts have prevented projects from meeting the performance-based incentive requirements. The decision would pause the performance-based incentive requirements for up to one year, if the host customer verifies that the project was unable to meet those requirements due to COVID-19 impacts. **Signed, D.21-03-008.**

Item 17. R.12-11-005 (SGIP). This decision approves the Joint Petition for Modification of Decision 15-06-002 Concerning Self-Generation Incentive Program Requirements filed by Southern California Gas Company, PG&E, SCE, and the Center for Sustainable Energy on December 23, 2020. This decision modifies D.15-06-002 to stay the cancellation of projects past their third extension to provide interim relief to customers who have been affected by the COVID-19 pandemic. **Signed, D.21-03-009.**

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

Upcoming Meetings and Deadlines

Resource Adequacy Enhancements: Final Proposal – Phase 1. The CAISO released the Final Proposal for Phase 1 of its Resource Adequacy Enhancements initiative on February 17. Written comments are due by March 9. The 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.

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

CALIFORNIA ENERGY COMMISSION

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 California Energy Commission (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 at 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 February 25, 2021, the CEC convened the inaugural meeting of the Blue Ribbon Commission on Lithium Extraction in California (Lithium Valley Commission). The Lithium Valley Commission is a 14-member group established by [Assembly Bill 1657 \(Garcia\) of 2020](#) that is charged with researching opportunities and benefits associated with lithium extraction and use in California. The [Lithium Valley Commission](#) is required to submit a report on its findings and recommendations to the Legislature by October 1, 2022. Commission members represent specified industries, organizations, and communities. Their appointments come from the CEC, the Commission, the California Natural Resources Agency, the Senate Committee on Rules, the Speaker of the Assembly, and Governor Gavin Newsom. More information regarding the Lithium Valley Commission is available [here](#).

CALIFORNIA AIR RESOURCES BOARD

The California Air Resources Board (ARB) [Compliance Offsets Protocol Task Force](#) finalized its [Final Recommendations Report](#) at its meeting on March 2, 2021. The Task Force, created under California Assembly Bill 398 (2017), provides guidance to ARB in establishing new [offset protocols](#) for the [California Cap-and-Trade Program](#). The Final Report includes recommendations on potential protocols in the following areas:

- Blue Carbon and Wetlands
- Forestry and Urban Forestry
- Livestock, Agriculture, and Rangeland
- High Global Warming Potential/Ozone Depleting Substances
- Mine Methane Capture

Adoption in the future of any of the offset protocols recommended for consideration in the Report would proceed through the ARB rulemaking process.

ARB is making progress on its forthcoming [Advanced Clean Fleets](#) regulation, with the goal of achieving a zero-emission truck and bus fleet in California by 2045. Staff held its fifth [workshop](#) on Advanced Clean Fleets on March 2 and 4, 2021. While the text of the proposed regulation has not yet been released, staff provided a [summary of the forthcoming regulation](#) at the workshop. ARB anticipates holding the first hearing before the Board on the proposed regulation in December 2021.

MINNESOTA LEGISLATURE

The Minnesota Senate Energy and Utilities Finance and Policy Committee met on Thursday, March 4, 2021 to review Senate File No. [955](#) (“Clean Energy First”), which is the Senate version of a statewide carbon reduction mandate. The Minnesota House of Representatives previously passed its version of the bill out of its respective energy committee; however, the Minnesota Senate Energy and Utilities Finance and Policy Committee elected to layover Clean Energy First, meaning that it will remain in committee.

MINNESOTA PUBLIC UTILITIES COMMISSION

1. The Minnesota Public Utilities Commission (Commission) is scheduled to hold an internal planning meeting to review average monthly bills for utility customers at 3:00 p.m. on March 9, 2021. The Commission’s materials and a link to the live webcast can be found [here](#).
2. The Commission is scheduled to hold an agenda meeting Thursday, March 11, 2021 at 9:15 a.m. The Commission will review Minnesota Power’s proposed electric vehicle programs as well as other utilities’ transportation electrification plans and annual electric vehicle reports.

OREGON

1. Public Meeting on Community Solar Program – UM 1930

On Tuesday, March 9, 2021 at 9:30 a.m. PST, the Oregon Public Utility Commission (OPUC) will be holding a public meeting to discuss the OPUC staff’s proposed penalty for non-compliance with the community solar program’s low-income subscription requirement. This penalty would apply to project managers who fail to subscribe at least 10 percent of their project capacity to low-income participants within 12 months of project certification. The staff proposal can be located [here](#).

2. Public Meeting on RECs in the Renewable Portfolio Standard – AR 617

On Tuesday, March 9, 2021 at 9:30 a.m. PST, the OPUC will be holding a public meeting to address proposed rules related to the use of renewable energy certificates (RECs) in Oregon’s renewable portfolio standard. The list of proposed rules can be located [here](#).

3. Negotiations Continue in Regard to HB 2109

On March 11, the House Committee on Energy and Environment will hold a working session to review and revise HB 2109. If passed, this bill will modify the definition of “renewable energy facility” for county permitting processes. The current version of the bill is located [here](#).

WASHINGTON

Public Meeting on Standard Qualifying Facility PPAs under PURPA – UE 190666

On Thursday, March 11, 2021 at 9:30 a.m. PST, the Washington Utilities and Transportation Commission will be holding a public meeting to discuss a revision to Tariff WN U-75, Schedule QF, which is the standard PPA for qualifying facilities under PURPA. The tariff revision will apply to both new and existing QFs.

FEDERAL ENERGY REGULATORY COMMISSION

1. The Midcontinent ISO has asked FERC if it may delay implementation of Order No. 841 from June 6, 2022, until March 1, 2025, when the ISO's existing market system platform is scheduled to be replaced. Order No. 841 provides electric storage resources with greater access to wholesale energy markets.
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. The relational database system is open through March 31 for testing, and then the system will be open for baseline filings until early August.
3. FERC announced that it will convene a technical conference on resource adequacy in the evolving electricity sector on Tuesday March 23, 2021, from approximately 9:00 a.m. to 4:00 p.m., and Wednesday March 24, 2021, from approximately 9:00 a.m. to 12:00 p.m., ET. The conference will be held remotely.
4. FERC will hold a technical workshop on March 25 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). Individuals who are interested in registering for the conference can do so here:
<https://ferc.webex.com/ferc/j.php?MTID=e6dd18def200b281ff165e57325102ee0>.
5. FERC [announced a Commissioner-led workshop](#) on April 16 for public input on the creation of the Office of Public Participation. Congress directed FERC to provide, by June 25, 2021, to the Committees on Appropriations of both Houses of Congress a report on FERC's progress towards establishing the Office of Public Participation, including an organizational structure and budget for the office, beginning in fiscal year 2022. FERC plans to hear input on the following topics in forming the Office of Public Participation: (a) the office's function and scope as authorized by section 319 of the FPA; (b) the office's organizational structure and approach, including the use of equity assessment tools; (c) participation by tribes, environmental justice communities, and other affected individuals and communities, including those who have not historically participated before FERC; and (d) intervenor compensation. Nominations for stakeholder panelists for the workshop are due by March 10, 2021.

6. FERC's Office of Enforcement is [examining wholesale natural gas and electricity market activity](#) during February's extreme cold weather to determine if any market participants engaged in market manipulation or other violations.
7. FERC announced that it will [open a new proceeding](#) to examine the threat that climate change and extreme weather events pose to electric reliability. The proceeding will examine how grid operators prepare for and respond to extreme weather events, including, but not limited to, droughts, extreme cold, wildfires, hurricanes, and prolonged heat waves. FERC announced that the proceeding would include a technical conference with an opportunity for parties to submit comments in advance of that conference, with additional details to follow.
8. The next FERC open meeting is March 18.