

**REGULATORY UPDATE FOR MAY 10, 2022 (WEEK OF MAY 2, 2022)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions<sup>1</sup>

R.11-09-011 (Rule 21 Proceeding). 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 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. Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) are directed to submit a Tier 1 Advice Letter within 14 days of the adoption of this decision, revising Rule 21 tariffs to comply with this change. A 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.

Voting Meetings

The Commission held a voting meeting on May 5, 2022. The agenda included the following energy-related items.

Item 2. Resolution E-5192. This resolution approves a total budget of \$11.7 million for PG&E to implement three short-term pilots to address specific barriers to vehicle-grid integration:

- Pilot #1: Vehicle-to-grid Residential Pilot Program (residential pilot) is approved as modified in this resolution at \$7.5 million.
- Pilot #2: Vehicle-to-grid Commercial Pilot Program (commercial fleets pilot) is approved as modified in this resolution at \$2.7 million.
- Pilot #3: Vehicle-to-microgrid Public Safety Power Shutoff Microgrid Pilot (microgrids pilot) is approved as modified in this resolution at \$1.5 million.

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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.

This resolution also denies the proposed budget of \$2.3 million for pilot #4 to explore vehicle-to-grid export value because AL 6259-E does not fully comply with D.20-12-029 requirements regarding budget, scope, and reporting. This resolution does, however, authorize PG&E to refile a new Tier 2 AL within 60 days to correct these deficiencies, if it chooses.

**Approved.**

Item 3. A.21-07-017 (SDG&E Rate Relief for Wildfire Mitigation Plan Costs). This decision denies SDG&E's request for authorization to establish an interim rate recovery mechanism for costs recorded in the utility's Wildfire Mitigation Plan Memorandum Accounts. After reviewing SDG&E's request and intervenors' objections, including SDG&E's financial standing, as described in A.21-07-017, and considering the timing of SDG&E's next General Rate Case (GRC) filing, the Commission concludes that SDG&E did not sufficiently demonstrate a need for interim rate relief. Pursuant to PU Code Section 8386.4(b), SDG&E is directed to file for reasonableness review and cost recovery of wildfire mitigation plan costs through its GRC or via a separate application filed at the conclusion of the three-year wildfire mitigation plan cycle. **Signed, D.22-05-001.**

Item 5. Resolution E-5197. PU Code Section 381.1 gives CCAs the option to elect to become an administrator of cost-effective EE programs, subject to CPUC adoption of a CCA's EE Plan that has been approved by the CCA's governing board. Peninsula Clean Energy (PCE) submitted a three-year budget request of \$4,678,563 to the CPUC on November 19, 2021, via Tier 3 AL 20-E and supplemental AL 20-E-A on January 28, 2022. This resolution approves PCE's request to elect to administer its EE Plan according to the criteria set forth in PU Code Sections 381.1(e) and (f)(1)-(6) and CPUC direction in D.14-01-033 on enabling CCAs to administer EE programs. The budget that PCE requested to receive to fund its EE Plan is \$4,678,563. The PG&E is ordered to transfer \$4,678,563 to PCE for its three-year EE Plan.

**Approved.**

Item 6. Resolution E-5179. This resolution approves SCE's plan to shut down and decommission the Tehachapi Storage Project (TSP), with modifications to cost recovery as recommended by the Public Advocates Office. SCE stated that decommissioning of the TSP is necessary due to SCE's inability to source components for the TSP's first-generation battery storage system. SCE justified the decommissioning of the project based upon the costs required to continue operations of the TSP, a lack of impact on grid reliability from decommissioning, and safety concerns. SCE stated that decommissioning the TSP will avoid exceeding the authorized funding if operations were to otherwise continue. SCE ceased operations of the TSP on May 17, 2021. The resolution concludes that costs of prudent safety upgrades that would allow safe continued operation would overwhelm potential benefits of future operations.

**Approved.**

Item 7. R.20-05-003 (IRP Proceeding). This decision adopts a Modified Cost Adjustment Mechanism to calculate above-market costs of utility procurement to procure resources for load-serving entities that either opted out of procurement or failed to procure as required in response to procurement D.19-11-016 (total 3,300 MW) or D.21-06-035 (total 11,500 MW). **Held to May 19, 2022.**

Item 8. Resolution E-5196. In AL 3738-E, SDG&E requests several modifications to Appendices A, B, D, E, F, H, J, and K of its 2014 Conformed Bundled Procurement Plan. These changes, as proposed, would allow SDG&E more procurement flexibility to respond to changes in the marketplace and changes due to regulation. This resolution approves SDG&E's request in AL 3738-E without modification. **Approved.**

Item 9. R.14-10-003 (IDER Framework). This proposed decision adopts several changes to the Avoided Cost Calculator used in a variety of Commission proceedings, and changes the procedural framework for future updates, including eliminating the minor updates that previously occurred during odd-numbered years, to allow greater time to focus on major updates that occur during even-numbered years. **Signed, D.22-05-002.**

Item 10. Resolution E-5194. This resolution adopts, with modification and clarification, the criteria and process proposed by SDG&E, 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. **Held to May 19, 2022.**

Item 16. A.21-06-004 (SDG&E ERRa). This decision finds that SDG&E meets the standard for compliance under the Energy Resources Recovery Account (ERRA) regulatory compliance process for the 2020 record year. It further finds that during the 2020 record year, SDG&E complied with all the requirements that the Commission reviews during the ERRA compliance process, and that SDG&E demonstrated that, during the 2020 record year, (1) it prudently administered and dispatched its utility-owned generation resources and portfolio of contracts, in compliance with its procurement plan, (2) all entries and costs in the balancing and memorandum accounts reviewed in this proceeding, including the ERRA and Portfolio Allocation Balancing Account, after accounting for adjustments specified in the Settlement Agreement, are correctly stated and in compliance with the Commission's directives, and (3) its procurement of greenhouse gas (GHG) compliance instruments is consistent with the Commission's current directives. This decision approves a Settlement Agreement entered into by all the parties in Phase One of this proceeding. The Settlement Agreement resolves all the contested issues in Phase One. A.21-06-004 remains open to consider the issues in Phase Two. The issues in Phase Two address the unrealized sales and revenues resulting from SDG&E's Public Safety Power Shutoff events in 2020. **Signed, D.22-05-006.**

## CALIFORNIA ISO

### Board of Governors Meeting

The California ISO has posted the draft agenda for the general session for the May 11-12, 2022 Board of Governors meeting. The agenda may be found [here](#). The agenda includes a vote on Interconnection Process Enhancements-Phase 1. Phase 1 would make changes to how transmission plan deliverability is allocated, changes the site exclusivity requirements to enter and move through the interconnection queue, introduces a new process for the interconnection of new generation under an emergency state mandate, and makes a number of other clarifications, enhancements, and process improvements.

### Stakeholder Initiatives: Upcoming Meetings and Deadlines

**WEIM Resource Sufficiency Evaluation Enhancements Phase 1B.** The California ISO held a stakeholder call on May 3, 2022, to present analysis as part of the Western Energy Imbalance Market Resource Sufficiency Evaluation Enhancements Phase 1B initiative. Comments on the analysis are due May 12, 2022.

**Extended Day-Ahead Market Initiative.** The California ISO has published the straw proposal for the Extended Day-Ahead Market initiative, which will be discussed, along with governance topics, at an upcoming stakeholder meeting on May 25-26, 2022. The deadline to submit written comments on the straw proposal has been extended from June 9, 2022, to June 16, 2022.

**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.

**Energy Storage Enhancements.** The California ISO will hold a public stakeholder call on May 19, 2022, to discuss the draft final proposal for the Energy Storage Enhancements initiative. Comments on the draft final proposal are due May 31, 2022.

**Day-Ahead Market Enhancements.** The California ISO held a public stakeholder call on April 29, 2022, to discuss the third revised straw proposal for the Day-Ahead Market Enhancements initiative. Written comments on the third revised straw proposal are due May 19, 2022.

**2023 Local Capacity Requirements Process.** The California ISO has posted the Final 2023 Local Capacity Technical Report and the Final 2027 Local Capacity Technical Report. The reports may be found [here](#).

**Flexible Ramping Product Refinements Impacts to WEIM Resource Sufficiency Evaluation.** The California ISO has scheduled a stakeholder call on May 10, 2022, to discuss the interactions between the nodal flexible ramping product the ISO plans to implement in fall 2022 and the existing WEIM resource sufficiency evaluation. Comments on the meeting discussion are due May 20.

### **CALIFORNIA ENERGY COMMISSION (CEC)**

#### Energy System Reliability

On May 9, 2022, the CEC published a Notice of Staff Workshop on Summer and Midterm Reliability that will be held in two sessions on May 20, 2022. Session 1 will begin at 9:30 a.m. and session 2 will begin at 1:00 pm. The workshop will be held both in person at the

CEC headquarters in Sacramento and remotely. The workshop will provide an update on the outlook for summer 2022 and midterm electric system reliability and will also provide an overview of the Tracking Energy Development Task Force.

For additional information regarding the workshop, please visit TN #242986 available in [Docket No. 21-ESR-01](#).

### Offshore Wind

On May 18, 2022, CEC staff will host 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 will present 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 megawatt offshore wind planning goals for 2030 and 2045.

According to the [Notice](#) published in Docket No. 17-MISC-01 on May 9, 2022, a quorum of CEC commissioners may participate, but no votes will be taken. Commissioners from the CPUC may also attend. If CPUC commissioners are present at the workshop, the CPUC’s rules governing ex parte contacts with commissioners and their staff remain in effect even though this is a CEC-initiated and noticed workshop.

The workshop will begin at 9:30 a.m. and will support both in-person and remote attendance. Additional information about the workshop is available in the Notice, which is available at TN #242969 in [Docket No. 17-MISC-01](#).

### Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on May 12, 2022 at 1:30 p.m. in Imperial, California. The meeting will support in-person and remote participation. Additional details are available at TN #242917 [here](#).

### CEC Business Meetings

The next CEC Business Meeting is scheduled for May 11, 2022. The agenda for the May 11, 2022 meeting is available [here](#).

## **CALIFORNIA AIR RESOURCES BOARD (CARB)**

### Meetings and Workshops

On May 16, CARB will hold a public workshop to discuss potential proposed amendments to the In-Use Off-Road Diesel-Fueled Fleets Regulation. Information on the workshop and registration is available [here](#).

On May 19-20, 2022, CARB will hold its next regular [Board meeting](#). During the meeting, the Board will hear an informational update on the AB 617 Community Air Protection Program statewide strategy, the [Program Blueprint](#). Notice of the meeting is available [here](#), and public comments can be submitted to CARB [here](#) in advance of the hearing.

#### Opportunities for Public Comment

Comments on the Oil Production Greenhouse Gas Emissions Estimator model for the Low Carbon Fuel Standard can be submitted [here](#) on or before May 10, 2022.

Comments on the draft environmental analysis for the federal Clean Air Act 2022 State Implementation Plan Strategy can be submitted [here](#) on or before May 13, 2022.

Comments on the draft [AB 32 Scoping Plan Update](#), which assesses progress towards achieving targets to decrease California's GHG emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045, may be submitted [here](#) on or before June 24, 2022.

CARB 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 zero-emission 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)**

1. [Proceeding to Establish Frameworks to Compare Lifecycle Greenhouse Gas Emissions Intensities of Various Resources and to Measure Cost-Effectiveness of Resources and of Overall Innovation Plans, Docket No. 21-566](#)

On May 3, 2022, the MPUC met to consider proposals in the docket identified above. This matter was initiated upon passage of the Minnesota Natural Gas Innovation Act (NGIA or the Act) in June 2021. The Act directs the MPUC, by June 1, 2022, to issue an order establishing frameworks for (1) conducting a lifecycle analysis of Greenhouse Gas Intensity accounting, and (2) a cost-benefit accounting for comparing innovative resources measuring the cost-effectiveness of natural gas utilities' innovation plans. The MPUC previously established a preliminary procedure for implementing the NGIA and encouraged stakeholders to develop proposals for consideration. Following comments on the proposals and before the hearing, a coalition of commenters, including certain gas utilities, Center for Energy and the Environment, Fresh Energy, and certain labor groups (Joint Commenters), filed a letter containing a joint proposal for the MPUC's consideration. The letter effectively narrowed the potential path forward to either the Department of Commerce's or Joint Commenters' proposals.

After debate and discussion, the MPUC adopted several aspects of the Joint Commenters' proposals and made additional modifications that will allow for continued refinement over

time. The MPUC will likely issue a written order in the coming weeks in order to meet the deadline set forth in the Act.

## 2. MPUC Hearing on May 12, 2022

The MPUC will meet at 8:00 a.m. PT on May 12 to review the following two matters: (1) Otter Tail Power Company's rate case compliance filing; and (2) Institute for Local Self-Reliance's and Vote Solar's petition for a MPUC order directing utilities to provide EnCompass modeling software licenses for intervening parties in integrated resource planning dockets.

## **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC)**

### WUTC Meetings This Week

On Monday, May 9 the WUTC held a prehearing conference for adjudication of Puget Sound Energy's 2021 draft clean energy implementation plan (CEIP) required under WAC 480-100-640. The most recent draft CEIP can be located [here](#), along with stakeholder comments.

On Tuesday, May 10 the WUTC is hosting a workshop on the cost-effectiveness for distributed energy resources implementing Washington's 2019 Clean Energy Transformation Act's policies. UE-210804, the docket opened in this matter, aims to ensure consistent evaluation of distributed energy resources. The workshop presentation and other materials can be located [here](#).

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

During last month's open meeting, FERC [issued](#) a Notice of Proposed Rulemaking (NOPR) meant to facilitate future regional transmission development aimed at improving reliability, reducing costs, and achieving long-term resource needs and goals over a 20-year horizon. The NOPR was approved by a 4-1 vote, with Commissioner Danly as the lone dissenting voice. Missing from the proposed reforms, however, were proposed changes to the generator interconnection process – something that many developers had hoped would be addressed in light of the significant delays impacting interconnection queues in several regions of the country. The NOPR resides in Docket No. RM21-17.

Also during the April open meeting, FERC [directed](#) six organized energy market operators to provide information regarding changing system needs and plans for potential reforms. These reports due within 180 days will address current system needs given resources mixes and load profiles, as well as project future needs over the next five and 10 years. The public may comment on the reports for up to 60 days following their filing. Docket No. AD21-10.

Earlier this month, FERC rejected a proposal by MISO that would have extended the Self-Funding Option to allow transmission owners to unilaterally elect to fund and receive a return on and of the capital cost of network upgrades, necessary upgrades, and protection

facilities identified for the interconnection of Merchant High Voltage Direct Current (MHVDC) transmission lines. The Self-Funding Option has been controversial since it was put in place several years ago for generator interconnection; however, FERC rejected MISO's attempts to extend the funding option to MHVDC lines, in part, because merchant transmission developers do not have the same funding options available to them as do generator interconnection customers. Commissioner Danly dissented. The order is available [here](#).

This month, PJM plans to file substantial reforms to its generator interconnection procedures, which changes will cause customers to do more in demonstrating project viability and financial commitments in order to advance an interconnection request. A detailed presentation from PJM that outlines the upcoming filing is [here](#).