

**REGULATORY UPDATE FOR NOVEMBER 29, 2021 (WEEK OF NOVEMBER 22)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions<sup>1</sup>

None.

Voting Meetings

The Commission's next voting meeting is December 2, 2021. The agenda includes the following energy-related items.

Item 5. Draft Resolution L-613. On November 19, 2020, Brandon Rittiman sought the disclosure of certain records of the CPUC pursuant to the California Public Records Act. Rittiman sought all communications between any CPUC employee and any agent or employee of the Governor's office concerning two emails sent by Terrie Prosper, who is the Director of the CPUC's News and Outreach Office, to Rittiman on November 18 and November 29, 2020. This Resolution would deny the appeal of Rittiman for a reconsideration of the Commission Staff determination that the records he sought are exempt from disclosure pursuant to California Government Code section 6254(l), which exempts from public disclosure "[c]orrespondence of and to the Governor or employees of the Governor's office or in the custody of or maintained by the Governor's Legal Affairs Secretary."

Item 7. R.18-10-007 (Wildfire Mitigation Plans). This decision closes this proceeding. Pursuant to Assembly Bill (AB) 111 (2019), all duties, powers, and responsibilities of the Commission's Wildfire Safety Division were transferred on July 1, 2021 to the Office of Energy Infrastructure, established within the California Natural Resources Agency under the same bill.

Item 8. Draft Resolution E-5170. This Resolution adopts the Financial Security Requirement (FSR) calculations in Pacific Gas and Electric Company (PG&E) Advice Letter 6188-E, Southern California Edison Company (SCE) Advice Letter 4494-E-A, and San Diego Gas & Electric Company (SDG&E) Advice Letter 3757-E-A for the Community Choice Aggregators (CCAs) operating in the service territories of those three investor owned utilities (IOUs). The three IOUs are required biannually to make an advice letter indicating the amount of the FSR that each CCA must provide, as set forth in D.18-05-022. However, due to the timing of this Resolution and the imminent filing deadline of the IOUs next FSR advice letter in November 2021, this Resolution does not require the CCAs to post new FSRs until the November 2021 advice letter filing has been approved.

---

<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.

Item 10. R.19-09-009 (Microgrids and Resiliency). This decision adopts enhanced summer 2022 and summer 2023 requirements for PG&E and SDG&E. First, PG&E shall file a Tier 2 Advice Letter, within 45 days of the effective date of this decision, to expand its Temporary Generation Program for filling the system capacity shortfalls anticipated in the summers of 2022 and 2023. Second, SDG&E may procure up to four circuit-level energy storage microgrid projects that may provide a total of 160 MWh of capacity to fill system capacity shortfalls anticipated in the summers of 2022 and 2023. The procurement of these four circuit-level energy storage microgrid projects is conditioned upon these resources providing peak and net peak grid reliability benefits in the summers of 2022 and 2023. SDG&E shall file a Tier 2 Advice Letter, within 30 days of the effective date of this decision, seeking implementation authorization for procurement of these four circuit-level energy storage microgrid projects. SDG&E shall comply with the Cost Allocation Mechanism for utility-owned generation previously adopted in Rulemaking 20-11-003. Furthermore, SDG&E shall comply with any subsequent modifications to the Cost Allocation Mechanism adopted in Rulemaking 20-011-003. The decision suggests that Los Angeles County propose its Eastern Avenue Emergency Operations Battery Storage Microgrid Project, a Los Angeles Department of Public Health Solar and Battery Storage Project, and Pitchess Detention Center Solar and Battery Storage Project in the Microgrid Incentive Program for consideration, subject to the overall eligibility, cost, and budget constraints of the Microgrid Incentive Program.

Item 12. This decision adopts a \$0.00652/kWh rate amount for the Wildfire Fund Non-Bypassable Charge to collect a \$1,000,400,704 revenue requirement for January 1, 2022, through December 31, 2022, pursuant to AB 1054, enacted as an urgency measure and signed by the Governor in July 2019.

Item 20. R.13-11-005 (EE Portfolios). This decision approves several initiatives designed to produce emergency peak demand (during 4:00 p.m. - 9:00 p.m.) and/or net peak (during 7:00 p.m. - 9:00 p.m.) demand reductions through energy efficiency actions by the summers of 2022 and 2023. The decision was developed in response to Governor Newsom's July 30, 2021 Emergency Proclamation. This decision approves \$185 million in incremental energy efficiency budgets for program years 2022 and 2023, while also allowing shifting of energy efficiency funds previously allocated to address summer reliability objectives.

Item 24. R.20-11-003 (Summer Reliability). This decision adopts a number of supply- and demand-side requirements to ensure there is adequate electric power in the event of extreme weather during times of greatest need in summers 2022 and 2023. The decision adopts the following demand-side changes:

- Expansion of the Emergency Load Reduction Program (ELRP) adopted in Phase 1 of this proceeding;
- Allows aggregation of vehicle to grid managed charging and discharge to support the grid at net peak;
- Broadens the Flex Alert media campaign to focus on the new Residential ELRP program and continue existing activities into 2022 and 2023;

- Makes changes to existing demand response programs, both on a statewide basis and to individual programs that pertain to each major electric IOU;
- Approves a large smart thermostat incentive program designed to reduce air conditioning a few degrees during emergencies; and
- Adds pilots to test the effectiveness of dynamic rates that change rapidly in response to grid emergencies.

The decision would also adopt the following supply-side measures:

- Allows energy storage projects that are not fully deliverable as long as they provide peak and net peak grid reliability benefits in summer 2022 or 2023;
- Expands the use of a centralized procurement entity as a means of procuring reliability resources located in local areas; and
- Encourages accelerated online dates for procurement already ordered.

Item 25. Draft Resolution SED-5. In this Resolution, the CPUC approves an Administrative Consent Order and Agreement between the Commission's Safety and Enforcement Division and SCE to resolve all issues involving the 2017 Liberty, Rye, Meyers, and Thomas Fires and the 2018 Woolsey, whereby SCE agrees to fines, safety measures, and disallowances totaling \$550 million as follows: \$110 million fine to the General Fund of the State of California; \$65 million in shareholder-funded safety measures; and \$375 million in permanent disallowances of cost recovery.

Item 26. Draft Resolution SED-6. In this Resolution, the Commission approves an Administrative Consent Order and Agreement between the Commission's Safety and Enforcement Division and PG&E to resolve all issues involving the 2019 Kincade Fire. PG&E agrees to pay a \$40 million fine to the General Fund of the State of California and to not seek rate recovery of capital expenditures in the amount of \$85 million for the permanent removal of abandoned transmission facilities within its service territory, for a total of \$125 million.

## **CALIFORNIA ISO (CAISO)**

### **Stakeholder Initiatives: Upcoming Meetings and Deadlines**

**Extended Day-Ahead Market: Working Group Logistics and Schedule.** The CAISO will hold a stakeholder meeting on December 16, 2021, to discuss the logistics and schedule for a series of working group meetings for the Extended Day-Ahead Market initiative that will commence the week of January 3, 2022.

**Annual Policy Initiatives Roadmap Process.** The CAISO held a call on November 16, 2021 to discuss the 2022 draft Policy Initiatives Roadmap, as part of the Annual Policy Initiatives Roadmap Process. The 2022 Revised Policy Initiatives Catalog may be found [here](#).

Comments are due December 1, 2021.

**2021-2022 Transmission Planning Process.** The CAISO held a public stakeholder call on November 18, 2021 to discuss the 2021-2022 transmission planning process. Comments on the stakeholder call are due December 2, 2021.

**Adjustment to Intertie Constraint Penalty Prices.** The CAISO held a stakeholder call on November 19, 2021 to discuss proposed adjustments to intertie constraint penalty prices with stakeholders. Comments are due December 3, 2021.

**EIM Resource Sufficiency Evaluation Enhancements.** The CAISO has scheduled a stakeholder call on December 14, 2021 to discuss the revised draft final proposal for Phase 1 of the EIM Resource Sufficiency Evaluation Enhancements initiative. Comments on the revised proposal and meeting are due December 22, 2021.

**New Initiative: Central Procurement Entity Implementation.** The CAISO held a stakeholder call on November 22, 2021 to discuss the Issue Paper/Straw Proposal for the Central Procurement Entity Implementation initiative. Comments are due December 6, 2021.

**Maximum Import Capability Enhancements.** The CAISO held a public stakeholder call on November 23, 2021 to discuss the draft final tariff language and draft Business Practice Manual language for the Maximum Import Capability Enhancements initiative. Written comments on the draft final proposal and draft tariff language are due December 7, 2021.

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

### **EPIC**

The CEC has announced a two-day EPIC Symposium scheduled for December 14-15, 2021. The Symposium will focus on how California's investments in public interest research will transform the state's energy system. Over the two-day event, panel sessions will focus on:

- Grid resiliency and reliability
- Equity and affordability
- Decarbonization of the built environment
- Innovation and entrepreneurship in California

To view the agenda for the Symposium, please visit <https://www.energizeinnovation.fund/events/epic-symposium#tab-agenda>. To register for this event, visit <https://www.energizeinnovation.fund/events/epic-symposium#tab-registration>.

### **2021 Integrated Energy Policy Report (IEPR)**

The CEC has announced a few upcoming 2021 IEPR workshops to be held in early December 2021.

On December 2, 2021, the CEC will hold a two-session workshop focused on the Electricity and Demand Forecast for 2021-2025:

- [Session 1](#), 10 a.m. PT: Self-Generation and Additional Achievable Energy Efficiency and Fuel Substitution Forecast Results
- [Session 2](#), 2 p.m. PT: Transportation, End-User Gas Forecast Results, and Overall Electricity Sales Results

On December 3, 2021, the CEC will hold a workshop to receive an update on the progress made by the CEC's stakeholder working group process on supply-side demand response. The workshop will be held remotely across two sessions:

- [Session 1](#), 10 a.m. PT: Supply-Side Demand Response – Reliability and Resource Planning, Market Opportunity, and Issues
- [Session 2](#), 2 p.m. PT: Supply-Side Demand Response – Stakeholder Working Group Process and Path Forward

#### Power Source Disclosure Program

The CEC plans to institute a formal rulemaking to consider limited modifications to Title 20, California Code of Regulations, section 1390 et seq. and will hold a pre-rulemaking remote workshop on December 7, 2021 at 9:00 a.m. to solicit stakeholder comment on proposed changes to the Power Source Disclosure (PSD) Program regulations. The PSD regulations require California retail electricity suppliers to disclose to consumers the electricity sources in their portfolios compared with the mix of electricity sources providing power for California.

According to the workshop [Notice](#), the discussion items for the workshop will include:

- Power Charge Indifference Adjustment Resource Allocations
- Audit Requirements and Alternative for Public Agencies
- Power Content Label (PCL) Due Dates
- New Community Choice Aggregation GHG Reporting Requirements
- Unbundled Renewable Energy Credit Reporting Requirements
- PCL Template Formatting

#### CEC Business Meetings

The next CEC Business Meeting is scheduled for December 8, 2021. The meeting agenda is available [here](#).

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

On December 1, 2021, ARB will host a virtual public meeting of the AB 32 Environmental Justice Advisory Committee. The agenda and a link to the meeting are available [here](#).

ARB's next regular Board meeting will be held December 9, 2021. The agenda is available [here](#).

ARB is holding virtual public workshops as part of the AB 32 Scoping Plan Update. On December 2, 2021, ARB will hold a [technical workshop](#) on modeling land management scenarios associated with GHG emissions and sinks from natural and working lands within the state, in order to develop a target for such lands to contribute to carbon neutrality goals. On December 14, 2021, ARB will hold a [public workshop](#) on building decarbonization. Recordings of past AB 32 Scoping Plan Update meetings and workshops are available [here](#).

On December 14, 2021, ARB will hold a [public workshop](#) on potential amendments to the regulation governing off-road diesel-fueled vehicles. At the workshop, staff will present its comprehensive proposal for potential amendments to the existing regulation.

On December 16, 2021, ARB will hold a [workgroup meeting](#) on hydrogen medium and heavy-duty fueling infrastructure, including station location planning and timing, renewable hydrogen production and supply, fuel costs, and codes and standards for hydrogen fueling.

ARB is accepting informal public comments on the proposed [Advanced Clean Fleets](#) regulation, which aims to achieve a zero-emissions truck and bus California fleet by 2045. Comments may be submitted [here](#) on or before December 31, 2021.

## **MINNESOTA**

### **MPUC Meeting This Week**

On December 1, 2021 at 8:00 a.m. PT, the Minnesota Public Utilities Commission (Commission) will hold a public agenda meeting to hear oral arguments regarding the completeness of Minnesota Power's rate case filing and implementation in interim rates in the case. The Commission will also hear oral arguments regarding CenterPoint Energy's rate case and proposed rate case stay-out. The following day, December 2, 2021 at 8:00 a.m. PT, the Commission will deliberate and make determinations in the Minnesota Power and CenterPoint Energy matters heard the day prior as well as hear two other matters pertaining to Connexus Energy and Princeton Public Utilities.

## OREGON

### OPUC Acknowledges PacifiCorp's 2021 RFP Shortlist – UM 2059

Last Wednesday, OPUC issued Order 21-437, which formally acknowledged PacifiCorp's 2021 All Source Request for Proposals (RFP) final shortlist of generation resources. The RFP will include 1,792 MW of new wind capacity, 1,306 MW of solar capacity, and 697 MW of battery storage capacity. More information can be found in the final order located [here](#).

### OPUC Meetings This Week

On Tuesday, November 30 at 9:30 a.m. PST, the OPUC will hold a public meeting to discuss a wide range of dockets including DR 57. In Docket DR 57, the Renewable Energy Coalition, Community Renewable Energy Association, and Oregon Solar and Storage Industries Associated filed a petition for a declaratory ruling related to a utility's obligations towards small interconnection customers that seek to pursue an independent system impact study under OAR 860-082-0060(7)(h). The Staff Report on the petition can be located [here](#).

Later in the day at 1:30 p.m. PST, the OPUC will hold a public meeting to discuss implementation of House Bill 3141 and 2165 related to the electrification of the transportation sector in Oregon. Dial-in details for the meeting can be located [here](#).

On Thursday, December 2 at 1:30 p.m. PST, the OPUC will hold a public meeting to discuss Docket UM 2166. The OPUC will review and discuss PGE's final draft of the 2021 All Source RFP. The Staff Report on the RFP is located [here](#).

### Comment Period Open for Modifications to Oregon Community Solar Program (CSP) Implementation Manual – UM 1930

Last Tuesday, the OPUC published proposed revisions to the Oregon CSP's program implementation manual. Key modifications to the manual include adjustments to (i) the eligibility criteria for the program carve out, (ii) participant affiliate rules, (iii) participation restrictions for affordable housing providers as low-income participants, (iv) interconnection requirements, (v) the delegation of certain project approvals to the program administrator, and (vi) the project certification criteria. A summary of the proposed rules can be located [here](#). Stakeholders should submit written comments via email to [puc.filingcenter@puc.oregon.gov](mailto:puc.filingcenter@puc.oregon.gov) by Wednesday December 8, 2021.

## TEXAS

On October 21, 2021, the Public Utility Commission of Texas (PUCT) approved a rule that creates requirements for power companies to better prepare for winter weather. The rule stems from the Texas Legislature's passage of Senate Bill 3 (S.B. 3) in response to the devastation caused to the energy grid by winter storm Uri.

S.B. 3, effective June 8, 2021, is a multi-pronged law that attempts to make the Texas energy system more resilient to the effects of extreme winter weather events. Key to S.B. 3 is a requirement that the PUCT implement winter weatherization requirements so that each of the entities providing electric generation service must implement measures to prepare its generation assets to provide adequate electric generation service during a weather emergency. The new rule, codified as 16 Texas Administrative Code § 25.55, requires electric generators and transmission service providers (TSPs) (collectively, generation entities) to implement the winter weather readiness recommendations identified in the 2012 Quanta Technology Report on Extreme Weather Preparedness Best Practices and the FERC/NERC 2011 Report on Outages and Curtailments During the Southwest Cold Weather Event on February 1-5, 2011. The rule also requires affected entities to fix any known, acute issues that arose from winter weather conditions during the 2020-2021 winter weather season. The deadline for implementation of many components of the new rule is December 1, 2021.

By December 1, 2021, a generation entity within the Electric Reliability Council of Texas (ERCOT) must:

1. Use best efforts to implement weather emergency preparation measures intended to ensure sustained operation of all cold weather critical components during winter weather conditions;
2. Install adequate wind breaks for resources susceptible to outages or derates caused by wind; inspect thermal insulation for damage or degradation and repair damaged or degraded insulation; confirm the operability of instrument air moisture prevention systems; and conduct maintenance of freeze protection components for all applicable equipment, including fuel delivery systems controlled by the generation entity, the failure of which could cause an outage or derate;
3. Establish a schedule for testing of such freeze protection components on a monthly basis from November through March, and install monitoring systems for cold weather critical components, including circuitry providing freeze protection or preventing instrument air moisture;
4. Use best efforts to address cold weather critical component failures that occurred due to winter weather conditions during the 2020-2021 winter;
5. Provide training on winter weather preparations and operations to relevant operational personnel; and
6. Determine minimum design and experienced operating temperature and other operating limitations based on temperature, precipitation, humidity, wind speed, and wind direction.

The generation entity must also, by December 1, 2021, submit to both the PUCT and ERCOT, on a form prescribed by ERCOT, a winter weather readiness report that:

1. Provides a description of all activities engaged in by the generation entity to complete the above-listed requirements, including any good-cause-based reason for noncompliance; and



2. Includes a notarized attestation sworn by the generation entity's highest-ranking representative, official, or officer attesting to the accuracy of the information in the report and completion of all of the above-listed requirements, subject to any notice of or request for good-cause exception.

The draft report forms for both generators and TSPs are available here: [Winter Weather Readiness \(ercot.com\)](https://ercot.com/winter-weather-readiness).

With the extremely tight timeframe to comply with the rule, generation entities are entitled to request an exception to the requirements for good cause. The generation entity must still file a winter weather readiness report; however, that report would include a notice that provides:

1. An explanation and supporting documentation of the generation entity's inability to comply with a specific requirement;
2. A description and supporting documentation of the generation entity's efforts to comply with the requirements; and
3. A plan, including supporting documentation and a proposed deadline for each unfulfilled requirement, to comply with requirements.

PUCT Staff will collaborate with ERCOT in reviewing these good-cause exemption notices, and the PUCT reserves the right to notify the generation entity that it disagrees with the assertion of good cause. If PUCT Staff disagrees with the assertion of good cause, the generation entity must preserve the good-cause exemption by submitting, within seven days of receipt of the notice of disagreement, a request for approval of the good-cause exemption to the PUCT. The request for approval must contain, in addition to all of the requirements of the good-cause exemption notice, (1) proof that notice of the request has been provided to ERCOT, and (2) a notarized attestation sworn to by the generation entity's highest-ranking representative, official, or officer with binding authority over the entity attesting to the accuracy and veracity of the information in the request for approval.

Another component of the new rule provides for ERCOT inspections of generators and TSPs to ensure compliance with the requirements in the 2021-2022 winter season. ERCOT has the ability to make determinations on good-cause exemption requests during an inspection. ERCOT will prioritize inspections based on the risk level. The outcome of the ERCOT inspection may subject a generator to a PUCT enforcement investigation or civil penalties.

This rule represents the first of two phases in the PUCT's response to the requirements of S.B. 3. At a future date, the PUCT will implement a second, more comprehensive set of weather emergency preparedness reliability standards.

## WASHINGTON

### Avista's Draft 2022 All-Source RFP

On November 1, 2021, Avista filed a draft 2022 RFP with the Washington Utilities and Transportation Commission. The 2022 RFP is now available for public comment by any interested person. The 2022 RFP is posted [here](#). The last day to file comments is December 15, 2021.

## FEDERAL ENERGY REGULATORY COMMISSION (FERC)

Market-Based Rate (MBR) Database: FERC extended the deadline for baseline submissions to the new MBR relational database. Baseline submissions will now be due February 1, 2022. Baseline submissions are required for all entities with MBR authorization.

Reactive Power Capability Compensation: FERC on November 18, 2021 issued a Notice of Inquiry (NOI) seeking comments on reactive power capability compensation and market design. ([Link to NOI here](#)). Reactive power is a critical component of the bulk electric system. Almost all bulk electric power is generated, transported, and consumed in alternating current (AC) networks. These AC systems consume both real and reactive power. Reactive power supports the voltages necessary for system reliability to allow the supply of real power from generation to load. Reactive power is considered an ancillary transmission service, and costs are recovered separately from the cost of standard transmission service.

In 1999, the FERC approved a method proposed by American Electric Power (AEP) Service Corporation for allocating costs for a synchronous generator between real and reactive power capability. *Am. Elec. Power Serv. Corp.*, Opinion No. 440, 88 FERC ¶ 61,141 (1999). This so-called AEP methodology is now recommended by FERC when an entity seeks to recover reactive power capability costs.

Over the last decade, reactive power compensation has become a key component in cost recovery for renewable resources, and the AEP methodology has been applied to non-synchronous generators such as solar and wind facilities. The NOI recognizes this shift in the industry. FERC noted that it has processed approximately 260 reactive power proceedings in PJM and 125 reactive power proceedings in MISO, the two RTO/ISOs where reactive power compensation is greatest. The majority of these proceedings involve renewable resource generators.

In the NOI, FERC is seeking comments on the applicability of the AEP methodology to renewable resources. The AEP methodology was initially developed for synchronous generators, and FERC seeks to examine the appropriateness of its application to non-synchronous generators. Specifically, FERC seeks comments on:

1. The failure of the AEP methodology to account for the degradation of a resource's reactive power capability over time;

2. The applicability of the cost-of-service ratemaking principles in the AEP methodology to the categories of equipment unique to non-synchronous generators;
3. The lack of specific accounts in the Uniform System of Accounts for non-hydro non-synchronous resources;
4. The lack of verifiable data underlying the cost-of-service rates. A majority of the reactive power applicants have been granted waivers from FERC's accounting and reporting requirements, so these applicants do not have accounting entries as found in FERC Form No. 1 to support the reactive power rates; and
5. Whether the PJM compensation model for reactive power should be revised due to possible overcompensation. The PJM market monitor has argued that reactive power compensation should not be provided via a separate cost-of-service compensation model, and instead should be determined based on capacity markets in PJM. Alternatively, the PJM market monitor argues that the current scheme should be revised to avoid overcompensating resources for reactive power capability.

FERC also seeks comment on (i) alternatives to the AEP methodology, particularly with respect to different resource types; (ii) the various compensation models across the RTO/ISOs; and (iii) whether resources connected to a distribution system should be eligible for reactive power capability compensation through transmission rates.

Initial comments are due 60 days after the date of publication in the Federal Register and reply comments are due within 30 days thereafter.