

REGULATORY UPDATE FOR AUGUST 24 (COVERING WEEK OF AUGUST 17)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions¹:**

R.18-07-003 (RPS Proceeding). This proposed decision deems as final and accepts the 2019 Renewables Portfolio Standard Procurement Plans submitted by four new Community Choice Aggregators but cautions the CCAs that more detail is required in their future RPS Plans. The four affected CCAs are the following: Butte Choice Energy Authority; Clean Energy Alliance; the City of Santa Barbara; and San Diego Community Power. Each of these CCAs is anticipated to start providing electricity to customers in 2021. This decision also deems as final and accepts PacifiCorp's on-year supplement to its 2019 Integrated Resource Plan. This decision grants the request of EnerCal USA, LLC (DBA Yep Energy) for a waiver from filing RPS Plans, until such time that EnerCal serves retail load.

R.17-07-007 (Rule 21 Proceeding). This proposed decision modifies Electric Tariff Rule 21 of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (Utilities), which governs the interconnection of distributed energy resources. The primary objective in adopting the modifications is to streamline the interconnection process by incorporating the Integration Capacity Analysis results from Rulemaking 14-08-013, the Distribution Resources Plans proceeding.

R.18-07-003 (RPS Proceeding). This proposed decision modifies aspects of the Renewable Market Adjusting Tariff (ReMAT) Program. It adopts an electricity pricing methodology based on a weighted average of the utilities' recent executed long-term Renewables Portfolio Standard contracts. The proposed decision also eliminates caps on procurement during bimonthly Program Periods and instead authorizes procurement at the authorized rate on a first-come, first-served basis until each electric utility fulfills its proportionate share of procurement under § 399.20, along with additional changes. These modifications do not affect ReMAT contracts that have already been executed.

Voting Meetings:

The Commission's next voting meeting will be held on August 27, 2020. The agenda includes the following items:

Item 2: Draft Resolution UEB-400. This Resolution would establish a citation program under the administration of the Director of the Consumer Protection and Enforcement Division to enforce compliance with the consumer protection measures authorized by the California

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 twenty days after the draft resolution appears in the Commission's daily calendar, per Rule 14.5.

Public Utilities Commission for net energy metering customers. This citation program is applicable to Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company, providing grid interconnection services for residential rooftop solar customers taking service under the CPUC's NEM tariff. This citation program does not cover interconnection applications for new home construction.

Item 3: Draft Resolution E-5071. This Resolution would approve SDG&E's Tier 3 Advice Letter 3488-E and supplemental 3488-E-A, requesting to reduce its revenue requirements by \$8.3 million in 2020, \$10.9 million in 2021 and \$10.3 million in 2022. SDG&E filed AL 3488-E pursuant to Ordering Paragraph 6 of Decision (D).19-09-05. Assembly Bill 1054, signed July 12, 2019, includes a provision requiring that the California Public Utilities Commission exclude the first \$5 billion of aggregate wildfire mitigation capital expenditures from equity rate base for the three large electric investor-owned utilities.

Item 4: Draft Resolution ALJ-382. This Resolution would deny San Jose Clean Energy's appeal of Citation No. E-4195-0052 by the California Public Utilities Commission's Consumer Protection and Enforcement Division, which fined San Jose Clean Energy for failing to procure certain of its 2019 system and flexible resource adequacy (RA) obligations. San Jose Clean Energy claimed that it had diligently attempted to procure the required to obtain the required RA resources, and therefore the penalty was inappropriate. The Resolution finds that the required RA resources were available to San Jose Clean Energy, though at unfavorable terms, and therefore denies the appeal.

Item 11: Draft Resolution E-5097. This Resolution would approve Southern California Edison Company's contract with Dynegy Moss Landing, LLC for Units 1 and 2 of the Moss Landing Generating Station from 2021 through 2022 to meet SCE's system resource adequacy requirements.

Item 12: Draft Resolution E-5099. This Resolution would approve Southern California Edison Company's contract with GenOn Energy Management, LLC for Units 1 and 2 of the Ormond Beach Generating Station from 2021 through 2023 to meet SCE's system, local and flexible resource adequacy requirements.

Item 13: Draft Resolution E-5098. This Resolution would approve Southern California Edison Company's contract with AES Alamos, LLC for Units 3, 4 and 5 of the AES Alamos Generating Station from 2021 through 2023 to meet SCE's system, local and flexible resource adequacy requirements.

Item 18: Draft Resolution E-5095. This Resolution would enable load serving entities operating in Southern California Edison's service territory, and whose customers pay cost responsibility surcharges to receive allocations of greenhouse gas free energy from SCE's bundled portfolio. In turn, LSEs would be able to include the allocations in their Power Content Label reporting under the California Energy Commission's Power Source Disclosure Program. The proposal is an interim mechanism that would be in effect until the Commission adopts a permanent allocation mechanism in R.17-06-026. The interim mechanism is similar to one that

Pacific Gas and Electric Company proposed for its service territory in AL 5705-E, which the Commission approved via Resolution E-5046 on May 7, 2020.

Item 27: R.13-02-008. This draft decision would adopt with modifications a standard tariff for interconnecting renewable natural gas producers with utility pipelines that was jointly proposed by Pacific Gas and Electric Company, Southwest Gas Corporation, Southern California Gas Company, and San Diego Gas & Electric Company.

Item 30: New Rulemaking. This decision would initiate new rulemaking to revisit net energy metering tariffs pursuant to Commission Decision 16-01-044, and other issues related to net energy metering.

Item 37. R.18-07-003. This proposed decision would adopt changes to the program rules, contract terms, and processes for the Biomethane Market Adjusting Tariff (BioMAT).

Item 42: San Diego Gas and Electric Company Advice 3524-E. Proposed Resolution E-5083. SDG&E's 2014 Conformed Bundled Procurement Plan enables SDG&E to procure various products for terms of up to five years without the California Public Utilities Commission's preapproval, as long as no term extends beyond December 31, 2024. This resolution would approve, without modification, SDG&E's request to extend its five-year procurement authority on a rolling basis until the Commission revises or replaces the investor owned utilities' 2014 Bundled Procurement Plans.

Item 43: Draft Resolution E-5100. This Resolution would approve seven contracts for incremental system reliability resources that Pacific Gas and Electric Company procured through its System Reliability Request for Offers – Phase 1 solicitation in 2020. Pacific Gas and Electric Company 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 would approve the contracts without modification and would also approve an interim cost recovery methodology that Pacific Gas and Electric Company proposed. See our July 27, 2020 Regulatory Update for contract details.

Item 44: Draft Resolution E-5101: This Resolution would approve Southern California Edison's request to procure 770 MW of nameplate energy storage capacity, counting as 644 MW of incremental Resource Adequacy capacity, to satisfy the procurement requirements ordered in D.19-11-016. See our July 27, 2020 Regulatory Update for contract details.

Item 45: Draft Resolution E-5059: This Resolution would adopt with modifications proposed tariff revisions by Pacific Gas and Electric Company Advice Letter 5354-E, Southern California Edison Company Advice Letter 3840-E, and San Diego Gas & Electric Company Advice Letter 3257-E to implement Reentry Fees and Financial Security Requirements for Community Choice Aggregators. Reentry fees include investor owned utility administrative costs and procurement costs resulting from a mass involuntary return of CCA customers to IOU service, and the financial security requirements must cover those potential costs.

California Independent System Operator

Upcoming Meetings and Deadlines:

New Initiative: Real-Time Settlement Review Issue Paper/Straw Proposal. The California ISO has scheduled a public stakeholder call on August 24, 2020, to discuss the issue paper/straw proposal for the new Real-Time Settlement Review Initiative. Written comments are due September 4, 2020.

Hybrid Resources, Draft Final Proposal. The California ISO held a public stakeholder web conference on Aug. 10, 2020, to discuss the draft final proposal for the Hybrid Resources initiative. Written comments are due August 26.

Energy Storage and Distributed Energy Resources (ESDER) Phase 4, Final Proposal. The California ISO will hold a public stakeholder web conference on Aug. 27, 2020, to discuss the final proposal for the Energy Storage and Distributed Energy Resources Phase 4 initiative. Comments are due September 10.

Pseudo-Ties of Shared Resources, Draft Tariff Language and Final Proposal. The California ISO will hold a public stakeholder web conference on Sept. 1, 2020, to discuss the draft tariff language and final proposal for the Pseudo-Ties of Shared Resources initiative. Comments are due September 15.

Flexible Ramping Product Refinements, Draft Tariff Language. The California ISO has scheduled a public stakeholder call on Sept. 2, 2020, to discuss the draft tariff language for the Flexible Ramping Product Refinements initiative. Comments on the draft language using the online template are due by Aug. 25, 2020.

2021 Net Qualifying Capacity and Effective Flexible Capacity Values for Resource Adequacy Resources. The California ISO has posted the preliminary 2021 Resource Adequacy Net Qualifying Capacity (NQC) and Effective Flexible Capacity (EFC) lists. Scheduling coordinators are requested to review their information and submit comments by Sept. 1, 2020 for EFC and by Sept. 4, 2020, for NQC.

California Energy Commission

Integrated Energy Policy Report workshops

The Commission has a workshop scheduled in its Integrated Energy Policy Report proceeding. On August 19, the Commission held a workshop on clean transportation funding programs. On August 26, the Commission has scheduled a workshop to discuss updates to the California Energy Demand 2019-2030 Forecast.

Enforcement Procedures for the RPS for Publicly Owned Electric Utilities

The Commission has rescheduled to September 9 the Adoption Hearing regarding the Modification of Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities and the associated Negative Declaration. The hearing was originally scheduled to be held on August 12, 2020.

Commission Business Meeting

The California Energy Commission's next business meeting is scheduled for September 9.

California State Water Resources Control Board

On June 19, 2020, the State Water Resources Control Board (State Water Board) published a [third revised public notice](#) changing the date of the State Water Board meeting wherein the State Water Board will conduct a public hearing and consider adoption of a proposed amendment to the Water Quality Control Policy On the Use of Coastal and Estuarine Waters for Power Plant Cooling ("OTC Policy"). The State Water Board meeting will now be held on September 1, 2020 at 9:30 a.m. According to the notice, no changes were made to the public comment period, which ended on May 18, 2020. For more details about the amendment, please visit the State Water Board [program page](#).

Minnesota

Minnesota Power Rate Case Resolution

On Thursday, August 20, 2020, the Minnesota Public Utilities Commission ("Commission") approved the interim-rate refund plan Minnesota Power proposed in connection with the resolution of its rate case. Minnesota Power will likely file updated information soon to provide customers with specific information on timing and implementation of the refund.

Utilities' July 2018 to December 2019 Annual Automatic Adjustment Reports

On Thursday, August 20, 2020, the Minnesota Public Utilities Commission ("Commission") met to consider the utilities' July 2018 to December 2019 Annual Automatic Adjustment Reports. Generally, the hearing was straightforward: the Commission accepted the Reports, compliance filings, and MISO Day 2 asset-based margin and ancillary services market reporting, and auditor reports. The Commission did, however, spend significant time on a remaining issue specific to Minnesota Power. Through its review, the Minnesota Department of Commerce ("Department") discovered that Minnesota Power underspent on their allotted amount of maintenance expense for the period, resulting in what it asserted was a windfall for shareholders. The Department felt that Minnesota Power's underspending potentially contributed to ratepayer's paying \$7.7 million related to unplanned, forced outages incurred on Minnesota Power's system. As such, the Department recommended that the Commission deny 50% of Minnesota Power's estimated forced outage costs (approximately \$3.864 million) to protect ratepayers. Minnesota Power strongly disagreed. Ultimately, after determining that the

record did not contain enough technical information to resolve the issue, the Commission referred this matter to the Office of Administrative Hearings for a contested-case proceeding. The Commission will likely issue guidance with more information in the near future.

Utah Public Service Commission

Upcoming Hearings Regarding Significant Matters

- September 29, 2020 to October 9, 2020 – Hearing on Phase II of Rocky Mountain Power’s Application to Establish Export Credits for Customer Generated Electricity
- October 29, 2020 to October 30, 2020 – Hearing on Phase I (Cost of Capital) of Rocky Mountain Power’s General Rate Case
- November 2, 2020 – Hearing on Rocky Mountain Power’s Depreciation Docket
- November 3, 2020 to November 6, 2020 – Hearing on Phase I (Revenue Requirement) of Rocky Mountain Power’s General Rate Case
- November 17, 2020 to November 20, 2020 – Hearing on Phase II (Cost of Service/Pricing) of Rocky Mountain Power’s General Rate Case

Significant Matters Pending for Commission Consideration

Rocky Mountain Power’s Application to Establish Export Credits for Customer Generated Electricity (Docket No. 17-035-61). On December 1, 2017, Rocky Mountain Power filed its application, pursuant to a prior stipulated settlement stipulation, to establish export credits for customer-generated electricity. The matter was bifurcated into two phases, with Phase I to cover Rocky Mountain Power’s load research study plan, and Phase II to cover the company’s proposed net billing program to provide credits to customers who export energy to the grid. On May 21, 2018, the Commission issued its order on Phase I approving a 12-month study period proposed by Rocky Mountain Power, and approving the company’s study plan with the following changes: (1) requiring Rocky Mountain Power to select new samples for residential and commercial customers that either gave each member of the class an equal chance of being selected, or each member of the separate strata an equal chance of being selected; (2) increasing the sample size to accommodate the separate study of residential and commercial customers, and (3) requiring the company to collect export, import, and production data from the existing LRS study’s 36 Schedule 135 participants.

A hearing on Phase II of the docket is scheduled for September 29, 2020 to October 9, 2020, and a decision on the phase is expected to be issued by the end of 2020.

Dominion Energy Utah’s Application for Approval of a Natural Gas Clean Air Project and for Funding for the Intermountain Industrial Assessment Center (Docket No.

19-057-33). On December 31, 2019, Dominion Energy Utah filed an application seeking Utah Public Service Commission approval for two programs under amendments to Utah’s Sustainable Transportation and Energy Plan (STEP) Act. One aspect of the proposal involved providing an incentive to one of the company's industrial customers to replace its existing natural gas boiler with a combined heat and power unit (CHP) before the end of the useful life. As proposed, the project would use the heat generated from the combustion of natural gas to power the customer’s manufacturing process. In addition, electricity generated by the CHP unit, which is considered a secondary benefit of the project, was to be used to reduce the overall energy the customer would need to draw from the electrical grid during a normal business day. The project was also proposed to involve the installation of selective catalytic reduction (SCR) equipment to further reduce emissions that contribute to air quality problems.

A second aspect of the proposal was to provide \$800,000 per year over a three-year period to the Intermountain Industrial Assessment Center (IIAC) to be used to analyze projects for advancement under the STEP Act, including projects to support the improvement of clean air, increase the use of renewable natural gas and reducing greenhouse gas emissions, and otherwise be deemed to be in the public interest under the STEP Act.

Dominion Energy Utah ultimately withdrew, without prejudice, its proposal to fund the CHP unit, and, on July 16, 2020, entered into a stipulated settlement with regard to the proposed IIAC funding aspect of its application. A hearing on the settlement stipulation was held on July 30, 2020, and a decision from the commission is expected to be issued in August or September 2020.

Dominion Energy Utah’s Application for Approval to Extend Gas Service to Eureka, Utah (Docket No. 19-057-31). In December 2019, Dominion Energy Utah filed an application with the Utah Public Service Commission seeking approval for a CPCN to extend natural gas service to Eureka, Utah, and for approval to have the costs of the extension recovered through a rural expansion tracker recently passed legislation encouraging the extension of gas infrastructure to rural Utah communities. A hearing on Dominion Energy’s petition was held on July 16 2020. A decision on the petition is expected between September and early October.

Rocky Mountain Power’s General Rate Case Proceeding (20-035-04). On May 8, 2020, Rocky Mountain Power filed an application requesting approval to increase its retail electricity service rates in Utah by \$95.8 million (a 4.8% increase). The rate proceeding has been bifurcated into two phases, with Phase I of the proceeding to address cost of capital and revenue requirement issues, and Phase II to address cost of service and pricing issues. A hearing on Phase I is scheduled to take place between October 20, 2020 and November 3, 2020. The hearing on Phase II is currently set to take place between November 17, 2020 and November 20, 2020.

Significant Developments

In July 2020, Dominion Energy issued a press release announcing that it had agreed to sell its gas transmission and storage assets (including Dominion Energy Questar Pipeline) to Berkshire Hathaway Energy. In the press release, Dominion Energy stated that it is repositioning its

business exclusively to focus on state-regulated, sustainability-focused utility operations. The transaction is an all-cash transaction valued at nearly \$10 billion, including some assumption of debt. The divestiture is expected to close in the fourth quarter of 2020 subject to regulatory approvals. <https://news.dominionenergy.com/2020-07-05-Dominion-Energy-Agrees-to-Sell-Gas-Transmission-Storage-Assets-to-Berkshire-Hathaway-Energy-Strategic-Repositioning-Toward-Pure-Play-State-Regulated-Sustainability-Focused-Utility-Operations>

Washington Utilities and Transportation Commission

On August 13, 2020, the Washington Utilities and Transportation Commission (WUTC) issued combined second draft rules for the integrated resource plan (IRP) (WUTC Docket UE-190698) and clean energy implementation plan (CEIP) (WUTC Docket UE-191023) rulemakings. This second draft includes both the IRP and CEIP rules to enable stakeholders and the public to better understand how the IRP informs the CEIP, and how utilities can fulfill the statutory requirements using both of these filings. Comments on these draft rules and discussion questions are due by September 11.

On August 14, 2020, the WUTC issued the second discussion draft rule for the purchase of electricity rulemaking (WUTC Docket UE-190837). Comments on the draft rule and discussion questions are due by September 14.

Federal Energy Regulatory Commission

FERC [announced a technical conference on October 27](#) on offshore wind generation integration in RTOs/ISOs. The conference will address whether existing Commission transmission, interconnection, and merchant transmission facility frameworks in RTOs/ISOs can accommodate anticipated growth in offshore wind generation in an efficient and effective manner that safeguards open access transmission principles and to consider possible changes or improvements to the current framework should they be needed to accommodate such growth. Commissioners may participate in the technical conference. Individuals interested in participating as panelists should submit a self-nomination form by [Friday, August 14, 2020](#).

FERC [announced a technical conference on September 30](#) on carbon pricing in organized wholesale electricity markets. The conference will address state adoption of mechanisms to price carbon dioxide emissions, commonly referred to as carbon pricing, in regions with Commission-jurisdictional organized wholesale electricity markets.

FERC extended through January 29, 2021 two pandemic emergency-related waivers in an effort to provide continued safety and flexibility for the public and the companies the Commission regulates: 1) the waiver of notarization and in-person meeting requirements in open access tariffs; 2) a waiver of regulations requiring that filings with the Commission be notarized or supported by sworn declarations.

FERC's next open meeting is scheduled for September 17, 2020.

