

REGULATORY UPDATE FOR AUGUST 3 (COVERING WEEK OF JULY 27)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions¹:**

R.13-02-008 (Biomethane Rulemaking). This proposed decision would adopt the standard renewable gas interconnection tariff jointly proposed by Pacific Gas and Electric Company, Southwest Gas Corporation, Southern California Gas Company, and San Diego Gas & Electric Company on November 1, 2019, with modifications.

A.18-06-015 (SCE Application for Approval of Charge Ready 2 Infrastructure and Market Education Programs). This proposed decision would approve \$442 million in funding to support approximately 40,600 electric vehicle charge ports in Southern California Edison Company's service territory. The \$442 million would be comprised of approximately \$427.5 million for charging infrastructure and \$14.5 million for marketing, education and outreach. The resulting number of ports would include Level 1, Level 2, and direct current fast chargers.

Voting Meetings:

The Commission's next voting meeting will be held August 6, 2020. The agenda includes the following items referenced in prior updates:

Item 5: R.14-07-002/A.16-07-015. The proposed decision would adopt standardized inputs and assumptions to be used by solar providers in the calculation and presentation of expected electric utility bill savings to residential consumers of photovoltaic solar energy systems. The Commission was required to develop these standardized inputs and assumptions pursuant to AB 1070 (2015).

Item 10: 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 14: R.17-06-026. Proposed Decision Adopting a Framework and Evaluation Criteria for the Power Charge Indifference Adjustment Prepayment Agreements. The Power Charge Indifference Adjustment (PCIA) is a mechanism adopted by the Commission as part of a

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.

ratemaking methodology developed to ensure that when electric customers of an investor-owned utility (IOU) depart from IOU service and receive their electricity from a non-IOU provider, those customers remain responsible for costs previously incurred on their behalf by the IOUs. In D.18-10-019, the Commission adopted an option for Community Choice Aggregation programs (CCAs) and Direct Access (DA) customers to prepay their PCIA obligation. This decision adopts a framework for prepayment agreements for PCIA obligations. Upon review of the Working Group Two recommendations, this decision (1) adopts the consensus framework of PCIA prepayment agreements; (2) adopts the consensus guiding principles, except for one principle regarding partial payments; (3) adopts evaluation criteria for prepayment agreements; (4) does not adopt any proposed prepayment concepts; and (5) clarifies that risk should be incorporated into the prepayment calculations by using mutually acceptable terms and conditions that adequately mitigate the risks identified by Working Group Two. This decision also directs Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company to file Tier 2 Advice Letters establishing a prepayment request processing framework.

California Independent System Operator

Upcoming Meetings and Deadlines:

Extended Day Ahead Market Bundle One Straw Proposal. The California ISO has scheduled two public stakeholder calls on July 27, 2020, and July 29, 2020, to review the straw proposal for the first bundle of topics in the Extended Day-Ahead Market (EDAM) initiative. The objective of the EDAM initiative is to develop an approach to enable the Western Energy Imbalance Market entities to participate in the ISO's day-ahead market. The EDAM initiative has been separated into three bundles of topics. This proposal focuses on the first bundle, which includes resources sufficiency, distribution of transfer/congestion revenues and transmission provision.

FERC Order 831 – Import Bidding and Market Parameters Revised Draft Final Proposal. The California ISO held a public stakeholder call on July 29, 2020, to discuss the revised draft final proposal for the FERC Order 831 - Import Bidding and Market Parameters initiative. Written comments are due by Aug. 12, 2020.

Maximum Import Capability Stabilization and Multi-Year Allocation, Draft Final Proposal. The California ISO held a public stakeholder call on July 21, 2020, to discuss the draft final proposal for the Maximum Import Capability Stabilization and Multi-Year Allocation initiative. Written comments are due August 4.

Resource Adequacy Enhancements, Fifth Revised Straw Proposal. The California ISO held public stakeholder calls on July 14-16, 2020, to discuss the fifth revised straw proposal for the Resource Adequacy Enhancements initiative, which it issued on July 7, 2020. The deadline to provide comments on the fifth revised straw proposal has been extended from July 30, to August 7, 2020.

The CAISO's fifth revised straw proposal considers enhancements to RA counting rules and assessments. This includes considering methodologies for determining forced outage rates for system, local, and flexible RA requirements. It is common practice among other independent system operators (ISOs) and regional transmission organizations (RTOs) to include an assessment of unforced capacity values that relies on the probability a resource will experience a forced outage or derate at some point when it has been procured for RA capacity. The CAISO proposes to develop a methodology for calculating unforced capacity values and a portfolio assessment to ensure the shown RA capacity is collectively adequate to meet the CAISO's operational needs in all hours.

The CAISO is also proposing that RA resources will have a 24 by 7 must offer obligation into the day-ahead market unless explicitly provided an exemption to this requirement through the proposed policy modifications. The CAISO is also proposing that RA resources will be subject to bid insertion, unless exempted.

The CAISO is also proposing several changes to the existing planned outage provisions and the planned outage process, including changes are intended to provide higher assurance that planned outages scheduled by 45 days prior to the month can be taken when scheduled. The CAISO proposes to redesign the planned outage process to reflect system UCAP targets rather than traditional NQC targets. This proposal includes a process that accounts for the need for planned outages in the upfront procurement and eliminates the need for all planned outage substitution. Under this proposal, the CAISO will (1) eliminate RAAIM, and (2) retain complete discretion to grant or deny all opportunity outages.

The CAISO also proposes modifications to the RA import provisions. The SC for the RA resource will be required to submit supporting documentation demonstrating that any RA import resource shown on annual and monthly supply plans represent physical capacity that has not been sold or committed to any other entity for the applicable RA period. The CAISO will require that all RA imports, at minimum, identify the source BA and resource or aggregation or portfolio of resources within a single BAA that will provide the capacity.

The CAISO is also proposing a new flexible RA framework that more deliberately captures the CAISO's operational needs for unpredictable ramping needs between day-ahead and real-time markets.

The CAISO is also proposing modifications to its backstop capacity procurement provisions to align backstop authority with the resource adequacy counting rules and adequacy assessments. These proposed modifications include new procurement authority to use the capacity procurement mechanism as an option to fulfill load serving entities' unforced capacity deficiencies and system deficiencies as determined through a resource adequacy portfolio showing analysis.

Hybrid Resources, Draft Final Proposal. The California ISO will hold 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.

California Energy Commission

On July 21, 2020, the California Energy Commission issued a notice of availability of 15-day language for proposed modifications to existing regulations establishing enforcement rules and procedures for the Renewables Portfolio Standard for local publicly owned electric utilities. The Notice is available here: [Notice of Availability of 15-Day Language](#).

The California Energy Commission has opened the public comment period for the Negative Declaration and Initial Study it has prepared under the California Environmental Quality Act in support of the Commission's [proposed amendments](#) to the Renewables Portfolio Standard (RPS) enforcement regulations for local publicly owned electric utilities. The public comment period starts July 10, 2020 and ends August 10, 2020. The proposed amendments to the RPS enforcement regulations center on implementing changes to RPS procurement requirements, optional compliance measures, reporting requirements, and special exemptions and exclusions, as well as changes to facilitate implementation of the RPS program. Written comments on the Negative Declaration can be submitted to the Commission here. Oral comments will be accepted during the Commission's [public hearing scheduled for August 12, 2020](#).

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 Public Utilities Commission

Minnesota Power Integrated Resource Plan Extension

On Thursday, July 30, 2020, the Minnesota Public Utilities Commission ("Commission") met to consider Minnesota Power's request to extend the filing deadline for its next Integrated Resource Plan ("IRP") from October 1, 2020, to April 1, 2021. Stakeholders were split on whether the Commission should grant Minnesota Power's request.

Ultimately, the Commission decided to provide a 4-month extension (*i.e.*, to February 1, 2021). The Commission also directed Minnesota Power to file a securitization report on October 1, 2020, with stakeholder input, that must include the following: (1) a description of how securitization could be used to facilitate closure of Boswell 3 and 4 (Minnesota Power's remaining coal-fired units) prior to the current planned useful life of 2035; (2) feasibility of using securitization in Minnesota (there is no law presently allowing it); (3) obstacles of using securitization and how those obstacles could be resolved; and (4) how securitization could be

used to balance ratepayer and shareholder interests. Stoel Rives will continue to provide updates as Minnesota Power's IRP develops.

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.

President Trump [announced the nomination](#) of Mark Christie (Republican), the current chairman of the Virginia State Corporation Commission, and Allison Clements (Democrat), founder and president of Goodgrid, LLC, to be commissioners at FERC. Mr. Christie would replace departing Commissioner McNamee and Ms. Clements would fill a currently vacant seat. If both nominees are sworn in, they would join Commissioners Chatterjee (R), Danly (R), and Glick (D) to give the Commission three Republicans and two Democrats.

FERC and NERC published a [joint whitepaper](#) providing guidance on “several noninvasive techniques that security professionals may use to identify vendors of a well-known and often-targeted component known as a network interface controller (NIC).” The paper is intended to facilitate the identification of foreign vendor equipment that may pose a security threat to the bulk power system.

Joseph McClelland, Director of FERC's Office of Energy Infrastructure Security, is expected to [testify](#) before the Senate Committee on Energy and Natural Resources on Wednesday, August 5 to examine federal and industry efforts to improve cybersecurity for the energy sector.

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

Court Decisions

On July 23rd, the U.S. Court of Appeals for the District of Columbia Circuit (“D.C. Circuit”) granted FERC's July 6th motion for a 90-day stay of the court's mandate in the *Allegheny Defense Project v. FERC* case (Nos. 17-1098, et al.) [Order](#). In *Allegheny*, the D.C. Circuit rejected FERC's long-standing practice of issuing “tolling orders” to give itself more time to consider requests for rehearing, finding that it prevents aggrieved parties from obtaining timely judicial review of FERC's orders and is contrary to the plain language of the statute. [Allegheny](#)

[Opinion](#). FERC's July 6th motion asked the court to stay the mandate of its opinion (which would have been issued on July 7th) to allow FERC to assess how to implement the court's order and to consider whether to file a petition for a writ of certiorari in the Supreme Court. [FERC Motion](#). By granting FERC's motion, the court has stayed issuance of the mandate of the Opinion through October 5, 2020, or, if FERC files a petition for writ of certiorari, when the Supreme Court issues its final disposition.

In the interim, FERC has modified its practice of issuing tolling orders in response to requests for rehearing. It has replaced its standard tolling order, which was entitled "Order Granting Rehearing for Further Consideration," with a "Notice of Denial of Rehearings By Operation of Law and Providing for Further Consideration." [Example](#). While FERC's reformulation acknowledges that "[i]n the absence of Commission action on the requests for rehearing within 30 days from the date that the requests were filed, the requests for rehearing...may be deemed denied," it also leaves open the possibility that the requests for rehearing will be addressed in a future order and that the original order could be modified or set aside, in whole or in part.

Procurement News

Xcel Energy has issued a request for proposals to repower wind resources already in its Upper Midwest portfolio. These may propose to repower Xcel Energy-owned wind projects, or projects under power purchase agreements, or build-own-transfer agreements with projects currently under a PPA. Eligible projects must have a point of interconnection within MISO and must be located in Minnesota, North Dakota, South Dakota, or Wisconsin. Complete proposals must be submitted by 5:00 p.m. Central Time on August 24, 2020.