

REGULATORY UPDATE FOR DECEMBER 7 (WEEK OF NOVEMBER 30)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions:¹**

A.20-07-004 (SCE ERRA Forecast). This proposed decision approves Southern California Edison Company's (SCE) total 2021 Energy Resource Recovery Account (ERRA) electric procurement cost revenue requirement forecast of \$4,454.131 million, consisting of both a generation service and a delivery service component. Within SCE's generation service requirement of \$3,980.401 million, SCE is authorized to recover a total of \$3,560.837 million in fuel and purchased power costs and transfer the following account balances: -\$75.026 million from the ERRA Balancing Account (BA), \$493.886 million from the Portfolio Allocation Balancing Account (PABA), and \$0.704 million from the Energy Settlements Memorandum Account. Based on this forecast, SCE's total average rates will increase by 2.2% to 18.922¢/kWh in 2021. Within SCE's delivery service revenue requirement of \$473.729 million, SCE is authorized to recover the following: (1) \$710.233 million for the New System Generation and System Reliability contracts, (2) \$4.532 million in spent nuclear fuel costs and \$27.696 million for economic demand response programs, (3) -\$330.882 million for customer returns of greenhouse gas (GHG) allowance proceeds, and (4) \$83.782 million for both the Tree Mortality Non-Bypassable Charge and the SCE's Preferred Resources Pilot #2. SCE is also authorized to transfer the following account balances: (1) -\$32.819 million for the New System Generation BA and (2) \$11.187 million for the Tree Mortality Non-Bypassable Charge BA. This decision approves SCE's forecast GHG costs, including \$302.970 million in GHG Cap-and-Trade costs and \$402.139 million in net 2021 GHG forecast auction proceeds. SCE is directed to return \$330.882 million in GHG auction proceeds to SCE's customers, after setting aside \$71.004 million in funding for clean energy and energy efficiency programs and \$252.902 thousand in outreach and administrative expenses. This decision also authorizes the forecast amount of \$29 per household for the residential California Climate Credit program, to be returned to residential customers beginning in 2021 on a semi-annual basis. In addition, this decision approves SCE's Power Charge Indifference Adjustment (PCIA) Trigger Mechanism application and adopts Cost Responsibility Surcharge rates. In addition to 2021 PCIA rates, SCE is directed to assess a PCIA Trigger Mechanism Surcharge on departed load customers which amortizes the 2020 year-end undercollection in the PABA Undercollection Balancing Account over three years, with one-third of the balance amortized each year in 2021, 2022, and 2023. For 2021, the PCIA Trigger Mechanism Surcharge shall also include all of the 2021 forecast PCIA Indifference Amount for departed load customers which exceeds the amount recoverable under capped PCIA rates. The Settlement Agreement resolving PCIA Trigger Mechanism Surcharge rates for departed load customers is denied.

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.

A.20-04-014 (SDG&E Revenue Requirements). This proposed decision adopts a 2021 forecast electric procurement revenue requirement for San Diego Gas & Electric Company (SDG&E) of \$1,161.437 million consisting of (1) a \$663.435 million ERRA revenue requirement, (2) a \$332.469 million PABA revenue requirement and 2020 PABA under-collected balance of \$123.812 million, (3) a \$11.401 million Competition Transition Charge revenue requirement, (4) a \$124.439 million Local Generation revenue requirement, and (5) a \$1.073 million San Onofre Nuclear Generating Station Unit 1 Offsite Spent Fuel Storage Cost revenue requirement. The proposed decision also adopts a 2021 forecast Tree Mortality Non-Bypassable Charge revenue requirement and approves SDG&E's request for confidentiality. In addition, this decision approves SDG&E's 2021 (1) forecast GHG allowance revenues of \$115.836 million and its adjusted forecast GHG allowance revenues eligible to return to customers of \$96.031 million, (2) forecast GHG clean energy/energy efficiency program set-asides of \$17.774 million, including \$16.744 million for the Solar on Multifamily Affordable Housing program and \$1.030 million for the Disadvantaged Communities Single Family Solar Homes program, (3) forecast GHG revenue returns of \$(1.657) million to small business and \$(0.839) million to emissions-intensive trade-exposed retail customers, (4) forecast GHG administration, customer education, and outreach plan costs of \$45,133, (5) forecast revenue returns to residential customers via the California Climate Credit of \$(93.536) million, and the associated semi-annual California Climate Credit of \$34.60 per household, (6) proposed PCIA rates, and (7) proposed rate components for the Green Tariff Shared Renewables program.

A.20-07-002 (PG&E ERRA Forecast). This decision adopts the following Pacific Gas and Electric Company forecasts and proposals, as modified herein: (1) 2021 forecast of electric sales; (2) 2021 forecasted energy procurement revenue requirements to be effective in rates on or after January 1, 2021; (3) GHG allowance revenue return forecast and costs; (4) 2021 Green Tariff Shared Renewables and Enhanced Community Renewables rate design proposals; (5) proposals to credit customers for the 2019 and 2020 ERRA overcollections; and (6) proposal to refund the 2020 balance of the PCIA Undercollection Balancing Account to bundled customers.

2021 Revenue Requirement (millions): ERRA \$2,666; Ongoing Competition Transition Charge \$3; PCIA \$2,233; Cost Allocation Mechanism \$262; Tree Mortality Non-Bypassable Charge \$66; ERRA PCIA Financing Subaccount Credit (\$14); Revenue Requirement for Rate Setting \$5,107; Less: Utility Owned Generation Related Costs (\$2,250). Total \$2,965.

2021 GHG Revenue Return, Costs, and Set-Asides (millions): GHG Administrative and Outreach Expenses \$0.85; 2020 Solar on Multifamily Affordable Housing (SOMAH) Set-Aside \$20.86; 2016-2019 SOMAH True-Up Set-Aside \$4.45; 2021 Clean Energy and Energy Efficiency Programs Set-Aside \$42.45; Net GHG Revenue Return \$202.40; Semi-annual Residential California Climate Credit \$17.20.

Voting Meetings:

The Commission's next voting meeting will be held on December 17, 2020. The agenda is due out on December 7, 2020.

The Commission held a voting meeting on December 3, 2020. The agenda included the following items:

Item 5: R.12-03-014 (2012 LTPP). This proposed decision would deny the petition for modification of Decision (D.) 13-02-015 filed by Ice Bear SPV #1 LLC (Ice Bear) on August 26, 2020, seeking to have the Commission amend the decision to extend the deadline for delivery of the required capacity past December 31, 2020. Instead, this decision grants an extension to the contract delivery deadline to August 1, 2021, if Ice Bear can come to agreement with SCE to provide the capacity for summer 2021. In D.13-02-015, SCE was required to procure between 1,400 megawatts (MW) and 1,800 MW of capacity in the West Los Angeles sub-area of the Los Angeles basin local reliability area. Ice Bear's primary reasoning for seeking an extension is because of difficulty in meeting contractual deadlines due to the COVID-19 pandemic. This decision finds that the capacity required in 2013 is urgently needed, and therefore relaxing the deadline for SCE and Ice Bear may allow some additional capacity to be provided for summer 2021, which would benefit electric system reliability. **Signed, D.20-12-002.**

Item 9: A.19-02-015 (Renewable Natural Gas Tariff). This proposed decision adopts a three-year voluntary pilot Renewable Natural Gas Tariff program for Southern California Gas Company and SDG&E (the Utilities). The Utilities are authorized to offer this program to their respective eligible core customers. **Held to 12/17.**

Item 17: A.18-12-009 (PG&E Test Year 2020 General Rate Case). This proposed decision addresses the Test Year 2020 General Rate Case application of PG&E. The decision also adopts the Settlement Agreement involving most of the active parties to the proceeding, subject to certain modifications. **Signed, D.20-12-005.**

Item 18: R.19-11-009 (Resource Adequacy Proceeding). This proposed decision addresses issues scoped as Track 3.A, including adopting a local capacity requirement reduction compensation mechanism to compensate load-serving entities that procure local resource adequacy capacity (in lieu of the central procurement entity doing so), and the central procurement entity's competitive neutrality rules. **Signed, D.20-12-006.**

Item 21: Proposed Resolution UED-004. This Resolution approves a citation program for enforcing the Net Energy Metering interconnection application consumer protection requirements enacted in D.16-01-044, D.18-09-044, and D.20-02-011. **Held to 12/17.**

California Independent System Operator

Upcoming Meetings and Deadlines:

Penalty Prices and Scheduling Priorities in California ISO Markets. The California Independent System Operator (ISO) is requesting comments on material presented during its November 20 workshop that discussed penalty prices and scheduling priorities in its markets. Comments are due December 9, 2020.

2021 Summer Readiness Webpage Launch and Stakeholder Update Call. The California ISO will be hosting a public call on December 8, 2020, to provide stakeholders with an update on efforts to improve grid reliability in anticipation of hot weather conditions expected in summer 2021.

ISO Responses to Maximum Import Capability Stabilization and Multi-Year Allocation Comments Posted. The California ISO has posted its [responses to comments](#) received on the Maximum Import Capability and Multi-Year Allocation draft tariff language to the [initiative webpage](#).

Market Surveillance Committee Teleconference Meeting. The Market Surveillance Committee is scheduled to hold a teleconference meeting on December 11, 2020. Final agenda is here: http://www.caiso.com/Documents/Agenda-MarketSurveillanceCommitteeMeeting-Dec11_2020.pdf.

Day-Ahead Market Enhancements Initiative. The California ISO is postponing the publishing of the second revised straw proposal for the Day-Ahead Market Enhancements initiative. This topic and reason for the delay will be discussed during the Market Surveillance Committee meeting on December 11, 2020.

EIM Governing Body Meeting. The general session is scheduled for November 4, 10 a.m. to 1 p.m. Agenda is here: <https://www.westerneim.com/Documents/FinalAgenda-EIMGoverningBodyMeeting-Nov4-2020.pdf>.

Hybrid Resources Phase 2: Draft Tariff Language Posted. The California ISO will hold a public stakeholder web conference on December 8, 2020 to discuss the draft tariff language for Phase 2 of the Hybrid Resources initiative.

Review of Final 2021 RA Compliance Filings and Determination of Deficiency. The California ISO has posted its aggregate assessment of the annual Resource Adequacy (RA) plans submitted by load-serving entities (LSEs) along with the reliability-must-run units designated by the ISO for 2021. LSEs may submit revised annual RA plans by close of business December 14, 2020.

Western EIM Base Schedule Submission Deadline: Draft Tariff Language. The California ISO has scheduled a public stakeholder call on December 10, 2020 to discuss the draft tariff language for the Western Energy Imbalance Market Base Schedule Submission Deadline initiative. Comments on the draft language are due by December 7, 2020.

California Energy Commission

On December 4, 2020, the California Energy Commission (CEC) held a remote-access workshop jointly with the California Public Utilities Commission (CPUC) and California Air Resources Board (CARB) to discuss the draft 2021 Senate Bill (SB) 100 Joint Agency Report. SB 100 established a policy requiring renewable energy and zero-carbon resources supply 100% of electric retail sales to end-use customers and 100% of electricity procured to

serve state agencies by December 31, 2045. SB 100 requires the CEC, CPUC, and CARB to complete a joint agency report to the Legislature evaluating the 100% zero-carbon electricity policy by January 1, 2021 and at least every four years thereafter.

While oral comments were accepted during the December 4, 2020 workshop, written public comments are being accepted until 5 p.m. on December 18, 2020. See the [SB 100 Joint Agency Report webpage](#) for additional details, including a copy of the 2021 SB 100 Joint Agency Report and the 2021 Joint Agency Report Workshop Presentation, as well as a link to the SB 100 docket log (CEC Docket No. 19-SB-100).

On December 22, 2020, during its business meeting, the CEC will consider and possibly vote on proposed amendments to the regulations governing enforcement of the Renewables Portfolio Standard for local publicly owned electric utilities. Notice of the hearing and the CEC's latest round of revisions to the proposed amendments are available [here](#).

California Air Resources Board

On December 10, 2020, CARB will conduct a public meeting to consider selecting additional communities for the Community Air Protection Program created by AB 617 (2017). Community air monitoring systems and/or community emissions reduction programs would be developed and implemented in each of the additional communities chosen for the program. CARB's 2020 Community Recommendations Staff Report is available for review [here](#).

On December 9, 2020, CARB will hold two public workgroup meetings related to the proposed Advanced Clean Fleets regulation to discuss (1) cost methodology for the regulation and (2) how to transition drayage trucks to zero emissions. Meeting materials and registration is available [here](#). CARB, in collaboration with the CEC, is also now [accepting applications](#) for funding under the Zero-Emission Drayage Truck and Infrastructure Pilot Project.

Minnesota Public Utilities Commission

Otter Tail Power Company (OTP) Rate Case

On December 3, 2020, the Minnesota Public Utilities Commission (Commission) met to consider OTP's rate case. Ultimately, the Commission: (1) accepted OTP's filing as substantially complete; (2) suspended final rates until the Commission makes a final determination in the case; (3) referred the matter to the Minnesota Office of Administrative Hearings for a contested case proceeding; (4) authorized OTP to collect interim rates; and (5) confirmed that the interim-rate increase will be collected as a uniform percentage adjustment to the base-rate portion of customers' bills. Of the decision items, the Commission spent significant time setting interim rates. After initial comments from stakeholders and reply comments from OTP, the Commission lowered the interim-rate increase from the original \$13.6 million requested by OTP in its initial filing. OTP will file a compliance filing by December 9, 2020, confirming the final interim-rate increase and detailing the reduction, which is between \$5.65 million and \$6.7 million.

Enbridge Energy Line 3 Special Hearing

On December 4, 2020, the Commission held a special hearing to consider the Motion for Stay (Motion) filed by the Red Lake Band of Chippewa and White Earth Band of Ojibwe on November 25, 2020. The Motion requested that the Commission stay its final orders permitting Enbridge Energy, Limited Partnership to move forward with construction of its Line 3 Replacement Project until conclusion of the appeal before the Minnesota Court of Appeals. After significant discussion by the parties and commissioners, the Commission denied the Motion with a final vote of 4-1. The Line 3 Replacement Project is still under review before the Minnesota Court of Appeals.

Minnesota Power Transmission Cost-Recovery Rider Order

On December 3, 2020, the Commission issued its final order approving Minnesota Power's 2019 Transmission Cost-Recovery Rider Petition filed in July 2019. Parties challenged Minnesota Power's petition questioning the appropriateness of cost recovery for transmission projects between 2015 and 2018, because such approval could constitute retroactive ratemaking. Despite these concerns, the Commission's order confirms its May 14, 2020, decision granting Minnesota Power's petition.

Washington Utilities and Transportation Commission

On October 14, 2020, the Washington Utilities and Transportation Commission issued a notice of opportunity to file written comments and a notice of a proposed rule adoption in its Integrated Resource Plan and Clean Energy Implementation Plan rulemaking proceedings (WUTC Docket Nos. UE-10698 and UE-191023). Comments on the proposed rules were due on November 12, 2020, and a hearing on the proposed rules is scheduled for December 9, 2020.

Federal Energy Regulatory Commission

The Federal Energy Regulatory Commission's (FERC) next open meeting is December 17, 2020.

On November 30, the U.S. Senate confirmed the nominations of Mark Christie and Allison Clements to join FERC, bringing FERC to a full five commissioners (three Republicans and two Democrats) for the first time in nearly two years. Christie, Chairman of the Virginia State Corporation Commission, was confirmed to a term that ends in 2025. Clements, founder and president of Goodgrid, LLC and former director of the energy markets program at Energy Foundation, was confirmed to a term that ends in 2024.