

**REGULATORY UPDATE FOR JANUARY 7, 2026
(DECEMBER 31, 2025 – JANUARY 6, 2026)**

I. STATE REGULATORY AGENCIES

California Public Utilities Commission (CPUC or Commission)¹

Proposed Decisions and Resolutions

Application (A.) 25-08-008 (Application of Southern California Gas Company (SoCalGas) to Recover Costs Recorded in the Distribution Integrity Management Program Balancing Account from January 1, 2019 to December 31, 2023). This decision grants, in part, the request of SoCalGas for interim rate recovery, pending a final decision on whether a permanent cost increase is reasonable based on the evidence. The Proposed Decision (PD) authorizes an interim revenue requirement of \$35.5 million for SoCalGas, which is 60 percent of SoCalGas' total request of \$59.1 million. Interim rate authority is granted for 12 months. SoCalGas is required to refund, with interest, any excess amount it collects in comparison to the CPUC's final determination on the amount reasonably incurred. The PD reasons that interim rate recovery is warranted in this specific instance because it will produce direct interest savings for ratepayers, promote intergenerational equity and preserve the financial integrity of SoCalGas which will indirectly benefit ratepayers.

Voting Meeting

The CPUC will hold a voting meeting in San Francisco, California on January 15, 2026, at 11:00 a.m. PT. The energy-related items on the [Agenda](#) are below:

Item 2. Rulemaking (R.) 18-07-003 (Order Instituting Rulemaking to Continue Implementation and Administration and Consider Further Development of California Renewables Portfolio Standard Program). This decision denies the March 6, 2025 petition to modify Decision (D.) 20-08-043, filed by the Bioenergy Association of California (BAC). BAC is seeking to extend or remove the end date of the Bioenergy Market Adjusting Tariff (BioMAT) and proposes other programmatic changes, primarily due to underutilization of this high-cost program and availability of other procurement options for bioenergy resources. The decision contends that maintaining the BioMAT end date, December 31, 2025, as directed by the Commission in D.20-08-043, is in alignment with the October 30, 2024 Governor's Executive Order N-5-24 on affordability, and will allow Commission resources to be directed toward more effective clean energy programs.

¹ 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 3. Application (A.) 23-07-008 (In the Matter of the Application of California Resources Production Corporation (CRPC) for a Certificate of Public Convenience and Necessity to Operate as a Gas Corporation in the State of California). This decision denies A.23-07-008 and the request to hold this proceeding in abeyance made by the cities of Antioch and Brentwood, California. The decision further denies CRPC's motion to amend A.23-07-008 and grants for a period of three years CRPC's motions to file certain materials as confidential under seal.

Item 5. Resolution E-5437. This Resolution approves one mid-term reliability (MTR) long term resource adequacy agreement with energy settlement storage contract between Pacific Gas and Electric Company (PG&E) and the Balsam Project, LLC (Balsam Project) contract, for the Dirac Battery Energy Storage System (Dirac Project). The Dirac Project will be developed by Aypa Power Development through their subsidiary, Balsam Project. The Balsam Project contract is for a total of 225 megawatts (MW) of nameplate capacity and is expected to be commercially online by May 20, 2028 and deliver for a term of 15 years beginning August 1, 2028. PG&E procured this lithium-ion battery resource to satisfy a portion of its MTR requirements.

Item 6. Application (A.) 23-04-003 (Application of Southern California Edison Company (SCE) for a Commission Finding that its Procurement-Related and Other Operations for the Record Period January 1 Through December 31, 2022 Complied with its Adopted Procurement Plan; for Verification of its Entries in the Energy Resource Recovery Account and Other Regulatory Accounts; and for Recovery of \$51.442 Million Recorded in Five Accounts). This PD addresses whether SCE met the standard for compliance for its Energy Resources Recovery Account (ERRA) activities in 2022. Except in two instances, the PD finds that SCE met the applicable standards and requirements for this ERRA compliance application and that the entries in its balancing and memorandum accounts were reasonable and correct. According to the PD, SCE prudently managed its generation resources and complied with its Bundled Procurement Plan in procuring fuel, greenhouse gas (GHG) compliance instruments, resource adequacy, and other resources.

Item 7. Resolution E-5432. This Resolution approves an amendment to the contract between PG&E and Nighthawk Energy Storage, LLC ("Nighthawk"), a subsidiary of its project developer, Arevon Energy Inc., for 300 MW of lithium-ion battery storage. Whereas the delivery date for the previously approved contract was June 1, 2025, the delivery date in the amended contract is June 1, 2026. In addition, this Resolution approves the amended contract price.

Item 10. Resolution G-3617. This Resolution addresses the Southwest Gas Corporation Advice Letter 1338-G, filed on July 29, 2025, which requests Commission approval of one biomethane procurement contract pursuant to the Renewable Gas Standard as established in D.22-02-025.

Item 12. Resolution O-0100. This Resolution authorizes San Pablo Pay Pipeline Company LLC to bill and collect \$894,683 in retroactive recovery from shippers. This amount is in accordance with D.25-06-044, with an adjustment made to the calculation of interest owed.

Item 16. Resolution G-3618. This Resolution denies PG&E Advice Letters 5077-G-A and 5069-G with proposed Gas Research, Development, and Demonstration Investment Plans (Gas RD&D Plan for Calendar Years (CYs) 2024 and 2025. PG&E's Gas RD&D Plan was established pursuant to D.23-11-069, requiring PG&E to submit and obtain Commission approval of an annual Tier 3 Advice Letter describing PG&E's proposed Gas RD&D Plan prior to utilizing authorized funds. Based on Commission review of requirements, the Commission denies PG&E's Gas RD&D Plans with proposed budgets of \$8,092,000 for CY 2024 and \$8,267,000 for CY 2025, totaling \$16,359,000. These budgets include administrative budgets of 10% for total administrative costs of \$809,200 for 2024 and \$826,700 for 2025. This Resolution denies PG&E's request to recover \$7,207,712 in expenses for CYs 2023 and 2024. The Commission directs PG&E to submit revised 2024 and 2025 Gas RD&D Plans via respective Tier 3 Advice Letters with modifications specified in the Resolution.

Item 17. Resolution E-5439. This Resolution approves, with modifications, PG&E Advice Letter 7635-E, which requests Commission approval of four agreements to support the energization of a new 90 MW data center load in San Jose, California as requested by Microsoft Corporation. These agreements facilitate the construction of new transmission facilities to serve Microsoft's load. The Commission approves the Advice Letter with modifications, finding the agreements necessary and largely appropriate to energize this new load.

Item 38. Applications (A.) 22-05-015/22-05-016 (Application of SoCalGas for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024). In this application, SDG&E seeks recovery of costs recorded in its Electric and Gas Wildfire Mitigation Plan Memorandum Accounts from May 2019 through the end of 2022, above amounts not authorized by the Commission in SDG&E's 2019 Test Year GRC decision (D.19-05-051). The amount requested includes recovery of operations and maintenance (O&M) costs totaling \$284 million and capital expenditures placed in service during the 2019 to 2022 period of \$1,188 million. This decision finds unreasonable and disallows \$192.561 million in O&M costs and \$242.391 million in capital expenditures. The Commission approves the balance requested of \$90.566 million in O&M expenses and \$945.248 million in capital expenditures.

Item 39. Rulemaking (R.) 21-03-011 (Order Instituting Rulemaking to Implement Senate Bill (SB) 520 and Address Other Matters Related to Provider of Last Resort (POLR)). This PD sets guidelines for entities other than Investor-Owned Utilities (IOUs) to file an application for POLR status and for the Commission to develop situation-specific criteria for eligibility to serve as a POLR. This decision adopts a streamlined version of the approach presented in the Administrative Law Judge's Ruling Seeking Comment on Procedural Pathway to Address Applications for POLR Status dated May 28, 2025. According to the PD, any application seeking non-IOU POLR status that is submitted to the Commission should demonstrate that the applicant meets the requirements set forth in SB 520 and shall include supporting evidence demonstrating the applicant meets those criteria. Currently, there are no non-IOU entities expressing intent to serve as a POLR for all the customers within a given geographic region. There are some entities that have expressed interest in the responsibilities a non-IOU POLR would have, under certain conditions. The PD provides that the guidelines set out in the PD conserve Commission and stakeholder resources until the necessary evidence and data are

available for the Commission to consider the fact-specific circumstances that an individual applicant seeking non-POLR status may present.

CALIFORNIA ENERGY COMMISSION (CEC)

2025 Integrated Energy Policy Report (IEPR)

The CEC held a remote access [workshop](#) on December 17, 2025 from 9:00 a.m. to 12:00 p.m. PT to discuss energy demand forecast results. According to the workshop notice, “CEC staff will present the results of the annual electricity and gas demand forecasts and the hourly and peak demand forecast components of the 2025 California Energy Demand Forecast” as well as “electricity results through 2045 for the combination of scenarios proposed for the planning forecast and local reliability scenario.” Lastly, “[g]as impacts will be presented for a range of additional achievable scenarios.” Written comments were due to [Docket Number \(No.\) 25-IEPR-03](#) by December 31, 2025.

Third Solicitation Under the National Electric Vehicle Infrastructure (NEVI) Program

The CEC announced the opening of its third solicitation for the deployment of electric vehicle (EV) charging stations with publicly accessible, high-powered, direct current fast chargers to support light-duty EV travel along major corridors in California.

A pre-solicitation workshop will be held on January 14, 2026 from 9:30 a.m. to 12:00 p.m. PT. Additional information and access details are available [here](#).

Demand Analysis Working Group (DAWG)

DAWG held [a meeting on January 5, 2026](#) to discuss the California Energy Demand Forecast revised results for the 2025 IEPR. According to DAWG, the virtual meeting was informational in nature as CEC “staff intends to propose adoption of the[] results at the CEC Business Meeting on January 20, 2026.” The meeting agenda is available [here](#).

CEC Business Meetings

The next CEC Business Meeting is scheduled for January 21, 2026. The agenda will be posted in advance [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

New Guidance Documents on 2022 Amendments to the Airborne Toxic Control Measure for In-Use Diesel-Fueled Transport Refrigeration Units (TRU)

CARB posted new and updated [guidance documents](#) on the 2022 Amendments to the Airborne Toxic Control Measure for In-Use Diesel-Fueled TRU and TRU Generator Sets, and Facilities Where TRUs Operate. These documents include information on the TRU operating and applicable facility registration fee requirements that will be implemented beginning January 1, 2026.

Alternative Deisel Fuels Regulations Update

CARB issued an [Executive Order](#) certifying that biodiesel in-use requirements are no longer in effect for the on-road sector. Under the Regulation on Commercialization of Alternative Diesel Fuels biodiesel in-use requirements, which require mitigation of NO_x emissions associated with the use of biodiesel blends up to 20% will sunset when vehicle miles traveled (VMT) by heavy-duty on-road diesel new technology diesel engines in California reaches 90% of the total VMT by the California heavy-duty on-road diesel vehicles fleet.

Climate Risk Disclosure Laws Update

On February 26, 2026, CARB will conduct a public hearing to consider approving for adoption the proposed California Corporate GHG Reporting and Climate-Related Financial Risk Disclosure Initial Regulation. The Notice of Public Hearing to Consider the Proposed California Corporate GHG Reporting and Climate-Related Financial Risk Disclosure Initial Regulation (Notice), Staff Report and proposed regulatory text were sent to the California Office of Administrative Law (OAL) on December 9, 2025. These materials are currently available on CARB's [webpage](#). OAL published the Notice on December 26, 2025, commencing a 45-day public comment period that will end on February 9, 2026. Given the holiday season and the strong interest in this program, staff is providing extra time for public review of materials prior to the start of the 45-day formal comment period.

Meetings, Workshops, and Opportunities for Public Comment

CARB is proposing 2025 Amendments to the Area Designations for State Ambient Air Quality Standards. Written comments on the proposed 2025 Amendments must be received by January 12, 2026 to be considered. A public hearing is not currently scheduled; however, interested members of the public may request a public hearing on this item.

CARB is opening a public process to solicit feedback to inform implementation of annual GHG standards for fuel cell systems connected under the CPUC's Net Energy Metering (NEM) tariff for fuel cells (CPUC NEMFC). The CPUC NEMFC was established by Assembly Bill (AB) 1214, modified by AB 1637, and further modified by SB 155. AB 1637 directed CARB to establish a schedule of GHG emissions standards for connected fuel cells and mandated that connected fuel cells meet the same requirements for criteria pollutants set in CARB's Distributed Generation Certification Program. In 2017, CARB adopted the Fuel Cell Net Energy Metering GHG Emission Standards Regulation (Fuel Cell NEM Regulation), which included annual mandatory emissions standards for 2017 to 2022. Beyond 2022, the regulation provides that CARB will update the standards every three years using the methodology defined in the regulation. [D.23-11-068](#) approved a staff proposal that directed modifications to the CPUC NEMFC tariffs. CARB is opening a public process to evaluate new data, and as necessary, update the schedule of annual GHG emission standards set under the Fuel Cell NEM Regulation. Public comments will be accepted through January 9, 2026.

PACIFIC NORTHWEST (OPUC, WUTC, BPA)**Oregon Public Utility Commission (OPUC)**

On December 30, 2025, the OPUC held an agenda meeting with commissioner work sessions regarding (1) the residential customer protection rulemaking docket, specifying conditions under which utilities may disconnect service for nonpayment, establishing timelines and notice requirements, and setting standards for reconnection (Docket No. AR 671), (2) implementation of House Bill 2475, regarding emergency actions to mitigate energy insecurity (Docket No. UM 2211), (3) a request to cancel Northwest Natural's Schedule 160, regarding charges for Coos County, Oregon customers and a proposal for Coos County Pipeline (Docket No. ADV 1789), and (4) revisions to Idaho Power Company's Schedule 98, regarding the Residential and Small Farm Energy Credit (Docket No. ADV 1806/Advice No. 25-09). The full agenda is [here](#).

Washington Utilities and Transportation Commission (WUTC)

The WUTC rejected Puget Sound Energy's (PSE) proposed rate request to recover costs related to the Colstrip coal-fired power plant, instead directing PSE to file new tariff sheets that will decrease its revenue by \$6.84 million and refund the decrease to customers beginning in January 2026. More information is [here](#). Additionally, on December 22, 2025, the WUTC approved updates to Pacific Power & Light Company's (PacifiCorp) electric service tariff, a rate case that was required by a prior order to reset the company's baseline power costs and remove coal from Washington customer rates by January 1, 2026. More information is [here](#). On December 23, 2025, the WUTC held an open meeting covering, in part, the Avista Corporation (Avista) and PSE filings to implement annual changes to rates under the Colstrip Adjustment Rider, which would result in an average overall bill decrease of \$10.65 per month, or 8.4 percent, for Avista customers (UE-250856), and \$3.04 per month, or 2.2 percent, for PSE customers (UE-250733). The full agenda is [here](#).

FEDERAL ENERGY REGULATORY COMMISSION (FERC)**December Commission Meeting**

FERC held its [December Commission Meeting](#) on December 18, 2025. Among other actions, FERC:

- On remands from the D.C. Circuit, issued orders reversing FERC's previous decisions to order Tenaska Power Services Co. and Shell Energy N.A. (US) to pay refunds for spot market energy sales that exceeded a soft price cap of \$1,000 per MW hour (MWh);
- Denied a request for rehearing made in response to a FERC order that accepted a proposed index-based rate increase;
- Accepted a local gas distribution company's proposal to update its natural gas quality standards based on its experiences and those of its customers under current standards; and
- Issued draft presidential permits to Texas Pipeline Exports, LLC for the operation of certain natural gas facilities at the international boundary between the United States and Mexico.

INDEPENDENT SYSTEM OPERATORS (ISO) AND REGIONAL TRANSMISSION ORGANIZATIONS (RTO)**CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)****Stakeholder Initiatives: Upcoming Meetings and Deadlines****Process Enhancements 5.0: Final Proposal Posted**

The CAISO posted the [final proposal](#) for the Interconnection Process Enhancements 5.0 initiative and will host a virtual stakeholder meeting on January 7, 2026. Written comments are due by the end of the day on January 21, 2026.

Congestion Revenue Rights Enhancements. CAISO has published a discussion paper on Congestion Revenue Rights Enhancements, available [here](#).

Day-Ahead Market Enhancements. CAISO hosted a Day-Ahead Market Enhancements Configurable Parameters implementation working group meeting on December 18, 2025. During the working group, CAISO presented analysis results for the set of enforced constraints and the proportion of deployed reserves. The working group also discussed and responded to stakeholder comments received in the November working group session. Written comments on the working group session are due January 8, 2026. Further information is available [here](#).

Cluster 15 Points of Interconnection Heatmap. CAISO has updated the points of interconnection heatmap to include the Cluster 15 Cluster Study scenario in compliance with CAISO Tariff Appendix KK Section 3.6. Further information is available [here](#).

Final 2026-2028 Policy Roadmap. CAISO has published the 2026-2028 Policy Roadmap, which outlines the policy initiatives and schedules planned for the next three years. Further information is available [here](#).

Manning - Metcalf 500 kilovolts (kV) Transmission Line Project. CAISO has posted a list of project sponsors whose applications have been deemed valid for the Manning - Metcalf 500kV Transmission Line Project. Next, CAISO will consider whether these project sponsors are qualified, and then select which qualified project sponsor should finance, construct, own, operate, and maintain each transmission solution. Further information is available [here](#).

Storage Design and Modeling. CAISO has posted the updated discussion and issue paper on Uplift and Default Energy Bid (DEB). This updated discussion and issue paper seeks to capture the problem statements, guiding principles, stakeholder perspectives, and policy recommendations shared during the working group's process regarding the Uplift and DEB topic group. The updated discussion and issue paper builds on the materials developed for the Storage Bid Cost Recovery and DEB Enhancements initiative in 2024 and the working group meetings held from December 2024 to December 2025 within the Storage Design and Modeling initiative. Written comments are due January 8, 2026. Further information is available [here](#).

Congestion Revenue Rights Enhancements. CAISO has published the issue paper and straw proposal for the Congestion Revenue Rights Enhancements initiative. CAISO will host a virtual stakeholder meeting for this initiative on January 21, 2026 to discuss this paper and give stakeholders an opportunity to ask questions. Written comments in response to questions identified throughout the issue paper are due February 4, 2026. Further information is available [here](#).

PJM INTERCONNECTION (PJM)

FERC Directs PJM to Establish Co-Location Rules

FERC issued an order on December 18, 2025 that found PJM's tariff to be unjust and unreasonable for lacking clear and consistent provisions addressing rates, terms, and conditions of services for generators serving co-located load and eligible customers taking transmission service on behalf of co-located load. FERC also noted that PJM's tariff did not include types of transmission service that reflect eligible customers taking service on behalf of co-located loads that are willing and able to limit use of the transmission system under certain conditions.

FERC directed PJM to revise its tariff to set forth the terms and conditions an interconnection customer in PJM seeking to serve co-located load must follow in order to effectuate a co-location agreement. FERC also ordered PJM to require eligible customers taking transmission service on behalf of co-located load to take one of three transmission service

options: an interim non-firm service, a Firm Contract Demand service, or a Non-Firm Contract Demand service. PJM must submit its compliance filing within 60 days of the order.

SOUTHWEST POWER POOL (SPP)

FERC Approves Transmission Cost Allocation Revisions

FERC [accepted](#) SPP's proposed revisions to its Open Access Transmission Tariff to allocate a portion of costs of future Base Plan Upgrades for Byway facilities (between 100kV and 300 kV) based on subregions instead of transmission pricing zones. FERC also accepted SPP's revisions that expanded the delivery point rule to apply the rule based on the subregional location of the transmission customer's delivery (rather than the zonal location). The rule also allocates network upgrade costs associated with the designation of all resource types, rather than only wind resources.

ISO NEW ENGLAND (ISO-NE)

Filed Capacity Auction Reform Tariff Revisions

ISO-NE [filed](#) with FERC revisions to its ISO Transmission, Markets and Services Tariff regarding capacity auction reforms to be implemented beginning with the capacity auction cycle for the June 1, 2028, through May 31, 2029 Capacity Commitment Period. ISO-NE's proposed revisions include replacing the Forward Capacity Market with one that is held approximately one month before the capacity delivery period, rather than more than three years, and replacing the descending clock auction with a sealed-bid auction.

Posted November 2025 Wholesale Prices

ISO-NE [provided](#) that wholesale power prices averaged \$61 per MWh in its Real-Time Energy Market in November 2025, an increase of 52% from November 2024. ISO-NE also provided that Day-Ahead Energy Market averages were \$59.55 per MWh, an increase of 51% from November 2024.