

**REGULATORY UPDATE FOR JULY 2, 2024
(WEEK OF JUNE 24, 2024)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)

Proposed Decisions and Resolutions

Rulemaking (R.) 22-11-013 (Distributed Energy Resource Programs). This decision approves updates to the Avoided Cost Calculator (ACC), beginning with the 2024 ACC. The updates to the ACC will better align the modelling of the ACC with the most recent outputs of the Integrated Resource Planning (IRP) proceeding (R.20-05-003) and enable the Commission to better evaluate the cost-effectiveness of demand-side resources alongside supply-side resources. This decision adopts the following updates to the ACC: (1) Uses the latest adopted system plan approved in the IRP proceeding as the base model for the ACC; and (2) Adopts an integrated calculation approach which recognizes the interdependence and interactive effects between the generation capacity avoided costs and greenhouse gas avoided costs, and models these costs in an integrated manner. Further, the decision adopts an alternative storage dispatch modelling approach to capture storage reliability value more accurately, and a refined method for calibrating and benchmarking strategic energy risk valuation prices. The Commission's Energy Division plans to lead one or more workshops to continue to consider ACC-related policy issues, including guiding principles for ACC updates, potential modifications to the biennial ACC update process, and the consideration of equity issues in the evaluation of the cost-effectiveness of distributed energy resources. A subsequent ruling will be issued with additional information as to the development of the record and timing for such workshops.

Application (A.) 18-05-015 (SCE Clean Energy Optimization Pilot). This decision denies the Petition for Modification of Decision (D.) 19-04-010 filed by Southern California Edison Company (SCE) on November 27, 2023. Consistent with Rule 16.4 of the Commission's Rules of Practice and Procedure, the Commission finds insufficient justification for the request to modify D.19-04-010 to extend and expand the Clean Energy Optimization Pilot and authorize up to an additional \$44.3 million in cap-and-trade allowance revenues for the pilot.

Voting Meeting

The CPUC will hold a voting meeting in San Francisco, California on July 11, 2024 at 11:00 a.m. The following are energy-related items on the [agenda](#):

Item 3. Application 21-06-021 (PG&E GRC). This decision authorizes Pacific Gas and Electric Company (PG&E) to record and track, in an interim memorandum account, costs for energization projects placed in service after January 1, 2024 that exceed the energization costs included in PG&E's annual revenue requirement authorized in Phase I of this proceeding. Energization costs include connecting new customers to the electrical distribution grid, upgrading electrical distribution capacity to existing customers, and building adequate electrical distribution and transmission capacity to accommodate future load. The maximum incremental revenue requirement associated with such capacity projects is capped at \$144.310 million for 2024 projects, \$91.568 million for 2025 projects, and \$99.071 million for 2026 projects,

corresponding to capital of \$975 million in 2024, \$618 million in 2025, and \$669 million in 2026, or \$2,262 million total, which is 45 percent or \$1,814 million less than the cumulative capital expenditures cap of \$4,076 million that PG&E requested. The authorized sums equate to an increase in electric distribution revenue requirement of 1.98 percent for 2024, 1.18 percent for 2025, and 1.19 percent for 2026, and 4.03 percent cumulatively.

Item 5. Resolution (Res) ESRB-11 (General Order 174). The Commission's General Order (GO) 174 requires all jurisdictional utilities, both publicly and investor-owned, to adopt and implement safety rules and inspection practices for electric substations. Substations subject to the California Independent System Operator's (CAISO) operational control and/or subject to the Federal Energy Regulatory Commission (FERC) reliability standards are excluded from the GO 174 requirements. This Resolution modifies the requirements of GO 174 to include those substations that are also subject to CAISO operational control and/or FERC jurisdiction.

Item 6. A.22-02-016 (2021 Nuclear Decommissioning Cost Triennial Proceeding of SCE and San Diego Gas & Electric Company). This decision approves SCE and San Diego Gas & Electric Company's (SDG&E) 2021 Nuclear Decommissioning Cost Triennial Proceeding costs. This decision also adopts the Settlement Agreement between the majority of active parties. Finally, this decision approves the request to deposit any future litigation proceeds from the Department of Energy (DOE) into their respective Non-Qualified Nuclear Decommissioning Trust funds to pay for the additional spent fuel management costs the utilities will incur as a result of DOE's delayed removal. This decision approves recorded costs of \$3.11 million for San Onofre Nuclear Generating Station (SONGS) 1 projects and \$606.7 million for SONGS 2 & 3 projects but disallows \$30 million of these recorded costs as a result of the Settlement Agreement. This decision also approves the 2020 SONGS 1 Decommissioning Cost Estimate (DCE) of \$225.9 million, 2020 SONGS 2 & 3 DCE of \$4,712 million, and 2019 Palo Verde Nuclear Generating Station 1, 2 & 3 DCE of \$594.2 million.

Item 7. Res E-5355 et al. (Power Your Drive for Fleets Program Eligibility). This Resolution approves, with modifications, SDG&E's request for customers to comply with requirements for Power Your Drive for Fleets by allowing site hosts to provide evidence that electric vehicle operators have procured two electric vehicles or converted two diesel fueled vehicles to electric per site.

Item 8. A.22-09-015 (Southern California Gas Company (SoCalGas) and SDG&E to Revise Natural Gas Rates and Implement Storage Proposals). This decision adopts the all-party settlement agreement filed on December 15, 2023, that resolves a majority of previously disputed issues between the parties in the proceeding and grants SDG&E and SoCalGas authority to revise their natural gas rates and implement storage proposals effective January 1, 2024. This decision rejects the limited settlement regarding a fixed customer charge filed on December 1, 2023, and the limited settlement regarding a hydrogen refueling station tariff proposal filed on December 14, 2023.

Item 10. Res E-5326 (Rate Structures for Vehicle Grid Integration Pilots). This Resolution approves, with modifications, the rate design for Phase II of the PG&E Vehicle Grid Integration (VGI) Pilots real time pricing (RTP) rate proposed by PG&E in Advice Letter (AL)

6694-E. This Resolution removes the time of use (TOU) option from the VGI Pilots and directs PG&E to enroll all TOU VGI customers on the RTP rate. This Resolution also stipulates that customer shadow bill credits (savings on a customer's pilot bill relative to a customer's otherwise applicable tariff bill) should be tracked in the appropriate revenue and cost balancing accounts and that pilot funds should not be used for customer shadow bill credits.

Item 12. Res E-5333 (SCE Mid-Term Reliability Renewable Resource Contracts). This Resolution approves three mid-term reliability (MTR) contracts for approximately 254.5 megawatts (MW) of nameplate capacity. SCE contracted these resources to help meet its MTR requirements. The contracts for which SCE seeks approval in AL 5248-E are executed with Overnight Solar LLC, a subsidiary of ASHUSA/Atlantica North America LLC for 150 MW of solar photovoltaic (PV); Windhub Solar B LLC, a subsidiary of Balanced Rock for 20 MW solar PV and Luna Valley Solar 1 LLC, a subsidiary of Clearway for 84.5 MW solar PV. All three contracts were procured to meet SCE's MTR requirements of Zero-Emissions Generation, Generation Paired with Storage, or Demand Response Resources Technology for Diablo Canyon replacement energy over terms of 15 or 20 years. In accordance with D.21-06-035, SCE proposes to allocate the costs associated with the MTR contracts to applicable customers, which includes bundled service customers and departing load customers with 2021 vintage cost responsibility, using the Portfolio Allocation Balancing Account in accordance with SCE's Advice 4589-E, which became effective on October 16, 2021.

Item 13. Res E-5334 (SCE MTR Contract with Silver State South Storage, LLC). This Resolution approves the SCE MTR contract with Silver State South, LLC for 200 MWs of nameplate capacity. The MTR Contract is a resource adequacy with a financial settlement contract for a new in-front-of-the meter energy storage project: the Silver State South Storage project. The initial contract signed by SCE for this project was not previously brought to the Commission for approval due to interconnection delays identified shortly after execution. The initial contract has been amended and restated to address interconnection delays to maintain the projects' viability. The MTR contract will provide incremental September net qualifying capacity to meet SCE's 2024 MTR procurement requirements. This Resolution approves the requested relief in AL 5257-E.

Item 18. Res E-5320 (SDG&E Contract Options for Utility Owned Energy Storage Contract and Related Costs). This Resolution denies SDG&E's request for approval of one of two options for utility owned storage contracts procured to address 2024 and 2025 summer reliability. Option one is a Build, Own, and Transfer (BOT) contract with CED Westside Canal Battery Storage, LLC for 119 MW of nameplate capacity. Option two is a BOT contract with CED Westside Canal Battery Storage, LLC for 219 MW of nameplate capacity. This Resolution denies the requested relief in AL 4403-E, 4403-E-A, and 4403-E-B.

Item 21. R.22-11-013 (Societal Cost Test for Distributed Energy Resources). This decision adopts the Societal Cost Test (SCT) as an additional test for the Commission to consider when evaluating the cost-effectiveness of Distributed Energy Resources (DER) programs. The decision adopts the following four required inputs in the SCT: 1) Two Values for the Social Cost of Carbon: Base Social Cost of Carbon = 2020\$/metric ton values in the range of approximately \$53 in 2020 and approximately \$81 in 2045 and High Social Cost of Carbon = 2020\$/metric ton

values in the range of approximately \$155 in 2020 and approximately \$249 in 2045 (95th percentile of possible climate impacts); 2) Social Discount Rate of three-percent; 3) Base Value of Methane Leakage (Based on the National Average Natural Gas Leakage Rate of 2.3%); and 4) A Statewide Air Quality Adder of \$14 per megawatt-hour. The SCT, with the above inputs, is adopted and must be considered in all DER proceedings. This test will be used as one component to inform the broader framework of tests used as an input for determining cost-effectiveness for DER programs.

Item 23. Res E-5324 (IOU Net Billing Tariff Bill Savings Estimates). This Resolution approves PG&E AL 6884-E, SCE AL 4984-E, and SDG&E AL 4176-E, effective upon this Resolution's effective date. D.22-12-056 established the framework for the Net Billing tariff and directed PG&E, SCE, and SDG&E to propose adjustment factors calculated using the difference in each utility's residential stand-alone solar customers' net exports under no netting versus interval netting in the last year in Tier 3 ALs no later than 90 days after the adoption date of the decision. The utilities timely submitted their ALs on March 15, 2023. The advice letters are approved.

Upcoming Events and Workshops

IOU Income-Graduated Residential Fixed Charge Marketing, Education, and Outreach Workshop. On July 10 from 9:00 a.m. to noon, PG&E, SCE, and SDG&E will jointly host a public workshop to discuss each utility's marketing, education, and outreach plans and proposed terminology, high-level messages, and metrics regarding Assembly Bill 205's income-graduated residential fixed charges. The workshop link is available [here](#).

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

2024-2025 Transmission Planning Process. CAISO has published the 2024-2025 Transmission Planning Process final study plan to its [website](#).

New Participating Transmission Owner Application to CAISO. CAISO has received a new Participating Transmission Owner application from Great Basin Transmission, LLC (Great Basin) with respect to certain transmission entitlements controlled by Great Basin on the proposed Southwest Intertie Project – North and on the existing One Nevada Transmission Line, which Great Basin intends to turn over to CAISO's operational control. Further information is available [here](#).

New Initiative Storage Bid Cost Recovery and Default Energy Bids Enhancements. CAISO has launched a new initiative called Storage Bid Cost Recovery and Default Energy Bid Enhancements and will host a public stakeholder call on July 8, 2024 that will focus on revising Bid Cost Recovery provisions as they apply to energy storage in stand-alone and co-located configurations. Further information is available [here](#).

Interconnection Process Enhancements 2023 Track 2. CAISO posted the draft tariff language for the Interconnection Process Enhancements 2023 Track 2 initiative, and will host a public stakeholder call on July 11, 2024 to discuss the Track 2 draft tariff language for specific Cluster 15 and future cluster screening proposals. Further information is available [here](#).

CAISO Stakeholder Symposium. CAISO announced that it will host its Stakeholder Symposium on October 30, 2024 in downtown Sacramento, California, along with a welcome reception on the evening of October 29. Additional information, including reception details, event registration, and sponsorship opportunities is available [here](#).

CALIFORNIA ENERGY COMMISSION (CEC)

2024 Integrated Energy Policy Report (IEPR) Update

The CEC is working on its 2024 IEPR Update and ongoing workshops are being held from May – December to develop the record. The policy recommendations included in the 2024 IEPR Update will be based on the record developed during the proceedings, including data and technical analyses by staff and stakeholders. Upcoming IEPR workshops include the following (note: the schedule is subject to change):

July 30, 2024: Electricity Forecast, Hourly Forecast Updates – 10:00 a.m.

August 8, 2024: Senate Bill (SB) 605: Wave and Tidal Energy (previously scheduled for July 17, 2024) – 10:00 a.m.

November 7, 2024: Electricity Forecast, Load Modifier Results – 1:00 p.m.

December 12, 2024: Electricity Forecast, Annual and Hourly Results – 1:00 p.m.

January 2025 TBD: Business meeting to consider adoption of the Electricity Demand Forecast

February 2025 TBD: Business meeting to consider adoption of the 2024 IEPR Update

Electric Program Investment Charge (EPIC)

The 10th Annual EPIC Symposium is scheduled to be held in Sacramento, California on October 28, 2024. Additional details are forthcoming.

The CEC's EPIC 2023 Annual Report is now [available](#). The report outlines the status and progress of EPIC-funded activities for the 2023 calendar year.

Power Source Disclosure (PSD) Regulations (SB 1158)

The CEC hosted a rulemaking workshop on June 11, 2024 to take feedback on proposed changes to the PSD consistent with the requirements of SB 1158, which requires reporting of

hourly electric data to match retail load served. Presentation materials and other information related to the PSD changes are available on Docket 21-OIR-01.

Comments on the workshop and proposed PSD regulations will be accepted until 5:00 p.m. on July 3, 2024.

On June 26, 2024, the CEC notified electric retail sellers of a further extension to the PSD annual report deadline due to continued issues with WREGIS reporting. The new deadline for submission of 2023 PSD annual reports is July 29, 2024. Additional information is available on Docket 24-PSDP-01 and the notice is available [here](#).

Offshore Wind

On June 25, 2024, the CEC published the Assembly Bill 525 Offshore Wind Energy Strategic Plan. The Strategic Plan contains three volumes: [Volume I](#) is an Overview Report, [Volume II](#) is the Main Report, and [Volume III](#) contains the Strategic Plan Appendices. All three volumes of the Strategic Plan are also available in [Docket No. 17-MISC-01](#). The CEC will [consider adoption](#) of the Strategic Plan at the July 10, 2024 CEC Business Meeting.

CEC Business Meetings

The next CEC Business Meeting will be held on July 10, 2024. The agenda and backup materials are available [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings, Workshops, and Notices

CARB will hold its next Board meeting on July 25, 2024. At the meeting, CARB will hear the [annual update](#) on progress to implement the [Community Air Protection Program](#). The full agenda will be available [here](#) ten days prior to the meeting.

CARB is holding a series of in-person public workgroup meetings on updates to the [Funding Agricultural Replacement Measures for Emission Reductions \(FARMER\) Program](#) Guidelines. Upcoming meetings will be held:

- On July 10, 2024, at San Joaquin Valley Air Pollution Control District in Fresno, California.
- On July 11, 2024, at CARB's Riverside Headquarters Building in Riverside, California.

On July 10, 2024, CARB will hold a [public workshop](#) on updates to the Cap-and-Trade Program. Written feedback on the proposed updates may be provided following the workshop, until July 31, 2024. Additional information is available [here](#).

On July 11, 2024, CARB will hold a public workshop on the [draft 2024 Funding Guidelines](#) for agencies administering [California Climate Investments](#). Comments may be submitted on the draft guidelines through July 26, 2024. More information is available [here](#).

On July 16, 2024, CARB will hold a [community meeting](#) to discuss plans for funding clean transportation projects, provide updates on incentive project implementation and other CARB initiatives, and provide a forum for community members to express thoughts, concerns, and suggestions. More information is available [here](#).

On July 23, 2024, CARB will hold a [One-Stop Truck Event](#) in the Los Angeles area to provide education and resources on CARB's clean truck and diesel regulations, compliance, and funding. Registration and the agenda for the event are available [here](#).

On November 8, 2024, the CARB will hold a [public hearing](#) to consider amendments to the [Low Carbon Fuel Standard](#). The language of the proposed amendments and other rulemaking documents are available [here](#).

The [California Volkswagen Mitigation Trust](#) is accepting applications for funds on a first-come, first-served basis for combustion freight and marine and zero-emission class 8 trucks. Applications for funding are available [here](#).

Opportunities for Public Comment

CARB is accepting public comment on the [Community Air Protection Program Annual Progress Report](#). Comments may be submitted [here](#) on or before July 15, 2024.

CARB is accepting public comment on the [draft 2024 Funding Guidelines](#) for agencies administering [California Climate Investments](#). Comments may be provided [here](#) through July 26, 2024.

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

The MPUC held its Agenda meeting on July 2, 2024, and reviewed the 2023 Integrated Distribution Plans for four rate-regulated electric utilities, Xcel Energy, Minnesota Power, Otter Tail Power Company, and Dakota Electric Association. The Agenda and Briefing Papers are available [here](#).

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

On June 13, 2024, in [187 FERC ¶ 61,170](#), FERC issued an Order to Show Cause (Order) to Midcontinent Independent System Operator, Inc. (Docket No. EL24-80), PJM Interconnection, L.L.C. (Docket No. EL24-81), Southwest Power Pool, Inc. (SPP) (Docket No. EL24-82), and ISO New England, Inc. (Docket No. EL24-83) (collectively, the Responding RTO/ISOs) related to the interconnection-related network upgrade cost responsibility options provided for in each Responding RTO/ISO's Open Access Transmission Tariff (OATT).

Each of the Responding RTO/ISO's OATT includes provisions that establish participant funding and provide two options for financing participant-funded network upgrades: Generator Upfront Funding and transmission owner (TO) Initial Funding. In general, under TO Initial Funding, the TO unilaterally elects to initially fund the network upgrade capital costs that it incurs to provide interconnection service to the interconnection customer, and the TO subsequently recovers the network upgrade capital costs through charges that provide a return on, and of, these network upgrade capital costs from the interconnection customer.

The Order found that the Responding RTO/ISOs' respective OATTs appear to be unjust, unreasonable, and unduly discriminatory or preferential because they include provisions for TOs to unilaterally elect TO Initial Funding because (1) TO Initial Funding may increase the costs of interconnection service without corresponding improvements to that service, may unjustifiably increase costs such that it results in barriers to interconnection, and may result in undue discrimination among interconnection customers and (2) there may be no risks associated with owning, operating, and maintaining network upgrades for which TOs are not already otherwise compensated.

Each Responding RTO/ISO must respond to the Order to either show cause as to why its OATT remains just and reasonable and not unduly discriminatory or preferential, or to explain what changes to its OATT it believes would remedy FERC's concerns if its OATT is found to be unjust and unreasonable. Each Responding RTO/ISO must also respond to questions posed in Appendix A, which seek to address FERC's concerns related to (1) the increase in the costs of interconnection service compared with Generator Upfront Funding, (2) the potential for TO Initial Funding to be implemented in an unduly discriminatory or preferential manner among interconnection customers and any evidence of actual undue discrimination, and (3) whether TOs have uncompensated risks associated with owning, operating, and maintaining network upgrades. The Responding RTO/ISOs' responses are due within 90 days of the Order, i.e. by September 11, 2024. Any responses to a Responding RTO/ISO's filing will be due within 30 days of the date of the relevant Responding RTO/ISO's filing.

On June 13, 2024, the U.S. Senate voted to confirm David Rosner, Lindsay S. See, and Judy W. Chang as FERC Commissioners.

On June 7, 2024, in [187 FERC ¶ 61,143](#), FERC accepted PacifiCorp's, Nevada Power Company's, and Sierra Pacific Power Company's (collectively, Applicants) filed proposed revisions to their Market-Based Rate Tariffs to effectuate their participation in the Western Resource Adequacy Program (WRAP). FERC's acceptance of the proposed revisions to the Market-Based Rate Tariffs is limited to transactions within WRAP and relies in part on the provisions of WRAP that limit the potential for the exercise of market power. FERC finds that under the WRAP design, when Load Responsible Entities choose to join WRAP, once committed under the Operations Program, they are obligated to comply with its requirements, including requirements to make non-discretionary sales, or face charges for non-compliance. As such, the Applicants and other participants in WRAP will have no discretion as to: whether to make a sale; the quantity of any sale; or the price of any sale. For any such sale, the Applicants will act as a price-taker and, therefore, will not know the WRAP settlement price until after the

markets close. As such, FERC concludes, for purposes of the WRAP transactions, Applicants' ability to exercise market power is adequately mitigated by the proposed revisions to their Market-Based Rate Tariffs.

On June 4, in [Docket No. ER24-2184](#), SPP submitted proposed revisions to its OATT, Bylaws, and Membership Agreement in order to facilitate the commitment of numerous entities in the Western Interconnection to join SPP as TOs, to place their respective transmission facilities under the functional control of SPP, and to begin taking transmission service under the OATT. The proposed integration of transmission facilities located in the Western Interconnection into the SPP RTO represents a substantial expansion of the SPP footprint.