

REGULATORY UPDATE FOR MARCH 1 (WEEK OF FEBRUARY 22)**CALIFORNIA PUBLIC UTILITIES COMMISSION****Recent Proceeding Developments**

ALJ ruling seeking feedback on mid-term reliability analysis and proposed procurement requirements. An ALJ assigned to the California Public Utilities Commission's (CPUC) integrated resource plan proceeding (IRP), R.20-05-003, issued a ruling providing a summary of analysis conducted by CPUC staff to assess mid-term electric system reliability need. This analysis focuses on the years 2024-2026. The potential for reliability challenges is driven by several factors, including the planned retirement of the Diablo Canyon Nuclear Plant, planned retirement of older natural gas plants including those using once through cooling, suggested modifications to the planning reserve margin, changes in resource availability throughout the West, updated effective capacity accounting, and an updated demand forecast. The ruling includes not only an analysis of the potential shortfall in electric capacity to maintain reliability but also suggests procurement requirements, along with their associated distribution and cost allocation to load serving entities and their customers. The ruling proposes that 5,500 MW of new resources be procured in the 2023 to 2024 timeframe, and that an additional 1,000 MW of geothermal and 1,000 MW of long duration storage be procured by 2025.

Commission staff will hold a workshop in the afternoon of March 10 to further explain and discuss this analysis. The workshop will be noticed to the service list of the proceeding and posted on the Commission's daily calendar. Comments in response to the ruling and the questions embedded in it are due March 19, 2021. Reply comments are due April 2, 2021.

New Proposed Decisions and Draft Resolutions¹

Proposed Resolution M-4851. This resolution ratifies and upholds the action of the Director of the Commission's Wildfire Safety Division taken by letter dated January 14, 2021, granting Pacific Gas and Electric Company (PG&E) a safety certification pursuant to Public Utilities Code Sections 8389(e) and (f), in response to a request from The Utility Reform Network to review that action.

Proposed Resolution M-4852. This resolution is issued to PG&E in accordance with Decision (D.) 20-05-053, which gave Commission approval of PG&E's bankruptcy plan of reorganization with conditions and modifications. The decision established an Enhanced Oversight and Enforcement Process allowing the Commission to take additional steps to ensure PG&E is improving its safety performance if specific Triggering Events occur. The steps range from Step 1, which contains enhanced reporting and oversight requirements, to Step 6, involving

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.

the potential revocation of PG&E's ability to operate as a California electric utility. This resolution invokes Step 1, with regard to PG&E's insufficient progress with risk-driven wildfire mitigation efforts, and requires PG&E to submit a Corrective Action Plan within 20 days of the resolution effective date.

Voting Meetings

The CPUC will hold a voting meeting on March 4, 2021. The agenda includes the following items:

Item 4. Resolution E-5035 (Rule 21 Revisions). This resolution approves modifications to the Electric Rule 21 Tariff of PG&E, Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E) to incorporate revisions ordered by D. 19-03-013. These modifications include the following: (1) update and streamline the application of Screen Q, which assesses the need for projects to undergo transmission cluster studies; (2) allow for specific types of modifications to interconnection applications under Fast Track; (3) adopt specific process options for identified categories of modifications to existing generating facilities; (4) allow customer ownership of some behind-the-meter telemetry equipment; and (5) allow customers to replace existing inverters with inverters of equal or greater ability and require that any replacement inverter with greater abilities than the original shall be set with all the most current required functionalities, unless the interconnection applicant can demonstrate that safety or operational needs necessitate otherwise. However, this resolution delays the effective date of the modifications and orders (1) PG&E, SCE, and SDG&E (jointly, the Utilities) to standardize the Electric Rule 21 language describing the allowed types of modifications to interconnection applications under Fast Track; (2) PG&E to amend Rule 21 to clarify that the Utilities have the discretion to allow more than one material modification to a Fast Track interconnection application, even when utility action has not necessitated the modification, and to correct the error in the footnotes in Table Ee.3; (3) the Utilities to update Rule 21 to reflect the appropriate process options for Use Case 3 material modifications; and (4) PG&E and SCE to align their Rule 21 Section G.3.a language expanding the Screen Q exemption with that proposed by SDG&E. The resolution also approves an interim standard form template for Type II modifications to existing generating facilities, as ordered by D.19-03-013, subject to the following modifications: (1) update the document to reflect the appropriate process options for Use Case 3 material modifications and (2) update Section 4.1 to reflect that verified equipment may be listed on one of multiple equipment lists.

Item 9. This decision summarily denies a petition for modification of D.17-12-022 filed by the California Solar and Storage Association, Brightline Defense, and Sunrun, Inc. That decision concerned the creation of the Solar on Multifamily Affordable Housing (SOMAH) program. The petition sought modification of the decision's mandates regarding the downward adjustment of incentive levels for the SOMAH program. The decision denies the petition as untimely.

Item 12. Draft Resolution E-5127. This resolution approves PG&E's Community Microgrid Enablement Program (CMEP) and PG&E's pro forma Community Microgrid

Enablement Tariff, attached as Appendix 4 to PG&E AL 5918-E, for use on an experimental basis as part of the PG&E CMEP with the understanding that PG&E will transmit PG&E's pro forma Microgrid Operating Agreement for Commission review within 30 days. This resolution also instructs PG&E that it may seek modifications to the CMEP, including the Community Microgrid Enablement Tariff, prior to filing its program evaluation as part of its 2023 General Rate Case Application through an additional subsequent Tier 2 Advice Letter on its own motion or in response to direction from the Commission.

Item 15. R.10-05-004 (SGIP). This decision approves the Joint Petition for Modification of Decision 11-09-015 filed by Southern California Gas Company, PG&E, SCE, and Center for Sustainable Energy on December 23, 2020. In D.11-09-015, the SGIP payment structure was modified from an upfront-only capacity-based incentive mechanism (payment provided upon project completion and verification) with a performance-based incentive payment structure by which 50 percent of the incentive would be paid upfront, and 50 percent of the incentive would be a performance-based incentive based on the kilowatt hour (kWh) generation of on-site load over five years. According to the petition, COVID-19 pandemic impacts have prevented projects from meeting the performance-based incentive requirements. The decision would pause the performance-based incentive requirements for up to one year, if the host customer verifies that the project was unable to meet those requirements due to COVID-19 impacts.

Item 17. R.12-11-005 (SGIP). This decision approves the Joint Petition for Modification of Decision 15-06-002 Concerning Self-Generation Incentive Program Requirements filed by Southern California Gas Company, PG&E, SCE, and the Center for Sustainable Energy on December 23, 2020. This decision modifies D.15-06-002 to stay the cancellation of projects past their third extension to provide interim relief to customers who have been affected by the COVID-19 pandemic.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

Upcoming Meetings and Deadlines

Resource Adequacy Enhancements: Final Proposal – Phase 1. The CAISO released the Final Proposal for Phase 1 of its Resource Adequacy Enhancements initiative on February 17. Written comments are due by March 9.

2020-2021 Transmission Planning Process. Written comments on the draft plan and appendices were due by February 23, 2021.

2021-2022 Transmission Planning Process: Draft Study Plan. Written comments on the draft study plan are due by March 11, 2021.

Market Enhancements for Summer 2021 Readiness. Comments on the draft tariff language and business requirements specification for the Market Enhancements initiative are due March 3, 2021.

CALIFORNIA ENERGY COMMISSION

The public comment period for the California Energy Demand Forecast Update, Volume III of the Draft 2020 Integrated Energy Policy Report closed on February 18, 2021. On February 25, 2021, the California Energy Commission (CEC) published a notice of intent to adopt the Proposed Final 2020 Integrated Energy Policy Report (IEPR) Update, Volume III: California Energy Demand Forecast Update at the March 17, 2021 CEC Business Meeting. For a full copy of the notice of intent and for additional information regarding the Proposed 2020 IEPR Update, including the Draft 2020 IEPR Update, Volume I: Blue Skies, Clean Transportation, please visit the 2020 IEPR Update [web page](#). The Draft 2020 IEPR Update, Volume II: The Role of Microgrids in California's Clean and Resilient Energy Future will be available later.

On February 25, 2021, the CEC convened the inaugural meeting of the Blue Ribbon Commission on Lithium Extraction in California (Lithium Valley Commission). The Lithium Valley Commission is a 14-member group established by [Assembly Bill 1657 \(Garcia\) of 2020](#) that is charged with researching opportunities and benefits associated with lithium extraction and use in California. The [Lithium Valley Commission](#) is required to submit a report on its findings and recommendations to the Legislature by October 1, 2022. Commission members represent specified industries, organizations and communities. Their appointments come from the CEC, the Commission, the California Natural Resources Agency, the Senate Committee on Rules, the Speaker of the Assembly, and Governor Gavin Newsom. More information regarding the Lithium Valley Commission is available [here](#).

CALIFORNIA AIR RESOURCES BOARD

ARB's [Compliance Offset Protocol Task Force](#) will hold its third meeting on March 2, 2021. The Task Force provides guidance to ARB in establishing new [offset protocols](#) for the [California Cap-and-Trade Program](#). In October 2020, the Task Force issued a report with its [Initial Draft Recommendations](#) for the Compliance Offset Program.

At CARB's February 25, 2021 meeting, the Executive Officer of CARB, Richard Corey, shared five priorities for the agency in 2021.

1. Catalyzing Clean Transportation
 - Zero-emission vehicle programs are seen as the key to improve air quality and meet greenhouse gas (GHG) emission targets in the state.
 - CARB is aligning its regulatory actions with Governor Newsom's 2020 Executive Order to phase out new combustion vehicles between 2035 and 2045.
2. Meeting Air Quality Standards
 - Four air basins, or portions of air basins, in California are in nonattainment for federal annual PM_{2.5} standards, including the San Joaquin Valley and South Coast basins, where about half of all Californians live. Nine air basins, or portions of air basins, are nonattainment for the federal 8-hour ozone standard.

- Measures are under development related to locomotives, heavy-duty vehicle inspection and maintenance, and construction and mining equipment. CARB staff will report back to the Board in mid-2021.
3. Supporting Community Solutions
 - With continued implementation of Assembly Bill (A.B.) 617, there will be a focus on heavy impacted communities and development of new community emission reduction plans.
 - CARB will provide resources and tools to help other agencies and groups identify impacted communities with clear data. One tool, AQview, is in development and would display air quality data from A.B. 617 communities.
 - To address cumulative exposure burden to toxics, several measures are expected in 2021, including a chrome plating control regulation and actions to reduce diesel particulate matter and NOx emissions, including the Advanced Clean Truck Fleet rules, commercial harbor craft control measures, and measures related to locomotives and railyards and cargo handling equipment.
 4. Achieving Carbon Neutrality
 - The 2022 A.B. 32 Scoping Plan Update will be developed throughout 2021 and adopted in late summer 2022. The process will include input from sister agencies, stakeholders, and CARB's Environmental Justice Advisory Committee.
 5. Partnerships
 - CARB will continue to work with a variety of partners, including air districts, state and federal agencies, industry, environmental and community groups, research partners, small businesses, and international communities
 - We can expect CARB to collaborate with federal agencies on rulemakings on passenger cars, SUVs & pickups, heavy duty trucks, locomotives, and to reduce climate pollutants.
 - There are a variety of partnerships to accelerate GHG reductions through cap and trade expenditure programs.

Overall, the agency is focused on pursuing “synergistic strategies,” that is, strategies that will provide multiple benefits across the areas of air quality, toxics, and climate change. Executive Officer Corey stated that CARB will focus on infusing equity in all its programs and on transitioning from combustion in all sectors. Mr. Corey noted several challenges in CARB implementing its priorities, including driving down vehicle miles traveled (VMT) even as the population grows, incentivizing home electrification, and rapid deployment of EV charging stations and ensuring access to EV infrastructure in all communities.

Look for the following items to be heard by the Board in 2021: (1) in the second quarter, amendments to the consumer products regulation, the Triennial Strategic Research Plan, the 2020 Mobile Source Strategy, and adoption of the Clean Miles Standard under Senate Bill (S.B.) 1014, (2) in the third quarter, updates to certification and compliance fees, changes to the zero

emission small off-road engine exhaust and evaporative emission regulations, new transport refrigeration unit (TRU) regulations, and new vehicle emissions on-board diagnostics requirements, and (3) in the fourth quarter, amendments to commercial harbor craft regulations, the new medium and heavy-duty zero-emission fleet regulation, otherwise known as Advanced Clean Fleets, development of the heavy-duty vehicle inspection and maintenance program under S.B. 210, and amendments to the chrome plating airborne toxic control measure.

MINNESOTA PUBLIC UTILITIES COMMISSION

Minnesota Power Integrated Resource Plan

The Minnesota Public Utilities Commission met on February 25, 2021, to advance a small number of preliminary procedural matters related to Minnesota Power's 2021-2035 IRP. To summarize, the Commission (1) ordered Minnesota Power to provide its customers with notice of the pending IRP; and (2) referred the matter to the Office of Administrative Hearings to schedule and conduct one or more public meetings.

Extreme Weather Event

The Commission convened a special planning meeting to analyze the impacts of the recent extreme weather on natural gas prices. The Commissioners heard presentations from the Minnesota Department of Commerce, Office of the Attorney General, and certain natural gas utilities. Most of the utilities indicated that an average residential customer will receive an annual increase between \$200 and \$400 based on the natural gas price increases during the recent extreme weather. These expenses are typically incorporated into the fuel adjustment clause process, meaning the impact would not be felt until later in the year; however, the Commission expressed concerns with the projected ratepayer impacts. As such, the Commission determined that it will:

1. Open an investigation into the impact of severe weather in February 2021 on Minnesota's impacted natural gas utilities and customers;
2. Direct the Executive Secretary to establish additional procedures and set comment periods;
3. Direct the gas utilities to submit information in response to the questions identified during the special planning meeting and as directed by staff with a stakeholder comment period to follow. Some of the areas specifically identified include:
 - a. How natural gas utilities plan for gas supply and purchases including demand-side management and storage, and should there be any changes about how existing plans should be reviewed;
 - b. An assessment of the potential impacts of increasing frequency of extreme events on reliability planning and purchasing strategies; and
 - c. Information about how impacts to low-income communities can be addressed.

In response to the extreme weather, the Minnesota House Climate and Energy Finance and Policy Committee and the Minnesota Senate Committee on Energy and Utilities Finance and

Policy also held a joint meeting where the committees heard presentations from the Minnesota Department of Commerce, Minnesota Office of the Attorney General, the Commission, and natural gas utilities. Both the Commission and joint committees indicated that they will continue evaluating the impacts of extreme weather on Minnesotans.

Commission Investigation into Open Data Access Standards

On February 26, 2021, the Commission held a technical conference as a follow up to its November 20, 2020, order adopting portions of a request to adopt specific standards for the release of customer energy use data. The technical conference focused on privacy policies and approaches in other jurisdictions. Commission staff convened the conference with the intent to notice an additional comment period with this matter coming before the Commission again within one year.

NORTH DAKOTA PUBLIC SERVICE COMMISSION

Rate Case Public Meetings

The North Dakota Public Service Commission will hold two public meetings on March 4, 2021. The meetings are an opportunity for Xcel electric customers to provide comments on the company's pending rate case. Currently, Xcel is requesting an increase of \$22.2 million or 10.8%.

The Commission will also hold two public meetings on March 2, 2021. These meetings will provide Montana-Dakota Utilities Co. and Great Plains Natural Gas customers with the opportunity to comment on the jointly filed rate case seeking an \$8.9 million or 7.8% increase.

OREGON

1. Order Issued in Regard to Community Solar Rates – UM 1930

Last Friday, February 26, the Oregon Public Utility Commission adopted a staff recommendation maintaining the 2020 bill credit rates in the Oregon community solar program (CSP). After a thoughtful review, the Commission concluded that maintaining the current rates would best achieve the legislature's goal of incentivizing CSP participation while minimizing cost-shifting to residential consumers. The 2020 bill credit rates will now be in effect for the remainder of the interim capacity offering or until January 31, 2022, whichever comes first. The Commission order can be located [here](#).

2. Oregon Public Utility Commission PURPA Workshop on March 2, 2021

On Tuesday, March 2, 2021 at 9:00 a.m. PST, the Commission will hold a workshop to discuss its PURPA docket strategy for 2021. The Commission staff will review each issue in its AR 631 proposal and allow for public comments/questions. The staff proposal can be located [here](#).

3. Idaho Power 2019 IRP Open Meeting on March 2, 2021

On Tuesday, March 2, 2021 at 1:30 p.m. PST, the Commission will hold an open meeting to discuss Idaho Power's Second Amended 2019 Integrated Resource Plan (IRP). The amended IRP can be located [here](#).

WASHINGTON

Senate Negotiations Continue in Regard to SB 5126

After an executive session last week, the Senate Committee on Environment, Energy, and Technology developed a [substitute bill](#) for SB 5126 and referred it to the Ways and Means Committee for review. If passed, this bill will establish a cap and invest program for greenhouse gas emissions and allocate auction revenues for purposes such as clean energy transition and energy efficiency projects.

NEW YORK ISO

The New York ISO (NYISO) and Central Hudson Electric (CHE) are the subject of a complaint filed recently at FERC by Hecate Energy Green County 3, LLC. Hecate claims that NYISO and CHE have violated NYISO's tariff and acted in an unduly discriminatory and preferential manner in giving priority to available interconnection capacity to several generator interconnection customers over Hecate's own project that was submitted earlier to the interconnection queue. Hecate also claims that NYISO and CHE have failed to use reasonable efforts to process Hecate's interconnection request, which was filed in February 2017. See Docket No. EL21-49.

ERCOT

Five members of the ERCOT board, including the chair and vice chair, have resigned in the wake of the extreme weather events that occurred last week. The resignations were effective February 24.

FEDERAL ENERGY REGULATORY COMMISSION

1. FERC clarified that a coal generation facility could not sell its (and others') fly ash to an unaffiliated facility for processing and retain the profits derived from that transaction and retain its status as an Exempt Wholesale Generator (EWG). FERC ruled that such transaction does not constitute an "incidental activity" that is permitted of EWGs, because the sale of fly ash received from unaffiliated third parties to an unaffiliated processing facility would constitute a separate line of business from wholesale power sales in violation of the EWG "exclusivity requirement." FERC did offer, however, that the applicant would comply with the exclusivity requirement if it were to donate all

revenues derived from the fly ash transaction to charity. See the decision at [Brunner Island, LLC](#).

2. FERC announced that it will convene a technical conference on resource adequacy in the evolving electricity sector on Tuesday March 23, 2021, from approximately 9:00 a.m. to 4:00 p.m., and Wednesday March 24, 2021, from approximately 9:00 a.m. to 12:00 p.m., ET. The conference will be held remotely.
3. FERC will hold a technical workshop on March 25 from 10 a.m. to 3 p.m., ET to discuss the functionality and features of the relational database through which FERC will begin collecting certain market-based rate (MBR) information in accordance with Order No. 860 (MBR Database). Individuals who are interested in registering for the conference can do so here: <https://ferc.webex.com/ferc/j.php?MTID=e6dd18def200b281ff165e57325102ee0>.
4. FERC [announced a Commissioner-led workshop](#) on April 16 for public input on the creation of the Office of Public Participation. Congress directed FERC to provide, by June 25, 2021, to the Committees on Appropriations of both Houses of Congress a report on FERC's progress towards establishing the Office of Public Participation, including an organizational structure and budget for the office, beginning in fiscal year 2022. FERC plans to hear input on the following topics in forming the Office of Public Participation: (a) the office's function and scope as authorized by section 319 of the FPA; (b) the office's organizational structure and approach, including the use of equity assessment tools; (c) participation by tribes, environmental justice communities, and other affected individuals and communities, including those who have not historically participated before FERC; and (d) intervenor compensation. Nominations for stakeholder panelists for the workshop are due by March 10, 2021.
5. FERC's Office of Enforcement is [examining wholesale natural gas and electricity market activity](#) during February's extreme cold weather to determine if any market participants engaged in market manipulation or other violations.
6. FERC announced that it will [open a new proceeding](#) to examine the threat that climate change and extreme weather events pose to electric reliability. The proceeding will examine how grid operators prepare for and respond to extreme weather events, including, but not limited to, droughts, extreme cold, wildfires, hurricanes, and prolonged heat waves. FERC announced that the proceeding would include a technical conference with an opportunity for parties to submit comments in advance of that conference, with additional details to follow.
7. The next FERC open meeting is March 18.

BUREAU OF LAND MANAGEMENT

On February 17, 2021, the United States Department of the Interior, Bureau of Land Management (BLM) issued a press release indicating that it will formally revoke the comment period on the Trump Administration's draft environmental impact statement to amend the Desert Renewable Energy Conservation Plan (DRECP). The DRECP is a collaborative effort between the BLM, U.S. Fish and Wildlife Service, CEC, and California Department of Fish and Wildlife. BLM's press release is available [here](#) and the response from CEC Commissioner Douglas is available [here](#). Notice of the proposed amendments was [published](#) in the Federal Register on January 14, 2021.