

REGULATORY UPDATE FOR NOVEMBER 16 (WEEK OF NOVEMBER 9)**California Public Utilities Commission****New Proposed Decisions and Draft Resolutions:¹**

Proposed Resolution E-5111. By Advice Letter (AL) 5930-E, Pacific Gas and Electric Company (PG&E) requested modifications to Appendix P of its 2014 Conformed Bundled Procurement Plan, which describes an interim process for allocating carbon-free attributes of resources in PG&E's portfolio to other load serving entities (LSEs). These modifications would extend the timeframe of Appendix P and would make other changes that either clarify or streamline the interim allocation process. This Resolution approves PG&E's request in AL 5905-E, with certain modifications identified in the record. This Resolution also directs PG&E to file a conforming Tier 1 AL within 60 days of the Resolution's effective date.

R.19-07-017 (Wildfire Fund). This proposed decision sets the Wildfire Fund Non-Bypassable Charge for 2021 at .000580/kilowatt hour, to collect a revenue requirement for \$902.4 million. Those amounts are consistent with the amounts previously adopted by the California Public Utilities Commission (Commission) for 2020.

A.20-05-005 (PG&E Debt Issuance). This decision grants PG&E's request for the following authorization to meet its anticipated financing needs from 2021 through 2023, allow it to finance its ongoing capital spending requirements, and replace maturing debt: (1) to issue long-term Debt Securities in an aggregate principal amount not to exceed \$8.1 billion, or an additional \$4.5 billion to pay for wildfire claims costs if and to the extent the requested \$7.5 billion securitization in Application (A.) 20-04-023 is not approved, with all such issuances to take place at any time from the date of authorization of this decision and consistent with the capital structure waiver set forth in Decision (D.) 20-05-053, until the aggregate principal amount authorized has been fully utilized by PG&E; and (2) to enter into interest rate hedges as described in the decision All fees and costs associated with the issuance of Debt Securities for payment of wildfire claims costs are the responsibility of shareholders.

Proposed Resolution E-5110. This Resolution adopts with modifications PG&E, Southern California Edison Company (SCE), and San Diego Gas & Electric Company's (SDG&E) 2022 Demand Response Auction Mechanism Request for Offers and Contract Language, with the solicitation to be conducted in Q1 of 2021 resulting in Resource Adequacy contracts for third-party Demand Response resource capacity to be delivered in 2022.

R.20-05-003 (Backstop Procurement). This proposed decision adopts requirements for all LSEs required to procure electric capacity by D. 19-11-016, which did not opt out of

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.

providing their assigned capacity, to file bi-annual updates of their procurement progress relative to contractual and procurement milestones defined in this decision. The compliance filing information is required on February 1 and August 1 of 2021, 2022, and 2023. The decision also lays out general criteria for Commission staff to use in reviewing the procurement information provided by LSEs. After review of contractual progress of all LSEs self-providing capacity toward the D.19-11-016 procurement requirements, Commission staff are required to bring a resolution before the Commission for a vote, recommending initiation of backstop procurement by particular investor-owned utilities if the procurement activities of other self-providing LSEs with customers in their service territory are determined to be falling short of procurement goals. The details of the cost allocation of any backstop procurement required by the Commission will be addressed in a subsequent decision.

R.18-12-006 (Vehicle to Grid Integration). This proposed decision adopts strategies and metrics to further the integration of electric vehicles as electrical grid resources, and fulfills obligations imposed on the Commission by Senate Bill 676.

R.13-02-008 (Biomethane Standards). This decision approves the Standard Renewable Gas Interconnection Agreement and related documents jointly proposed by PG&E, Southwest Gas Corporation, Southern California Gas Company, and SDG&E – collectively the “Joint Utilities” – on May 1, 2020, with modifications.

Voting Meetings:

The Commission will hold a voting meeting on November 19, 2020. The agenda includes the following items:

Item 6: Proposed Resolution E-5104 (Qualifying Facility Standard Offer Contracts). This Resolution approves, with modifications, the Qualifying Facilities Standard Offer Contracts filed by PG&E in AL 5853-E, SCE in AL 4229-E, and SDG&E in AL 3555-E to comply with CPUC D.20-05-006 implementing the Public Utility Regulatory Policies Act of 1978 (PURPA). Therefore, this Resolution also orders PG&E, SCE, and SDG&E to each file new Tier 1 advice letters with Qualifying Facilities Standard Offer Contracts modified to comply with D.20-05-006 and this Resolution.

Item 24: A.19-09-012 (PG&E Catastrophic Event Memorandum Account). This proposed decision would grant the joint motions of applicant PG&E and intervenors Public Advocates Office (Cal Advocates) and The Utility Reform Network (TURN) to approve and adopt their settlement agreement (Settlement Agreement) and approve PG&E’s application pursuant to Public Utilities Code Section 454.9 to recover incremental costs recorded in its Catastrophic Event Memorandum Account (CEMA) regarding 13 catastrophic events (Events) in 2017 and 2018 in accordance with the provisions of the Settlement Agreement. The Settlement Agreement’s revenue requirement of \$136.7 million for CEMA Events costs reflects a compromise between PG&E’s adjusted revenue requirement request of \$157.1 million and the recommended respective revenue requirements of Cal Advocates and TURN of \$118.5 million and \$121.3 million. The parties’ settlement also reflects agreement regarding the mechanisms

for recovery of PG&E's expense revenue requirement and the revenue requirements associated with Electric Distribution and Gas Distribution capital costs.

Item 35: R. _____ (OIR Emergency Reliability). This rulemaking would identify and execute actions within the Commission's statutory authority to ensure reliable electric service in the event that an extreme heat storm occurs in the summer of 2021. This rulemaking identifies the near-term actions that the Commission proposes to implement to prepare for an extended heat storm, sets forth the process for obtaining stakeholder and respondent input on the proposed actions, and establishes a schedule that will allow it to adopt relevant changes to its processes, programs, and rules in advance of the summer of 2021. The adopted changes will be in effect for calendar year 2021.

Item 36: Proposed Resolution WSD-011. This Resolution implements the requirements of Public Utilities Code Sections 8389(d)(1), (2), and (4) related to catastrophic wildfire caused by electrical corporations subject to the Commission's regulatory authority. The statute requires the following: "(d) By December 1, 2020, and annually thereafter, the [C]ommission, after consultation with the [Wildfire Safety [D]ivision], shall adopt and approve all of the following: (1) Performance metrics for electrical corporations. (2) Additional requirements for wildfire mitigation plans. (4) A process for the division to conduct annual safety culture assessments for each electrical corporation. To implement Sections (d)(1) and (2), this Resolution provides updates to electrical corporations' 2021 Wildfire Mitigation Plan (WMP) requirements, including updates to the metrics, templates, reports and maturity model required of electrical corporations for 2020 WMPs. To implement Section (d)(4), this Resolution provides a recommended process for annual safety culture assessments for each electrical corporation." (Brackets in original.)

Item 37: Proposed Resolution WSD-012. This Resolution implements the requirements of Public Utilities Code Section 8389(d)(3) related to catastrophic wildfire caused by electrical corporations subject to the Commission's regulatory authority. The statute requires the following: "(d) By December 1, 2020, and annually thereafter, the [C]ommission, after consultation with the [Wildfire Safety D]ivision], shall adopt and approve all of the following: (3) A wildfire mitigation plan compliance process. To implement Sections [sic] (d)(3), this Resolution provides a recommended process for overseeing Wildfire Mitigation Plan (WMP) compliance for the electrical corporations." (Brackets in original.)

Item 41: 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.

California Independent System Operator

ISO Board of Governors Member David Olsen Announced His Retirement. David Olsen announced his retirement from the California Independent System Operator (ISO) Board of Governors on November 11, 2020, after more than eight years on the Board. He will step down effective November 30, 2020.

Upcoming Meetings and Deadlines:

Resource Adequacy Enhancements: Portfolio Analysis Posted. The California ISO has posted the preliminary portfolio analysis for the Resource Adequacy (RA) Enhancements initiative to the initiative webpage, and it may be found here: <http://www.caiso.com/InitiativeDocuments/PreliminaryPortfolioAnalysis-ResourceAdequacyEnhancements.pdf>. Comments on the analysis are due by end of day November 25, 2020 through the ISO's commenting tool. One of the core elements of the ISO's RA Enhancements stakeholder initiative is the development and use of a production simulation tool that can assess how likely the shown monthly RA fleet supports grid reliability. The posted preliminary portfolio analysis provides the RA portfolio assessment results using July 2020 RA showings. This paper's objective is to provide insight and transparency into the ISO's assessment model, methods, and initial findings that inform the portfolio assessment.

2020-2021 Transmission Planning Process Call 11/17/20. The California ISO will hold a public stakeholder call on November 17, 2020 to discuss the 2020-2021 transmission planning process. Written comments are due December 1, 2020. Call agenda is here: <http://www.caiso.com/Documents/Agenda-2020-2021TransmissionPlanningProcess-Nov172020.pdf>.

Energy Storage and Distributed Energy Resources – Default Energy Bid: Draft Tariff Language Posted. The California ISO has published the draft tariff language for the Default Energy Bid proposal, as part of the Energy Storage and Distributed Energy Resources Phase 4 initiative. Comments are due by December 3, 2020.

Affidavits for Allocating and Retaining Transmission Plan Deliverability Due December 4, 2020. Generation interconnection customers must submit Transmission Plan Deliverability (TP Deliverability) affidavits to the California ISO by December 4, 2020 to be eligible to receive or retain deliverability allocations in the annual TP Deliverability allocation process. This also applies to wholesale distribution access tariff projects studied by the California ISO for deliverability.

2022 Local Capacity Requirements. The California ISO held a public stakeholder call on November 3, 2020 to discuss the criteria, assumptions, and methodology to be used in the 2022 Local Capacity Technical study. The California ISO has posted a draft study manual that addresses these topics. Comments on the study manual are due November 17, 2020.

Variable Operations and Maintenance Cost Review: Draft Tariff Language Posted. The California ISO has scheduled a public stakeholder call on November 20, 2020 to discuss the draft tariff language for the Variable Operations and Maintenance Cost Review initiative. Written comments are due November 17, 2020.

Real-Time Settlement Review: Draft Tariff Language Posted. The California ISO has scheduled a public stakeholder call on November 19, 2020, from 10 a.m. to 12 p.m., to discuss the draft tariff language for the Real-Time Settlement Review initiative, available at

<https://stakeholdercenter.caiso.com/StakeholderInitiatives/Real-time-settlement-review>.

Comments are due November 17, 2020.

Review of Final 2021 RA Compliance Filings and Determination of Deficiency. The California ISO has posted its aggregate assessment of the annual RA plans submitted by 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.

California Air Resources Board

On November 19 and 20, 2020, the California Air Resources Board (CARB) will hold a public hearing to consider amendments to its regulations for the reporting of Criteria Air Pollutants and Toxic Air Contaminants. The proposed amendments will expand CARB's inventories of emissions from stationary sources, on-road and off-road mobile sources, and area-wide sources, i.e., consumer products. The amendments would expand the scope of sources subject to reporting, increasing the number of facilities reporting from about 1,300 to approximately 60,000 at full implementation. The amendments would incorporate a multi-year phase-in for reporting of additional processes and provide abbreviated reporting requirements for thousands of facilities. The amendments would also improve consistency with the Air Toxics "Hot Spots" Program reporting requirements under Assembly Bill 2588. Details on the proposed amendments and the hearing are available [here](#). Written comments can be submitted by mail or electronically [here](#) and must be received no later than November 16, 2020, if they will not be physically submitted at the hearing.

Minnesota Public Utilities Commission

LSP Transmission Holdings LLC

LSP Transmission Holdings LLC (LSP or Petitioner) is seeking U.S. Supreme Court review of a Minnesota law allowing in-state or incumbent transmission companies the right of first refusal before out-of-state companies are permitted to build or operate new transmission lines. Petitioner argues that the law violates the Dormant Commerce Clause of the U.S. Constitution. The action names individual Minnesota Public Utilities Commission (MPUC) commissioners, other Minnesota government officials, ITC Midwest LLC, and Northern States Power Company d/b/a Xcel Energy as respondents.

LSP seeks review after the Eighth Circuit affirmed the U.S. District Court's ruling upholding Minn. Stat. § 216B.246, subd. 2, which states that "an incumbent electric transmission owner has the right to construct, own, and maintain an electric transmission line that has been approved for construction in a federally registered planning authority transmission plan and connects to facilities owned by that incumbent electric transmission owner." Though LSP argues that the law is meant to insulate the state from development competition encouraged by the Federal Energy Regulatory Commission's (FERC) Order No. 1000, prohibiting rights of first refusal, the Eighth Circuit upheld the law because it found that the law applies to incumbent utilities regardless of whether they are based in Minnesota and that FERC generally delegates

transmission oversight to the states. As such, the Court of Appeals held that the law is not discriminatory.

The petition for review was docketed by the U.S. Supreme Court on November 10, 2020, and responsive briefing will be filed in early December 2020.

FERC Proposed Policy Statement on State-Determined Carbon Pricing in Wholesale Market

On October 15, 2020, FERC issued a Notice of Proposed Policy Statement (Notice) to clarify its jurisdiction over regional transmission organizations' and independent system operators' market rules that incorporate a state-determined carbon price to encourage consideration of the benefits of potential Federal Power Act Section 205 filings to establish rules. The Notice solicits comments on a variety of topics with initial comments due on November 16, 2020 and reply comments due on December 1, 2020.

After brief deliberations, the MPUC decided to submit a doc-less notice of intervention in the relevant FERC docket to maintain its party status; however, the Commission will not file comments at this time.

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

FERC's next open meeting is November 19, 2020. This will be Chair Danley's first meeting serving in that role. FERC's open meeting is expected to address, among other items, (1) rehearing requests on Order No. 872 (PURPA Reform), (2) a rulemaking on managing transmission line ratings, (3) FERC's 2020 report on enforcement activities, (4) rehearing requests regarding FERC Opinion No. 569-A, which modified FERC's methodology for determining the base return on equity of public utility rates, and (5) ISO's requests for changes to its tariff to accommodate hybrid resources.

FERC announced a roundtable on December 3, 2020 to discuss increased deployment of electric vehicles (EV) and EV charging infrastructure nationwide and their impact on and value to the FERC-jurisdictional transmission system and wholesale electricity markets.

On November 12, FERC accepted PJM's energy and ancillary services offset that is used in PJM's capacity market, paving the way for the market operator to commence its Base Residual Auction implementing the expanded Minimum Offer Price Rule during 2021.

