

REGULATORY UPDATE FOR APRIL 12 (WEEK OF APRIL 5)**CALIFORNIA PUBLIC UTILITIES COMMISSION****New Proposed Decisions and Draft Resolutions¹**

R.17-06-026 (PCIA). This Phase 2 decision (a) removes the cap and trigger for Power Charge Indifference Adjustment (PCIA) rate increases, (b) authorizes new Voluntary Allocation, Market Offer, and Request for Information processes for Renewables Portfolio Standard contracts subject to the PCIA, (c) approves a process for increasing transparency of investor-owned utilities' Resource Adequacy resources, and (d) authorizes Southern California Edison Company to continue to apply the approach to greenhouse-gas free resources approved in Resolution E-5095 through December 31, 2023.¹ This proceeding remains open to consider (i) Phase 2 issues relating to Energy Resource Recovery Account proceedings and (ii) whether GHG-Free resources are undervalued in the PCIA methodology, and if so, the appropriate way to address this problem.

A.21-01-004 (PG&E Recovery Bonds). This Financing Order grants Pacific Gas and Electric Company's (PG&E) application for authority under Division 1, Part 1, Chapter 4 of the California Public Utilities Code (Article 5.8) to issue \$7.5 billion of bonds to fund costs and expenses related to 2017 North Bay Wildfires and other financing costs.

R.17-07-007 (Rule 21). The primary objective in this proceeding is to streamline the interconnection application process; this decision adopts a series of proposals to achieve this goal. Adopted proposals include: a modified, notification-only approach for certain projects; a study on costs shifts resulting from a prior distribution upgrade exemption; installation of protective equipment on large machine generators; an option for independent unintentional islanding studies; establishment of a working group to look at distribution-level solutions to anti-islanding; new anti-islanding screens in the interconnection application process for PG&E; development of an interconnection guidebook on anti-islanding; improved efficiencies in the application process that allow for applications based on street address; choice of single batch applications; a future pilot to test operational alternatives to address operational flexibility constraints; and the development and finalization of a template aggregator agreement.

Voting Meetings

The CPUC's next voting meeting will be held on April 15, 2021. The agenda includes the following items:

¹ Per California Public Regulatory Commission (the CPUC or 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.

Item 9: Draft Resolution E-5118. By this resolution, the CPUC approves, with two adjustments, additions to several Southern California Edison Company (SCEC) net energy metering and virtual net energy metering tariffs related to customers who wish to replace their renewable distributed generation systems destroyed as a result of disasters. The CPUC authorizes SCEC to modify certain tariffs for disaster-impacted customers to: allow sizing replacement renewable distributed generation systems to the estimated load, remove the 10 percent/1 kilowatt system modification threshold, and exempt customers from the interconnection application fee when reapplying for service. Also, the CPUC authorizes SCEC to update its interconnection application forms to provide a means for disaster-impacted customers to identify themselves during the interconnection process. The CPUC requires SCEC to allow disaster-impacted customers four years to apply for interconnection.

Item 13: Draft Resolution E-5119. This draft resolution would approve three PG&E power purchase agreements with Frito-Lay, Inc.; Olsen Power Partners; and Hydro Sierra Energy, LLC, and associated cost recovery.

Item 19: Draft Resolution E-5139. This draft resolution approves five contracts totaling 140 MW for incremental system reliability resources that San Diego Gas & Electric Company (SDG&E) procured through its System Reliability Request for Offers solicitation in 2020. SDG&E undertook this procurement to meet its 2021 incremental procurement requirements pursuant to Decision 19-11-016 in the Integrated Resource Plan Rulemaking, 16-02-007. This resolution approves the contracts without modification. The five contracts are described below:

Project Name (Counterparty)	Technology	Size (MW)	Contract Type	Location	In or Adjacent to DAC?	Commercial Online Date	Term (Years)
Johanna Energy Center (Calpine)	Standalone Lithium Ion Battery	20	PPA	Orange County	Yes	8/1/22	10
North Johnson Energy Center (Wellhead)	Standalone Lithium Ion Battery	25	PPA	San Diego County	Yes	6/1/22	15
BCE Los Alamitos (Bright Canyon)	Hybrid Solar Photovoltaic with Lithium Ion Battery	10	PPA	Orange County	No	6/1/22	10
Ortega Grid (Able Grid)	Standalone Lithium Ion Battery	10	RA-only	Riverside County	Yes	6/1/22	10
Desert Peak Energy Storage II (Next Era)	Standalone Lithium Ion Battery	75	PPA	Riverside County	No	6/15/23	15

Item 22: Draft Resolution E-5140. This resolution approves six contracts for incremental system reliability resources that PG&E procured through its System Reliability Request for Offers – Phase 2 solicitation in 2020. PG&E undertook this procurement to meet its 2022 and 2023 incremental procurement requirements pursuant to Decision 19-11-016 in the Integrated Resource Plan Rulemaking, 16-02-007. This resolution approves the contracts without modification. The six contracts are described below:

Counterparty (Project Name)	Technology	Size (MW)	Location and DAC Designation	Contract Type	Initial Delivery Date	Term (Years)
Nexus Renewables U.S. Inc. (AMCOR)	Standalone Lithium Ion Battery	27	Fairfield, Solano County, CA (Not in DAC)	BTM LTRAA	8/1/2022	15
Lancaster Battery Storage, LLC (Lancaster Battery Storage)	Standalone Lithium Ion Battery	127	Lancaster, Los Angeles County, CA (DAC Adjacent)	LTRAA with ES	8/1/2022	15
LeConte Energy Storage, LLC (LeConte Energy Storage)	Standalone Lithium Ion Battery	40	Calexico, Imperial County, CA (In DAC)	LTRAA	8/1/2022	15
North Central Valley Energy Storage, LLC (North Central Valley Energy Storage)	Standalone Lithium Ion Battery	132	Linden, San Joaquin County, CA (DAC Adjacent)	LTRAA with ES	8/1/2023	15
Daggett Solar Power 2, LLC (Daggett 2 BESS)	Standalone Lithium Ion Battery	46	Daggett, San Bernardino County, CA (In DAC)	LTRAA	8/1/2023	15
Daggett Solar Power 3, LLC (Daggett 3 BESS)	Standalone Lithium Ion Battery	15	Daggett, San Bernardino County, CA (In DAC)	LTRAA	8/1/2023	15

Item 23: Draft Resolution E-5124. This resolution approves, with modification, CleanPowerSF’s Advice Letter (AL) 12-E, East Bay Community Energy’s AL 14-E/E-A, Marin Clean Energy’s AL 42-E/E-A/E-B, Peninsula Clean Energy’s AL 11-E, and San Jose Clean Energy’s AL 15-E to create tariffs to implement the Disadvantaged Communities Green Tariff and/or Community Solar Green Tariff programs.

Item 36: 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 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.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR

Generator Interconnection Application Window 4/1/21 – 4/15/21. The Cluster 14 Generation Interconnection Request window for new applications is open April 1 through April 15, 2021.

LADWP and Public Service Company of New Mexico Join the EIM. The largest publicly owned utility in California and the largest electric power provider in New Mexico began participating in the California Independent System Operator's (ISO) Western EIM on April 1.

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Flexible Ramping Product Refinements. The California ISO has posted revised draft tariff language for the Flexible Ramping Product Refinements initiative and is planning to file the language with the Federal Energy Regulatory Commission (FERC) in April 2021.

BPM Change Management: Proposed Revision Requests and Updated BPMs Posted. On March 30, 2021, the California ISO posted new Proposed Revision Requests (PRRs) to Business Practice Manuals (BPMs), the California ISO recommendations, and final decisions on previously submitted PRRs. The ISO posted updated versions of BPMs on its BPM change management website. This triggers the beginning of the stakeholder review process.

Final 2022 and 2026 Local Capacity Technical Study Results. Written comments on the final study results are due April 21.

2021 Summer Readiness Update Call. The California ISO has scheduled a public call on April 14, 2021, to provide stakeholders with an update on summer 2021 readiness efforts.

Market Enhancements for Summer 2021 Readiness Revised Draft Tariff Language. The California ISO has scheduled stakeholder calls on April 14 and April 19, 2021, to discuss the revised draft tariff language for the Market Enhancements for Summer 2021 Readiness initiative. Comments on the revised language are due April 15, 2021.

CALIFORNIA ENERGY COMMISSION

At its April 14, 2021 [Business Meeting](#), the California Energy Commission (CEC) will consider approval of [Volume II](#) of the [2020 Integrated Energy Policy Report \(IEPR\) Update](#), entitled *The Role of Microgrids in California's Clean and Resilient Energy Future, Lessons Learned from the California Energy Commission's Research*. On March 17, 2021, the CEC

adopted two Volumes of the 2020 IEPR Update, [Volume I: Blue Skies, Clean Transportation](#) and [Volume III: California Energy Demand Forecast Update](#). The CEC has begun work on the [2021 IEPR](#), adopting the [Scoping Order](#) for the proceeding on March 16, 2021.

CALIFORNIA AIR RESOURCES BOARD

ARB has issued proposed modified text for public comment, revising its amendments to both the [Regulation for the Reporting of Criteria Air Pollutants and Toxic Air Contaminants](#) (Criteria and Toxics Reporting Regulation) and the Air Toxics “Hot Spots” Program [Emission Inventory Criteria and Guidelines Report](#). The deadline for public comment is April 14, 2021. ARB states that the proposed amendments to the Criteria and Toxics Reporting Regulation are necessary to support efforts to reduce adverse and inequitable health impacts from air pollution to communities of concern. The amendments provide updated toxics data for air districts, so they may evaluate risks to residents related to the emissions of toxic contaminants pursuant to implementation of AB 2588. CARB will use the data to evaluate and update air toxic control measures. Under the Hot Spots Program, stationary sources are required to report the types and quantities of certain toxic substances their facilities routinely emit. ARB has proposed modifications to the amendments to the Criteria and Guidelines to provide ARB and air districts with a better understanding of stationary source toxic emissions, enhance public access to information on toxic pollutant emissions, and ensure that many new and emerging chemicals of concern are reported. ARB approved for adoption the proposed amendments to the Criteria and Toxics Reporting Regulation and the Hot Spots Program on November 19, 2020, subject to the additional conforming modifications now being made available for public comment.

OREGON

Public Hearing on April 15 in Regard to Idaho Power’s 2019 IRP – LC 74

On Thursday, April 15 at 9:30 a.m. PDT, the Oregon Public Utility Commission (PUC or Commission) will hold a second public hearing to discuss Idaho Power’s 2019 Integrated Resource Plan (IRP). The Commission will engage with stakeholders and Staff regarding the action plan items published in Idaho Power’s second amended 2019 IRP. Idaho Power’s proposed action plan can be located on page 7 of the linked [filing](#).

Oregon Legislature Working Session Scheduled this Week

The Oregon House Committee on Energy and the Environment will hold a working session on Monday, April 12, to discuss a long list of bills. Specifically, the Committee will review: HB [2021](#) (directing the Oregon PUC to study laws related to clean energy), HB [2488](#) (regarding climate change mitigation in statewide land use planning goals), HB [2520](#) (regarding

development of renewable resources in statewide land use planning goals), and HB [3375](#) (regarding offshore wind opportunities in Oregon).

WASHINGTON

Avista's 2021 Electric Integrated Resource Plan – UE-200301

Last week, Avista published its 2021 Electric IRP. Major highlights of the IRP include establishing an equity advisory group to address energy inequity among vulnerable residential communities and rolling out a new demand response program. The IRP can be accessed here: <https://myavista.com/-/media/myavista/content-documents/about-us/our-company/irp-documents/2021-electric-irp-w-cover-updated.pdf>

NEW YORK INDEPENDENT SYSTEM OPERATOR

1. New York Independent System Operator (NYISO) submits response to deficiency letter regarding proposal to create a process in its Market Administration and Control Area Services Tariff (Services Tariff) to implement or adjust the procurement of supplemental reserves.

On April 7, 2021, NYISO responded to FERC's deficiency letter and provided more information regarding its proposal to prescribe a process to implement or adjust the procurement of supplemental reserves. On February 2, 2021, NYISO proposed revisions to its Services Tariff to (1) modify the current Operating Reserve Demand Curves applicable to various locational reserve requirements established by the NYISO, and (2) establish a process and procedures to procure supplemental reserves, if needed, in the future.

The Commission requested, in its deficiency letter, additional information regarding the supplemental reserves component of NYISO's proposal. In its response, NYISO explained that it did not propose to establish any supplemental reserve requirements at this time, but rather, "the process, pricing, and other terms and conditions to facilitate the implementation of supplemental reserve requirements" if necessary in the future to maintain reliability. The NYISO argued that its proposal is just and reasonable as a proactive measure.

2. Certain transmission owners file complaint to amend the NYISO Open Access Transmission Tariff (OATT) and Services Tariff to revise the funding methodology for transmission system upgrades caused by generator interconnections.

On April 9, 2021, Central Hudson Gas & Electric Corporation, Consolidated Edison Company of New York, Inc., Niagara Mohawk Power Corporation d/b/a National Grid, New York State Electric & Gas Corporation, Orange and Rockland Utilities, Inc., and Rochester Gas and Electric Corporation (Complainants) filed a complaint to amend the NYISO OATT to revise the funding methodology for certain updates to Complainants' transmission systems caused by generator interconnections. In conjunction with the complaint, the Complainants filed, pursuant to Section 205 of the Federal Power Act, to amend Section 25.5.4 of the OATT.

The Complainants argue that the existing funding mechanism in the OATT requires them to construct, own, and operate the System Upgrade Facilities (SUFs) and/or System Deliverability Upgrades (SDUs) on a nonprofit basis by not allowing a return on those assets. The Complainants argue this violates the cost principles established in *Hope* and *Bluefield* that a regulated utility is entitled to a reasonable return to ensure new capital can be attracted. The Complainants cite the court decision in *Ameren Services Co. v. FERC*, 880 F.3d 571 (D.C. Cir. 2018), which held that transmission owners in Midcontinent Independent System Operator, Inc. (MISO) are entitled to unilaterally elect to fund, and thus, earn a return on, the capital cost of generator-caused, network upgrades.² Complainants propose amendments to the OATT to align with this holding.

Complainants argue that this issue is especially pressing in New York because of the increasing volume of new generator interconnections and resulting SUFs/SDUs that are expected in the near future. Complainants state that due to New York's emissions reductions target, there are a significant number of new renewable generation and energy storage resources that are, or will be, interconnecting to the Complainants' systems, requiring significant investment in SUFs/SDUs. Complainants cite, as evidence of this uptick, the difference between the six-interconnection requests studied for Class Year 2011 and the 78 interconnection requests studied in Class Year 2019. Complainants note that this increase in interconnections will result in a four-fold increase in SUF/SDU costs and that the cost increase is expected to continue as New York continues to meet its clean energy mandates.

Complainants argue that the existing funding mechanism is also unjust and unreasonable because it forces them to assume certain risks and costs for the SUFs/SDUs for which they are not compensated. The Complainants specifically cite increased regulatory, reliability, cybersecurity, environmental, and operational risks for the SUFs/SDUs. Complainants state that the existing funding mechanism can accommodate changes that would allow Complainants to fund the SUFs/SDUs and recover those costs and an appropriate rate of return from interconnection customers over 20 years.

Complainants stress the pressing nature of their request and seek adoption of the proposed amendments to the OATT prior to the "commencement of the Initial Decision Period in the next generator class year (*i.e.*, the 2021 Class Year) - likely to occur in late 2021 or early 2022." Accordingly, the Complainants have requested expedited consideration and a Commission order granting the complaint and making their requested relief effective by June 9, 2021. Complainants also request that the Commission require NYISO to make a compliance filing implementing the proposed amendments by September 7, 2021, or within 60 days of a

² California Independent System Operator Corporation, by contrast, requires interconnection customers to finance the construction of network upgrades. The transmission owner reimburses the interconnection customer within five years of the commercial operation date of the facility. The transmission owner then includes the cost of the new network upgrades in its transmission revenue requirement.

Commission order if such order is issued after June 9, 2021. We expect generation developers and consumer advocates within the NYISO footprint to intervene and potentially protest in this proceeding.

FEDERAL ENERGY REGULATORY COMMISSION

1. FERC has extended the timeframe for market-based rate (MBR) sellers to file their baseline filings in compliance with FERC Order No. 860. Order No. 860 will now go into effect on July 1, 2021, and baseline filings will be due by November 2, 2021. The relational database system is open through June 30, 2021 for testing, and then the system will be open for baseline filings from July through October. FERC has scheduled a [technical workshop](#) on April 22, 2021, to discuss the functionality and features of the relational database that will collect certain MBR information.
2. FERC has scheduled a [technical conference](#) to discuss electrification and the grid of the future on April 29, 2021.
3. FERC has scheduled a [technical conference](#) to discuss issues surrounding the threat to electric system reliability posed by climate change and extreme weather events on June 1-2, 2021.
4. FERC granted requests from SPP, MISO, and PJM to delay their Order No. 2222 compliance filings until February (PJM) and April (SPP and MISO) of 2022. Order No. 2222 required the RTOs/ISOs to open their markets to distributed energy resource aggregations.
5. Several owners of small solar qualifying facilities and a nonprofit in Alabama filed a [petition for enforcement](#) under the Public Utility Regulatory Policies Act of 1978 (PURPA) requesting that FERC compel the Alabama Public Service Commission (PSC) to set non-discriminatory rates for sales to solar qualifying facilities (QFs). The petition targets charges for “back-up service” that the Alabama PSC approved in 2013 and increased to \$5.41/kW in 2020 in Alabama Power’s territory. The petition alleges that the charges are not based on cost-of-service, are discriminatory in that they target lost revenues due to solar adoption, charge solar customers more for the same level of service, overcharge QFs, and rely on unreasonable assumptions. The petition was filed by the Southern Environmental Law Center and Ragsdale LLC. While similar charges exist in other areas of the country, the petition alleges that Alabama’s are the highest and have stymied solar development in Alabama. If successful, the petition may have implications for similar charges assessed by other utilities.
6. FERC’s monthly open meeting agenda includes a couple of items that are of interest to our clients:
 - a. FERC is planning to take up its proposed policy statement on carbon pricing in organized wholesale electricity markets. See the Proposed Policy Statement [here](#).

- b. FERC also plans to address a petition for declaratory order filed by the NYISO, seeking confirmation that transmission owners in the territory have a federal right of first refusal to build, own, and recover the costs of upgrades to their transmission facilities. *See* Docket No. EL20-65.