

**REGULATORY UPDATE FOR APRIL 2, 2024
(WEEK OF MARCH 25, 2024)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)

New Proposed Decisions and Draft Resolutions¹

Resolution (Res) G-3603 (Approval of the California Energy Commission's Gas Research and Development Program for Fiscal Year 2023-2024). This Resolution approves in part the California Energy Commission's (CEC) Gas Research and Development Program Proposed Budget Plan for Fiscal Year 2023-2024. The Gas Research and Development Program was established pursuant to Decision (D.) 04-08-010. The Commission approves the CEC's proposed \$24 million budget, plus \$6,536,412 in unspent funds, totaling \$30,536,412. This includes a \$2.4 million administrative budget. The Resolution directs the CEC to reallocate \$10,130,876 for the Gas Leakage Mitigation Initiative theme to other gas research projects.

Rulemaking 22-07-005 (Rulemaking to Advance Demand Flexibility Through Electric Rates). As directed by Assembly Bill 205, this decision authorizes all investor-owned utilities to change the structure of residential customer bills by shifting the recovery of a portion of fixed costs from volumetric rates to a separate, fixed amount on bills without changing the total costs that utilities may recover from customers. As a result, this decision reduces the volumetric price of electricity (in cents per kilowatt hour) for all residential customers of investor-owned utilities. The new billing structure more evenly allocates fixed costs among customers and will encourage customers to adopt electric vehicles and replace gas appliances with electric appliances because it will be less expensive to charge electric vehicles and operate electric appliances. This decision adopts a gradual, incremental approach to implementing Assembly Bill 205 requirements, including the requirement to offer income-graduated fixed charge amounts. The adopted billing structure will offer discounts based on the existing income-verification processes of the utilities' California Alternate Rates for Energy and Family Electric Rate Assistance programs. The Commission will consider improvements to the new billing structure based on the initial results of implementation and a working group proposal in the next phase of this proceeding.

Southern California Edison Company (SCE) and San Diego Gas & Electric Company will begin to apply the adopted changes to residential customer bills during the fourth quarter of 2025. Pacific Gas and Electric Company (PG&E), Bear Valley Electric Service, Inc., Liberty Utilities, and PacificCorp will begin to apply the adopted changes to residential customer bills during the first quarter of 2026. The large electric utilities will each implement the adopted billing structure changes through a Tier 3 advice letter as follows: Tier 1 customers enrolled in the California Alternate Rates for Energy program will automatically pay the lowest discounted fixed amount (approximately \$6 per month). Tier 2 customers enrolled in the Family Electric

¹ Per CPUC's 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 CPUC's daily calendar, per Rule 14.5.

Rate Assistance program or who live in affordable housing restricted to residents with incomes at or below 80% of Area Median Income will automatically pay a discounted fixed amount (approximately \$12 per month). Tier 3 will be all other customers, who will pay a fixed amount of \$24.15 per month. The new billing structure will apply to all residential rates of the investor-owned electric utilities, except for master-metered rates that are not sub-metered, separately metered electric vehicle rates for customers whose primary meter has an income-graduated fixed charge, or rate schedules that are scheduled to be eliminated by the second quarter of 2026. The revenues from fixed charges will be applied to reduce volumetric rates equally across all time-of-use periods. This decision approves an aggregate total of up to \$35.6 million for the implementation costs of the three large utilities. Each of the large utilities will propose a plan and budget for customer education and outreach through a Tier 3 advice letter. This decision approves the settlement agreement regarding Assembly Bill 205 implementation among Bear Valley Electric Service, Inc., Liberty Utilities, PacificCorp, and the Public Advocates Office at the CPUC, with exceptions to ensure compliance with statutory requirements. The small and multijurisdictional utilities will each file a Tier 3 advice letter to provide additional information about base revenues, propose a customer education and outreach plan, and propose an implementation budget.

Res E-5299 (PG&E Diablo Canyon Transition and Relicensing Memorandum Account and Diablo Canyon Extended Operations Balancing Account). This decision approves PG&E's request to establish two accounts to track and record all costs needed to extend operations of the Diablo Canyon Power Plant (DCPP) in accordance with Senate Bill (SB) 8461 and Ordering Paragraph 4 of D.22-12-005. The two accounts are the Diablo Canyon Transition and Relicensing Memorandum Account (DCTRMA); and the Diablo Canyon Extended Operations Balancing Account (DCEOBA). The DCTRMA is a tracking account intended to record expenses related to preserving the option of attaining renewed licenses for DCPP Units 1 and 2 beyond their current license expiration dates (November 2, 2024, and August 26, 2025, respectively), as compared to government funding received for these relicensing activities. The DCEOBA is a balancing account intended to record and recover expenses related to the operations of DCPP Units 1 and 2 beyond their current license expiration dates that are not eligible for government funding.

Res E-5313 (SCE Mid-Term Reliability Renewable Resource Contracts). This Resolution approves five mid-term reliability (MTR) contracts for approximately 823 megawatts (MW) of nameplate capacity. SCE contracted these resources to help meet its MTR requirements. The contracts for which SCE seeks approval in Advice Letter 5207-E are: Cape Generating Station 3, developed by Fervo Energy, a 70 MW RPS-eligible binary geothermal project procured to meet SCE's MTR firm zero-emitting long-lead time procurement requirement across a 15-year delivery period. Also developed by Fervo, Cape Generating Station 4 is a 250 MW RPS-eligible binary geothermal project procured to meet SCE's MTR firm zero-emitting long-lead time requirement across a 15-year delivery period. Atlas Solar V, Atlas Solar VI, and Atlas Solar X, all developed by Power Global, LLC, are 200 MW, 100 MW, and 225 MW RPS-eligible single-axis solar photovoltaic projects procured to meet MTR Zero-Emissions Generation, Generation Paired with Storage, or Demand Response Resources (e.g., Diablo Canyon Replacement requirements).

Voting Meetings

The CPUC will hold a voting meeting in Sacramento, California on April 18, 2024 at 11 a.m.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Department of Market Monitoring Report. The CAISO Department of Market Monitoring has posted the Demand Response Issues and Performance 2023 Report, providing analysis of demand response resources participation and performance in the ISO market on high load days in summer 2023. The report is available [here](#).

Penalty Enhancements: Demand Response, Investigation, and Tolling. CAISO launched a new initiative called Penalty Enhancements: Demand Response, Investigation, and Tolling. CAISO will host a virtual stakeholder meeting on April 3, 2024, to discuss the straw proposal. Further information is available [here](#).

Interconnection Process Enhancements. CAISO will host a public stakeholder meeting on April 4, 2024, to discuss the Interconnection Process Enhancements 2023 track 2 final proposal. The meeting will be offered in a hybrid format, and attendees may choose to participate in person at the CAISO, or virtually. Further information is available [here](#).

Price Formation Enhancements. CAISO will hold a Price Formation Enhancements initiative virtual working group meeting on April 8, 2024, to present the second stage of analysis on fast-start pricing. Further information is available [here](#).

Greenhouse Gas Coordination. CAISO will host a hybrid public Greenhouse Gas Coordination working group meeting on April 17, 2024. Attendees may participate in person at the CAISO, or virtually. Further information is available [here](#).

California New Resource Implementation. CAISO will host a hybrid California New Resource Implementation stakeholder meeting on May 1, 2024. The meeting aims to bolster collaboration with the stakeholder community in preparation for upcoming summer operations. Registration for in-person attendance is due April 26, 2024. 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 the evening of October 29. Additional information including reception details, event registration, and sponsorship opportunities will be provided in a future notice.

CALIFORNIA ENERGY COMMISSION (CEC)

Offshore Wind

On January 19, 2024, the CEC published a [Notice of Availability](#) regarding the release of the draft Assembly Bill 525 Strategic Plan for Offshore Wind Development (Strategic Plan). Volumes I-III of the Strategic Plan are linked in the [Notice of Availability](#) and are also available [here](#). The CEC hosted two workshops to discuss the Strategic Plan and provide an opportunity for public comment; recordings of the workshops are available [here](#). Written comments may be submitted by 5:00 p.m. on April 22, 2024.

2024 Integrated Energy Policy Report (IEPR) Update

On March 22, 2024, the CEC published a [Notice](#) for comments on the draft scoping order for the 2024 IEPR Update and released an updated schedule, copied below.

Task/Event	Date
Final 2024 IEPR Update Scoping Order released	April 2024
Adopt order instituting informational proceeding for 2024 IEPR Update	May 2024
Public workshops on specific topics	May 2024–December 2024
Release draft <i>2024 IEPR Update</i>	October 2024
Release proposed <i>2024 IEPR Update</i>	January 2025
Adopt 2024 IEPR Forecast	January 2025
Adopt <i>2024 IEPR Update</i>	February 2025

The policy recommendations included in the 2024 IEPR Update will be based on the record developed during the proceeding, including data and technical analyses by staff and stakeholders. Written comments on the draft scoping order are due by 5:00 p.m. on April 5, 2024.

SB 100 Workshop

The CEC will conduct a joint workshop, in coordination with the CPUC and CARB, to discuss approaches to incorporating non-energy benefits and social costs into the analysis of potential resource scenarios to meet SB 100 (De León, 2018) goals. The workshop will be held both remotely and in person on Tuesday, April 16 from 9:30 a.m. to 4 p.m. Additional information can be found in the workshop notice, [here](#).

CEC Business Meetings

The next Business Meeting will be held on April 10, 2024. The meeting agenda and access information is available [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings, Workshops, and Notices

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](#). On April 4, 2024, South Coast Air Quality Management District will host a webinar on the statewide funding program. More information on the webinar is available [here](#).

On April 4, 2024, CARB will host a public meeting of the AB 32 [Environmental Justice Advisory Committee](#). More information and registration for the meeting are available [here](#).

On April 8, 2024, CARB will hold a second Q&A session on the Access Clean California [grant solicitation](#) under CARB's [Low Carbon Transportation Investments](#) funding plan for fiscal year 2023-2024. The application deadline for the solicitation has been extended from April 8 to April 24, 2024. More information and a link for registration for the session are available [here](#).

On April 10, 2024, CARB will host an all-day public workshop on potential refinements to the [proposed amendments](#) to the [Low Carbon Fuel Standard](#) released on December 19, 2023. Topics for discussion at the workshop include potential reevaluation of proposed carbon intensity benchmarks and more consideration of proposed sustainability guardrails. Registration to attend the workshop virtually can be found [here](#).

CARB's next Board meeting is a joint meeting with the California Transportation Commission and California Department of Housing and Community Development, to be held on April 11, 2024. The agenda for the meeting is available [here](#). CARB will hold a regular [Board meeting](#) on April 25-26, 2024.

On April 18, 2024, CARB will hold the 2nd Annual [Clean Transportation Equity Incentive Symposium](#), in person and remotely. Free registration is available [here](#).

On May 23, 2024, CARB will conduct a [public hearing](#) to consider [proposed amendments](#) to the [Advanced Clean Trucks](#) regulation, as well as the Zero-Emission Powertrain Certification test procedure.

On June 27, 2024, CARB will hold a [hearing](#) on the proposed [Zero-Emission Forklift Regulation](#).

Opportunities for Public Comment

CARB is accepting comments on the draft [Community Engagement Model](#), to help staff create and implement robust engagement plans, through April 3, 2024. Comments may be submitted [here](#).

CARB is accepting research concepts and comments from the public for fiscal year 2025-2026, as part of its annual [Research Program](#) planning. Concepts and comments may be submitted [here](#) on or before April 16, 2024. In addition, CARB is creating a [5-Year Strategic Research Plan](#) to inform its research priorities for the years 2025 to 2030. Long-term research priorities for consideration of the 5-year plan can be submitted through the same [survey](#).

Comments may be provided to CARB [here](#) on or before May 13, 2024 on the [proposed amendments](#) to the [Advanced Clean Trucks](#) regulation and the Zero-Emission Powertrain Certification test procedure. Comments may also be provided at the [May 23, 2024 hearing](#).

OREGON PUBLIC UTILITY COMMISSION (OPUC)

On April 1, 2024, the OPUC issued an order correcting a decision regarding waivers for Portland General Electric's (PGE) request for waiver from the 2023 RFP process. On April 1, the OPUC removed appeals language from its decision approving PGE's form contract, on the basis that current law does not permit an appeal of the OPUC's acknowledgment of an RFP or Integrated Resource Plan. See Docket UM 2274.

On March 25, PGE filed an application to revise its Schedule 201 avoided cost rates that are available to Qualifying Facilities 10 MW or less, correcting a filing that PGE had made March 18. The revised filing corrects capacity contributions and Resource Sufficiency and Deficiency Periods that the OPUC recently acknowledged with respect to PGE's 2023 Integrated Resource Plan. See Docket UM 1728.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

On March 29, 2024, the Southwest Power Pool (SPP) at last filed its Markets+ proposal with FERC, following many months of efforts by stakeholders and the organization. The proposal is a competitor to the CAISO's Extended Day-Ahead Market. SPP has asked FERC for an order on its proposal by no later than July 31. The filing is pending in Docket No. ER24-1658.

FERC issued an order on March 29 in the ongoing proceedings related to member withdrawals from Tri-State Generation & Transmission Association. FERC ruled on a specific proposal that allows United Power to withdraw from Tri-State's membership (Docket No. ER24-1145) and also addressed issues related to future members' withdrawals from Tri-State (Docket No. ER21-2818).

On March 29, FERC also issued an order approving MISO's proposal to allow generator owners considering replacing their generation with the option to simultaneously study retirement or suspension for circumstances where replacement plans do not occur as planned. FERC's order is available in Docket No. ER24-1055.

On March 21, 2024, FERC issued Order No. 2023-A, [186 FERC ¶ 61,199](#), addressing arguments raised on rehearing, setting aside, in part, and clarifying Order No. 2023, which amended FERC's regulations and its pro forma Large Generator Interconnection Procedures and

Agreement, and pro forma Small Generator Interconnection Procedures and Agreement to address interconnection queue backlogs, improve certainty, and prevent undue discrimination for new technologies. FERC received 34 requests for rehearing and/or clarification. The rehearing requests raise issues related to nearly all reforms adopted in Order No. 2023. The rehearing requests filed in this proceeding were deemed denied by operation of law. However, as permitted by section 313(a) of the Federal Power Act, FERC issued this order modifying the discussion in Order No. 2023.

Specifically, FERC provides the following revisions: (1) where an interconnection customer is in the interconnection queue of a transmission provider that currently uses, or is transitioning to, a cluster study process and the transmission provider proposes on compliance to adopt new readiness requirements for its annual cluster study, the interconnection customer must comply with the transmission provider's new readiness requirements within 60 days of the FERC-approved effective date of the transmission provider's compliance filing, where such readiness requirements are applicable given the status of the individual interconnection customer in the queue; (2) a network upgrade that is required for multiple interconnection customers in a cluster may be considered a stand-alone network upgrade if all such interconnection customers mutually agree to exercise the option to build; (3) transmission providers must complete their determination that an interconnection request is valid by the close of the cluster request window such that only interconnection customers with valid interconnection requests proceed to the customer engagement window; and (4) acceptable forms of security for the Commercial Readiness Deposit and deposits prior to the Transitional Serial Study, Transitional Cluster Study, Cluster Restudy, and the Interconnection Facilities Study should include not only cash or an irrevocable letter of credit, but also surety bonds or other forms of financial security that are reasonably acceptable to the transmission provider.

In addition, FERC granted several clarifications on the following topics: (1) conflicts with ongoing queue reform efforts; (2) public interconnection information; (3) cluster study process; (4) allocation of cluster network upgrade costs; (5) shared network upgrades; (6) withdrawal penalties; (7) study delay penalty and appeal structure; (8) affected systems; (9) revisions to the material modification process to require consideration of generating facility additions; (10) availability of surplus interconnection service; (11) operating assumptions for interconnection studies; (12) consideration of the enumerated alternative transmission technologies in interconnection studies; and (13) ride-through requirements. Lastly, FERC extended the deadline for transmission providers to submit compliance filings until the effective date of this order. Therefore, the new deadline for compliance with Order No. 2023 will be 30 days after the publication of this order in the Federal Register. Order No. 2023 compliance filings also must include the further revisions reflected in this order.

On February 26, 2024, FERC issued an order, [186 FERC ¶ 61,144](#), granting PJM Interconnection, L.L.C. (PJM) waiver of Section 5.4(a) of Attachment DD to PJM's Open Access Transmission Tariff (Tariff) to delay the commencement of the 2025/2026 Base Residual Auction (BRA) by 35 days to July 17, 2024. FERC also granted waiver of certain associated pre-auction deadlines for the 2025/2026 BRA.

On February 8, 2024, President Biden named Willie Phillips as Chairman of FERC, removing the “Acting Chairman” qualifier that had been in place for Phillips since January 3, 2023. Commissioner Allison Clements also announced that she will not seek another term at FERC after her term expires on June 30, 2024. Commissioner Clements may choose to remain at FERC until January 3, 2025; however, her departure, whenever it occurs, will leave FERC without a quorum to conduct business until a new commissioner is installed.