

**REGULATORY UPDATE FOR AUGUST 1, 2023
(WEEK OF JULY 24, 2023)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)

New Proposed Decisions and Draft Resolutions¹

Application (A.) 22-04-010 (Southern California Edison (SCE) Extension of Waiver of Capital Structure Rule). This decision approves SCE's application for an extension of its existing waiver of Affiliate Transaction Rule IX.B, which requires the major energy utilities to maintain their authorized capital structure requirement on average over the period the capital structure is in effect for ratemaking purposes. SCE's waiver extension is approved for two years from issuance of this decision or until the Commission makes a final determination on SCE cost recovery for costs stemming from 2017 and 2018 wildfires in its service territory and the Montecito Mudslide, whichever comes first.

A.21-12-007 (PG&E 2021 Nuclear Decommissioning Cost Triennial Proceeding). This decision adopts and approves the Settlement Agreement, dated December 16, 2022, between Pacific Gas and Electric Company (PG&E), The Utility Reform Network, the Public Advocates Office, Alliance for Nuclear Responsibility, County of San Luis Obispo, Northern Chumash Tribal Council, DHK Associates, and Women's Energy Matters. The Settlement Agreement resolves all but the following two issues: (1) whether PG&E's deferring of the identification of the applicable radiological release criteria for DCPP Part 50 NRC licenses will likely result in an increase in future costs; and (2) whether amounts currently contained in the Nuclear Facilities Non-Qualified CPUC Decommissioning Master Trust fund for DCPP should be refunded to customers. This decision grants the Joint Motion for Adoption of Settlement Agreement and resolves the remaining disputed issues, approving PG&E's 2021 Nuclear Decommissioning Cost Triennial Application. The decision adopts the uncontested decommissioning cost estimate for Diablo Canyon of \$3.96 billion.

Investigation (I.) 17-02-002 (Aliso Canyon Investigation). This decision grants in part and denies in part the Joint Petition for Modification of Decision (D.) 21-11-008 filed by Southern California Gas Company and San Diego Gas & Electric Company (SDG&E). The decision does not adopt verbatim the requested changes to the text, but modifies Findings of Fact, Conclusion of Law, and Ordering Paragraphs in D.21-11-008 to reflect the increase of the interim storage limit of working gas at Aliso Canyon Natural Gas Storage Facility to 68.6 billion cubic feet.

Resolution (Res) E-5257. This Resolution approves PG&E's proposal in compliance with Decision D.18-05-040 to modify one *per se* reasonableness metric: the extension of

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.

program timelines. The Resolution denies the modification of vehicle purchase or conversion requirements. The Resolution rejects without prejudice PG&E's proposal to eliminate its programmatic site requirements. The Resolution approves, with modifications, SCE's proposal in compliance with Decision D.18-05-040 to modify two *per se* reasonableness metrics: extension of the program timelines and modification of programmatic site requirements. This Resolution denies the modification of vehicle purchase or conversion requirements.

Res SPD-13. This Resolution adopts Energy Safety's proposed compliance process to assess an electrical corporation's compliance with its wildfire mitigation plan, with clarifications.

Voting Meetings

The next CPUC voting meeting will be held on August 10, 2023.

Upcoming Workshops and Other Events

Resource Adequacy Compliance. On August 3, 2023 from 1 to 3 p.m. PT, ED staff will host a workshop to present and discuss Resource Adequacy (RA) compliance rules and procedures for the 2024 RA Compliance Year. This workshop will introduce the 2024 RA Templates and RA Compliance Guide, highlighting changes and new features for the 2024 RA compliance year. This meeting will also allot time for a general demonstration and discussion of RA compliance in general for those new to the RA compliance process. The meeting will be held [here](#), via WebEx.

Equity and Grant Access Webinar. On August 9, 2023 from 10 to 11:30 a.m. PT, the CPUC will provide information about the Equity and Access Grant Program application process and address questions from participants. This \$30 million program will provide technical assistance and capacity building for California Native American Tribes and community-based organizations (CBOs). The Grant Program strives to address the need to include the voices of underserved and underrepresented communities in CPUC decision-making processes. The program includes three grant accounts: (1) Public Participation Grants: \$3.1 million grant account will award up to \$15,000 for participating in a CPUC activity, such as a working group, panel, or focus group; (2) Equity, Engagement, and Education Grants: \$9.75 million grant account will award up to \$200,000 for work that will educate consumers or perform outreach within an underserved community on a CPUC matter; and (3) Clean Energy Access Grants: \$15.65 million grant account will award up to \$500,000 for work that will address access to or education about the Microgrid Incentive Program, Self-Generation Incentive Program, and Technology and Equipment for Clean Heating Initiative. Registration information is available [here](#).

Electric Program Investment Charge (EPIC) Strategic Goals Equity Workshop. On August 16, the CPUC will host the Strategic Goals Kick-off Workshop at the CPUC's Courtyard Room, from 10 am to 5 pm PT. On August 17, from 9 am to 1 pm PT, the CPUC will host the EPIC Policy + Innovation Coordination Group Strategic Goals Equity in RD&D Workshop. The workshop is designed to lay the groundwork for how Equity should be considered and integrated

into subsequent Pathway workshops. The workshop will also inform how Strategic Goals should be articulated and established by the Commission in its next guidance Decision for the EPIC 5 cycle (2026-2030). Kick-off Workshop details and in-person and virtual Workshop access via Registration is available [here](#).

Supplier Diversity. The CPUC will host its 21st Annual Supplier Diversity event in Escondido, California on September 27-28, 2023. A small and diverse businesses expo will be held on September 27 for procurement and supplier diversity representatives to meet and discuss upcoming business opportunities. On September 28, the CPUC will host an *en banc* to hear from utilities, local governments, ethnic chambers of commerce, and CBOs on their experiences with the supplier diversity programs. For more information and registration details, please see [here](#).

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Price Formation Enhancements. CAISO is launching the Price Formation Enhancements initiative working group sessions that will begin August 3, 2023. The working groups are intended to foster additional collaboration with stakeholders in defining the problem statements and guiding principles for this initiative. An overview document is available on the initiative [webpage](#) to outline the working group topics.

Greenhouse Gas Coordination. CAISO will hold a public hybrid stakeholder working group meeting on August 16, 2023, related to greenhouse gas (GHG) coordination. In-person registration is due by end of day August 11, 2023. Written comments on the working group discussion are due by end of day August 30, 2023. Further information is available [here](#). The GHG Coordination working group stakeholder process is intended to focus on developing durable electricity market solutions for climate policies across the West.

Extended Day-Ahead Market (EDAM) ISO Balancing Authority Area Participation Rules. CAISO scheduled a public stakeholder call on August 2, 2023, to discuss the Track A1 draft final proposal for the EDAM ISO Balancing Authority Area (BAA) Participation Rules initiative. The Track A1 draft final proposal is available on the EDAM ISO BAA Participation Rules [initiative webpage](#). Written comments on the draft final proposal are due August 14.

EDAM Forum. CAISO, Balancing Authority of Northern California, NV Energy, PacifiCorp, and SCE will co-host an EDAM Forum on August 30, 2023 in Las Vegas, Nevada. The forum, which aims to foster a dialogue on the evolution of the EDAM in the West, will bring together leadership from regional utilities to discuss and share their thoughts on the factors and processes in considering their participation, as well as utility regulators from across the West who will share their perspectives on the next step in market evolution and how they are actively engaging in its development.

Transmission Service and Market Scheduling Priorities (TSMSP) Phase 2. CAISO has scheduled a public stakeholder call on August 28, 2023 to discuss the TSMSP Phase 2 track 2 draft tariff language. The track 2 draft tariff language focuses on long-term wheeling and upgrades, and is available on the [TSMSP Phase 2 initiative webpage](#). Written comments on the track 2 draft tariff language are due August 18, 2023.

Energy Storage Enhancements Hybrid Stakeholder Workshop. CAISO will hold a public hybrid stakeholder workshop for the Energy Storage Enhancements initiative on August 3, 2023, to discuss functionality for modeling regulation awards for storage resources. This meeting will be offered virtually and in person at CAISO in Folsom, California. Further details are available [here](#).

CALIFORNIA ENERGY COMMISSION (CEC)

Integrated Energy Policy Report (IEPR)

The CEC's [2023 IEPR Workshop Schedule](#) has been released. Forthcoming workshops include:

- [August 15](#): California Electricity Demand Forecast: Inputs and Assumptions
- [August 18](#): California Electricity Demand Forecast: Load Modifier Scenario Development
- [September 8](#): Topic TBD
- [November 15](#): California Electricity Demand Forecast: Load Modifier Scenario Results
- [December 6](#): California Electricity Demand Forecast: Electricity Forecast Results

The schedule is also accessible on the [2023 IEPR website](#).

Demand Forecast

The CEC noticed an upcoming Demand Analysis Working Group (DAWG) meeting that will be held on August 8, 2023 from 1 to 4 p.m. PT to discuss updates to the CEC's Demand

Forecast for distributed generation and the residential sector. The meeting will be held via webinar only. Key topics for the DAWG meeting include:

- Historical trends in behind-the-meter solar photovoltaic and storage adoption in California
- Overview of key improvements to the distributed generation forecast
- Introduction to the National Renewable Energy Laboratory's Distributed Generation Model designed for California
- Updates to the residential sector end-use model

Additional details and login information is available [here](#).

Electric Program Investment Charge (EPIC)

Grant Funding Opportunity (GFO) for Direct Current- (DC-) Based Power Systems. On July 11, 2023, the CEC announced a Request for Information (RFI) related to a potential GFO focused on the development of DC-based electrical systems. The CEC states that DC-based power systems can improve system efficiency and achieve energy cost savings by eliminating power conversions. The GFO will aim to (1) develop key power system components such as DC circuit breakers, meters, controls, bidirectional multiport inverters (inverters that can simultaneously manage several inputs and outputs), and other power electronics; (2) enhance the interoperability of the various DC end-use devices; (3) demonstrate DC power systems for electric vehicle charging and bidirectional charging; and (4) demonstrate DC power systems for building applications with high efficiency potential. The DC power systems will reduce or eliminate the number of power conversions, associated equipment and installation, and operations and maintenance costs while enhancing the reliability of the systems because of fewer required power electronics and potential points of failure.

Responses to the RFI are due by 5 p.m. PT on August 7, 2023. Additional information is available [here](#).

EPIC Symposium. The CEC announced that it will host a two-day event joined by the investor-owned electric utilities (PG&E, SCE, and SDG&E) and clean energy leaders and entrepreneurs to discuss EPIC program goals and policy innovations. The symposium will be held on October 3-4, 2023. More information is available [here](#).

Zero Emissions Vehicles

The CEC announced that it is accepting applications for funding under the Energy Infrastructure Incentives for Zero-Emission (EnergIIZE) Commercial Vehicles projects through August 18, 2023 at 5 p.m. PT. Electric vehicle commercial fleet users who meet EnergIIZE equity criteria, including tribes, schools in disadvantaged or low-income communities, nonprofits, and others, are encouraged to apply. Applications must be submitted through the

EnergIIZE Incentive Processing Center at <https://calstart3.my.site.com/apply/s/>. Additional program and eligibility details are available [here](#).

The second application window for the Golden State Priority Project, which includes approximately \$38 million in funding for DC fast-charging rebates, will be opening in the next few months. The CEC will host a webinar to discuss applicant eligibility requirements and to provide guidance on completing applications. Event details and additional program information are available [here](#).

CEC Business Meetings

The next business meeting will be held on August 9. Remote attendance information and the meeting agenda can be accessed [here](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

On August 1, 2023, CARB will hold a meeting of the Public Work Group for [Clean Transportation Equity and Light-Duty Vehicle Investments](#) to discuss CARB's suite of investments as part of the fiscal year 2023-24 funding plan for clean transportation. Information and registration for the meeting are available [here](#).

On August 3, 2023, CARB and the California Environmental Protection Agency (CalEPA) will hold the first [public workshop](#) on California's approach under the U.S. Environmental Protection Agency's (EPA) [Climate Pollution Reduction Grant Program](#). At the workshop, CARB, CalEPA, and several other agencies will discuss California's ongoing work under the program, in which the state will deliver three climate plans to U.S. EPA over four years. Information and registration for the workshop are [here](#).

CARB's next board meeting is scheduled for September 14, 2023. The agenda for the meeting will be available [here](#) 10 days prior to the meeting.

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD (SWRCB)

On July 26, the SWRCB released the Proposed Final Amendment to the OTC Policy, Proposed Final Staff Report, and Responses to Comments. The Proposed Final Amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling (Once-Through Cooling or OTC Policy) to Revise the Compliance Schedules for the Alamitos, Huntington Beach, Ormond Beach, and Scattergood Generating Stations, and the Diablo Canyon Nuclear Power Plant, as well as the Proposed Final Staff Report and the Responses to Comments, are now available on the OTC Policy program's Official Policy Documents [webpage](#).

The SWRCB will consider adoption of the Proposed Final Amendment and Proposed Final Staff Report on August 15, 2023. For more information on attending the meeting, please see the [Notice](#).

COLORADO PUBLIC UTILITIES COMMISSION (COLORADO PUC)

The Colorado PUC will host its next Commissioners' Weekly Meeting (CWM) on August 2, 2023 at 9 a.m. MT. The meeting, which is held remotely, will be available for online viewing [here](#) and this week's CWM agenda is available [here](#).

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

The MPUC met on July 27, 2023, to address two matters, one of which was a general docket seeking information on how utilities could best leverage the incentives from the Inflation Reduction Act (IRA), and another pertaining to Minnesota Power's joint certificate of need and route permit filings pertaining to its existing High Voltage DC Transmission line. On the former, the Commission ordered as follows:

- Utilities are required to report annually on how implementation of their respective energy conservation and natural gas innovation projects are supporting the IRA;
- In rate cases, rider proceedings, resource planning proceedings, and resource acquisition proceedings, utilities are required to demonstrate how their proposals are maximizing benefits of the IRA. This requirement will hold until the year 2032;
- As utilities address how they have captured and maximized benefits from the IRA to ensure customer rates remain reasonable, they shall also include an assessment of internal resources or costs needed to capture those benefits; and
- The Department of Commerce will track all DOE funding opportunity announcements for energy projects, including associated comment period opportunities, and file that information on a monthly basis in this docket.

On the latter, the Commission ordered as follows:

- The joint HVDC certificate of need and route permit applications were accepted as complete and will be reviewed together;
- Related procedural filings will be required (e.g., draft vegetation management);
- An environmental assessment as opposed to a more thorough statement will be required;

- The joint application will be reviewed through the Commission’s informal and alternative process, overseen by an ALJ; and
- The scope of the review will include record development on the relevant topics of size, type, and timing raised by one of the commenting parties expressing concern that the HVDC was not discussed during Minnesota Power’s recently concluded integrated resource plan.

On Thursday, August 3, the MPUC will hold a hearing to address two matters pertaining to Northern States Power Company d/b/a Xcel Energy (agenda available [here](#)). In both dockets, Xcel is seeking MPUC approval to withdraw a petition. With respect to its 2021 Integrated Resource Plan, Xcel is seeking to withdraw its petition to increase the cost cap for the Resilient Minneapolis Project. With respect to its Minnesota Transportation Electrification Plan, Xcel is seeking to withdraw its Electric Vehicle Portfolio Petition. The results will be covered in next week’s update.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

At the July 27, 2023 Commission Meeting, FERC issued long-awaited [Order No. 2023](#), the Final Rule on Improvements to Generator Interconnection Procedures and Agreements in Docket No. RM22-14-000. This Final Rule makes sweeping reforms to FERC’s standard generator interconnection procedures and agreements created two decades ago.

The Final Rules impose reforms across several key areas of the generator interconnection process. First, it requires transmission providers to use a cluster study process that is already common to organized markets, rather than the currently required serial first-come, first-served study process. The Final Rule also requires increased financial commitments for interconnection customers to enter and remain in the interconnection queue. The Final Rule establishes firm study deadlines for transmission providers and requires transmission providers to use a standardized and transparent affected systems study process that includes firm study deadlines and uniform modeling standards. The Final Rule also includes reforms to incorporate technological advancements into the interconnection process: hybrid resources, grid-enhancing technologies, and reliability requirements for inverter-based resources. In sum, the reforms aim to allow generators to interconnect in a more reliable, efficient, and transparent manner. The rule provides a transition process that allows transmission providers to move from the existing serial study process for the most-ready projects in its current queue to the new Final Rule requirements. Compliance filings are due 90 days after publication of the Final Rule in the Federal Register.

Our full summary of this major reform is available here: [FERC issues Final Rule on Improvements to Generator Interconnection Procedures and Agreements](#).

On July 18, 2023, the Midcontinent Independent System Operator (MISO) posted its proposal for an upcoming generator interconnection queue reform that it plans to file with FERC this fall. Among the many changes, the proposal increases milestone deposits and site control requirements, and suggests that MISO plans to also change the current standards for penalty-free withdrawals from the interconnection queue. MISO also plans to build in automatic penalties for

withdrawal. In addition, MISO proposes to limit the number of MWs that will be allowed into each queue cycle, with developer-specific limits, too. The proposal is found [here](#). Comments are due to MISO by August 7, 2023.

On July 3, 2023, FERC issued an [order on rehearing](#) addressing the October 10, 2022 Order on Notice of Change in Status in Docket Nos. ER20-67, ER20-113, and ER20-116-003 (October Order). On rehearing, FERC continued to find that Bluescape Energy Partners, LLC is individually an affiliate of Evergy Kansas Central, Inc., Evergy Missouri West, Inc., Evergy Metro, Inc., and Evergy, Inc. but modified its discussion.

In the October Order, FERC found that the appointment of a non-independent director is sufficient to overcome the rebuttable presumption of a lack of control provided under 18 C.F.R. § 35.36(a)(9)(v) for persons who hold less than 10% of the outstanding voting securities of a specified company, and declined to reach arguments regarding affiliation under 18 C.F.R. § 35.36(a)(9)(iii), which provides that an affiliate includes any person(s) FERC “determines, after appropriate notice and opportunity for hearing, to stand in such relation to the specified company that there is liable to be an absence of arm’s-length bargaining in transactions between them as to make it necessary or appropriate in the public interest or for the protection of investors or consumers.” On rehearing, FERC modified its decision and found “that the appointment of a non-independent director is a *per se* determination of control.” Additionally, on rehearing, FERC found affiliation under section 35.36(a)(9)(iii) and stated that “there is liable to be an absence of arm’s length bargaining in transactions between an investor that appoints a non-independent director to the board of a seller or a seller’s upstream affiliate and that seller.”

FERC has [requested comments](#) by August 14, 2023 regarding the PJM Capacity Market Forum held on June 15, 2023. FERC has also [requested comments](#) by August 24, 2023 on the June 20, 2023 Commissioner-led forum to discuss solutions to the electric and gas challenges facing the New England region.

FERC’s Joint Federal-State Task Force on Electric Transmission met on July 16, 2023.