

**REGULATORY UPDATE FOR FEBRUARY 28 (WEEK OF FEBRUARY 21, 2022)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions<sup>1</sup>

None.

Voting Meetings

The Commission's next voting meeting will be held on March 17, 2022. The agenda is scheduled to be published on March 7, 2022.

The Commission held a voting meeting on February 24, 2022. The agenda included the following energy-related items:

Item 5. Draft Resolution L-615. This resolution authorizes the release of the Safety and Enforcement Division's investigation records from the 2018 Camp Fire with the exception of certain telephone numbers of Pacific Gas and Electric Company (PG&E) customers, or of private individuals not associated with a utility, utility contractor, or governmental entity, who submitted fire information to the utility, contained within those records. The release of the investigation records will be delayed for 30 days to allow PG&E to seek rehearing of the resolution.

**Approved.**

Item 6. Draft Resolution E-5189. This resolution approves with modification Southern California Edison (SCE) Advice Letter 4573-E, granting SCE approval for a Supplemental Provisions Agreement that clarifies SCE's customer service tariffs for customers served by "Remote Grids." "Remote Grids" are defined as "permanently islanded distribution facilities serving certain customers who are generally located in some of the remote portions of SCE's distribution system." The Remote Grid will consist of local sources of electric generation, such as solar photovoltaic, wind turbines, battery energy storage systems, and fuel-based generation, which will be connected to one or more customers through distribution and service facilities.

**Approved.**

Item 10. A.21-08-010 (SDG&E 2022 Sales Forecast). This decision approves San Diego Gas and Electric's (SDG&E) 2022 electric sales forecast, which is based upon the demand forecast that SDG&E developed for the California Energy Commission's 2021 energy demand forecast, and takes into account COVID-19 impacts and load migration to community choice aggregators and direct access programs. The decision also authorizes SDG&E to consolidate its future annual forecast applications with its annual ERRA forecast applications. Prior to filing

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<sup>1</sup> Per CPUC 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 CPUC's daily calendar, per Rule 14.5.

the consolidated applications, SDG&E is required to hold an annual all-party workshop to gather input and feedback from stakeholders. **Held to March 17, 2022 meeting.**

Item 19. This decision grants PG&E contingent authority to manage temporary utility debt in the amount of \$3 billion that matures on June 16, 2022. PG&E currently intends to retire this \$3 billion in debt with proceeds from the issuance of \$7.5 billion of recovery bonds previously authorized by the Commission in Decision (D.) 21-05-015. However, due to pending appeals of D.21-08-022 (which denied applications for rehearing of D.21-05-015) and pending appeals of related decisions, it is unclear whether proceeds from the \$7.5 billion of recovery bonds will be available to PG&E on or before June 16, 2022, the date the \$3 billion debt matures. As a result, the Commission grants additional authority to PG&E to manage the \$3 billion debt, if and to the extent necessary, pending retirement of this debt via proceeds from the recovery bonds by extending the maturity date of the \$3 billion debt, refinancing the \$3 billion debt, or managing the debt by a combination of these methods. Should the proceeds from the \$7.5 billion of the recovery bonds become available to PG&E on a timely basis, PG&E will not exercise the authority granted herein. **Signed, D.22-02-019.**

Item 26. R.13-02-008 (Biomethane Standards). This decision implements Senate Bill (SB) 1440 by setting biomethane and/or bio-synthetic natural gas procurement targets to reduce short-lived climate pollutant emissions. **Signed, D.22-02-025.**

## **CALIFORNIA ISO**

### **Stakeholder Initiatives: Upcoming Meetings and Deadlines**

**Central Procurement Entity Implementation.** The California ISO held a public stakeholder call on February 24, 2022 to discuss the revised draft tariff language for the Central Procurement Entity Implementation and Resource Adequacy Availability Incentive Mechanism Settlement Modification initiative. Written comments on the final proposal are due March 1, 2022.

**2022-2023 Transmission Planning Process.** The California ISO will hold a public stakeholder call on February 28, 2022 to discuss the 2022-2023 Transmission Planning process draft study plan. Comments on the stakeholder call discussion are due March 14, 2022.

**Reliability Demand Response Resource Bidding Enhancements – Track 1: Draft Tariff Language Posted.** The California ISO has posted the draft tariff language for the Reliability Demand Response Resource Bidding Enhancements – Track 1 initiative. Comments on the draft tariff language are due March 7, 2022. A meeting is scheduled on March 10, 2022 to discuss submitted comments.

## CALIFORNIA ENERGY COMMISSION (CEC)

### 2021 Integrated Energy Policy Report (IEPR)

At the February 16, 2022 Business Meeting, the CEC adopted the 2021 IEPR Update: Volume I, Building Decarbonization; Volume II, Ensuring Reliability in a Changing Climate; Volume IV, California Energy Demand Forecast; and Appendix, Assessing the Benefits and Contributions of the Clean Transportation Program. The final versions of 2021 IEPR Volumes I, II, and IV, and Appendix A are available [here](#).

According to the March 9, 2022 CEC Business Meeting [agenda](#), the CEC will consider a proposed resolution adopting and approving the [2021 IEPR Volume III, Decarbonizing the State's Gas System](#).

### Supply-Side Demand Response

On February 16, 2022, the CEC adopted Resolution No. 22-0216-5, entitled *Resolution Adopting Qualifying Capacity of Supply-Side Demand Response Working Group Interim Report*. The Resolution adopts the Interim Report and directs CEC staff to submit the report into the CPUC resource adequacy proceeding (R.21-10-002). The Resolution and the Interim Report are available in [Docket No. 21-DR-01](#).

### Offshore Wind

The CEC will hold an offshore wind energy workshop on March 3, 2022 at 1:00 p.m. PT that will focus on Assembly Bill (AB) 525 (Chiu, Chapter 231, Statutes of 2021). The workshop will address the requirement for the CEC to evaluate and quantify the maximum feasible capacity of offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits and establish offshore wind planning goals for 2030 and 2045.

According to the workshop [Notice](#) published on February 18, 2022, the Bureau of Ocean Energy Management will also present on activities for offshore wind in federal waters, including the process of moving toward a lease sale auction for areas off the north and central coast of California during the workshop. A detailed meeting schedule will be posted to [Docket 17-MISC-01](#) prior to the workshop.

### Rulemaking Proceeding (Docket No. 21-OIR-02)

On February 24, 2022, the CEC published a Notice of Proposed Action regarding *Delegation of Geothermal Power Plant Siting Authority to Local Government Sections 1802, 1860 through 1870*. A public hearing has been scheduled for April 14, 2022. A copy of the Notice is available at TN# 241941 [here](#).

In support of the proposed rulemaking, the CEC also published an Initial Statement of Reasons in support of the rulemaking proceeding. According to the Statement, the CEC

proposes to adopt amendments to the relevant sections of the CEC's procedures to delegate its site certification authority over geothermal power plants to counties contained in the California Code of Regulations, Title 20. The rulemaking is in response to the Governor's July 30, 2021 Emergency Proclamation and also supports the June 2021 decision by the CPUC to procure 11,500 MW of new electricity resources before 2026, with at least 1,000 MW coming from "firm resources with zero-onsite emissions" such as geothermal. According to the Notice, the CEC states that the existing regulations – adopted in the late 1970s – have never been used because they are overly burdensome and the CEC and counties have not been able to use the delegation authority afforded therein. According to the CEC, streamlining the regulations will help remove barriers to geothermal power plant certification. The Initial Statement of Reasons is TN# 241940 in [Docket No. 21-OIR-02](#).

### CEC Business Meetings

The next CEC Business Meeting is scheduled for March 9, 2022. The agenda is available [here](#).

## **CALIFORNIA AIR RESOURCES BOARD (CARB)**

### **Meetings and Workshops**

CARB will host meetings of the AB 32 Environmental Justice Advisory Committee Meeting on February 28, March 1, and March 3, 2022. Information and links to the virtual meetings are available [here](#). The meetings will focus on items related to the AB 32 2022 Scoping Plan.

On March 8, 2022, CARB will hold a webinar for electric power entities on reporting under the Mandatory Greenhouse Gas Reporting Regulation for data required to be reported by June 1, 2022.

CARB will hold a joint meeting with the Environmental Justice Advisory Committee (EJAC) on March 10, 2022. At the meeting, the EJAC, which advises CARB on development of the AB 32 2022 Scoping Plan, will present its initial recommendations for CARB's consideration in the development of the Scoping Plan, along with context and background related to environmental justice and the Scoping Plan. CARB will also consider staff's recommendations for the appointment of new members to the EJAC. Information on remote attendance and the agenda for the meeting is available [here](#).

On March 10, 2022, CARB will host a meeting of the medium and heavy-duty infrastructure workgroup, which focuses on the build-out of fueling infrastructure needed to support zero-emission truck and bus fleets developed under the proposed Advanced Clean Fleets regulations. This meeting will address electricity and grid infrastructure, including charging performance needs, rate design, load management, grid capacity and resiliency, future proofing, and utility planning. The meeting will be held in collaboration with the CEC, the CPUC, and the

Governor's Office of Business Administration and Economic Development. Information and a link to the virtual meeting are available [here](#).

CARB will hold its next board meeting on March 24-25, 2022.

### **Opportunities for Public Comment**

CARB is developing the 2022 State Strategy for the State Implementation Plan. Comments on the draft Strategy can be submitted [here](#) on or before **March 4, 2022**.

CARB is holding virtual public meetings and workshops as part of the AB 32 Scoping Plan Update, which will assess progress towards achieving the SB 32 target to decrease state-wide greenhouse gas emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045. On February 15, 2022, CARB held a [public workshop](#) in collaboration with the California Department of Public Health and the California Office of Environmental Health Hazard Assessment on CARB's planned qualitative and quantitative health analysis associated with decarbonization targets under SB 32 and the AB 32 Scoping Plan Update. Comments on the workshop can be submitted to CARB [here](#) on or before **March 7, 2022**. Recordings of past AB 32 Scoping Plan Update meetings and workshops are available [here](#).

### **MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)**

1. Minnesota Power 2018-2019 Automatic Adjustment Forced Outages Contested Case Order, PUC Docket No. 20-171

On February 25, 2022, the MPUC issued its order concluding the ongoing contested case pertaining to multiple forced outages and the replacement power costs resulting therefrom on Minnesota Power's system. By way of background, the MPUC referred this matter to the Office of Administrative Hearings in 2020, instructing parties to develop a record on whether the replacement power costs Minnesota Power sought to pass to ratepayers, which were the result of multiple forced outages, were prudently incurred applying the "good utility practice" standard. Through testimony, the parties narrowed review of this matter to two forced outages: (1) a hot reheat line failure at Boswell Energy Center Unit 4 (Boswell 4) resulting in costs of \$4,482,456; and (2) a phased bushings failure at Boswell Energy Center Unit 3 (Boswell 3) resulting in costs of approximately \$1.8 million. The Administrative Law Judge (ALJ) recommended disallowance of the costs related to the Boswell 4 outage, but did not recommend disallowance for the costs associated with Boswell 3.

The MPUC met on January 13, 2022, to consider the matter. The MPUC largely agreed with the ALJ, the Department of Commerce (Department), and the Large Power Intervenors (LPI) with respect to the Boswell 4 forced outage. In short, Minnesota Power's inspection and maintenance practices did not satisfy the good utility practice standard, and Minnesota Power failed to adequately rebut evidence that it should have been inspecting its piping on a more

regular basis. Therefore, the MPUC recommended a ratepayer refund of \$4,482,456, plus interest.

Alternatively, the MPUC was divided on Boswell 3. The ALJ previously found that Minnesota Power satisfied the good utility practice standard with respect to the Boswell 3 forced outage, which was likely caused by oil being introduced into the generator by Minnesota Power in its efforts to resolve another maintenance issue. The Department and LPI argued that Minnesota Power should have more carefully tracked the amount of oil it had introduced into the generator and conducted more thorough inspections to ensure that nothing had leaked into the generator; however, the ALJ was persuaded that the novelty of the issue warranted a cost recovery for Minnesota Power. Like LPI and the Department, some commissioners were critical of Minnesota Power's actions with respect to the Boswell 3 outage; however, the majority of the commissioners voted to adopt the ALJ's findings. Therefore, based upon the 3-2 vote, Minnesota Power is not required to refund ratepayers the approximately \$1.7 million from the Boswell 3 outage.

In sum, Minnesota Power will be required to refund the total \$4,482,456 plus interest associated with the Boswell 4 forced outage. The order further instructs Minnesota Power to file a compliance filing within 14 days, detailing the customer refund.

## 2. MPUC Schedule for the Week of February 28, 2022

MPUC will conduct a planning meeting with presentations on decommissioning plans on March 1, 2022, at 8:00 a.m. PT.

MPUC will also host public hearings for CenterPoint Energy's pending rate case and the ongoing natural gas price spike investigation. The CenterPoint hearings will occur on March 1, 2022, at 11:00 a.m. and 4:00 p.m. PT. The natural gas price spike public hearings will occur on March 3, 2022, at 11:00 a.m. and 4:00 p.m. PT.

MPUC will also hold its weekly agenda meeting on Thursday, March 3, 2022, at 8:00 a.m. PT. At the hearing the following items will be addressed: (1) Rochester Public Utilities and People's Energy Cooperative petition to update service territory boundaries; (2) Great Plains Natural Gas Co.'s pending decoupling mechanism rates proceeding; and (3) Minnesota Power's 2021 Remaining Life Depreciation petition.

## **OREGON PUBLIC UTILITY COMMISSION (OPUC) & LEGISLATIVE UPDATES**

### OPUC Grants Certification Extensions to Four Projects in Oregon's Community Solar Program (CSP) – UM 1930

Last Tuesday, the OPUC issued Order 22-058 which granted six-month certification extensions to four projects in the Oregon CSP that were impacted by pandemic-related delays. The projects range in size from 1,800 kW to 2,970 kW and are located in PGE's utility service territory. The final order is located [here](#).

### Legislative Updates

On Monday, February 28 HB 4059 will be read for the third time before the Oregon House of Representatives. This bill proposes to add community solar projects within the scope of ORS 757.306, the statute governing labor standards for large-scale projects. The current version of the bill can be located [here](#).

### **DEPARTMENT OF INTERIOR**

#### New York Bight Offshore Wind Auction Results in \$4.4 Billion for Department of Interior

Friday brought the conclusion of the fierce bidding war that developed between offshore wind developers for federal leases off the coast of New York and New Jersey. The auction was conducted by the Department of Interior's (DOI) Bureau of Ocean Energy Management. The six winning offshore wind developers bid nearly \$4.4 billion for 5.6 GW of offshore wind capacity in the New York Bight offshore acreage, which covers approximately 488,000 acres of federal waters. The winning developers were Bight Wind Holdings, Attentive Energy, Atlantic Shores Offshore Wind Bight, OW Ocean Winds East, Invenergy Wind Offshore, and Mid-Atlantic Offshore Wind. A number of these entities are partnerships between leaders in the renewable energy industry, including RWE, National Grid, EDF Renewables, EDP Renewables, Engie SA, Total SA, Copenhagen Infrastructure Partners, and Shell PLC.

The Department of Justice and Federal Trade Commission will now undertake an anti-competitiveness review of the auction. The companies must also pay their winning bids and provide financial assurance to DOI. The auction is another example of the Biden administration's priority to increase offshore wind generation. DOI has identified seven potential lease sites, including the New York Bight, the coast of the Carolinas, the Gulf of Mexico, and the Pacific Coast, that it hopes to conduct by 2025.

### **FEDERAL ENERGY REGULATORY COMMISSION (FERC)**

On February 17, FERC issued a [Notice of Inquiry \(NOI\) on the use of dynamic line ratings \(DLRs\)](#) to promote grid efficiency. The NOI will examine whether the use of DLRs, which are based on a wide range of weather and line-specific factors affecting the operation of electric transmission lines, would help ensure just and reasonable wholesale rates by improving the accuracy and transparency of line ratings. The NOI would build off of Order No. 881, which was issued last year and directed transmission providers to use ambient-adjusted ratings as the basis for evaluating near-term transmission service as well as for the determination of the necessity of certain curtailment, interruption, or redispatch of near-term transmission service. The NOI seeks comment on: whether the lack of DLR requirements renders current wholesale rates unjust and unreasonable; potential criteria for DLR requirements; the benefits, costs, and challenges of implementing DLRs; the nature of potential DLR requirements; and timeframes for

implementing potential DLR requirements. Initial comments are due April 25, 2022, with reply comments due 30 days later.

On February 18, a divided (3-2) FERC issued two new policy statements regarding how it will evaluate natural gas pipeline project certifications and explicitly evaluate the impacts of the proposed projects' greenhouse gas (GHG) emissions in assessing its environmental impacts. First, in its [Updated Policy Statement on Certification of New Interstate Natural Gas Facilities](#), FERC expands upon the considerations that it has traditionally relied upon in determining whether to grant a certificate of public convenience and necessity under Section 7 of the Natural Gas Act to more closely scrutinize the impact of the proposed project GHG emissions on global climate change. Second, in its [Interim Greenhouse Gas Emissions \(GHG\) Policy Statement](#), FERC describes the analytical framework that it will use to evaluate the market, environmental, and public interest issues associated with new natural gas pipeline projects. Under its Interim GHG Policy Statement, FERC will presume, unless rebutted by the developer, that projects with estimated GHG emissions of at least 100,000 metric tons of carbon dioxide equivalent per year will have a significant impact on climate change and require FERC to conduct an environmental impact statement.

FERC's new policy statements take effect immediately and will apply to all pending and new pipeline projects. Public comments on the Interim GHG Policy Statement are due by April 4, 2022. Comments on the Updated Policy Statement on Certification of New Interstate Natural Gas Facilities are due by April 26, 2022.

In addition, the Senate Energy and Natural Resources Full Committee will hold a [hearing](#) on March 3, 2022 to review recent FERC actions relating to permitting construction and operation of interstate natural gas pipelines and other natural gas infrastructure projects.