

REGULATORY UPDATE FOR JANUARY 10, 2022 (WEEK OF JANUARY 3, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (“CPUC” or “COMMISSION”)****Commissioner John Reynolds Appointed to CPUC**

Commissioner John Reynolds was appointed to CPUC by Governor Newsom on December 23, 2021. According to the short biography on the CPUC website, Commissioner Reynolds had previously served as Managing Counsel at Cruise LLC since 2019. Prior to that, he held multiple positions at the CPUC, including Interim Chief of Staff to Commissioner Genevieve Shiroma in 2018, Advisor to former Commissioner Carla J. Peterman from 2015 to 2018, and Public Utilities Counsel from 2013 to 2015. He was Associate at De la Pena & Holiday LLP in 2012. Commissioner Reynolds earned a Juris Doctor degree from the University of California, Hastings College of Law.

New Proposed Decisions and Draft Resolutions¹

R.13-02-008 (Biomethane Standards). The decision implements Senate Bill 1440 by setting biomethane and/or bio-synthetic natural gas procurement targets to reduce short-lived climate pollutant emissions.

Draft Resolution E-5191. In Advice Letter (“AL”) 4464-E, Southern California Edison Company (“SCE”) requests a modification to its 2014 Bundled Procurement Plan to allow SCE to engage in bilateral transactions for firm energy to meet its Resource Adequacy compliance obligations. This Resolution approves SCE’s request in AL 4464-E without modification.

Draft Resolution E-5182. This Resolution adopts modifications to the Self-Generation Incentive Program (“SGIP”) Handbook setting forth eligibility standards for the California Manufacturer Adder. Decision (“D.”) 19-02-006 directed the SGIP Program Administrators (“PAs”) to jointly file an AL outlining eligibility for additional incentives for project equipment manufactured in California. On April 15, 2019, the PAs filed this joint AL seeking approval of their proposed revisions to the SGIP Handbook: SoCalGas AL 5455-G, PG&E AL 4089-G/5524-E, SCE AL 3989-E, and CSE AL 101-E (collectively, the “Joint SGIP PAs’ AL”). The Joint SGIP PAs’ AL is approved with modifications. This Resolution requires the SGIP PAs to determine eligibility for the California Manufacturer Adder by assessing the value of all eligible capital inputs into eligible SGIP battery modules as a cumulative whole.

Draft Resolution E-5193. This Resolution approves three utility-owned energy storage contracts for 161 megawatts (“MW”) of incremental capacity that San Diego Gas & Electric Company (“SDG&E”) procured to address 2023 summer reliability. These contracts include two

¹ 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.

Engineering, Procurement, and Construction contracts, one with Mitsubishi Power America, Inc. for 10 MW, and one with Fluence Energy, LLC for 20 MW, and a Build, Own, and Transfer agreement with Consolidated Edison Development, Inc. for 131 MW. This Resolution approves the requested relief in AL 3913-E.

Workshops and Hearings

R.19-11-009 (Resource Adequacy). Workshop on UCAP and multi-year compliance issues will be held on January 19, 2022.

Voting Meetings

The Commission's next voting meeting will be held on January 13, 2022. The agenda is scheduled to be published on January 3, 2022. The agenda includes the following energy-related items:

Item 5. Resolution 5180. This Resolution certifies CleanPowerSF's request to elect to administer its energy efficiency program administration plan, and directs Pacific Gas and Electric Company ("PG&E") to transfer \$4,579,056 to CleanPowerSF for its three-year energy efficiency plan.

Item 7. Resolution E-5186. This Resolution finds that San Diego Gas & Electric Company ("SDG&E") complied with Ordering Paragraph ("OP") 53 of D. 17-12-003 in that SDG&E AL 3562-E contains all the reporting elements on Demand Response ("DR") program cost effectiveness that were required by the D.17-12-003. This Resolution orders SDG&E to propose significant improvements to its DR portfolio to address its DR programs' failing cost effectiveness and include the proposals in its 2023-2027 DR Portfolio Application. OP 61 of D.17-12-003 directed SDG&E to file its 2023-2027 DR Portfolio Application on November 1, 2021, which has been extended to May 2, 2022.

Item 9. A.21-06-003 (SCE ERRA Forecast). This decision approves SCE's total 2022 Energy Resource Recovery Account ("ERRA") electric procurement cost revenue requirement forecast of \$4.768 billion, modifying SCE's requested revenue requirement of \$4.751 billion by \$16.200 million to account for a \$17.954 million increase to the Solar on Multifamily Affordable Housing ("SOMAH") program allocation and \$1.754 million decrease from deferred recovery of litigation costs related to SCE's efforts to recover refunds from generators that overcharged SCE during the 2000-2001 California Energy Crisis. SCE is directed to form a working group within 60 days and to file a petition for modification of either D.17-12-022 or D.20-04-012 within 120 days of the issuance date of this decision. The petition for modification will address whether the current rules for SOMAH require the investor-owned utilities to wait for recorded revenues from the previous four quarters before applying the \$100 million amount to the SOMAH allocation in an ERRA forecast or Energy Cost Adjustment Clause proceeding. This decision approves SCE's forecast greenhouse gas ("GHG") costs, including \$152.852 million in direct GHG Cap-and-Trade costs and \$732.458 million in net 2022 GHG forecast auction proceeds. SCE is directed to return \$647.824 million in GHG auction proceeds to SCE's customers, after setting aside \$90.592 million in funding for clean

energy and energy efficiency projects and \$404,474 for outreach and administrative expenses. This decision also authorizes SCE to return \$33.029 million to emissions-intensive and trade-exposed customers and \$614.365 million through the California Climate Credit. In addition, this decision approves SCE's ERRA Trigger Mechanism application and adopts Cost Responsibility Surcharge rates.

Item 10. R.18-07-003 (RPS Implementation). This decision adopts, with modifications, the 2021 Renewable Portfolio Standard ("RPS") plans for the load-serving entities under Commission jurisdiction, including investor-owned utilities and community choice aggregators. Final plans are due no later than 30 days after issuance of this decision.

Item 11. Resolution 5185. SDG&E filed AL 3812-E on July 16, 2021, requesting CPUC review and approval of one Portfolio Sales Agreement ("PSA") with Sonoma Clean Power Authority ("SCPA"). The PSA is a short-term contract for renewable energy and associated renewable energy credits ("RECs") originating from the HL Power Company biomass facility, with which SDG&E has a Bioenergy Renewable Auction Mechanism Power Purchase Agreement. This Resolution approves the PSA between SDG&E and SCPA without modification. SDG&E's execution of the PSA is consistent with SDG&E's 2020 RPS Procurement Plan, approved in D.21-01-005, which authorized SDG&E to hold solicitations and execute contracts for short-term RPS sales, subject to CPUC approval.

CALIFORNIA ISO ("CAISO")

Stakeholder Initiatives: Upcoming Meetings and Deadlines

EIM Resource Sufficiency Evaluation Enhancements. The CAISO held a stakeholder call to discuss the revised draft final proposal for Phase 1 of the Energy Imbalance Market ("EIM") Resource Sufficiency Evaluation Enhancements initiative on December 21, 2021. Comments on the workshop materials and discussion are due on January 10, 2022.

Energy Storage Enhancements Straw Proposal. The CAISO held a stakeholder call on December 14, 2021, to discuss the straw proposal for the Energy Storage Enhancements initiative. Comments are due on January 12, 2022.

Central Procurement Entity Implementation and RAAIM Settlement Modification. The California ISO held a public stakeholder call on January 6, 2022, to discuss the draft final proposal for the Central Procurement Entity Implementation and Resource Adequacy Availability Incentive Mechanism ("RAAIM") Settlement Modification initiative. Written comments on the draft final proposal are due on January 20, 2022. The California ISO will hold a call on January 13, 2022, to discuss the draft tariff language.

Transmission Service and Market Scheduling Priorities Phase 1 Revised Draft Tariff Language. The California ISO has scheduled a stakeholder call on January 14, 2022, to review the revised draft tariff language for the Transmission Service and Market Scheduling Priorities Phase 1 initiative.

Transmission Service and Market Scheduling Priorities Phase 2 Initiative. The California ISO has scheduled a series of limited stakeholder working group meetings on January 14, 2022, January 31, 2022, and February 4, 2022, for working groups 2 and 3 as part of the Transmission Service and Market Scheduling Priorities Phase 2. Discussion topics for working group 2 include transmission products and reservation processes and topics for working group 3 include the study process and transmission upgrades.

Day-Ahead Market Enhancements. The California ISO will hold a public stakeholder workshop on January 24, 2022, to discuss the Day-Ahead Market Enhancements (“DAME”) initiative. Comments on the workshop materials and discussion are due on February 7, 2022.

CALIFORNIA ENERGY COMMISSION (“CEC”)

Energy System Reliability (Docket No. 21-ESR-01)

On January 4, 2022, CEC Staff published a [Notice of Staff Information Workshop](#) regarding a January 14, 2022, workshop to discuss the Summer 2022 Stack Analysis. The workshop is scheduled to begin at 9:00 a.m. During the workshop, CEC Staff will make a presentation on the Summer 2022 Stack Analysis and review enhancements to the analytical method and updates to data and assumptions previously published in September 2021. Staff will solicit feedback from stakeholders on their presentation. Additional information about the workshop is available [here](#) and the workshop agenda will be posted in Docket No. 21-ESR-01 prior to January 14, 2022.

2021 Integrated Energy Policy Report (“IEPR”)

On December 7, 2021, the CEC published a Notice of Availability and Request for Comments on the Draft 2021 IEPR. Copies of the Notice and the Draft 2021 IEPR are available [here](#). Note that only three of the four 2021 IEPR volumes have been released for public comment. Volume III will be released for public comment at a later date under a separate notice of availability. As set forth in the CEC’s March 16, 2021, scoping order, the 2021 IEPR volumes cover the following:

- **Volume I** addresses actions needed to reduce GHGs related to the buildings in which Californians live and work, with an emphasis on energy efficiency. It also addresses reducing GHGs from the industrial and agricultural sectors.
- **Volume II** examines actions needed to increase the reliability and resiliency of California’s energy system.
- **Volume III** looks at the evolving role of gas in California’s energy system, both the importance in near-term reliability and the need for the system to evolve as California works to achieve carbon neutrality—the point at which the removal of carbon pollution from the atmosphere equals or exceeds emissions—by 2045. This volume is not yet available for comment.
- **Volume IV** reports on California’s energy demand outlook, including a forecast to 2035 and long-term energy demand scenarios to 2050. The analysis includes the electricity, gas, and transportation sectors.

- The **Appendix** evaluates the benefits of California’s clean transportation system.

The CEC held over 20 workshops between February 2021 and December 16, 2021, on the topics identified in the scoping order. Written comments on the three volumes of the Draft 2021 IEPR were due on December 21, 2021. Comments received by the CEC are available [here](#).

CEC Business Meetings

The next CEC Business Meeting is scheduled for January 26, 2022. In addition to the regular monthly Business Meeting, the CEC will hold a meeting on January 13, 2022, at 9:00 a.m. to discuss issues and topics related to the respective subject matter areas led by each commissioner. Officers of the CEC will also provide updates related to the administration and budget of the CEC for commissioner discussion. According to the meeting [notice](#), the meeting is intended to facilitate communication between the commissioners in a public setting. No action will be taken on any item of business. The topics that will be discussed during the meeting include:

- Commissioner Discussion on Assigned Subject Matter Areas
- Administration of the Energy Commission
 - CEC Operations Overview
 - Budget
- Update on Data Efforts
- Update on Commission Offices
- Public Comment

Instructions regarding remote attendance at the January 13, 2022, meeting are set forth in the meeting [notice](#).

CALIFORNIA AIR RESOURCES BOARD (“ARB”)

ARB’s next regular Board meeting will be held January 27-28, 2022. The agenda will be available [here](#) 10 days prior to the meeting.

MINNESOTA PUBLIC UTILITIES COMMISSION (“MPUC”)

Northern States Power Company, dba Xcel Energy (“Xcel”) Load Flexibility Petition, MPUC Docket No. 21-101

On Thursday, January 6, 2022, the MPUC met to consider various proposals put forth by Xcel as part of its general load flexibility pilot programs petition. The MPUC addressed each proposal in turn and ultimately took the following action: (1) approved the Peak Flex Credit Rider with modifications and significant discussion of aggregation; (2) approved the Commercial Thermal Storage Petition with Modifications; (3) approved the Electric Vehicle Optimization Pilot with Modifications; (4) denied Xcel’s HVAC Optimization Pilot without prejudice; (5) approved Xcel’s modified demonstration projects; (6) rejected Xcel’s request for approval of an

incentive mechanism; (7) approved limited deferred accounting on a limited basis; and (8) set reporting and other requirements. A written order is pending.

January 11, 2022 Planning Meeting

The MPUC will hold a planning meeting on January 11 to hear from utilities and stakeholders on legislative updates and initiatives. The meeting will be hybrid—both Webex and in-person. Further details on the agenda can be found [here](#).

January 13, 2022 Agenda Hearing

The MPUC will hold its regular agenda hearing on Thursday, January 13. Matters before the MPUC include dockets pertaining to reliability, wind farm site permit, and an Administrative Law Judge’s recommendations from a contested case proceeding concerning fuel and purchased energy cost recovery. Further details on the agenda can be found [here](#).

MIDCONTINENT ISO (“MISO”)

Later this month, MISO’s Planning Advisory Committee (“PAC”) will consider draft changes to the business practices for generator interconnection that address how interconnection customers and transmission owners go about adjusting “interim milestones” within generator interconnection agreements—those milestones that precede COD. To date, the process for adjusting such milestones has been ad hoc and used side letters between customers and utilities—something MISO generally stayed out of—but soon the PAC will consider a more official process for these changes. If approved they would become effective immediately.

OREGON PUBLIC UTILITY COMMISSION (“OPUC”)

OPUC Meetings this Week

On Tuesday, January 11, at 9:30 a.m. PST, the OPUC will host a public meeting to discuss a wide range of dockets including UM 1930, related to new proposals to Oregon’s Community Solar Program’s implementation manual. The Staff’s report on the proposed rules can be located [here](#). The following day on Wednesday, January 12, at 2:00 p.m. PST, the OPUC is hosting a scope and scheduling conference for AR 631, related to rulemaking for qualifying facility standard contracts. Dial in details can be located [here](#).

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (“WUTC”)

WUTC Meetings this Week

On Thursday, January 13, at 9:30 a.m. PST, the WUTC will host a public meeting to discuss a wide range of dockets including UE-210832 related to a request to extend the approval date of Avista’s Draft 2022 RFP. The full agenda and dial in details can be located [here](#).

NEW YORK INDEPENDENT SYSTEM OPERATOR (“NYISO”)

New York Transmission Owners Respond to LS Power Request for Rehearing Regarding Designation of Transmission Investment for Carbon Reduction Goals

On January 4, 2022, New York transmission owners, including all investor-owned utilities in the State, the New York Power Authority, and the Long Island Power Authority (“Respondents”), filed a [Response](#) to LS Power Grid New York Corporation’s (“LS Power”) October 2021 request for rehearing of the New York Public Service Commission’s (“Commission”) order that created a new category of local transmission investments that are made primarily for the purpose of achieving the carbon reduction goals in the Climate Leadership and Community Protection Act (“CLCPA”). The CLCPA requires that 70% of electricity generation come from renewable resources by 2030 and that generation be 100% carbon-free by 2040. The Commission’s order was meant to create a planning process to address current areas where renewable generation already is bottled.

In its request for rehearing, LS Power argued that the proposed cost allocation for this new category of transmission facilities was (i) pre-empted by FERC’s exclusive jurisdiction over transmission via the NYISO Order 1000 process; and (ii) that the Commission should clarify that facilities operating over 200kV are not local transmission subject to this proposal. In their response, the Respondents argued that the rehearing request was facially deficient because it “points to no errors of fact or changed circumstances, and the legal errors it alleges are wrong as a matter of law and/or are procedurally barred.” The Respondents also argued that (1) the NYISO Order No. 1000 competitive solicitation and planning process does not displace alternative, voluntary, multi-transmission owner funding of transmission projects; (2) LS Power’s attempt at creating a bright line of local transmission at under 200kV runs afoul of prior Commission precedent; and (3) the argument of preemption fails because the Commission explicitly recognized and accounted for FERC’s jurisdiction in its order.

FEDERAL ENERGY REGULATORY COMMISSION (“FERC”)

The Commission’s next open meeting is January 20, 2022.

FERC has extended the waiver of its requirement that filings be notarized or supported by sworn declarations until March 31, 2022. FERC also extended the waiver of its requirements to hold in-person meetings or submit notarized documents for open access transmission tariffs.

Market-Based Rate (“MBR”) Database: Less than a month left! The deadline for baseline submissions to the new MBR relational database is February 1, 2022. Baseline submissions are required for all entities with MBR authorization.

Reactive Power Capability Compensation: On November 18, 2021, FERC issued a Notice of Inquiry (“NOI”) seeking comments on reactive power capability compensation and

market design. ([Link to NOI here.](#)) Reactive power is a critical component of the bulk electric system and over the last decade has become a key component in cost recovery for renewable resources including solar and wind facilities. In 1999, FERC approved a method proposed by American Electric Power Service Corporation (“AEP”) for allocating costs for a synchronous generator between real and reactive power capability. This so-called AEP methodology is now recommended by FERC when an entity seeks to recover reactive power capability costs. In the NOI, FERC is performing a holistic review of the applicability of the AEP methodology to renewable resources.

Initial Comments are due on January 31, 2022, and Reply Comments are due on February 28, 2022. Please see our related [blog post](#) for details regarding this NOI.