8REGULATORY UPDATE FOR JANUARY 16, 2024
(WEEK OF JANUARY 8, 2024)

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)

New Proposed Decisions and Draft Resolutions[1]

Rulemaking (R.) 20-05-003 (Integrated Resource Planning). This decision evaluates the 2022 individual integrated resource plan (IRP) filings of all of the load serving entities (LSEs) under the Commission's IRP purview. Twenty-nine LSEs have IRPs that are approved or certified in this decision; eight are determined to be exempt from the requirement to file an IRP in 2022. An additional 11 LSEs did not provide all of the required information in their IRPs and therefore their IRPs are not approved or certified in this decision. Those LSEs will have the opportunity to provide the required information in a Tier 2 advice letter and have their IRPs approved or certified after the subsequent submission. This decision also adopts a Preferred System Plan (PSP) portfolio that meets a statewide 25 million metric ton (MMT) greenhouse gas (GHG) target for the electric sector in 2035. This portfolio was developed first with an aggregation of the individual IRPs of all LSEs, reflecting the resource preferences of those LSEs through 2035. Then, Commission staff augmented the resources using modeling analysis to ensure reliability standards and GHG targets were met through 2035, and to extend the resource planning timeframe out to 2039 for transmission planning purposes. This proposed PSP portfolio reduces emissions by 28 MMT in 2035 compared to the 2020 electric sector emissions in the California Independent System Operator (CAISO) area, translating to a 58 percent reduction. By 2045, the proposed portfolio reduces emissions by 85 percent and achieves a level of 113 percent clean energy, based on the Senate Bill 100 (Stats. 2018, Ch. 312) 100 percent goal for 2045; the clean energy level can exceed 100 percent because it is based on retail sales and includes exported energy.

This decision further recommends to the CAISO that the 25 MMT PSP portfolio be utilized as both the reliability base case and the policy-driven base case for study in its 2024-2025 Transmission Planning Process. This decision also recommends that the CAISO analyze a policy-driven sensitivity case designed to test the transmission buildout needed for a grid stress case where 15 gigawatts of natural gas generation resources are retired by 2039. This decision also addresses two petitions for modification (PFM) of earlier procurement decisions in this proceeding, namely Decision (D.) 21-06-035 and D.23-02-040. The first PFM was filed jointly by Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E), seeking a two-year extension on the energy required to be procured in D.21-06-035 to partially replace the attributes of the Diablo Canyon Power Plant. The SCE and PG&E PFM is denied in this decision primarily due to concerns regarding system reliability and equity among LSEs. The second PFM was filed jointly by California Energy Storage Alliance (CESA) and Western Power

[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.

Trading Forum (WPTF), seeking modifications to D.23-02-040 and D.21-06-035, to allow extension of deadlines for procurement of long lead-time (LLT) resources when certain conditions are met. The CESA and WPTF PFM is granted, in part, with modifications as discussed further in the decision. LSEs that require an extension to bring online the required LLT resources beyond the June 1, 2028 deadline must procure generic capacity to cover the shortfall, and still bring online LLT resources by no later than June 1, 2031.

This decision also formally adopts high-level aspects of the reliability framework for IRP that has been used throughout the past two years in the proceeding, including a 0.1 loss of load expectation standard for determining reliability need, a planning reserve margin based on gross peak, and resource counting conventions using marginal effective load carrying capability analysis that is updated periodically. Finally, the decision makes reimbursable funding available to Commission staff for consulting resources to continue to support the IRP process for the next six years.

Application (A.) 22-05-015; 22-05-016 (Application of Southern California Gas Company for Authority, Among Other Things, to Update its Gas Revenue Requirement and Base Rates Effective on January 1, 2024). This decision grants in part the October 27, 2023 SDG&E motion to recover, on an interim basis and subject to refund, its potentially undercollected wildfire mitigation plan memorandum account (WMPMA) recorded balance as of December 31, 2022. This decision authorizes SDG&E to recover $289.9 million of the potentially undercollected WMPMA balance in rates during 2024 and 2025. This decision denies SDG&E's request to continue recovering the remaining WMPMA balance beyond 2025. This decision extends the statutory deadline in this proceeding until December 31, 2024.

R.22-11-014 (Order Instituting Rulemaking to Implement Senate Bill 1014 California Clean Miles Standard Program). This decision establishes the initial rules and regulations for implementing the Clean Miles Standard Program in accordance with Senate Bill 1014. This decision defines regulated entities subject to Clean Miles Standard Program regulations as transportation network companies, charter-party carriers, and autonomous vehicle passenger companies. Transportation network companies with fewer than five million miles of vehicle miles traveled in a given calendar year are exempt from the requirements of this decision. The Commission will determine what rules to adopt for autonomous vehicle passenger companies and charter-party carriers that are not transportation network companies in Phase 2 of this proceeding.

This decision directs regulated entities to file plans to meet program goals, including the annual targets established by the California Air Resources Board to increase vehicle miles traveled by zero emissions vehicles to 90 percent and eliminate greenhouse gas emissions by 2030. Regulated entities must file a Tier 3 advice letter to propose an interim greenhouse gas emissions reduction plan within 120 days of the effective date of this decision. These entities will also be required to file an updated greenhouse gas emissions reduction plan after the Phase 2 decision and thereafter every two years. This decision establishes a new Drivers Assistance Program that will be administered by a third-party administrator and funded by a per-trip regulatory fee collected by regulated entities. The Drivers Assistance Program will provide low- and moderate-income drivers of transportation network companies with incentives for making the transition to zero emissions vehicles and act as a one-stop-shop for drivers to access other incentives for zero emissions vehicles and charging. The Commission's staff will select a third-party program administrator for the Drivers Assistance Program through a request for proposals process conducted by Uber Technologies, Inc. as the contracting agent. The Commission's staff will oversee the performance of the program administrator. The program administrator shall file a Tier 3 advice letter to propose an implementation plan and handbook for the Drivers Assistance Program within 150 days of entering into a contract to perform program services. The Commission will set the Clean Miles Standard Regulatory Fee and Drivers Assistance Program budget through resolutions of Tier 3 advice letters filed by regulated entities subject to this decision. This decision establishes the following initial Drivers Assistance Program incentive levels: (a) $10,400 upfront incentive payment to purchase or lease a new zero emissions vehicle and offset initial charging costs; (b) $8,800 upfront incentive payment to purchase or lease a used zero emissions vehicle and offset initial charging costs; and (c) $670 paid annually for up to four years to offset ongoing charging costs. The program administrator will propose adjustments to the incentive levels by advice letter. This decision also addresses other issues for commencing implementation of the Clean Miles Standard Program, including exempt entities and trips, data reporting and verification, advancing clean mobility, monitoring environmental and social justice impacts, outreach and engagement with drivers and community-based organizations, and coordinating with other state efforts to electrify transportation. This decision resolves Phase 1 of this proceeding. This proceeding remains open to address Phase 2 issues, including program requirements for autonomous vehicle passenger companies and charter-party carriers, optional credit programs, sustainable land use objectives, clean vehicles requirements, and enforcement.

Resolution (Res) SPD-20 (PG&E 2023-2025 Wildfire Mitigation Plan). This Resolution ratifies the decision of the Office of Energy Infrastructure Safety approving the PG&E 2023-2025 Wildfire Mitigation Plan (WMP) pursuant to Public Utilities Code Section (Pub. Util. Code) 8386.3(a). PG&E submitted its WMP on March 27, 2023, as revised on August 7, 2023 and September 27, 2023, covering the three-year period 2023-2025. PG&E's WMP responds to a list of 23 requirements set forth in Pub. Util. Code 8386(c). This WMP focused on measures the electrical corporation will take to reduce the risk of and impact from a catastrophic wildfire related to its electrical infrastructure and equipment.

A.23-08-009 (PG&E Application for Authority to Issue Recovery Bonds for Fire Risk Mitigation Expenditures). This Financing Order grants the request by PG&E for authority under Assembly Bill (AB) 1054 and Pub. Util. Code §§ 850(a)(2) and 850.1 to issue Wildfire Hardening Recovery Bonds (Recovery Bonds) totaling up to approximately $1.412 billion. These Recovery Bonds will finance additional fire risk mitigation plan capital expenditures authorized pursuant to Pub. Util. Code § 8386.3(e), enacted under AB 1054. The Recovery Bonds will be issued by a legally separate Special Purpose Entity, which will transfer the Recovery Bonds' proceeds to PG&E in exchange for the right to receive revenues to repay the Recovery Bonds' principal, interest, and related costs. According to PG&E, the Recovery Bonds are anticipated to save PG&E's ratepayers an estimated $465 million compared to traditional utility financing mechanisms on a net present value basis. The precise amount of savings will depend on several factors that are not known at this time, such as the final term and interest rate on the Recovery Bonds. The Recovery Bonds' principal, interest, and related costs will be recovered via a surcharge called the Fixed Recovery Charge. All Consumers of electricity in PG&E's service territory (as described by Pub. Util. Code §§ 850(b)(3) and 850.1(a)(2)) will be required to pay the Fixed Recovery Charge, except for those Consumers that are exempt pursuant to Pub. Util. Code § 850.1(i) (Exempt Fixed Recovery Charge Customer Classes). Pursuant to Pub. Util. Code § 850.1(e), the provisions in this Financing Order authorizing the issuance of the Recovery Bonds and the recovery of related bond principal, interest, and certain other costs from Consumers are irrevocable. This Financing Order also sets forth, in accordance with D.20-12-005 and consistent with D.21-06-030, the necessary mechanism for adjustment to PG&E's general rate case revenue requirements to account for the savings that will be created by the execution of the Recovery Bonds. This Financing Order also sets forth similar mechanisms for adjustment of PG&E's Wildfire Mitigation Plan Memorandum Account and Distribution Revenue Adjustment Mechanism related to capital expenditures authorized by the Commission in D.23-02-017 (WMCE Decision) resolving PG&E's Wildfire Mitigation and Catastrophic Event Application 20-09-019 (2020 WMCE Proceeding). Further, with the adjusted revenue requirements, this Financing Order determines an attendant adjustment in certain Consumer rates to reflect the revised revenue requirements.

Voting Meetings

The CPUC held a voting meeting in San Francisco, California on January 11, 2023 at 11:00 a.m. PT. The following are results for energy-related items on the agenda:

Item 2. Res ALJ-435 (Appeal of Amended Citation E.18-02-001 Issued to SCE by Safety and Enforcement Division). This resolution dismisses Amended Citation E.18-02-0011 issued by the CPUC Safety and Enforcement Division (SED) to SCE, with one exception. SED proved, by a preponderance of the evidence, that Rule 37 of General Order 95 was violated; that charge, without the imposition of any penalties, is sustained. **Held to February 15, 2024.**

Item 3. A.21-12-009 (SCE Application for Approval for Its Building Electrification Programs). This decision denies the application by SCE for approval of its building electrification programs. The Commission finds that a substantial amount of federal, state, and ratepayer money is already being spent, and has been allocated for future use, to largely implement the same building electrification efforts in SCE's proposal, and SCE failed to meet its burden to show that its proposal is just and reasonable. **Signed, D.24-01-004.**

Item 9. R.11-05-005 (Order Instituting Rulemaking to Continue Implementation and Administration of California Renewables Portfolio Standard Program). This decision denies the September 24, 2020 petition to modify D.14-12-081, Decision Implementing Senate Bill 1122, filed by the Center for Biological Diversity, Central California Environmental Justice Network, Central Valley Air Quality Coalition, the John Muir Project, and the California Chaparral Institute (collectively, Petitioners). The Petitioners requested that D.14-12-081 and the Bioenergy Market Adjusting Tariff (BioMAT) be modified such that eligibility criteria include a requirement that participating generation facilities demonstrate net GHG reductions. Because the Commission has already established in D.20-08-043 a process to be able to quantify the net GHG impacts of BioMAT project operations, there is no reason to modify D.14-12-081 as requested.

The BioMAT program will continue to be monitored, reviewed, and revised, as necessary, in R.18-07-003 or its successor proceeding. **Signed, D.24-01-006.**

Item 10. Res E-5304 (SDG&E Owned Energy Storage Contract and Related Costs). This Resolution denies SDG&E's request for approval of a utility-owned energy storage contract procured to address 2025 summer reliability. The contract is a Build, Own, and Transfer contract with CED Westside Canal Battery Storage LLC for 119 megawatts (MW) of nameplate capacity. This Resolution denies the requested relief in Advice Letter (AL) 4293-E. **Approved.**

Item 13. Res E-5297 (PG&E Tranche 2 Mid-Term Reliability Contract). This Resolution approves a Power Purchase Agreement (PPA) between PG&E and Northern Orchard Solar PV, LLC for Zero Emissions Product from Hybrid Resource Products resulting from PG&E's Mid-Term Reliability Request for Offers – Phase 2. The project is a transmission-connected 172.131 MW solar photo-voltaic (PV) and a 92 MW four-hour (or 73.6 MW five-hour) lithium-ion battery energy storage system (BESS) hybrid resource with a scheduled initial delivery date of June 1, 2024, and a contract term of 15 years. This Resolution approves the requested relief in AL 7022-E. **Approved.**

Item 15. A.21-06-004 (SDG&E 2020 Energy Resource Recovery Account Compliance Proceeding). For the same reasons specified in D.23-06-054, this decision declines to address Phase Two issues based on directives in D.21-06-014, which ordered the disallowance methodology to apply after D.21-06-014 is effective. In D.23-06-054, which resolved the consolidated 2019 Energy Resource Recovery Account (ERRA) proceedings, the Commission declined to address the issues in Phase Two. The Phase Two issues in the consolidated 2019 ERRA proceeding are similar to the Phase Two issues in this proceeding, in that these issues consider whether the utilities should be disallowed from collecting revenues that they were not able to collect during the Public Safety Power Shutoff (PSPS) events that occurred during the compliance review period. D.23-06-054 declined to address the Phase Two issues based on directives in D.21-06-014, which ordered that the methodology for disallowing unrealized PSPS revenues apply starting on the effective date of D.21-06-014. **Signed, D.24-01-009.**

Item 19. A.22-04-004 (Application of LS Power Grid California, LLC for a Permit to Construct the 500 kV Fern Road Substation). This decision grants LS Power Grid California, LLC (LSPGC) a permit to construct the proposed 500 kilovolt (kV) Fern Road Substation in Shasta County and approves and adopts the settlement agreement between LSPG and the Public Advocates Office of the Commission. This decision grants LSPGC a limited exemption from the Commission's affiliate transaction rules and authorizes LSPGC to file Federal Energy Regulatory Commission Forms 1 and 3-Q as proxies for the reporting requirements of General Orders 65-A and 104-A. This decision also certifies the Final Initial Study/Mitigated Negative Declaration for the Fern Road Substation. **Signed, D.24-01-011.**

<u>Upcoming Meetings and Workshops</u>

Disadvantaged Communities Advisory Group. On Friday, January 19, 2024, at 1:00 p.m., the Disadvantaged Communities Advisory Group will hold a public meeting. The Advisory Group advises the California Energy Commission and the CPUC on the effectiveness of proposed programs related to the Clean Energy and Pollution Reduction Act of 2015 (S.B. 350) in disadvantaged communities. The meeting agenda and additional information about the Disadvantaged Communities Advisory Group can be found here.

Energization Workshop. On Friday, February 2, 2024, Energy Division staff will host a public workshop to discuss issues related to energization timelines established under Assembly Bill 50 (Woods, 2023) and Senate Bill 410 (Becker, 2023). There will be an opportunity for public input. Further information including a detailed meeting agenda and login details will be served on the following service lists in advance of the workshop: R.17-07-007, R.18-12-006, R.21-06-017, R.22-07-005, and R.23-12-008.

2024 Future Grid Study Workshop Series. Through this workshop series, Gridworks, a contractor supporting the Commission, will facilitate conversations between utilities, stakeholders, and the CPUC on how to ensure installed additional Distributed Energy Resources (DERs) provide maximum value to the grid through effective distribution system operations. This three-part series will identify operational needs, assess gaps, and develop recommendations to address gaps, and is an opportunity for parties to collaborate to modernize the electric grid for a high DER future. Each workshop in the series will build upon the previous workshop, assisting parties to develop their input on the rulemaking. Workshop #1: Identifying Operational Needs will be held virtually on February 8, 2024, from 1:00 p.m. to 5 p.m.

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Resources Available for Near Term Interconnection. CAISO has posted an updated version of the Briefing on Resources Available for Near Term Interconnection on the Generator Interconnection webpage.

2024-2025 Interregional Transmission. CAISO announced the 2024-2025 submission period is open through March 31, 2024, for stakeholders to submit interregional transmission project proposals into the annual transmission planning process that could potentially replace or defer a regional solution that is in the ISO transmission plan. These proposals will be considered in the 2024-2025 transmission planning cycle. Further information is available here.

Transmission Service and Market Scheduling Priorities Phase 2 Track 1. CAISO will host a public stakeholder call on January 17, 2024, to review and discuss the Priority Wheeling Through Monthly Available Transfer Capacity values that will be available to reserve in advance to establish Priority Wheeling Through transactions across the CAISO system for June 2024 and beyond. Further information is available here.

Price Formation Enhancements. CAISO has scheduled two working group meetings for the Price Formation Enhancements initiative: a virtual meeting on January 17, 2024, and a hybrid meeting on January 24, 2024. The discussion topic for both meetings will be Scarcity Pricing. Further information is available here.

Supplemental Data Requirement for all Inverter-Based Resources in the CAISO Queue and in Operation. CAISO has initiated an effort to obtain additional inverter fault current information used in system models from all inverter-based generating facilities in CAISO's queue and in operation. Responses are due by January 26, 2024. Further details are available here.

Transmission Development Forum. CAISO, in conjunction with the CPUC and the participating transmission owners, will hold a public stakeholder call on January 31, 2024, to provide status updates on the transmission planning process and network upgrades identified in the generation interconnection process. Further information is available here.

Generator Interconnection Affidavits for Allocating and Retaining Transmission Plan Deliverability. CAISO announced that generator interconnection customers must submit Transmission Plan (TP) Deliverability documents to CAISO to be eligible to receive or retain deliverability allocations in the TP Deliverability allocation process by February 14, 2024. This notice applies to all active generation interconnection projects that are eligible to seek an allocation or want to retain an allocation from a prior allocation cycle. Further information is available here.

CALIFORNIA ENERGY COMMISSION (CEC)

Energy Storage Permitting

On November 15, 2023, the CEC hosted a workshop for the Center for Sustainable Energy, to introduce their Draft Energy Storage Permitting Guidebook (Guidebook) developed under Agreement EPC-19-026. According to the workshop notice:

- Version 1 (November 2023) of the Guidebook draws upon stakeholder feedback on the deployment experiences and best practices identified during permitting and commissioning residential energy storage products with multiple deployments in California;
- In Q1 2024, the project team will publish an updated draft (version 2), incorporating public feedback where relevant;
- In addition to any informal interim updates to the Guidebook, the project team plans to publish an updated draft (version 3) in Q2 2024 that will include guidelines for emerging energy storage technologies based on public feedback and lessons learned from early adopter deployments; and
- In Q3 2024, a final version of the Guidebook (version 4) will be released.

Senate Bill 100 Land Use Workshop

On January 9, 2024, the CEC circulated a "Save the Date" for an S.B. 100 Land Use Workshop scheduled to be held at the CEC on February 1, 2024 at 9:30 a.m. According to the

"Save the Date," the workshop will be an opportunity "to discuss objectives and approaches for examining the environmental and land use implications of potential resource scenarios to meet Senate Bill 100 . . . targets."

Senate Bill 350 Disadvantaged Community Advisory Group

The next DACAG meeting will be held on January 19, 2024, 1:00 p.m. to 4:00 p.m. Additional information is available in the meeting Notice as well as in Docket No. 16-OIR-06.

Electric Program Investment Charge (EPIC) 2021-2025 Investment Plan

CEC staff hosted a workshop on December 13, 2023, to seek public comment on an anticipated research solicitation to help California achieve an environmentally sustainable clean energy transition. According to the workshop notice, the anticipated research "solicitation proposes to monitor environmental and land use changes in response to solar expansion, assess wildlife risk from renewable energy generation and the built environment, and find mitigation solutions to these risks."

The preliminary research topics for the forthcoming solicitation are tentatively grouped in five areas:

- Automated mapping of solar footprints and mapping areas suitable for agrivoltaics;
- Assessing, monitoring, or mitigating the environmental and biological resource impacts of clean energy deployments;
- Testing bird-friendly windows for decarbonized buildings;
- Identifying biologically appropriate exterior lighting; and
- Advancing a clean energy circular economy.

The notice indicates that staff will introduce their "initial ideas on the scope and focus of the proposed solicitation, planned for release in the second quarter of 2024."

CEC Business Meetings

The next business meeting will be held on January 24, 2024. The agenda and backup materials are available here.

California Air Resources Board (CARB)

Meetings, Workshops, and Notices

On January 18, 2024, the CARB Research Screening Committee will hold a virtual meeting. More information and registration for the meeting are available here.

CARB is holding public dialogue sessions on its draft Community Engagement Model, designed to help staff create and implement robust engagement plans. One additional in-person meeting will be held in Riverside on January 18, 2024. Due to a spending freeze, other planned in-person meetings have shifted to virtual meetings, to be held on January 17, January 23, and January 25, 2024. Comments on the draft Community Engagement Model may be submitted here until April 3, 2024.

On January 23, 2024, CARB will hold a public webinar on the development of its 2025 Mobile Source Strategy. The 2025 Strategy build on the 2016 and 20020 Mobile Source Strategies and will identify the levels of transition to cleaner and zero-emission mobile source technologies to achieve air quality and climate targets in California. Registration and additional information are available here.

CARB's next Board meeting will be held on January 25, 2024. The agenda for the meeting is available here.

On March 21, 2024, CARB will hold a hearing on proposed amendments to the California Low Carbon Fuel Standard.

On June 27, 2024, CARB will hold a hearing on the proposed Zero-Emission Forklift Regulation.

CARB has issued an implementation update on the Airborne Toxic Control Measure (ATCM) for in-use diesel-fueled transport refrigeration units (TRU) and TRU generator sets, and facilities where TRUs operate. Following a ruling in *California Trucking Association v. California Air Resources Board* (Fresno County Superior Court, Case No. 22CECG00919), CARB will not collect fees associated with the 2022 amendments to the ATCM for TRUs, though CARB intends to proceed with implementation of all other requirements included in the amendments, including issuance of TRU compliance labels in early 2024. Owners of TRU facilities were required to register their facility with CARB by December 31, 2023.

Opportunities for Public Comment

CARB has issued draft amendments to the California Low Carbon Fuel Standard for public comment. Comments may be submitted here until February 20, 2024, or at the public hearing on March 21, 2024.

In conjunction with public dialogue sessions on its draft Community Engagement Model, CARB is accepting comments on the draft Model through April 3, 2024. Comments may be submitted here.

MINNESOTA PUBLIC UTILITIES COMMISSION (MPUC)

On January 3, 2024, the MPUC held a Special Planning Meeting on Grid North Partners Congestion Relief Projects, Permitting Efficiency Stakeholder Meeting Report, and Tribal

Legislative Initiative. Links here: Agenda, Grid North Partners Presentation, and Permitting Reform Stakeholder Report.

On January 4, 2024, the MPUC held an agenda meeting and heard Otter Tail Power's 2023-2037 Integrated Resource Plan. Agenda.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

On January 2, 2024, in Docket No. ER24-339, FERC issued an order accepting a proposal by ISO New England Inc. (ISO-NE) to revise the ISO-NE's Transmission, Markets and Services Tariff (Tariff) to delay the 19th Forward Capacity Auction, including all pre-auction and post-auction activities related thereto, by one calendar year. The revisions do not change the Capacity Commitment Period, which remains the June 1, 2028 through May 31, 2029 delivery year.

On December 20, 2023, FERC issued a long-awaited opinion in a proceeding that originated with the 2000/01 California Energy Crisis. In relevant part, the opinion, issued in Docket No. EL02-60, reversed several conclusions reached by the Presiding Judge in an initial decision from 2016 that ran counter to the U.S. Supreme Court's 2008 decision in *Morgan Stanley*, and found that an Avangrid Renewables offtake agreement benefited from the *Mobile-Sierra* presumption and that Avangrid owed no refunds to the California Parties as a result. Stoel Rives represented Avangrid at hearing and on the post-hearing briefing to the FERC.

Also on December 20, 2023, in 185 FERC ¶ 61,210, FERC issued an order accepting in part, subject to condition, and denying in part, CAISO's proposed revisions to its Open Access Transmission Tariff to implement its Day-Ahead Market Enhancements (DAME) and Extended Day-Ahead Market (EDAM) proposals. Under the DAME proposal, CAISO proposes to revise its Tariff to establish two new day-ahead market products—Imbalance Reserves and Reliability Capacity. The DAME proposal would update CAISO's existing day-ahead market to implement and accommodate EDAM functions, as well as address supply and load forecast differences, or imbalances, between the day-ahead and real-time markets. Under the EDAM framework, CAISO proposes revisions to its Tariff to offer participation in the day-ahead market to external balancing authority areas (BAA) in the Western states. By joining EDAM, an external BAA voluntarily enters into participation agreements to take part in CAISO's day-ahead market, similar to the existing Western Energy Imbalance Market.

At the December 19, 2023 Commission Open Meeting, FERC issued a Notice of Inquiry (NOI) into Federal Power Act Section 203 Blanket Authorizations for Investment Companies in Docket No. AD24-6. The NOI focuses on FERC's policy addressing three-year blanket authorizations for investment companies under section 203(a)(2) of the Federal Power Act (FPA). FERC explains that since it revised its regulations to expand blanket authorizations under section 203(a)(2) and began granting case-specific blanket authorizations for holding companies, including investment companies, there have been changes in the industries that warrant consideration into whether the blanket authorization policy will continue to work as intended. Therefore, FERC is seeking comments on: (1) whether, and if so, how, it should revise its blanket authorization policy for holding companies, including investment companies, under section 203(a)(2) of the FPA; (2) what constitutes control of a public utility in evaluating holding companies', including investment companies', requests for blanket authorization; and (3) what factors it should consider when evaluating control over public utilities as part of a request for blanket authorization.

Regarding control, FERC seeks comments specifically targeting large investment companies. For example, whether, and if so, how, the size of an investment company should be considered in evaluating a request for blanket authorization, if it should consider pre-existing ownership and control of public utilities and holding companies, and how to distinguish between the various types of investment vehicles.

Beyond large investment companies, FERC notes that arguments have been made that investment companies are able to influence utility behavior in ways that are not captured by the current analysis of control and seeks comments on how control may be exerted in ways not already captured by its policies and regulations, and what strategies or actions taken could demonstrate control or a degree of influence. Further, FERC seeks comments on what factors it should consider when evaluating control over public utilities as part of a request for blanket authorization. Specifically, FERC seeks comments on whether it should be more expansive in its review of control, for example, whether it should account for the impact of investors on long-term planning or other issues beyond day-to-day control. Further, FERC requests comments on what corporate governance factors should be considered during its evaluation of control, specifically mentioning this ability to influence board membership. Initial comments are due March 25, 2024, and reply comments are due April 24, 2024.

Also at the December 19, 2023 Commission Open Meeting, the FERC, North American Electric Reliability Corporation, and Regional Entity Study on Blackstart and Next-Start Resource Availability in Texas Interconnection was presented. While this study focuses on Texas, FERC staff emphasized that it believes many of the recommendations could be beneficial to regions and entities beyond Texas. The study makes seven recommendations, focusing on three overarching themes: (1) Blackstart system restoration planning and testing; (2) an assessment of natural gas availability to Blackstart and Next-Start Resources, as well as improved electric and natural gas coordination; and (3) the prioritization of natural gas supply and transportation to Blackstart and Next-Start Resources.

On November 3, 2023, the Midcontinent Independent System Operator (MISO) concurrently filed two proposals to revise its Open Access Transmission, Energy and Operating Reserve Markets Tariff (OATT).

In Docket No. ER24-340, MISO proposed three amendments to its OATT to revise its Generator Interconnection Procedures (GIP), each of which can be accepted or rejected independently of the other. First, MISO proposes the following increases to each milestone payment: at M2 to $8,000/MW of Interconnection Service requested; at M3 to 20% of the amount of Network Upgrades identified in the Preliminary System Impact Studies (SIS), minus amounts paid at M2, or $1,000/MW floor; and at M4 to 30% of the amount of Network Upgrades identified in the Revised SIS, minus amounts paid at M2 and M3. Second, MISO proposes revisions to its withdrawal penalties procedures. MISO proposes to add an Automatic

Withdrawal Penalty, which is a predetermined percentage of the M2 milestone payment that will be forfeited at withdrawal regardless of the specific harm calculations. The percentage forfeit increases at each Definitive Planning Phase (DPP): 10% before the end of Decision Point I, 35% before the end of Decision Point II, 75% before the end of Decision Point III, and 100% after Generator Interconnection Agreement (GIA) negotiations begin. MISO also proposes to streamline the existing penalty-free withdrawal provisions. Finally, MISO proposed make its site controls more stringent by increasing the initial site control requirements and implementing additional requirements throughout the DPP. MISO also proposes to provide the option to provide financial security in lieu of site control for interconnection customers' Interconnection Facilities in the amount of $80,000 per line mile for the entire line mileage to the point of interconnection, which will be refunded if the interconnection customer subsequently satisfies the proposed site control requirement.

In Docket No. ER24-341, MISO proposed to implement a cap on the total amount of MW of Interconnection Requests that may be studied and included in a given cluster or cycle in MISO's generator interconnection queue for each region. Prior to the start of each queue cycle, MISO will determine the MW value to be studied, which will be posted on MISO's website in advance of the application deadline for a given GIP cycle. MISO notes that the cap formula will be included in its Business Practice Manual. Under MISO's proposal, interconnection requests will be processed using a first-come, first-served approach based on when the applications were queued during the open application window. Under MISO's proposal, interconnection requests that are processed after the cap is met will not be suspended and will instead continue to be evaluated by MISO. Once such requests are approved as valid, they will remain in the queue and will be studied in a future queue cycle. MISO proposes four limited exceptions to the cap for (1) interconnection requests involving an increase in the capacity of a Replacement Generating Facility; (2) interconnection requests involving a conversion of Energy Resource Interconnection Service into Network Interconnection Resource Service; (3) interconnection requests involving a Generating Facility with a Provisional GIA; and (4) interconnection requests involving a proposed Generating Facility that is requested to be exempt from the cap by a Relevant Electric Retail Regulatory Authority. Interconnection requests subject to these exemptions will be included in a queue cycle without "bumping" other requests.

MISO has requested an effective date of January 22, 2024 for each filing, and both proposed rules will apply beginning with the 2023 queue cycle. In order to transition to these new rules, MISO has paused all the ability of interconnection customers to enter new requests into the MISO interconnection queue pending FERC action on these proposals. All currently pending prior cycles are exempt from the proposed requirements.