

**REGULATORY UPDATE FOR JANUARY 9, 2024
(WEEK OF JANUARY 2, 2024)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)

New Proposed Decisions and Draft Resolutions¹

Rulemaking (R.)17-06-024 (Southern California Gas Company (SoCalGas) Application to Establish Gas Demand Response Pilot Programs). This decision denies Southern California Gas Company's application seeking approval of the proposed gas demand response pilot programs and recovery of the costs associated with their proposed implementation for the years of 2023-2025. SoCalGas filed the application for authorization of gas DR pilot programs with a total cost of \$15 million and seeking \$12.5 million in ratepayer matching funds. The application is denied as it fails to meet the requirements of ordering paragraphs 5, 6 and 7 of D.20-02-043, the decision denying the initial application in this proceeding.

R.18-07-005 (Order Instituting Rulemaking to Consider New Approaches to Disconnections and Reconnections to Improve Energy Access and Contain Costs). This decision approves a Community-Based Organization Arrears Case Management Pilot Program to reduce residential energy service disconnections by Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and SoCalGas. The decision directs utilities to contract with community-based organizations to provide case management services to assist up to 12,000 customers with managing their unpaid bills, enrolling in energy assistance and energy efficiency programs, and arranging bill payment plans. Within 180 days of the effective date of this decision, the utilities must award contracts for such assistance to community-based organizations. The pilot program shall conclude two years after the effective date of this decision.

Voting Meetings

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

Item 2. Resolution (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.

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.

Item 3. Application (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.

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 Decision (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 greenhouse gas emission (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.

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.

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.

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.

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.

Upcoming Meetings and Workshops

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.

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 (SB 350) in disadvantaged communities. The meeting agenda and additional information about the Disadvantaged Communities Advisory Group can be found [here](#).

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Congestion Revenue Rights Auctions. CAISO has posted the publication and invoicing schedule to its website for January-December 2024 monthly and 2025 annual Congestion Revenue Rights auctions, available [here](#).

Final NERC/WECC Charge Rate. CAISO has calculated the final rate for the Northern American Electric Reliability Corporation/Western Electricity Coordinating Council (NERC/WECC) charges for assessment year 2024, available [here](#).

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](#).

Price Formation Enhancements. CAISO will host its first working group meeting this year for the Price Formation Enhancements initiative on January 10, 2024. The discussion topic will be Scarcity Pricing. To virtually attend the working group, pre-register in order to receive participation details. Further information is available [here](#).

Greenhouse Gas Coordination. CAISO will host a Greenhouse Gas Coordination working group meeting on January 11, 2024, from 1:00 p.m. to 4:00 p.m. The Greenhouse Gas Coordination working group stakeholder process focuses on developing durable electricity market solutions for climate policies across the West. Further information is available [here](#).

Generation Deliverability Methodology Review. CAISO will host a public stakeholder call on January 11, 2024, to discuss the final proposal for the Generation Deliverability Methodology Review initiative. The final proposal will be posted on the [initiative webpage](#).

Resource Adequacy Modeling and Program Design. CAISO will host a Resource Adequacy Slice of Day implementation office hours in coordination with the CPUC Energy Division on January 11, 2024, from 1:00 p.m. to 3:00 p.m., to provide a forum for questions on the Slice of Day implementation. CAISO will post a Q&A white paper on Slice of Day implementation to the [initiative webpage](#) this week.

Resource Adequacy Modeling and Program Design. CAISO will hold a Resource Adequacy Modeling and Program Design working group meeting on January 16, 2024, from 9:00 a.m. to 4:00 p.m. Attendees may participate in the meetings in person at the CAISO, or virtually. If you plan to attend the meeting in-person, register by January 12, 2024. The working group meeting will focus on (1) further exploration of problem statement 2 and 3 focused on the RA rules, tools, and cost allocation as well as stakeholder feedback, (2) review of problem statement 1 feedback on modeling in the short term and discussing a potential approach for reliability modeling in the mid-term, and (3) allowing for stakeholder presentations. An agenda and presentation will be available prior to the meeting on the [initiative webpage](#).

2023 Interconnection Process Enhancements. CAISO has posted a comment template for the 2023 Interconnection Process Enhancements track 2 zonal approach workshop that was held on December 18, 2023. Written comments on the zonal approach discussion are due January 16, 2024, through the ISO's commenting tool using the link on the [initiative webpage](#).

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](#).

Generator Interconnection Affidavits for Allocating and Retaining Transmission Plan Deliverability. CAISO announced that generator interconnection customers must submit Transmission Plan (TP) Deliverability documents to the 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 who are eligible to seek an allocation or who want to retain an allocation from a prior allocation cycle. Further information is available [here](#).

CALIFORNIA ENERGY COMMISSION (CEC)

Integrated Energy Policy Report (IEPR)

According to the 2023 IEPR [workshop schedule](#), the CEC will consider adoption of the California Energy Demand Forecast at the January 24, 2024 Business Meeting and will consider adoption of the 2023 IEPR at the February 14, 2024 Business Meeting.

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 SB 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 at 1:00. 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.

California Air Resources Board (CARB)

Meetings, Workshops, and Notices

On January 16, 2024, CARB will hold a virtual [public workshop](#) on the upcoming fourth cycle for the [Sustainable Communities Strategy Program](#) under the Sustainable Communities and Climate Protection Act ([SB 375](#), 2008). More information and registration for the workshop are available [here](#).

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 virtual and in-person [public dialogue sessions](#) on its draft [Community Engagement Model](#), designed to help staff create and implement robust engagement plans. The next in-person meetings will be held in Los Angeles on January 16, 2024, in the Inland Empire on January 17, 2024, in the San Diego/Imperial region on January 18, 2024, in Fresno on January 22, 2024, and in Bakersfield on January 23, 2024. There will be a virtual meeting on January 25, 2024. Comments on the draft Community Engagement Model may be submitted [here](#) until April 3, 2024.

CARB's next [Board meeting](#) will be held January 25-26, 2024. The agenda for the meeting will be available [here](#) 10 days prior to the meeting.

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](#).

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 Commission.

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 comment 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 Study in the 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, 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: 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 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 Customer's 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 into 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.