

**REGULATORY UPDATE FOR JULY 5, 2023
(WEEK OF JUNE 26, 2023)**

CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC OR COMMISSION)

New Proposed Decisions and Draft Resolutions¹

None to report.

Voting Meetings

The next CPUC voting meeting will be held on June 29, 2023. The following energy-related items are on the agenda:

Item 3. Resolution (Res) G-3599, Advice Letter (AL) 3071-G-B; AL 3071-G-A; AL 3071-G (SDG&E 2022 Compliance Plan and Ratemaking Forecasts for Its Leak Abatement Program). This resolution approves cost recovery for 11 of the 14 Chapters proposed in San Diego Gas & Electric Company's (SDG&E) 2022 Natural Gas Leak Abatement Program (NGLA) Plan and ratemaking forecasts as filed in AL 3071-G-B on April 11, 2023. Chapters 3 and 14 are not approved and Chapter 12 was withdrawn by the utility. The funding request detailed in AL 3071-G-B is for a total Revenue Requirement of \$24.3 million, which includes \$22.6 million for Best Practices, \$1.3 million for Research and Development (R&D), and \$0.4 million in Program Administration costs. Of these, the Commission approves \$19.2 million, including \$17.6 million for Best Practices, \$1.3 million for R&D, and \$0.3 million for Program Administration costs. Chapters 3 and 14 are not approved due to the CPUC's concerns about the program's cost-effectiveness. Program Administration costs are reduced commensurately as these chapters will no longer need to be administered. **Approved.**

Item 4. Res G-3595, AL 5950-G-B; AL 5950-G-A; AL 5950-G (SCE 2022 Compliance Plan and Ratemaking Forecasts for Its Leak Abatement Program). This resolution approves in part and denies in part the Southern California Gas Company's (SoCalGas) NGLA Compliance Plan as presented in AL 5950-G-B. The funding request detailed in AL 5950-G-B was for a total Revenue Requirement of \$504.5 million, which includes \$485.7 million for Best Practices, \$14.4 million for R&D, and \$4.4 million in Program Administration costs. Of these, the Commission approves \$403.6 million, which includes \$385.7 million for Best Practices, \$14.4 million for R&D, and \$3.5 million for Program Administration costs. Chapters 5, 6, 11, 14, 21, and 26 are not approved because they do not meet a cost-effectiveness benchmark of \$22/MCF and are deemed not essential to the compliance goals of the NGLA program. Program Administration costs are reduced commensurately as these four chapters will no longer need to be administered. **Approved.**

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 5. Res ALJ-435 (Amended Citation E.18-02-001 Issued to Southern California Edison Company by Safety and Enforcement Division). This resolution dismisses Amended Citation E.18-02-0011 issued by the CPUC's Safety and Enforcement Division (SED) to Southern California Edison Company (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. This resolution closes the proceeding K.18-03-008, SCE's Appeal of Citation and Amended Citation E.18-02-001 issued by SED. **Held.**

Item 10. Rulemaking (R.)18-07-017 (Order Instituting Rulemaking Regarding Continued Implementation of the Public Utility Regulatory Policies Act and Related Matters). In this decision, the Commission declines to make changes to the avoided-cost pricing options available to a Qualifying Facility of 20 megawatts or less seeking to sell electricity and/or capacity pursuant to the Public Utility Regulatory Policies Act of 1978. Since this was the only outstanding issue in the proceeding, the proceeding is closed. **Signed, D.23-06-026.**

Item 13. Res L-621 (Disclosure of Records of CPUC SED's Investigation of Fire Incident That Occurred Near Horse Creek Road). This resolution authorizes disclosure of records of the Commission's SED's investigation of a fire incident that occurred near Horse Creek Road, in Scott Bar, California on July 22, 2020. The Commission received a request, PRA #23-6, seeking disclosure of Commission records concerning the fire incident. The Commission Staff could not make the investigation records public without the formal approval of the full Commission. The request is treated as an appeal to the full Commission for release of the requested records pursuant to Commission General Order 66-D and Res L-436. **Approved.**

Item 14. Res E-5272 (Confirmation of Candidates for Appointment to the Diablo Canyon Independent Safety Committee). This resolution ratifies the President's selection of candidates for consideration by the California Governor for appointment to the Diablo Canyon Independent Safety Committee (DCISC). The DCISC consists of three members, each appointed in turn by the California Governor, the California Attorney General, and the Chair of the California Energy Commission, serving staggered three-year terms. This resolution ratifies the CPUC President's selection of Dr. Per Peterson as a candidate for reappointment, and Dr. Najmedin Meshkati and Dr. Michael D. Quinn as candidates for appointment to the DCISC, for a three-year term commencing on July 1, 2023. **Approved.**

Item 15. Res E-5270 (2023 Updated Administratively Set Fixed Avoided-Cost Rates for the Renewable Market Adjusting Tariff Program). This resolution adopts updated contract prices by Product Category for the feed-in-tariff program, known as ReMAT, using price data from renewable portfolio standard contracts executed between 2020 and 2022. In addition, it orders Pacific Gas & Electric Company (PG&E), SCE, and SDG&E to amend their Renewable Market Adjusting Tariff (ReMAT) program tariff to reflect the adopted fixed-prices by Product Category paid to the seller. **Approved.**

Item 16. Application (A.)22-06-005 (SoCalGas Year 28 Gas Cost Incentive Mechanism). This decision approves SoCalGas' request for a shareholder reward of \$22,313,352 for Year 28

(2021-2022) of its Gas Cost Incentive Mechanism performance. The Commission's Public Advocates Office verified that SoCalGas' recorded gas costs were \$122,216,734 below the benchmark, which results in a reward of \$22,313,352 to SoCalGas' shareholders and a ratepayer benefit of \$99,903,383. **Signed, D.23-06-028.**

Item 17. R.21-10-002 (Local Capacity Obligations, Flexible Capacity Obligations, and Refinements of the Resource Adequacy Program). This decision adopts Local Capacity Requirements for 2024-2026, Flexible Capacity Requirements for 2024, and refinements to the Resource Adequacy program scoped as Phase 3 of the Implementation Track, including modifying the planning reserve margin for 2024 and 2025 and modifying the demand response counting requirements. **Signed, D.23-06-029.**

Item 21. Res E-5274, AL 6778-E; AL 4114-E; AL 4913-E (Plug-In Electric Vehicle Submetering Implementation Plan). This resolution approves, with modifications, PG&E's, SCE's, and SDG&E's proposed plug-in electric vehicle (PEV) submetering implementation plans (SIPs). PG&E and SCE must eliminate the 500-customer cap on PEV submetering customer enrollment during the manual billing phase of their SIP. SCE must start implementation of system updates to enable automated submeter billing immediately, rather than waiting until it determines sufficient PEV submetering customer demand justifies the updates. The investor-owned utilities (IOUs) must modify their requirement to have Meter Data Management Agents perform daily file transfers to only require monthly data transfers. Finally, PG&E and SDG&E must propose updated tariff language to additional electric vehicle rates to allow for the use of PEV submetering. **Approved.**

Item 24. Res E-5275, AL 470-E (Bear Valley Electric Service, Inc. Power Purchase Agreement with Shell for Procurement of Bundled Energy and Renewable Energy Credits). This resolution approves Bear Valley Electric Service's (Bear Valley) power purchase agreement (PPA) with Shell Energy North America. The PPA will be used by Bear Valley for procurement of "firm" bundled energy and associated renewable energy credits under a long-term contract. This resolution also authorizes Bear Valley's use of a memorandum account to account for any unrealized gains and losses stemming from this PPA. **Approved.**

Item 27. A.21-04-006 (Application by Liberty Utilities to Acquire, Own, and Operate the Luning Expansion Project). This decision adopts a proposed settlement agreement between Liberty Utilities (CalPeco Electric) and the Public Advocate's Office that allows Liberty to acquire, own, and operate the Luning Expansion Project, a solar plus storage asset. The settlement agreement also includes terms that set forth agreed upon ratemaking procedures for Liberty to recover certain related costs. **Withdrawn.**

Item 49. A.20-02-009, A.20-04-002, and A.20-06-001 (Methodology to Calculate Unrealized Revenues Resulting from Public Safety Power Shutoffs – Revised Proposed Decision of ALJ Lau). This decision addresses only one of two issues in the consolidated Phase Two proceedings, which are issues related to the Public Safety Power Shutoff (PSPS) events the IOUs decided to initiate and implement in 2019. Specifically, this decision adopts a methodology to calculate a utility's unrealized volumetric sales and unrealized revenues resulting from PSPS

events. The consolidated 2019 ERRRA Compliance proceedings of PG&E, SCE, and SDG&E remain open to address the remaining issue in Phase Two, which is whether it is appropriate for the utilities to return the revenue requirement equal to the unrealized volumetric sales and unrealized revenue resulting from the 2019 PSPS events. **Withdrawn.**

Item 49A. A.20-02-009, A.20-04-002, and A.20-06-001 (Methodology to Calculate Unrealized Revenues Resulting from Public Safety Power Shutoffs – Alternate Proposed Decision of Commissioner Reynolds). This decision adopts the same methodology to calculate a utility’s unrealized volumetric sales and unrealized revenues resulting from PSPS events as the Revised Proposed Decision of Administrative Law Judge (ALJ) Lau. This decision declines to address the second issue, which is whether it is appropriate for the utilities to return the revenue requirement equal to the unrealized volumetric sales and unrealized revenue resulting from the 2019 PSPS events. The Revised Proposed Decision of ALJ Lau defers addressing this issue until a later time and keeps the proceeding open for further consideration and record development. The Alternate Proposed Decision of Commissioner Reynolds declines to address this issue and closes the proceeding, explaining that D.21-06-014 directed that the methodology (adopted in both the Revised Proposed Decision and the Alternate Proposed Decision) would only be applied for PSPS events called after the effective date of that 2021 decision. **Signed, D.23-06-054.**

Item 50. A.22-02-005, A.22-03-003, A.22-03-004, A.22-03-005, A.22-03-007, A.22-03-008, A.22-03-011, and A.22-03-012 (PG&E Energy Efficiency Portfolios for 2024-2027 and Business Plans for 2024-2031). This decision addresses the applications for energy efficiency portfolios during the period 2024-2027 and the business plans for 2024-2031 from nine portfolio administrators. The decision authorizes a total budget of \$4.3 billion over the four-year period beginning in 2024, with benefits to customers of at least \$3.5 billion during the same period. This decision also adopts a forecasted budget of an additional \$4.6 billion in the period 2028-2031. The decision finds that all of the portfolio administrators have met the Commission’s requirements for forecast cost-effectiveness and total system benefits. The decision makes adjustments to the allocation of costs for statewide programs to account for changes in the mix of programs and fuels (electricity and natural gas) and also makes some changes to the statewide portfolio to eliminate some obsolete programs and introduce new ones. The Bay Area Regional Energy Network is also approved as the first non-utility administrator of a statewide program. The decision approves a new regional energy network (REN) called Rural REN, to deliver energy efficiency benefits to underserved customers and communities in the rural areas all over California in four different regions. **Signed, D.23-06-055.**

CALIFORNIA INDEPENDENT SYSTEM OPERATOR (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Capacity Procurement Mechanism Enhancements. CAISO will host a public [stakeholder call](#) on July 10, 2023 to discuss the track 2 straw proposal for the Capacity Procurement Mechanism Enhancements initiative. Written comments on the [straw proposal](#) are due by end of day July 24, 2023.

2023 Interconnection Process Enhancements. CAISO will host a working group meeting for the 2023 Interconnection Process Enhancements Track 2 initiative on July 11, 2023. Attendees may choose to participate in the meeting in person at the Lake Natoma Inn in Folsom, or virtually. Further information is [available here](#).

CALIFORNIA ENERGY COMMISSION (CEC)

Integrated Energy Policy Report (IEPR)

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

- July 6: Hydrogen – canceled; to be rescheduled
- August 15: California Electricity Demand Forecast: Inputs and Assumptions
- August 18: California Electricity Demand Forecast: Load Modifier Scenario Development
- September 8: Topic TBD
- November 15: California Electricity Demand Forecast: Load Modifier Scenario Results
- December 6: California Electricity Demand Forecast: Electricity Forecast Results

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

Electric Program Investment Charge (EPIC)

On July 18, 2023, CEC Staff will host a remote-access workshop to identify research needs to advance the use of virtual power plant (VPP) approaches for increased demand flexibility. The workshop will specifically focus on community-owned VPP models and include a panel session with presentations from industry representatives such as load-serving entities and their technology service providers. According to the workshop [Notice](#), input received during the workshop will be used to inform the development of future solicitations related to the [Electric Program Investment Charge 2021-2025 Investment Plan](#) (EPIC 4 Investment Plan).

Energy System Reliability

CEC Staff will host an upcoming workshop on July 7, 2023 to provide an overview of the proposed approach comparing the anticipated costs of extending Diablo Canyon Power Plant operations for calendar years 2024-2035, or pursuing a portfolio of other feasible energy resources. The cost comparison is required under Senate Bill 846, and CEC Staff must prepare a report on its findings to submit to the legislature by September 30, 2023. The workshop will

have both in-person and remote attendance options. Remote attendance options and other workshop details are available [here](#).

Transmission Planning

Together with the CPUC and CAISO, the CEC held a Staff workshop on June 23, 2023 to discuss resource portfolio assumptions for use by CAISO in the next 20-Year Transmission Outlook. Comments on the workshop may be submitted by 5:00 p.m. on July 7, 2023, pursuant to a June 28, 2023 notice from the CEC extending the comment period. Additional instructions on submitting comments is included in the notice, available [here](#).

Electric Vehicle Infrastructure Planning

The CEC held a joint workshop on June 29, 2023, together with the California Department of Transportation, to discuss updates to California's Deployment Plan for the National Electric Vehicle Infrastructure Formula Program for 2023. Under recent guidance from the Federal Highway Administration, states are required to submit updated Deployment Plans by August 1, 2023. The workshop will be held remotely on June 29, 2023 from 10:00 a.m. to 1:00 p.m. PT. Access and other event information are available [here](#).

A Freight Infrastructure Planning (FIP) proposal previously noticed by the CEC and developed by the CPUC has been posted for public comment [here](#). The CPUC's Energy Division Staff will host Office Hours on the Draft FIP Proposal on July 11 at 1 p.m. Interested stakeholders may submit questions in advance, and the deadline for stakeholders to submit comments on the Draft FIP Staff Proposal is July 21, 2023.

CEC Business Meetings

The next CEC Business Meeting is scheduled for July 26, 2023.

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

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

Opportunities for Public Comment

On June 14, 2023, CARB held a joint [public workshop](#) with Quebec on potential amendments to the [Cap-and-Trade Program](#). Comments on the workshop topics may be submitted [here](#) until July 7, 2023.

On February 22, 2023, CARB held a [public workshop](#) on potential changes to the Low Carbon Fuel Standard program. At the workshop, Staff presented additional information on

potential credit generation opportunities that may affect carbon intensity targets, preliminary fuel mix, and cost outputs from the California Transportation Supply model, and concepts related to streamlining implementation. Staff has released [draft regulatory text](#) of the proposed changes. The deadline for comments on the proposed changes for Tier 1 Simplified Calculators and Lookup Table Values has been extended until July 12, 2023. Comments may be submitted [here](#).

CALIFORNIA STATE WATER RESOURCES CONTROL BOARD (SWRCB)

On July 1, 2023, SWRCB issued a [notice](#) stating that it will consider adoption of the Proposed Final Amendment to the Water Quality Control Policy on the Use of Coastal and Estuarine Waters for Power Plant Cooling to Extend the Compliance Schedule for Alamitos, Huntington Beach, Ormond Beach, and Scattergood Generating Stations (OTC Policy Amendment) and Proposed Final Staff Report. The OTC Policy Amendment also includes a change without regulatory effect to revise the compliance date for Diablo Canyon Nuclear Power Plant. The consideration of adoption meeting will be held on August 15, 2023 at 9:30 a.m.

COLORADO PUBLIC UTILITIES COMMISSION (COLORADO PUC)

On June 26, 2023, Public Service Company of Colorado (PSCo) filed a response in its Transportation Electrification Plan docket 23A-0242E, seeking to stay discovery until July 14, 2023. PSCo sought to stay discovery while it developed Supplemental Direct Testimony on various topics directed by the Commission in the Interim Decision C23-0425-I. On June 27, 2023, Staff of the Colorado PUC filed a response objecting to PSCo's request to suspend discovery. The Commissioners discussed the pending motions and responses during their June 5, 2023 Weekly Commissioners' Meeting (agenda available [here](#)), and further direction on the issue and related procedural matters will be posted to the docket.

The next Commissioners' Weekly Meeting will occur on July 12, 2023 at 9:00 a.m. MT and the meeting, which is held remotely, will be available for online viewing [here](#). The Weekly Meeting agenda will be posted [here](#) once available.

ILLINOIS COMMERCE COMMISSION (ICC)

The next ICC voting meeting will be held on July 13, 2023 at 11:30 a.m. CT. The meeting will be available for online viewing, which can be accessed [here](#), and the meeting agenda will be posted 48 hours in advance of the meeting.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

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

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

On June 30, 2023, FERC [accepted](#) revisions to the New York Independent System Operator, Inc. Open Access Transmission Tariff (OATT) and its Market Administration and Control Area Services Tariff (Services Tariff) related to the retention, termination, and transfer of Capacity Resource Interconnection Service (CRIS). The OATT revisions fall into four categories: (1) retention and termination of inactive and underutilized CRIS; (2) CRIS transfers; (3) the manner in which inactive, underutilized, and transferred CRIS is modeled in deliverability studies; and (4) rules for physical withholding evaluations of CRIS transfers. The revisions to the Services Tariff address physical withholding determinations and Market Mitigation Measures.

On June 27, 2023, FERC [accepted](#) revisions to Southwest Power Pool, Inc.’s (SPP) proposed revisions to Attachment V (Generator Interconnection Procedures) of the SPP OATT to clarify financial security refund eligibility for interconnection customers.

Northwestern Corporation has petitioned for a writ of certiorari to the U.S. Supreme Court in *Edison Electric Institute v. FERC*, the appeal of FERC’s *Broadview Solar, LLC* orders, which the D.C. Circuit upheld in February. Read our article on the D.C. Circuit’s decision [here](#).

On June 15, 2023, FERC [approved a final rule](#) designed to improve credit risk management in the organized wholesale electric power markets. FERC’s Final Rule will allow electric power market operators to share credit-related information among themselves so they can better assess market participants’ credit risks.

On June 15, 2023, FERC [finalized two rules](#) to help improve reliability of the bulk power system against threats of extreme weather that may cause unacceptable risk to life and economic harm. The first rule (RM22-10) directs the North American Electric Reliability Corporation to develop a new or modified reliability standard to require transmission system planning for extreme heat and cold weather conditions over wide geographical areas, including studying the impact of concurrent failures of bulk power system generation and transmission equipment and implementing corrective actions as needed. The second rule (RM22-16, AD21-13) directs

transmission providers to submit one-time reports describing their policies and processes for conducting extreme weather vulnerability assessments and identifying mitigation strategies.

On June 9, 2023, in [Docket No. ER23-1609-000](#), FERC issued an order conditionally accepting PJM's proposal to revise the Reliability Pricing Model Base Residual Auction (BRA) and Incremental Auction schedules for the 2025-2026 through 2028-2029 delivery years, effective June 10, 2023. FERC directed PJM to incorporate the illustrative auction schedule provided in its filing into the PJM OATT on compliance. The revisions delay the capacity auctions beginning with the 2025-2026 delivery year through the 2028-2029 delivery year to be conducted after FERC acts on PJM's anticipated upcoming capacity market enhancements filing, which PJM expects to be filed by October 1, 2023. Due to the revised schedule, PJM will void ongoing pre-auction activities for the BRA for the 2025-2026 delivery year and restart the process. FERC also granted PJM's request for waiver of the OATT provisions relating to the timing and pre-auction processes for the BRAs and Incremental Auctions for delivery years 2025-2026, 2026-2027, 2027-2028, and 2028-2029.

On June 2, 2023, FERC [approved](#), in part, PSCo's proposed generator interconnection procedure reforms. FERC approved the reintroduction of a payment in lieu of readiness, allowing customers to post \$7.5 million if they are unable to demonstrate readiness through a generation deployment plan. In addition, customers that sign an interconnection agreement but fail to achieve their in-service date will pay a \$5 million penalty. The new penalties will go into effect 120 days after their effective date (June 3, 2023), allowing customers currently in the queue time to decide whether to withdraw.

FERC's Joint Federal-State Task Force on Electric Transmission will [meet](#) on July 16, 2023.