

**REGULATORY UPDATE FOR JUNE 28, 2022 (WEEK OF JUNE 20, 2022)****CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC)****New Proposed Decisions and Draft Resolutions<sup>1</sup>**

A.19-11-019 (PG&E Marginal Costs, Revenue Allocation, Rate Design)/A.20-10-011 (PG&E Day-Ahead Real Time Rate & Pilot). This decision considers a study on the marginal generation capacity costs that should be used by Pacific Gas and Electric Company (PG&E) when calculating its rates, including its recently approved real-time pricing rate. This decision approves the study's methodology for calculating marginal generation capacity costs and orders PG&E to utilize the methodology as soon as is practicable. An uncontested settlement on real-time pricing pilots for certain customers of PG&E is also considered by this decision and is approved without modification.

**Voting Meetings**

The Commission held a voting meeting on June 23, 2022. The agenda included the following energy-related items:

Item 2. Resolution E-5194. This Resolution adopts, with modification and clarification, the criteria and process proposed by San Diego Gas and Electric (SDG&E), PG&E, and Southern California Edison (SCE) pursuant to Section 3.5.3 of D.21-01-018 for evaluating the safety and reliability of electric isolation technologies prior to deployment or implementation of the technologies. **Approved.**

Item 5. R.11-09-011 (Rule 21). This decision determines that an increasing number of generating facilities interconnecting through the transmission grid under the net energy metering tariff, i.e., Rule 21, creates challenges to the ability of the California Independent System Operator (ISO) to ensure the safety and reliability of the transmission grid. To address this concern, the Commission finds that an immediate suspension of the net energy metering exception in Section B.1 of Rule 21 is necessary as there are no viable solutions in the record to address these concerns. PG&E, SDG&E, and SCE are directed to submit a Tier 1 AL within 14 days of the adoption of this decision, revising Rule 21 tariffs to comply with this change. A second exception in Section B.1 of Rule 21, for non-export generating facilities, is maintained at this time, as non-export generating facilities do not create the same safety and reliability concerns as net energy metering generating facilities. The Energy Division is authorized to facilitate a workshop, within 90 days of the adoption of this decision, to discuss specific

---

<sup>1</sup> Per CPUC Rules of Practice and Procedure Rule 14.3, comments on proposed decisions are due 20 days after issuance of the proposed decision, and reply comments are due five days thereafter. Comments on draft resolutions are due 20 days after the draft resolution appears in the CPUC's daily calendar, per Rule 14.5.

circumstances under which non-export facilities could create material operational challenges, including load masking, and how to address any such challenges.

**Rev. 1.** On June 17, the PD was revised to only remove the exemption for transmission-interconnected NEM projects that are in excess of 1 MW. It would also grandfather NEM projects with Permission to Operate letters received as of May 6, 2022 or proposed NEM facilities with materially complete interconnection applications submitted as of May 6, 2022.

**Held to July 14 meeting.**

Item 9. Resolution E-5209. This Resolution adopts updated contract prices by Product Category for the feed-in-tariff program, known as ReMAT, using price data from RPS contracts executed between 2015 and 2021. In addition, it orders 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 12. A.19-08-013 (SCE 2021 Rate Case). This decision finds reasonable, and authorizes SCE to recover, (1) the revenue requirement associated with \$384.19 million in incremental 2020 Operations and Maintenance (O&M) expenses recorded in various wildfire mitigation memorandum accounts, representing approximately 81% of SCE's request of \$476 million; and (2) the 2020 revenue requirement of \$15.12 million associated with capital expenditures approved during Track 2, representing 100% of SCE's request. Consistent with the treatment approved for SCE's Track 2 O&M expenses, the approved revenue requirements will be amortized over a 36-month period. This decision also finds reasonable \$468.39 million in recorded wildfire mitigation capital expenditures, representing approximately 69% of SCE's request for \$679 million. SCE may seek future recovery of these capital expenditures in a separate financing order application. **Signed, D.22-06-032.**

Item 14. Resolution E-5172. This Resolution approves, with modifications, revisions to Electric Rule 21 requested by PG&E, SCE, and SDG&E. Those revisions include incorporating Integration Capacity Analysis (ICA), a method of assessing the hosting capacity of an electric system based on its thermal, voltage, power quality, protection, and safety limits. Hosting capacity is an estimate of the amount of power output that may be accommodated without adversely impacting power quality or reliability under current configurations and without requiring infrastructure upgrades. Other modifications include applying a 10% buffer to Screen M, updating Screen N to account for thermal overload under three different ICA scenarios, and establishing a standard timeline for design and construction of interconnection-related distribution upgrades. **Approved.**

Item 15. Resolution E-5218. This Resolution approves PG&E's Tier 3 AL, which establishes the pool of renewable energy projects that will be used on an interim basis until PG&E procures new renewable energy resources to meet green tariff demand. **Approved.**

Item 16. Resolution E-5216. This Resolution approves PG&E's, SCE's, and SDG&E's Voluntary Allocation pro forma contracts for Power Charge Indifference Adjustment (PCIA)-eligible RPS resources with the following modifications:

- a. SDG&E will modify its Voluntary Allocation pro forma contract to permit load serving entities (LSEs) to elect allocations of PCIA-eligible RPS resources from both the short-term and the long-term allocation resource pools as a short-term allocation.
- b. SDG&E will modify its Voluntary Allocation pro forma contract to clarify that utility-owned generation and evergreen resources are eligible resources for Voluntary Allocation.
- c. SDG&E will modify its Voluntary Allocation pro forma contract to include the following language for changes to its allocation resource pools: “with 15 days’ prior notice to Buyer, Seller may add or remove a resource from the resource pools as provided herein. Seller may remove a resource from the resource pools for the following reasons: (i) if Seller’s power purchase agreement corresponding to the resource has been modified, terminated, or assigned to a third party, (ii) if the Resource is no longer in Seller’s PCIA-eligible portfolio due to Commission order or direction, or (iii) if the Resource is owned by Seller but ceases operation for Seller.” **Approved.**

Item 17. Resolution G-3589. This Resolution adopts an updated annual fee for registered Core Transportation Agents (CTAs). It reduces the base fee from \$3,955 to \$3,864 effective July 1, 2022, and adjusts the variable fee, which applies only to CTAs that have received complaints in 2021, based on the number of complaints processed by the Consumer Affairs Branch and Utility Enforcement Branch for each CTA and the time spent addressing those complaints. **Approved.**

Item 18. A.21-06-021 (PG&E 2023 GRC). This decision grants PG&E’s unopposed request to make its 2023 test year General Rate Case revenue requirement effective as of January 1, 2023 in the event the Commission adopts a final decision in this proceeding after that date. This decision also grants PG&E’s request to allow for the recovery of interest, based on a Federal Reserve three-month commercial paper rate, to the extent necessary to keep PG&E, ratepayers, and shareholders relatively indifferent to the timing of the Commission’s final decision regarding the 2023 revenue requirement. This decision also authorizes PG&E to use its three existing memorandum accounts to track and collect or refund any over-collection or under-collection in rates. **Signed, D.22-06-033.**

Item 19. R.18-07-003 (RPS Implementation). This decision determines that voluntary allocations pursuant to the Voluntary Allocation and Market Offer process adopted in decision (D.) 21-05-003 are not resales for purposes of determining Portfolio Content Category (PCC) classification for renewable energy credits (RECs). However, any subsequent transfer or resale of those allocated RECs will be considered a resale, and will result in a change in PCC classification pursuant to D.11-12-052. This decision would also not require investor-owned utilities to submit AL filings for approval of executed pro forma Voluntary Allocation contracts. However, modified pro forma contracts must be approved via a Tier 1 AL filing. **Signed, D.22-06-034.**

Item 20. Resolution E-5219. This Resolution approves the contracts for four utility-owned circuit-level energy storage microgrid projects for a total of 39 MW of incremental capacity that SDG&E procured to address 2023 summer reliability and thereafter. For each of the

four projects, these contracts include an Equipment Supply Agreement with Mitsubishi Power America, Inc. (Mitsubishi), a Long-Term Services Agreement with Mitsubishi, and a Balance of Plant Agreement with Morrow Meadows Corporation. **Approved.**

Item 21. R.20-01-007 (Long-Term Gas System Planning). This decision would resolve issues related to Track 1A (Reliability Standards) and Track 1B (Market Structure and Regulations). The decision also requires SCE and PG&E to maintain adequate backbone capacity to meet the average day in a 1-in-10 cold and dry year standard previously established by the Commission, and provides a citation structure if the utility fails to maintain that backbone capacity. **Held to July 14 meeting.**

Item 42. R.21-10-002 (Resource Adequacy). This decision resolves issues in Phase 2 of both the Implementation Track and the Reform Track. In the Implementation Track, this decision adopts local capacity requirements for 2023-2025 and flexible capacity requirements for 2023, establishes effective load carrying capacity (ELCC) values for wind and solar, directs the Energy Division to develop regional wind ELCCs, and declines to adopt the ELCC methodology for hybrid or energy storage facilities. In the Reform Track, this decision adopts SCE's 24-hour slice framework. 2024 will serve as a test year, with full implementation in 2025. To further develop the Resource Adequacy framework, the decision adopts a proposed schedule that would involve workshops conducted from July through October 2022, with the final proposal submitted November 15, 2022, and with a proposed decision issuing in the first quarter of 2023 on the remaining implementation issues. **Signed, D.22-06-050.**

## **CALIFORNIA ISO**

### Stakeholder Initiatives: Upcoming Meetings and Deadlines

**Energy Storage Enhancements.** The California ISO will hold a public stakeholder web meeting on June 30, 2022, to discuss the second revised straw proposal for the Energy Storage Enhancements initiative. Written comments are due July 14, 2022.

**FERC Order No. 881 – managing transmission line ratings.** The California ISO has posted revised draft tariff language and a matrix with responses to stakeholder comments in connection with its effort to comply with FERC Order No. 881 – Managing Transmission Line Ratings.

**2021-2022 Transmission Planning Process.** Completed proposals for the Collinsville and Manning substation projects must be submitted prior to the close of business on July 15, 2022. Completed proposals for the Newark – Northern Receiving Station and Metcalf – San Jose B HVDC competitive solicitation projects must be submitted prior to the close of business on August 26, 2022.

The California ISO held a public stakeholder call on June 27, 2022 to explore an expression of interest for out-of-state resources in the Idaho area. Comments are due July 11, 2022.

**Interconnection Process Enhancements 2021.** The California ISO held a public stakeholder call on June 14, 2022, to discuss the revised straw proposal for the Interconnection Process Enhancement 2021 – Phase 2 initiative. Written comments on the revised straw proposal are due June 28, 2022.

## **CALIFORNIA ENERGY COMMISSION (CEC)**

### Integrated Energy Policy Report

On June 29, 2022, the CEC will hold a workshop to provide the public the opportunity to help the CEC develop a framework to center equity and environmental justice and to revisit the Energy Equity Indicators tool developed to identify areas to invest resources. The workshop will also consider various approaches to ensure meaningful community engagement to achieve a clean energy future. The workshop will be held in person in Imperial, California and is scheduled to begin at 10:00 a.m. Remote attendance is also available. Additional information, including the workshop schedule, is available [here](#).

### Offshore Wind

On May 18, 2022, CEC staff held a workshop on offshore wind energy development off the California coast focused on “Maximum Feasible Capacity and Megawatt Planning Goals for 2030 and 2045.” During the workshop, CEC staff presented a [draft report](#) that includes staff’s proposed findings and recommendations addressing the requirements of Assembly Bill (AB) 525 for the CEC to evaluate and quantify the maximum feasible capacity of offshore wind to achieve reliability, ratepayer, employment, and decarbonization benefits and establish MW offshore wind planning goals for 2030 and 2045. A summary of the workshop can be found on the Stoel Rives Renewable + Law blog [here](#).

Since the May 18 workshop, the CEC has removed Item 3 from the CEC’s May 24, 2022 Business Meeting agenda, which had previously indicated that the CEC would consider adoption of the California Offshore Wind Energy Development Report at the May 24 Business Meeting. On May 23, 2022, the CEC circulated an update regarding the removal of the agenda item to subscribers of the CEC’s Offshore Renewable Energy List. The email correspondence stated the following regarding removal of the draft report from the May 24 agenda:

In light of new information [submitted during the workshop and public comment opportunity](#), including information recommending that the CEC establish different MW offshore wind planning goals for 2030 and 2045 than those in the draft report based on studies released after the draft report posted; Commissioner Vaccaro will conduct a public workshop to further examine this new information to consider possible changes to the draft report recommendations for MW offshore wind planning goals for 2030 and 2045.

On June 27, 2022, the CEC held a workshop further evaluating the information received during the May 18 workshop and in public comments related thereto. The purpose of the June

27 workshop was to provide the CEC and the public an opportunity to review and discuss the specific studies relied upon in the draft report. Additional information regarding the workshop, including the workshop schedule and presentation materials, is available [here](#).

#### Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on June 30, 2022 at 1:00 p.m. PT in Calipatria, California. Remote access is also available. Additional information is available at TN# 243627 in [Docket No. 20-LITHIUM-01](#).

#### Renewable Portfolio Standard (RPS)

California LSEs, including retail sellers and local publicly owned electric utilities (POUs), must report 2021 retirements of RECs for California's RPS to the CEC by July 1, 2022. As specified by the *Renewable Portfolio Standard Eligibility Guidebook* (9th rev. ed. Apr. 27, 2017), all LSEs are required to track and report RPS procurement using the Western Renewable Generation Information System (WREGIS).

POUs are required to submit 2021 Annual Summary Reports and supporting documentation, including new or revised contracts executed in the prior year, e-Tag Reports, and Hourly Reports through the RPS Online System, by the July 1 deadline.

To assist LSEs with annual reporting, CEC staff prepared the following documents:

- [2021 WREGIS Reporting Guidance](#)
- [2021 Annual Reporting Instructions](#)

#### CEC Business Meetings

The next CEC Business Meeting is scheduled for July 13, 2022.

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

#### Meetings and Workshops

On July 7, 2022, CARB will host a virtual [public workshop](#) on potential changes to the Low Carbon Fuel Standard, including options for carbon-intensity targets under the Standard. Registration is available [here](#).

CARB will hold its next Board meeting on August 25-26, 2022. The full agenda will be available [here](#) 10 days prior to the meeting.

### Opportunities for Public Comment

CARB's [draft report](#) and associated data dashboard on implementation of California's Sustainable Communities and Climate Protection Act is available for public comment through July 14, 2022. Comments may be submitted to [sustainablecommunities@arb.ca.gov](mailto:sustainablecommunities@arb.ca.gov).

A draft [People's Blueprint](#) has been prepared by community and environmental justice advisors to CARB as a starting point for discussion of CARB's update to the AB 617 [Community Air Protection Blueprint](#), prepared in 2018. Comments on the draft People's Blueprint may be submitted to CARB [here](#) on or before September 30, 2022.

CARB has held a series of [public workshops](#) on draft regulatory language for the proposed [Advanced Clean Fleets regulation](#) to achieve zero-emission medium and heavy-duty truck and bus fleets by 2045. Informal comments on the proposed regulation may be submitted [here](#) on or before December 31, 2022.

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

#### Northern States Power Co. dba Xcel Energy 2021 Stay-Out, MPUC Docket No. 20-743

On June 23, 2022, the MPUC met to consider implementation of Xcel's 2021 stay-out true-up, and whether to issue the associated surcharges or customer credits consistent with Xcel's proposed implementation. In its compliance filing, Xcel indicated that it required approximately \$59 million to cover its revenue deficiency, and proposed surcharges of approximately \$120 million for some classes, and refunds of approximately \$60 million for others. The MPUC heard opening remarks from parties, but ultimately determined that implementation of Xcel's proposed methodology was appropriate. A written order is pending.

#### MPUC June 30, 2022 Agenda Meeting

The MPUC will hold its weekly agenda meeting on June 30, 2022, at 8:00 a.m. PT. At the meeting, the MPUC will address the following six matters: (1) Rose Creek Wind's application for a site permit; (2) Minnesota Power's conservation improvement program; (3) Northern States Power Co., dba Xcel Energy's ("Xcel") Solar\*Rewards program; (4) Xcel's 2021 Fuel Adjustment Clause 2021 true-up; (5) Otter Tail Power Company's 2021 energy adjustment rider; and (6) Minnesota Power's 2021 Fuel Adjustment Clause true-up.

### **OREGON PUBLIC UTILITIES COMMISSION (OPUC)**

#### OPUC Meetings This Week

On Tuesday, June 28 at 9:30 a.m. PST, the OPUC held a public meeting to discuss a wide range of dockets including UM 2202 (related to PGE's petition to increase its green tariff customer supply option capacity), UM 1729 (related to PacifiCorp's Schedule 37 Avoided Cost Purchase Rates from QFs 10 MW or Less), UM 1730 (related to Idaho Power's Schedule 85 Avoided Cost Purchase Rates), UM

1930 (related to implementation of Oregon’s Community Solar Program), and UM 1953 (related to PGE’s electric green tariff filing).

Please note that the public meeting slated for June 28 in Docket AR 651 (related to direct access rulemaking under HB 2021) has been postponed until mid-July. The scheduling update can be located [here](#).

On Wednesday, June 29, the OPUC will be holding a workshop in UM 2225 related to OPUC Staff’s investigation into implementation of annual Clean Energy Plans pursuant to HB 2021. The full workshop schedule can be located [here](#).

### **WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION (WUTC)**

#### **WUTC Approves Avista’s First Clean Energy Implementation Plan (CEIP)**

Last Thursday, June 23, the WUTC issued an order approving Avista’s first CEIP, which was filed pursuant to RCW 19.405.060(1) and WAC 480-100-640. The CEIP was approved subject to several conditions, including adopting minimum interim renewable energy targets for the 2022-2025 implementation period, among other things. The final order and full list of conditions can be located [here](#).

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

At its June 16, 2022, open meeting, the Federal Energy Regulatory Commission (FERC or Commission) issued a notice of proposed rulemaking (NOPR), [\*Improvements to Generator Interconnection Procedures and Agreements\*](#), 179 FERC ¶ 61,194 (2022), proposing reforms to the Commission’s standard generator interconnection procedures and agreements. The goal of the NOPR is to reduce queue backlogs and expedite the process for connecting new electric generation facilities to the transmission grid, and to do what the Commission has proposed – altering its 20-year-old approach to processing interconnection requests to align with “first-ready, first-served” methods used in the organized markets around the country. Read more about the NOPR [here](#).

PJM filed modifications to its Open Access Transmission Tariff in Docket No. ER22-2110 to move its own interconnection queue to a clustered “first-ready, first-served” approach used by other regional transmission organizations and transmission providers. PJM requested a Commission order accepting the filing by October 3, 2022, with an effective date of January 3, 2023.

FERC issued two orders this spring providing more clarity on QF re-certifications. Read about the key takeaways on our blog [here](#).