

**REGULATORY UPDATE FOR MAY 17 (WEEK OF MAY 10)****CALIFORNIA PUBLIC UTILITIES COMMISSION****New Proposed Decisions and Draft Resolutions<sup>1</sup>**

R.19-03-009 (Direct Access). This decision contains the Commission's recommendation to the Legislature against further expansion of the Direct Access program at this time. Public Utilities Code § 365.1 requires that recommendations to reopen Direct Access be supported by the following findings: (1) the recommendations are consistent with the state's greenhouse gas emission reduction goals, (2) the recommendations do not increase criteria air pollutants and toxic air contaminants, (3) the recommendations ensure electric system reliability, and (4) the recommendations do not cause undue shifting of costs to bundled-service customers of an electrical corporation or to direct transaction customers. After review of the Commission Staff Report attached to this decision, the Commission concludes that at this time, expansion of Direct Access to all non-residential customers would present an unacceptable risk to the state's long-term reliability goals. Further, based on the current procurement practices of Direct Access providers, the Commission concludes that it is unable to ensure that expansion of Direct Access would not result in increased greenhouse gas emissions, criteria air pollutants, and toxic contaminants when compared to maintaining the current cap on Direct Access.

R.14-07-002/A.16-07-015 (Net Energy Meeting). This decision directs the electric investor-owned utilities to each establish a web-based search engine for regulatory agency staff to search and retrieve net energy metering interconnection application documents. This decision also authorizes Commission staff to effectuate establishment and maintenance of a public list of solar providers whose interconnection application(s) or associated project(s) have been found in non-compliance with applicable state law or regulatory agency rules and regulations. Finally, this decision modifies the semi-annual spot audits originally required by Decision (D.) 18-09-044, by increasing the number of interconnection applications to be audited and directing the electric investor-owned utilities to manually review the interconnection applications of solar providers that are on the public list.

**Voting Meetings**

The CPUC's next voting meeting is scheduled for May 20, 2021. The agenda includes the following items:

Item 5. R.17-07-007 (Rule 21). The primary objective in this proceeding is to streamline the interconnection application process; this decision adopts a series of proposals to achieve this

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<sup>1</sup> Per California Public Regulatory Commission (CPUC or Commission) 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.

goal. Adopted proposals include a modified, notification-only approach for certain projects, a study on costs shifts resulting from a prior distribution upgrade exemption, installation of protective equipment on large machine generators, an option for independent unintentional islanding studies, establishment of a working group to look at distribution-level solutions to anti-islanding, new anti-islanding screens in the interconnection application process for Pacific Gas and Electric Company (PG&E), development of an interconnection guidebook on anti-islanding, improved efficiencies in the application process that allow for applications based on street address, choice of single batch applications, a future pilot to test operational alternatives to address operational flexibility constraints, and the development and finalization of a template aggregator agreement.

Item 23. R.17-06-026 (PCIA). This Phase 2 decision (a) removes the cap and trigger for PCIA rate increases, (b) authorizes new Voluntary Allocation, Market Offer, and Request for Information processes for Renewables Portfolio Standard contracts subject to the PCIA, (c) approves a process for increasing transparency of investor-owned utilities' RA resources, and (d) authorizes Southern California Edison Company (SCE) to continue to apply the approach to greenhouse gas (GHG) free resources approved in Resolution E-5095 through December 31, 2023. This proceeding remains open to consider (i) Phase 2 issues relating to Energy Resource Recovery Account proceedings and (ii) whether GHG-free resources are undervalued in the PCIA methodology, and if so, the appropriate way to address this problem.

Item 25. R.13-11-005 (energy efficiency policies). This decision addresses policy issues surrounding the identification of energy efficiency potential and the setting of goals for program administrators to achieve in the design and implementation of energy efficiency programs. First, the decision adopts a new metric, called Total System Benefit, which combines and optimizes the energy and peak demand savings goals, along with greenhouse gas benefits of energy efficiency, into one metric that can be forecasted and tracked. Program administrators will continue to track individual electricity and natural gas savings as well. Next, the decision adopts a new approach to segmenting the energy efficiency program portfolios into programs whose primary purposes are resource acquisition, market support, or equity. A cost-effectiveness threshold will be applied to the resource acquisition programs, since those have readily identifiable costs and benefits that can be quantified. Program administrators will also continue to track the cost-effectiveness of the overall portfolio. The budget amount devoted to the market support and equity programs will be limited to 30% of the total budgets, except in the case of the regional energy network program administrators, who will not be subject to these limits because of the different nature of their portfolios. The evaluation, measurement, and verification budget will remain unchanged at 4% of the total portfolio. Further, this decision addresses changes to the rolling portfolio framework and regulatory processes as proposed by stakeholders in the context of the California Energy Efficiency Coordinating Committee and submitted to the Commission. The current rolling portfolio process originally adopted in D. 15-10-028 is modified to require an eight-year business plan filing and four-year program portfolio filing, with updates to the potential and goals, as well as technical inputs and avoided costs, every two years.

Item 26. I.19-11-013 (2019 PSPS Investigation). This proposed decision finds that in 2019, when proactively shutting off electric power to mitigate the risk of catastrophic wildfire caused by their infrastructure, California's three largest investor-owned electric utilities, PG&E,

SCE, and San Diego Gas & Electric Company (SDG&E), failed in certain respects to reasonably comply with the obligation to promote safety in Public Utilities Code § 451 and with many of the Commission's guidelines in D. 19-05-042, Resolution ESRB-8 (July 12, 2018), and other applicable laws, rules, and regulations. To address the failures of PG&E, SCE, and SDG&E to reasonably protect the public and adhere to state law and the CPUC's rules and regulations pertaining to proactive power shutoffs used as a wildfire mitigation measure, the CPUC directs utilities to, among other things:

- (1) forgo collection from customers of the portion of their authorized revenue requirement equal to all future unrealized volumetric sales due to all future proactive power shutoffs;
- (2) immediately initiate efforts to engage in the sharing of best practices and lessons learned for initiating, communicating, reporting, and improving all aspects of proactive power shutoffs by regularly holding utility working group meetings;
- (3) immediately initiate efforts to assist the CPUC's Safety and Enforcement Division in developing a standardized 10-day post-event reporting template;
- (4) file a report on an annual basis in Rulemaking (R.) 18-12-005 or a successor proceeding describing each utility's progress and status on improving compliance with the PSPS Guidelines, especially the progress and status of implementing those guidelines not addressed in 10-day post-event reports;
- (5) undertake specific corrective actions, set forth below, to improve the utilities' future compliance with the PSPS Guidelines and Public Utilities Code § 451;
- (6) provide Standard Emergency Management System training for all personnel involved in PSPS planning;
- (7) immediately initiate efforts to improve, among other things, communications with those customers dependent on electricity for medical reasons, especially life support, before, during, and after a proactive power shutoff; and
- (8) improve transparency in all aspects of utility decision-making related to initiating proactive power shutoffs.

In addition, the CPUC's Safety and Enforcement Division will increase the transparency of its review process of the 10-day post-event reports by, as a first step, preparing a standard template for 10-day post-event reports, which will be issued for comments by parties in R.18-12-005; and, as a second step, establishing a single webpage on the CPUC's website to function as a central repository for all the CPUC's undertakings regarding the proactive power shutoffs that stakeholders, including the general public, can use to easily access the different aspects of the CPUC's review process of proactive power shutoffs, such as identifying the division within the CPUC undertaking a particular aspect of the review process and the subject matter of the review;

and, as a third step, posting on this webpage the final documents related to the Safety and Enforcement Division's review of the 10-day post-event reports.

## **CALIFORNIA INDEPENDENT SYSTEM OPERATOR**

### Board of Governors/Western EIM Governing Body

The EIM Governance Review Committee will meet in executive session on May 14, 2021.

Board of Governors 5/19-20/21 Meetings, Audit Committee and DMM Oversight Committee 5/19/21 Meetings. The California Independent System Operator (California ISO) has posted the draft agendas for the May 19-20, 2021 Board of Governors meetings, and the May 19, 2021 Audit Committee and Department of Market Monitoring Oversight Committee meetings to its website. Agendas may be found here: [Board of Governors 5/19-20/21 Meetings, Audit Committee and DMM Oversight Committee 5/19/21 Meetings: Draft Agendas \(caiso.com\)](https://www.caiso.com/Board-of-Governors-5/19-20/21-Meetings-Audit-Committee-and-DMM-Oversight-Committee-5/19/21-Meetings-Draft-Agendas).

### Stakeholder Initiatives: Upcoming Meetings and Deadlines

**Potential Reliability Must-Run Designation: Agnews Power Plant.** The California ISO has scheduled a stakeholder call on May 18, 2021 to discuss the potential designation of the Agnews Power Plant as Reliability Must-Run Unit. Comments are due June 1, 2021.

**New Initiative: Energy Storage Enhancements.** The California ISO has launched a new initiative called Energy Storage Enhancements. Comments are due May 19, 2021.

**2022 Draft Policy Initiatives Catalog Posted.** The California ISO has posted its 2022 Draft Policy Initiatives Catalog to its website. Stakeholder written comments on the draft catalog are due May 21, 2021.

**Maximum Import Capability Enhancements: Straw Proposal.** Comments on the straw proposal for the California ISO's Maximum Import Capability Enhancements initiative are due May 27, 2021.

**20-Year Transmission Outlook.** The California ISO has launched a new effort called the 20-Year Transmission Outlook, which will be in parallel to the 2021-2022 transmission planning process. Written comments are due May 28, 2021.

**2021 California ISO Summer Loads and Resources Assessment.** The California ISO has scheduled an informational stakeholder call on May 24, 2021 to review its 2021 Summer Loads and Resources Assessment, which was issued last week.

**Generator Interconnection: Cluster 14 Revised Study Process and Timeline, Issue Paper and Draft Final Proposal Posted.** The California ISO will hold a public stakeholder call

on May 21, 2021 to discuss an issue paper and draft final proposal for a revised study process and timeline for Cluster 14. Comments are due May 28, 2021.

**Variable Operations and Maintenance Cost Review: Tariff Changes Accepted.** The Federal Energy Regulatory Commission (FERC) has accepted the California ISO's tariff amendments related to the Variable Operations and Maintenance Cost Review stakeholder initiative. Market participants who wish to negotiate adders under the new cost framework can begin as early as May 17, 2021.

### **CALIFORNIA ENERGY COMMISSION**

The next California Energy Commission Business Meeting is scheduled for June 9, 2021.

### **CALIFORNIA AIR RESOURCES BOARD**

The California Air Resources Board (CARB) is accepting comments on the proposed [Clean Miles Standard](#) (Standard), which will be considered by the Board at its May 20, 2021 meeting. Comments can be submitted electronically [here](#) on or before May 17, 2021. The Standard would set electrification and GHG emissions targets for the light-duty fleets of transportation network companies like Uber and Lyft. The electrification target, measured by the percentage of electric vehicle miles traveled (eVMT), would commence in 2023 with a target of 2% eVMT and increase to 90% eVMT in 2030. The GHG emissions target would use a metric of grams of CO<sub>2</sub> per passenger-mile-traveled (g CO<sub>2</sub>/PMT), and also encourage a reduction in vehicle miles traveled (VMT) relative to passenger miles traveled. The Standard would require a transportation network company to meet a GHG target of 252 g CO<sub>2</sub>/PMT in 2023, decreasing to 0 g CO<sub>2</sub>/PMT in 2030. Transportation network companies would have various options to reduce company-wide GHG emissions to the annual targets, including improving fleet-wide fuel efficiency, reducing VMT by increasing shared rides, reducing VMT by reducing deadhead miles (i.e., those miles driven without a passenger), and earning CO<sub>2</sub> credits by investing in active transportation infrastructure or by providing integrated fare services to connect riders to mass transit. The Standard will help California meet the statewide mandate to reduce GHG emissions 40% below 1990 levels by 2030. The Standard will be implemented by the CPUC.

CARB has issued a [notice for public comment](#) on proposed modifications to the [Regulation for Reducing Sulfur Hexafluoride Emissions from Gas Insulated Switchgear](#). Amendments to the Regulation were adopted by CARB on September 24, 2020, subject to additional conforming modifications to the Regulation. Comments on the proposed conforming modifications are due May 26, 2021. The amendments expanded the scope of the Regulation to all insulating gases with a global warming potential greater than one, established a timeline for

phasing out acquisition of sulfur hexafluoride gas-insulated equipment, and revised reporting requirements. Comments on the proposed conforming modifications can be submitted [here](#).

The agenda for CARB's May 20, 2021 Board meeting is available [here](#).

### **MINNESOTA PUBLIC UTILITIES COMMISSION**

1. Minnesota Power's Compliance Reports on Rate Design for Large Light and Power Customers and Large Power Customers

On May 13, 2021 the Minnesota Public Utilities Commission (Commission) met to consider Minnesota Power's rate design compliance reports for both Large Power and Large Light and Power Customers. Though further action was requested by certain parties, the Commission ultimately accepted Minnesota Power's reports and took no additional action.

2. Minnesota Power's Petition for Approval of Land Sales

On May 13, 2021, the Commission met to consider Minnesota Power's petition for approval to sell residential leased lots surrounding several reservoirs in its hydroelectric system, for which ownership is no longer required to maintain operations. Minnesota Power estimated the value of the sales to be \$101 million. Minnesota Power proposes using the funds to credit ratepayers with the net proceeds in a future rate case or through the Renewable Resources Rider. After questions from Commissioners, Chair Sieben tabled the matter pending subsequent review.

3. Gas Utilities' Petitions for Approval of a Recovery Process for Cost Impacts Due to February Extreme Gas Market Conditions

At the May 13, 2021 hearing, the Commission considered separate requests from CenterPoint Energy Resources Corporation and Great Plains Natural Gas Co. pertaining to the utilities' petitions for approval to recover excess costs incurred during the extreme weather event in February 2021. After review, the Commission denied both utilities' requests pending additional reporting and analysis.

### **OREGON**

SB 589 Adopted in Oregon Legislature

Last Wednesday, the Oregon Legislature passed SB 589, which requires the State Department of Energy to study potential opportunities and challenges related to the formation of a regional transmission organization (RTO) in Oregon. The study is a monumental first step in the possibility of forming an RTO in the Pacific Northwest. The final version of the bill can be viewed [here](#).



## WASHINGTON

### Follow-up on the Annual Resource Adequacy Meeting Last Week – UE-210096

Last Tuesday, the Washington Utilities and Transportation Commission hosted its first annual meeting on resource adequacy in Washington State. Below is a list of key organizations that presented at the event:

- WECC ([presentation slide deck](#))
- NW Power and Conservation Council ([presentation slide deck](#))
- Tacoma Power ([presentation slide deck](#))
- Bonneville Power Administration ([presentation slide deck](#))
- California ISO ([presentation slide deck](#))

## NEW YORK ISO

### New York Independent System Operator (NYISO) Provides Post-Technical Conference Comments on Integration of Offshore Wind in RTO/ISOs

On May 10, 2021, NYISO filed post-technical conference comments regarding FERC's October 27, 2020 technical conference. The technical conference examined the anticipated growth in offshore wind generation and how to accommodate these resources in an efficient and cost-effective manner that safeguards open access transmission principles. Specifically, NYISO commented that:

1. There is no need for NYISO to amend its current large generator interconnection procedures. The current interconnection processes provide sufficient flexibility to address both individual interconnection requests for offshore wind projects and proposals for stand-alone transmission to support offshore wind.

2. No separate transmission planning process for anticipated offshore wind generation should be established. The NYISO's public policy transmission planning process and economic planning process identify transmission needs for offshore wind and adequately quantify the benefits of offshore wind transmission and generation projects. NYISO detailed a number of plans and processes that are currently being employed to identify transmission needs and encourage development.

- NYISO noted that the public policy process in New York State addresses the need for transmission for offshore wind. New York State has enacted laws that include integration of 9,000 MW of offshore wind to the New York power supply system by 2035, and NYISO is working with the New York Public Service Commission to identify transmission needs and work with potential developers and interested parties.
- NYISO noted that it is encouraging the state to consider whether a meshed transmission system would best address transmission needs for offshore wind.

- NYISO commented that its enhanced economic planning process, proposed in January 2021 and accepted by FERC in April 2021, will provide more analysis of transmission needs via analysis of transmission system congestion over a 20-year period. New metrics to measure energy deliverability of the output of proposed generation projects will enable developers to better analyze the benefits of proposed generation and transmission projects.
- NYISO stated that its current reliability and economic processes provide any interested party the ability to request additional studies to inform planning and development efforts. The additional planning studies provide useful information to developers, transmission owners, and other interested parties on the reliability, economic, and emissions impacts of potential offshore wind transmission projects.
- NYISO commented that there is already an interregional planning process shared by NYISO, ISO-NE, and PJM. This interregional planning process provides a mechanism for data sharing and coordinating interconnection and transmission requests that have cross-border impacts. Furthermore, the process provides for regional planning studies and the development of a Northeastern Coordinated System Plan.

### **FEDERAL ENERGY REGULATORY COMMISSION**

1. FERC has extended the timeframe for market-based rate sellers to file their baseline filings in compliance with FERC Order No. 860. Order No. 860 will now go into effect on July 1, 2021, and baseline filings will be due by November 2, 2021. The relational database system is open through June 30, 2021 for testing, and then the system will be open for baseline filings from July through October 2021.

2. FERC has scheduled a technical conference on June 1-2, 2021 to discuss issues surrounding the threat to electric system reliability posed by climate change and extreme weather events.

3. Commissioners Glick and Clements [called for](#) mandatory pipeline cybersecurity standards similar to those applicable to the electricity sector in the wake of the Colonial Pipeline cyberattack.

4. At the open meeting this Thursday, May 20, FERC is expected to act on the following items:

- a. A complaint by XO Energy LLC alleging PJM's Financial Transmission Right forfeiture rule is unjust and unreasonable and has been implemented in a manner that is inconsistent with FERC orders and the existing tariff. XO Energy alleges the current implementation is so broad that it captures competitive market conduct and leads to less efficient market outcomes.



- b. Several outstanding proceedings stemming from the 2000-2001 California energy crisis.
  - c. A protest by an interconnection customer in MISO regarding the transmission owners' unilateral right to self-fund network upgrades and security requirements.
  - d. A request for waiver of Tri-State Generation and Transmission's transitional generator interconnection procedures, which subject certain customers to more rigorous requirements for continuing with the interconnection process.
5. MISO announced that it is planning to require distributed energy resource (DER) aggregations under 1 MW to self-commit in the market, up from the 0.1 MW minimum DER aggregation size proposed by FERC in Order No. 2222. MISO's deadline for Order No. 2222 compliance is currently set at July 2022.