

REGULATORY UPDATE FOR MAY 31, 2022 (WEEK OF MAY 23, 2022)**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)**New Proposed Decisions and Draft Resolutions¹

None.

Voting Meetings

The Commission's next voting meeting will be held on June 2, 2022. The agenda includes 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 & Electric Company, Pacific Gas and Electric Company (PG&E), and Southern California Edison (SCE) pursuant to Section 3.5.3 of Decision (D.) 21-01-018 for evaluating the safety and reliability of electric isolation technologies prior to deployment or implementation of the technologies.

Item 4. P.22-01-018 (U.C. Regents, E&B Natural Resources PCIA Petition). This order denies the petition of Regents of the University of California, School Project for Utility Rate Reduction, and E&B Natural Resources Management Corporation to open a rulemaking to consider the inequitable effects of the Commission's direct access rules and associated investor-owned utility (IOU) tariffs and requested relief for overbilled Power Charge Indifference Adjustment surcharges.

Item 6. A.19-07-021 (SCE Wildfire CEMA recovery). This decision grants SCE the authority it requests to recover the capital costs recorded in its 2017 Firestorms Catastrophic Event Memorandum Account, incurred in responding to the 2017 Canyons 1 and 2, Creek, and Pier Fires. As discussed in D.21-08-024, the costs related to the Thomas and Rye Fires continue to be denied without prejudice. This decision closes this proceeding.

Item 7. Draft Resolution E-5198. Public Utilities Code Section (PU Code Section) 381.1 gives Community Choice Aggregators (CCAs) the option to elect to become an administrator of cost-effective energy efficiency (EE) programs, subject to CPUC adoption of a CCA's EE Program Administration Plan (EE Plan) that has been approved by the CCA's governing board. Sonoma Clean Power (SCP) submitted a three-year budget request of \$3,074,682 to the CPUC on December 1, 2021, via Tier 3 advice letter (AL) 16-E and supplemental AL 16-E-A on March 9, 2022. This resolution approves SCP's request to elect to administer its EE Plan according to the criteria set forth in PU Code Sections 381.1(e) and (f)(1)-(6) and CPUC direction in D.14-01-

¹ 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.

033 on enabling CCAs to administer EE programs. The budget that SCP requested to receive to fund its EE Plan is \$3,074,682. PG&E is ordered to transfer \$3,074,682 to SCP for its three-year EE Plan.

Item 8. R.18-07-017 (PURPA Implementation). This decision: (1) authorizes the IOUs to offer the New Qualifying Facilities Standard Offer Contract (New QF SOC) to storage-paired QFs; (2) authorizes the Joint IOUs to modify the New QF SOC to add their proposed Section 9.02(j) (Additional Covenants by Seller) and Section 9.04(i) (Indemnity) from their June 2020 ALs for storage-paired QFs that exclusively charge from the eligible energy resources; (3) requires IOUs to submit a Tier 1 AL each within 15 days of issuance of this decision with a pro forma New QF SOC including a redline version comparing the new contract with the superseded prior contract; (4) authorizes the IOUs to bilaterally negotiate with storage-paired QFs charging from the grid while using the New QF SOC as the base contract and submit a Tier 2 AL for approval of the nonstandard contract; the negotiations are limited to modifying the New QF SOC's scheduling and metering provisions and revising or eliminating Section 9.02(j) and Section 9.04(i); (5) clarifies that storage-paired QFs that include hybrid and co-located storage configurations with a combined nameplate capacity above 20 megawatts (MWs) are eligible for the New QF SOC as long as the net power production capacity is limited to 20 MW at the point of interconnection; (6) defers to the Resource Adequacy Proceeding to define hybrid and co-located storage-paired QFs considering the California Independent System Operator initiatives for market participation and operationalization of these resources, and the definitions adopted in D.20-06-031 shall continue to apply; and (7) declines to adopt any specific pricing mechanism for storage paired with QFs. The pricing options adopted in D.20-05-006 for capacity and energy remain unchanged.

Item 9. A.21-11-021 (EPIC Funding). This decision approves the Electric Program Investment Charge 2021-2025 (EPIC 4) Investment Plan filed by the California Energy Commission, subject to several modifications. Authority to continue EPIC in 2021 to 2025 and its annual funding of \$147.26 million were already authorized by the Commission in D.20-08-042. In addition, an interim EPIC 4 Plan for 2021 was already authorized in D.21-07-006. Thus, what is specifically being authorized in this decision is years two to five of the EPIC 4 Plan for 2022 to 2025. The total budget for these four years of \$592 million was already authorized in D.20-08-042.

Item 14. R.20-11-003 (Summer Reliability). On January 31, 2022, Valley Clean Energy (VCE), Polaris Energy Services, and Temix Inc. (Pilot Partners) filed a petition for modification requesting that the Commission modify specific provisions of D.21-12-015 (the 2022 and 2023 Summer Reliability Decision) that relate to the VCE Dynamic Rate Pilot (VCE Pilot) that was authorized in that decision. This decision resolves that petition for modification. D.21-03-056 is modified to allocate an incremental \$690,000 to VCE for the purpose of carrying out administrative activity in the implementation and execution of the VCE Pilot. All other requests for modification that the Pilot Partners made in the petition for modification are denied.

CALIFORNIA ISO

Stakeholder Initiatives: Upcoming Meetings and Deadlines

Interconnection Process Enhancements 2021. The California ISO will hold a public stakeholder meeting on May 31, 2022 to discuss the paper and feedback received from stakeholders related to the data transparency topic for the Interconnection Process Enhancement 2021 initiative. Written comments are due June 14, 2022.

Generation Deliverability Study Dispatch Assumptions. The California ISO will hold a public stakeholder call on June 6, 2022 to discuss updating the generation deliverability study dispatch assumptions. Written comments are due June 20, 2022.

Energy Storage Enhancements. The California ISO has posted on its initiatives webpage a questions and answer matrix for the Energy Storage Enhancements initiative, in response to stakeholder requests to address comments submitted on the Revised Straw Proposal and during the April 13, 2022 stakeholder workshop. The California ISO's proposed enhancements to the existing Non-Generator Resource model and the new energy storage model will be spun off into a second initiative to allow for additional time to develop these topics. The logistics of separating this work will be included in the next iteration of the Energy Storage Enhancements paper, which will be a second revised straw proposal. A formal notice with further detail will be issued in the coming weeks announcing the next meeting scheduled for late June.

Extended Day-Ahead Market Initiative. The California ISO held a stakeholder meeting on the straw proposal on May 25-26, 2022. The deadline to submit written comments on the straw proposal has been extended from June 9, 2022 to June 16, 2022.

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.

FERC Order No. 881 – Managing Transmission Line Ratings. The California ISO held a public stakeholder call on May 24, 2022 to discuss its compliance with FERC Order No. 881 – Managing Transmission Line Ratings. Written comments on the discussion are due June 7, 2022.

Price Formation Enhancements. The California ISO will hold a public stakeholder workshop on June 9, 2022 to discuss the new Price Formation Enhancement initiative.

CALIFORNIA ENERGY COMMISSION (CEC)

Gas Decarbonization OIIP

The CEC will host a two-session workshop on June 3, 2022 to launch the [Gas Decarbonization Order Instituting Informational Proceeding \(OIIP\)](#). The Gas Decarbonization OIIP was launched in March 2022 and continues the dialogue on gas transition topics and begins carrying out the 2021 Integrated Energy Policy Report (2021 IEPR) recommendations. The proceeding is intended to enhance collaboration among the CPUC, California Air Resources Board, California ISO, and other state agencies, as well as the various stakeholders with an interest in gas decarbonization issues. The workshop Notice is available at TN #243070 in [Docket No. 22-OII-02](#).

As background, as California decarbonizes its energy system, the state will face various challenges, including addressing declining long-term gas demand from building electrification, the interdependencies between gas and electricity systems, and the potential role of low-carbon fuels and technologies. Volume III: Decarbonizing the State's Gas System of the 2021 IEPR asserts that California needs a comprehensive, inclusive, long-term gas planning process to ensure a safe, reliable, and equitable transition away from fossil gas.

According to the workshop Notice, the proceeding will be a multi-year investigation that will run parallel to and inform the CEC's IEPR processes. The CEC also intends to initiate phases within the OIIP to focus the proceeding's scope and to address new or emerging issues. Phase 1 of the OIIP will provide comprehensive assessments and forecasts of gas supply, demand, prices and rates, and infrastructure topics, including analytical improvements to support long-term gas planning. The workshop will provide an overview of the objectives of the proceeding and solicit stakeholder input on issues to be addressed to achieve decarbonization of the gas system in California. Staff will provide an overview of currently planned activities under the proceeding and seek input on additional activities. A detailed meeting schedule will be posted prior to the workshop [here](#).

Informational Proceeding on Distributed Energy Resources in California's Energy Future (Docket No. 22-OII-01)

On June 1, 2022, the CEC will hold a Lead Commissioner workshop to provide an overview of the Informational Proceeding on Distributed Energy Resources in California's Energy Future and its timeline, clarify its relationship to the CPUC's distributed energy resources proceedings and California ISO initiatives, and solicit stakeholder feedback on challenges and opportunities to expand distributed energy resources in the state. The workshop will include an overview by staff of the purpose of the OIIP, the outcomes it is intended to accomplish, and preliminary actions to be taken by the CEC. The workshop will be held in person and remotely in two sessions, the first at 10:00 a.m. PT and the second at 1:00 p.m. PT. For additional information, please see TN #243067 in [Docket No. 22-OII-01](#).

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 megawatt 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 megawatt 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 megawatt offshore wind planning goals for 2030 and 2045.

The CEC also posted a hearing notice at TN #243213 in [Docket No. 17-MISC-01](#) regarding the California Coastal Commission’s June 8, 2022 meeting. According to Item 7a on the June 8 meeting agenda, the Coastal Commission will consider the Bureau of Ocean Energy Management’s proposed leasing associated with future development of the Morro Bay Wind Energy Area. Additional information is available at Item 7a [here](#).

Gas Research and Development

The CEC will hold a remote technology workshop on June 16, 2022 at 9:30 a.m. PT regarding establishing a long-term gas research strategy to achieve statewide carbon neutrality goals. Additional information regarding the June 16 workshop is available at TN #243283 in [Docket No. 19-ERDD-01](#).

Renewable Portfolio Standard (RPS)

California load-serving entities (LSEs), including retail sellers and local publicly owned electric utilities (POUs), must report 2021 retirements of Renewable Energy Certificates for California’s RPS to the CEC by July 1, 2022. As specified by the [*Renewable Portfolio Standard*](#)

Eligibility Guidebook, Ninth Edition (Revised), 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 [June 8, 2022](#).

CALIFORNIA AIR RESOURCES BOARD (CARB)

Meetings and Workshops

CARB will hold its next Board meeting on June 9, 2022. At the meeting, the Board will conduct a [public hearing](#) on the proposed [Advanced Clean Cars II](#) regulation, which will transition new light-duty vehicle sales in California to 100% zero-emission by 2035. Comments can be submitted to CARB on or before May 31, 2022 [here](#), or provided at the public hearing. The agenda for the meeting and information on remote access are available [here](#).

Opportunities for Public Comment

Comments on the [Advanced Clean Cars II](#) regulation can be submitted to CARB [here](#) on or before May 31, 2022.

Comments on the draft [AB 32 Scoping Plan Update](#), which assesses progress towards achieving targets to decrease California's greenhouse gas emissions by 40% below 1990 levels by 2030 and to lay out a path to achieve carbon neutrality by 2045, may be submitted [here](#) on or before June 24, 2022.

CARB 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 zero-emission 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)

On June 1, 2022, the MPUC will address two matters relating to Northern States Power Company dba Xcel Energy (Xcel): (1) Xcel's petition for approval of its Transmission Cost

Recovery Rider Revenue Requirements for 2021 and 2022; and (2) Xcel's 2021 Integrated Distribution Plan and request for certification of the Distributed Intelligence and Resilient Minneapolis Project. The meeting will begin at 8:00 a.m. PT. The regularly scheduled agenda meeting for June 2, 2022 is canceled.

OREGON PUBLIC UTILITIES COMMISSION (OPUC)

OPUC Meetings This Week

On May 31, 2022 at 1:30 p.m. PT, the OPUC is holding a public meeting in a wide range of dockets including UM 2225 (related to staff's investigation into HB 2021 and clean energy planning), UM 1729 (related to PacifiCorp's Updated Avoided Cost Rates for purchases from QFs 10 MW or less), and LC 78 (related to Idaho Power's 2021 Integrated Resource Plan), among others.

On June 2, 2022 at 9:30 a.m. PT, the OPUC is holding a hearing in AR 638 related to new rules surrounding the preparation of wildfire mitigation plans by Oregon utilities. The new rules can be located [here](#). Later in the day at 1:00 p.m. PT, OPUC will host a workshop in UM 2225 related to clean energy planning. The agenda and dial-in details are located [here](#).

On June 3, 2022 at 1:30 p.m. PT, OPUC will hold a workshop to discuss UM 1729 related to PacifiCorp's Updated Avoided Cost Rates for purchases from QFs 10 MW or less. The agenda and dial-in details can be located [here](#).

NEW JERSEY

On May 26, 2022, the New Jersey Division of Rate Counsel voiced concerns regarding Ørsted's proposal to run cables from its Ocean Wind offshore wind project through Ocean City to an inland substation. Ørsted is requesting a 30-foot-wide easement running eight miles long for a 275-kV cable that will connect Ocean Wind's turbines, about 15 miles offshore, to the PJM grid.

The project will provide the first test of the New Jersey law that allows offshore wind developers to override local officials for the siting, construction, and operation of transmission infrastructure on public land that is needed for interconnection of offshore wind projects. Residents have voiced opposition to both the easement and the project, arguing that there will be health issues and that the project will have a negative impact on ocean view, marine life, and tourism. Negotiations regarding the easement and potential alternative interconnection plans are ongoing.

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

FERC issued its [2022 summer assessment](#) on May 19, 2022. The report notes that electric markets are expected to have sufficient capacity to maintain reliable operations this summer under normal conditions but that extreme weather events could pose operational

challenges. Much of the United States west of the Mississippi is at elevated or high risk of energy shortfalls during peak summer conditions. In the western U.S., weak hydro and wildfire risk threaten electricity transfers; in Texas, drought-related heat events raise the risk of extreme demand; in the Southwest Power Pool (SPP), output from thermal generators may be reduced due to river water levels; and in the Midcontinent Independent System Operator (MISO), capacity shortfalls from generator retirements and increased demand raise the risk of energy shortages.

During April's open meeting, FERC [issued](#) a Notice of Proposed Rulemaking (NOPR) meant to facilitate future regional transmission development aimed at improving reliability, reducing costs, and achieving long-term resource needs and goals over a 20-year horizon. The NOPR was approved by a 4-1 vote, with Commissioner Danly as the lone dissenting voice. Missing from the proposed reforms, however, were proposed changes to the generator interconnection process – something that many developers had hoped would be addressed in light of the significant delays impacting interconnection queues in several regions of the country. The NOPR resides in Docket No. RM21-17.

Also during the April open meeting, FERC [directed](#) six organized energy market operators to provide information regarding changing system needs and plans for potential reforms. These reports, due within 180 days, will address current system needs given resource mixes and load profiles, as well as project future needs over the next five and 10 years. The public may comment on the reports for up to 60 days following their filing. Docket No. AD21-10.

This month, PJM plans to file substantial reforms to its generator interconnection procedures, which changes will cause customers to do more in demonstrating project viability and financial commitments in order to advance an interconnection request. A detailed presentation from PJM that outlines the upcoming filing is [here](#).

On May 28, 2022, SPP and MISO stated that they plan to eliminate the affected systems study process and replace it with a more interregional transmission analysis similar to their joint targeted interconnection queue analysis. The proposal would create a “JTIQ affected system zone,” where SPP and MISO would identify transmission facilities near their seams that are likely to be impacted by neighboring generation-interconnection requests. Nearby interconnecting generators will be assigned a per-megawatt charge based on their zonal impact.