

REGULATORY UPDATE FOR OCTOBER 25, 2021 (WEEK OF OCTOBER 18)**CALIFORNIA PUBLIC UTILITIES COMMISSION (CPUC or COMMISSION)****Southern California Edison Advice Letter Seeks Approval of Utility-Owned Storage**

On October 21, 2021, Southern California Edison (SCE) filed Advice Letter 4617-E, seeking approval of three equipment procurement, construction and maintenance contracts for three utility-owned energy storage facilities to be located at SCE substations: Springville Substation (225 megawatts (MW) Big Creek Ventura local area), Hinson Substation (200 MW LA Basin local area (Western)), and Etiwanda Substation (112.5 MW LA Basin local area (Eastern)). SCE also requested that the Commission waive its obligation to obtain a certificate of public convenience and necessity or petition to construct for the facilities, and that the Commission find that the projects were categorically exempt from California Environmental Quality Act review as emergency projects. The facilities are intended to be on-line by August 1, 2022, to meet potential capacity shortfalls during the summer of 2022 in the event of extreme weather. Given the short time frame available to develop these projects, SCE also asked that the protest period for the advice letter be reduced to five business days, and that the Energy Division approve the advice letter by November 4, 2021 (10 business days after filing).

New Proposed Decisions and Draft Resolutions¹

A.19-11-019 (PG&E GRC Phase 2). This decision adopts marginal costs for Pacific Gas and Electric Company (PG&E) to be used in the allocation of revenue among PG&E's customer classes and the design of retail rates for PG&E's customers. This decision largely adopts PG&E's proposed marginal costs and methodologies for deriving them but adopts marginal connection equipment costs proposed by the Agricultural Energy Consumers Association and marginal transmission capacity costs proposed by the Solar Energy Industries Association. This decision also adopts, without modification, several uncontested settlements on rate design issues and revenue allocation. The proceeding will remain open to consider issues related to real-time pricing proposals for PG&E's customers.

A.20-10-011 (PG&E Day-Ahead Real Time Rate Application). This decision requires PG&E to offer an optional day-ahead, hourly real-time rate to customers that have enrolled, or are eligible to enroll, in its existing Business Electric Vehicle Rate.

Voting Meetings

The Commission held a voting meeting on October 21, 2021. The following energy-

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.

related items were on the agenda.

Item 3. R.19-10-005 (EPIC Program). In this decision, the Commission authorizes PG&E, SCE, and San Diego Gas and Electric (SDG&E) to continue in their roles as administrators of the Electric Program Investment Charge (EPIC) Program, subject to additional administrative requirements. Like the California Energy Commission (CEC), the Investor-Owned Utilities (IOUs) are authorized to file two five-year investment plans, with the first cycle covering 2021-2025 (EPIC 4) and the second cycle covering 2026-2030 (EPIC 5). The Commission authorizes EPIC 4 investment plan budgets of \$18.44 million annually for PG&E, \$3.24 million annually for SDG&E, and \$15.131 million annually for SCE. To bring greater focus to the EPIC Program and improve transparency, the Commission adopts a number of administrative requirements, as well as the guiding principles and mission statement contained in Appendix A of the Proposed Decision (PD). Given the number of revisions in this decision, the Commission extended the filing deadline for the CEC's EPIC 4 investment plan from October 1, 2021 to December 1, 2021. Although the Commission authorizes the IOUs as administrators, and authorizes their investment plan budgets, this decision does not approve their investment plans. **Held until November 18 meeting.**

Item 3A. R.19-10-005 (EPIC Program). This alternate proposed decision (APD) of Commissioner Guzman Aceves differs from the PD (Item 3) in that it provides further justification for the continuation of the IOU administrative role, while only authorizing their funding through 2025. Additionally, the APD differs from the PD in that it increases the administrative cost cap for a fourth EPIC administrator, the CEC, from a soft cap of 10% to a firm cap of 15%. The APD matches the outcome of the PD in other respects. **Held until November 18 meeting.**

Item 9. A.20-02-004 (PG&E Wildfire Costs). This decision adopts the Settlement Agreement proposed by PG&E, the Public Advocates Office at the CPUC, and The Utility Reform Network, and authorizes the utility to recover \$445.5 million from ratepayers related to the insurance costs tracked in its Wildfire Expense Memorandum Account during the period July 26, 2017 through December 31, 2019. This decision directs PG&E to recover the costs through several existing ratemaking mechanisms over a 36-month period. **Signed, D.21-10-022.**

Item 13. A.21-06-016 (SCE Wildfire Recovery Bonds). This financing order grants in part and denies in part the second application of SCE for authority under Assembly Bill 1054 and Public Utilities (Pub. Util.) Code §§ 850 and 850.1 to issue Recovery Bonds to recover certain wildfire-related capital expenditures, certain operations and maintenance expenses, and certain uncollectible bad debt expenses amassed during the COVID-19 pandemic, as well as financing costs related to issuing the Recovery Bonds. The order authorizes SCE to issue Recovery Bonds to recover approximately \$526 million in capital expenditures and applicable financing costs, resulting in a ratepayer savings of approximately \$403 million compared to traditional utility financing mechanisms on a net present value basis. The Recovery Bonds will be issued by a legally separate Special Purpose Entity, which will transfer the Recovery Bonds proceeds to SCE in exchange for the right to receive revenues to repay the Recovery Bonds' principal, interest, and related costs. The Recovery Bonds' principal, interest, and related costs will be recovered via a surcharge called the Fixed Recovery Charge. All consumers of electricity in SCE's service

territory will be required to pay the Fixed Recovery Charge, except for those consumers that are exempt pursuant to Pub. Util. Code § 850.1(i). **Signed, D.21-10-025.**

Item 19. R.18-07-003 (RPS Implementation). This decision changes the confidentiality provisions relating to RPS procurement records, generally allowing broader, and earlier, access to RPS procurement records. **Held to November 4 meeting.**

Item 19A. R.18-07-003 (RPS Implementation). This APD from Commissioner Rechtschaffen would generally lengthen the confidentiality periods for some forms of RPS procurement records. However, while both decisions would aggregate bid data for public disclosure after the final contracts are submitted for CPUC approval when at least three bidders are in the resource category, this decision would require individual bidders' bid information and bid evaluation and scoring information to be public one year after the final contracts are submitted to the CPUC for approval (or one year after the solicitation is closed if no contracts are executed). **Held to November 4 meeting.**

Item 20. R.20-07-013 (Risk-Based Decision-Making Framework). This decision adopts 32 Safety and Operational Metrics for PG&E, to be used in accordance with D.20-05-053, which approved PG&E's post-bankruptcy reorganization plan. The decision requires PG&E to report on these Safety and Operational Metrics every six months starting March 31, 2022. The metrics are included in Appendix A to the decision. The decision also adopts 10 new Safety Performance Metrics (SPMs), building on those adopted in D.19-04-020, for application to PG&E, SCE, Southern California Gas Company, and SDG&E, that delete four and modify 19 of 26 existing SPMs for a total of 32 SPMs. These are included in Appendix B to the decision. The decision modifies the "Transparency Guidelines" proposed by PG&E and requires SCE to test these guidelines to the best of its ability concurrent with its 2022 Risk Assessment Mitigation Phase filing. The Commission will consider formally adopting these guidelines in a subsequent decision. The Transparency Guidelines as modified in this decision are contained in Appendix C to the decision. The decision approves minor technical clarifications to the Risk-Based Decision-Making Framework adopted in D.18-12-014. **Held to November 4 meeting.**

Item 21. Draft Resolution WSD-021. This resolution ratifies the Action Statement (Appendix A of the Resolution) of the Office of Energy Infrastructure Safety approving PG&E's 2021 Wildfire Mitigation Plan Update pursuant to Pub. Util. Code § 8386. **Approved.**

CALIFORNIA ISO (CAISO)

Stakeholder Initiatives: Upcoming Meetings and Deadlines

New Initiative: Interconnection Process Enhancements 2021. The CAISO has launched its Interconnection Process Enhancements 2021 initiative and held a public stakeholder workshop webinar on October 19, 2021. The deadline for written comments has been extended to November 2, 2021.

Resource Adequacy Enhancements Phase 2. The CAISO held a public stakeholder call on October 12, 2021, to discuss the straw proposal for phase 2 of the Resource Adequacy

Enhancements initiative. A redlined copy of the straw proposal has been issued and may be found [here](#). Written comments are due October 26, 2021.

CALIFORNIA ENERGY COMMISSION

Energy System Reliability (21-ESR-01)

On September 23, 2021, CEC Staff held an Informational Workshop on Midterm Reliability Modeling. The workshop followed the CEC's August 30, 2021 workshop, which provided an update on actions to support electric grid reliability, including the Midterm Reliability Analysis and incremental efficiency improvement potential for natural gas power plants. The event recording from the September 23, 2021 workshop is available [here](#). The CEC Staff Report and Staff presentation from the September 23 workshop are available [here](#). Stoel's Renewable + Law Blog provides a summary of the August 30, 2021 workshop [here](#).

On September 8, 2021, CEC Staff also issued a revised 2022 Summer Supply Stack Analysis (Analysis) in the Energy System Reliability [docket](#). The revised Analysis assesses supply conditions against average and extreme weather conditions for summer 2022. Via an updated docket entry on September 21, 2021, Staff posted an "Updated" Revised Analysis that replaced the September 8 version. Staff's Analysis projects a need for between 200 and 4,350 MWs of additional resources to ensure reliability during summer 2022 under extreme weather events. The revised Analysis updates the draft 2022 Summer Stack Analysis provided at the CEC's August 11, 2021 Business Meeting. The previous draft Analysis had calculated a higher need of between 600 and 5,200 MWs for 2022 summer reliability under extreme weather events. During the September 8 Business Meeting, the CEC adopted Resolution No. 21-0908-8 adopting the Summer 2022 Supply Stack Analysis. A copy of Resolution No. 21-0908-8 was posted to the Energy System Reliability [docket](#) on September 16, 2021.

SB 100

The CEC and the CPUC will jointly conduct a [workshop](#) at 1:00 p.m. PDT on November 1, 2021, to discuss approaches to include non-energy benefits and social costs in future Senate Bill 100 analyses. Additional information regarding the workshop, including remote attendance instructions, is available [here](#).

Lithium Valley Commission

The next Lithium Valley Commission meeting will be held on Thursday, October 28, 2021 at 1:30 p.m. PDT. Additional information is available [here](#).

CEC Business Meetings

The next CEC Business Meeting is scheduled for November 15, 2021.

CALIFORNIA AIR RESOURCES BOARD (ARB)

The ARB will hold a virtual meeting on October 28, 2021. The agenda for the meeting is available [here](#). At the meeting, ARB will consider approval of the 2020 Mobile Source Strategy. SB 44 (Skinner, 2019) requires ARB to update its 2016 Mobile Source Strategy by 2021 and every five years thereafter. The mobile source strategy identifies opportunities for mobile source emissions reductions to support state emission reduction goals and to reduce exposure in low-income and disadvantaged communities.

On November 4, 2021, ARB will host a joint [public meeting](#) with the California Transportation Commission and the California Department of Housing and Community Development. This is the second of two annual joint meetings in 2021 to coordinate interagency efforts to implement policies that jointly affect transportation, housing, air quality, and climate. The meeting will focus on interagency work on equity, housing, and related efforts to reduce vehicle miles traveled in order to meet climate and air quality commitments by the State. Comments may be submitted [here](#) in advance of the meeting, on or before October 25, 2021.

ARB is holding virtual public workshops, as part of the Assembly Bill (AB) 32 Scoping Plan Update. On October 29, 2021, ARB will hold a [public workshop](#) for feedback on modeling inputs for the range of scenarios to achieve greenhouse gas reduction targets, presented at a [previous workshop](#) on September 30, 2021. On November 2, 2021, ARB, in collaboration with the CEC, the CPUC, and the CAISO, will hold a [public workshop](#) to discuss the role of the electricity sector in meeting the State's energy, climate, and air quality goals. Recordings of past AB 32 Scoping Plan Update meetings and workshops are available [here](#).

ARB is accepting informal public comments on the proposed [Advanced Clean Fleets](#) regulation, which aims to achieve a zero-emissions truck and bus California fleet by 2045. Comments may be submitted [here](#) on or before December 31, 2021.

MINNESOTA REGULATORY UPDATES

Minnesota Public Utilities Commission

Northern States Power Company dba Xcel Energy 2021 Rate Case, PUC Docket No. 21-630

On October 25, 2021, Northern States Power Company dba Xcel Energy filed a multi-year rate plan (MYRP) rate increase petition. Per the MYRP, Xcel's requested increase in gross revenues is as follows: a net increase in gross revenues of \$396.0 million (12.2 percent) in 2022, an incremental \$150.2 million (4.8 percent) in 2023, and an incremental \$131.2 million (4.2

percent) in 2024, based on present revenues, for a total of nearly \$680 million. More details to come in subsequent updates.

OREGON

Oregon Public Utility Commission (OPUC) Meetings this Week:

On Wednesday, October 27 at 1:00 p.m. PDT, the OPUC will hold a staff workshop in Docket UM 2195 related to the implementation of HB 3141, which governs the collection and use of the public purpose charge. Dial in details for the workshop as well as the schedule for stakeholder engagement in UM 2195 can be located [here](#).

WASHINGTON

Washington Utilities and Transportation Commission (WUTC) Meeting this Week:

On Thursday, October 28 at 9:30 a.m. PDT, the WUTC will hold a public meeting to discuss a wide range of dockets including UE-210669 (related to Avista's Tariff WN U-28 and the Residential Exchange Program) and UE-210757 (related to Puget Sound Energy's Tariff WN U-60 and the Residential Exchange Program). The dial in details and full agenda can be located [here](#).

FEDERAL ENERGY REGULATORY COMMISSION (FERC)

As the result of yet another 2-2 split among FERC's Commissioners, the Southeast Energy Exchange Market (SEEM) agreement took effect by operation of law on October 12, 2021. The agreement had appeared on FERC's agenda for its September open meeting; however, it was removed at the last moment—indicating disagreement among the Commissioners. Supporters of the SEEM agreement say that it provides for expanded bilateral energy trading across 11 Southeastern states and eliminates transmission rate pancaking. The agreement is not without its critics, however, who are concerned that the agreement will allow some of the nation's largest utilities to exclude competitors from the market.

FERC held an open meeting last Thursday, October 21, 2021. FERC approved a settlement of SCE's revisions to its wholesale distribution access tariff to address rates for charging for distribution-interconnected storage facilities. In addition, FERC declined to use its discretion under Federal Power Act (FPA) section 211A to award relief to several electric cooperatives who had complained about their access to the transmission system owned and operated by the Tennessee Valley Authority. Some observers had thought this case represented a clear example of discriminatory treatment that would trigger action by FERC, however FERC is not required to act under FPA section 211A and, in this case, it decided not to.

FERC extended the deadline for baseline submissions to the new [market-based rate relational database](#). Baseline submissions will now be due Feb. 1, 2022. Baseline submissions are required for all entities with market-based rate authorization.

FERC issued its [winter energy market and reliability assessment](#). The assessment noted that NOAA forecasts above average temperatures for the winter for most of the U.S. and that solar and wind electric capacity additions may outpace natural gas-fired generation capacity additions this winter. The report concluded that all NERC Planning Regions expect available generation to exceed planning reserve margins this winter. Transfer capacity between regions will likely be critical for electric reliability.

Upcoming Conferences and Meetings

FERC will hold its [first Federal-State Transmission Task Force Meeting](#) on November 10, 2021, to explore transmission-related issues to identify and realize the benefits of electricity transmission while ensuring that the costs are allocated efficiently and fairly.

FERC will hold a [technical conference](#) on November 15, 2021, to examine in detail issues and potential reforms related to regional transmission planning as described in the July 15, 2021 Advanced Notice of Proposed Rulemaking. Specifically, the technical conference will examine issues related to incorporating sufficiently long-term and comprehensive forecasts of future transmission needs during regional transmission planning processes, including considering the anticipated needs of future generations in identifying needed transmission facilities.

FERC will hold a staff-led [technical conference](#) on November 19, 2021, to discuss methods natural gas companies may use to mitigate the effects of direct and indirect greenhouse gas emissions resulting from Natural Gas Act §§ 3 and 7 authorizations.