

California Regulatory Happenings for the Week of April 5, 2019

California Public Utilities Commission

Issue	Latest Developments
CPUC Commissioner's Meeting	<p>The next Commission meeting is scheduled for 4/25/19.</p> <p>At the meeting held on 3/28/19, the Commission took the following actions:</p> <ul style="list-style-type: none"> • Held over to 4/25/19: PG&E's Application for Catastrophic Event Memorandum Account Rate Recovery for Renewed Motion for Interim Rate Relief and for "Forecasted" Vegetation Management Costs of \$373 million • Approved Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21: Working Group One Report Recommendations • Denied without prejudice to filing formal application: PG&E Requests Sale of Narrows Hydroelectric Project to Yuba County Water Agency • Held over to 4/25/19: 2018 AB 2868 Energy Storage Investment and Program Plans • Approved: Solar on Multifamily Affordable Housing Program Handbook and Program Implementation Plan, GRID Advice Letter 11, and Center for Sustainable Energy Advice Letter 92 • Approved: Forecasted Revenue Requirement Associated with Certain Pipeline Safety Enhancement Plan Projects and Associated Rate Recovery [17260] A.17-03-021 Application of Southern California Gas Company and San Diego Gas & Electric Company <ul style="list-style-type: none"> • The Commission approved updates to the IOUs' Grid Modernization Classification Tables Pursuant to D 18-03-023
OIR to adopt rules and procedures governing Commission-regulated natural gas pipelines and facilities to reduce natural gas leakage consisted with SB1371 (R.15-01-008)	<p>On 5/15/17 the Assigned Commissioner issued a proposed decision approving the Natural Gas Leak Abatement Program consistent with SB1371. The decision (D.17-06-015) was signed by the Commission on 6/15/17.</p> <p>On 9/20/17 the Commissioner issued an amended scoping ruling. The second phase of the proceeding will focus on the following broad policy issues: 1) what data is necessary in order for the CPUC to consider a "cost-effectiveness" framework in this proceeding; 2) how should the CPUC's annual report requirements and 26 best practices be harmonized with information or action required by other entities such as the PHMSA, DOGGR, ARB and local air quality management districts; 3) pursuant to 975(f) how should rules and procedures including best practices and repair standards developed in this proceeding be incorporated into the applicable general orders; 4) how should ratemaking treatment for LUAF be structured and evaluated?</p> <p>On 11/30/17 the ALJ issued a ruling entering the ARB and CPUC's joint staff annual report on analysis of 6/16/17 Utilities' reports into the record. A Phase II workshop was held 11/16/18. Comments on the workshop materials and staff proposals were due on February 22, 2019.</p>

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<p>OIR to Develop an Electricity Integrated Resource Planning Framework to Coordinate and Refine Long-Term Procurement Planning Requirements (R16-02-007)</p>	<p>A Proposed Decision was issued on March 18, 2019. The decision evaluated the first round of individual integrated resource plan (IRP) filings of all of the Commission-jurisdictional load serving entities. Twenty LSEs have IRPs that are approved or certified in this decision; nine are determined to be exempt from the requirement to file an IRP in 2018. An additional nineteen LSEs did not provide the required information about criteria pollutants associated with the resources serving their load. Those LSEs will have the opportunity to provide the required criteria pollutant information in a Tier 2 advice letter and have their IRPs approved or certified after the subsequent filing. One LSE did not file an IRP at all, and the Commission will consider adopting a citation program to penalize such non-compliance in the future. The proposed Hybrid Conforming Portfolio, which is an aggregation of the individual IRPs of all LSEs, was determined to be less reliable and result in more greenhouse gas emissions than the Reference System Portfolio. The RSP accordingly was adopted instead as the Preferred System Portfolio. The decision recommended that the CAISO adopt the PSP for both the reliability base case and the policy-driven base case for study in its 2019-20 Transmission Planning Process and that the CAISO study two policy-driven sensitivity cases designed to test the transmission buildout needed for two distinct portfolios: one portfolio with the majority of renewable development in-state and the other portfolio with a much larger amount of imported renewables, primarily wind from Wyoming and New Mexico. In addition, the decision determined that realization of the PSP by 2030 will require concrete procurement of specific resources by many LSEs, with a heavy focus on procurement by community choice aggregators to serve their expanding load. In addition, the decision found that additional attention was warranted for the near- and medium-term reliability planning aspects of the IRP process. A "procurement track" will be initiated to explore options for facilitating procurement of some existing and some new types of resources necessary for maintaining system reliability and/or to facilitate renewable integration. Finally, this decision addresses a 2018 petition for modification of D.18-02-018 related to replacement energy for the Diablo Canyon Nuclear Power Plant.</p>
<p>Policies, Procedures and Rules for Regulation of Physical Security for the Electric Supply Facilities of Electrical Corporations (R15-06-009)</p>	<p>This rulemaking proceeding addresses in two phases the policies, procedures and rules for regulation of physical security consistent with Public Utilities Code Section 364 and standards for disaster and emergency preparedness plans pursuant to Public Utilities Code Section 768.6. Phase 1 Scoping Memo and Ruling considers whether any new rules, standards or General Orders or modifications to other existing policies should apply to all electrical supply facilities within the jurisdiction of the Commission, including facilities owned by publicly owned utilities and rural electrical cooperatives. Phase II will address emergency and disaster preparedness plans.</p> <p>On 1/19/18 the ALJ issued a ruling setting the prehearing conference for Phase II of the proceeding for 3/15/18. The prehearing conference addressed the status, scope and schedule for Phase II along with any changes to the service list or procedural issues. Prehearing conference statements shall be limited to enumerated questions set forth in the ruling. These questions include the number and type of workshops; what elements should be included in</p>

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	<p>the emergency and disaster preparedness plans; what new rules, standard, general orders, or modifications should the Commission consider to ensure that entities are in compliance with Public Utilities Code Section 768.6; should the new rules apply to publicly owned electrical utilities and rural electric cooperatives and should any rules be adopted to insure that cities and counties have an opportunity to participate in plan preparation. Prehearing conference statements were due by 3/1/18.</p> <p>On 5/31/18 the Assigned Commissioner released the Phase II Scoping Memo and Ruling. The scope includes issues related to disaster and emergency preparedness plans. Workshops will be held throughout the rest of 2018 and a proposed decision on phase 1 issues is anticipated for Summer 2019.</p> <p>On January 22, 2019, D 19-01-018 was issued on Phase I. The decision requires electric utilities to identify electric distribution assets that may merit special protection and measures to lessen identified risks and threats. In order to address the risk of long-term outage to a distribution facility, each Operator will develop and implement a Mitigation Plan which will follow a six-step procedure for carrying out these new physical security plan requirements. The Investor Owned Utilities (IOUs) must prepare and submit to the Commission a preliminary assessment of priority facilities for their distribution assets and control centers, followed by an unaffiliated, third-party review of the plans and Final Security Plan Report. Within 30 months, each of the Publicly Owned Utilities (POUs) will be required to provide the Commission with notice that an independently-reviewed plan has been adopted. The Decision held that the Public Utilities Code compels POUs to also adhere to this decision as it relates to physical security and Phase I of this proceeding. Any new rules for emergency and disaster preparedness plans promulgated within Phase II of this proceeding will not apply to the POUs.</p>
<p>Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21 (R17-07-007)</p>	<p>On 7/13/17 the Commission issued an order instituting the rulemaking to consider streamlining interconnection of distributed energy resources and improvements to rule 21. Various parties filed comments on 8/2/17, including CESA, Tesla, Chargepoint and CAISO.</p> <p>A pre-hearing conference was held on 9/13/17. Notice</p> <p>On 10/2/17 the Assigned Commissioner and the ALJ issued a scoping ruling in the proceeding. The ruling sets forth three phases. The first phase will deal with urgent issues, the second phase will deal with ratesetting issues requiring coordination with R1408013 and the third phase will deal with small and multi-jurisdictional utility rules. The schedule for the proceeding currently runs through 2020.</p> <p>A Proposed Decisions was issued on February 22, 2019, adopting the Proposals from the March 15, 2018 workshop Group 1 Report. The Proposed Decision was approved at the Commission's Meeting March 28, 2019.</p>

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<p>Resource Adequacy, Consider Program Refinements and Establish Annual Local and Flexible Procurement Obligations for the 2019 and 2020 Compliance Years. (R17-09-020)</p>	<p>On 9/28/17 the commission opened a rulemaking to oversee the resource adequacy program, consider program refinements and establish annual local and flexible procurement obligations for the 2019 and 2020 compliance years.</p> <p>On 1/18/18 the Assigned Commissioner and ALJ issued a scoping memo and ruling. The proceedings will be divided into three separate tracks. Track 1 will consider system, local and flexible capacity requirements for the next year as well as time-sensitive refinements to the Commission's RA program. Track 2 will address less time sensitive topics, including adoption of multi-year local RA requirements and refinements to local area rules and RA program. Track 3 will consider the 2020 program year requirement and may revisit RA counting rules for weather-sensitive and local demand response resources.</p> <p>Decision 19-02-022 was adopted on February 21, 2019, "Decision Refining the Resource Adequacy Program." The Decision states: "The Commission does not find a viable central buyer at this time and thus delays the designation of a central buyer in this decision. The Commission continues to find that a central buyer structure, as outlined in the Track 1 decision, is the appropriate structure to implement multi-year local RA requirements. In the interim, the Commission directs parties to undertake a series of workshops to develop workable central buyer proposals. The Commission intends to issue a decision in the fourth quarter of 2019 that addresses the central buyer designation" as well as the implementation details for a central procurement structure. The Commission did decide to adopt a minimum three-year forward multi-year RA requirement.</p> <p>Topics to be addressed in Track 3 were identified in the Amended Scoping Plan issued January 29, 2019: http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M262/K405/262405974.PDF and a decision on track 3 is scheduled for May, 2019.</p>
<p>Creation of a Shared Database or Statewide Census of Utility Poles and Conduit in California. (I17-06-027)</p>	<p>On 6/29/17 the Commission instituted an Order Instituting Investigation into the creation of a shared database or statewide census of utility poles and conduit in California (I17-06-027, R17-06-028 and R17-03-009 have been consolidated into this proceeding).</p> <p>On February 28, 2019, SCE filed a report on the workshops held on November 15, 2018 and January 22-23, 2019.</p>
<p>Successor to Existing Net Energy Metering Tariffs pursuant to PUC Section</p>	<p>This rulemaking addresses net energy metering. On 3/29/18 the Assigned Commissioner issued the fourth amended scoping memo and ruling. The highest priority issues identified by the Commissioner include consumer protection and development of options for increasing use of renewable DG in disadvantaged communities.</p>

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2827.1 (R.14-07-002)	<p>On 8/24/18 Commissioner Guzman Aceves issued a proposed decision adopting net energy metering consumer protection measures including solar information packet. Various parties filed comments on 9/13/18. The final decision D.18-09-044 was adopted on 10/5/18.</p> <p>On March 8, 2019, a Ruling Regarding Enhanced Consumer Protections for Net Energy Metering Customers was filed. It proposed additional consumer protection rules for net-energy metering customers and suggested that the Commission might assert authority over third-party solar providers. It states: "Parties may each file and serve briefs stating their position on the Commission's authority over third-party solar providers. If a party's recommendations (regarding enhanced consumer protection measures) involve the Commission exercising authority over solar providers, for instance to include prohibitions against unfair and fraudulent business practices by solar providers as a condition of the NEM interconnection agreement, the party must file and serve a brief identifying specific statutes and/or Commission decisions conferring such authority. Parties arguing against the Commission's exercise of authority over solar providers, and/or asserting limitations on the Commission's authority over solar providers, must file a brief identifying specific statutes and/or Commission decisions that specifically state such limitations or prohibitions, or otherwise provide such limitations or prohibitions." Comments on the proposed enhanced consumer protection measures are due March 29th. Comments on the Commission's authority over third-party solar providers are due April 12th.</p> <p>On March 20, 2019, a Ruling issued on the scope of Application (A.) 16-07-015, which focuses on the factual question of how Decision (D.) 16-01-044 directs the electric investor owned utilities to assess nonbypassable charges under the net energy metering (NEM) successor tariff. This factual question relates directly to ongoing implementation of the NEM successor tariff, an issue within scope of Rulemaking (R.) 14-07-002. Pursuant to Rule 7.4, this ruling consolidates A.16-07-015 with R.14-07-002 for purposes of considering related questions of law or fact http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M275/K024/275024501.PDF</p> <p>On March 26, 2019, a Decision was issued http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M277/K012/277012630.PDF on an application for rehearing over how best to interpret Decision 16-01-044 regarding assessment of nonbypassable charges under net energy metering successor tariffs. The decision clarifies the determination in Resolution E-4792 that nonbypassable charges shall be assessed on the net kilowatt-hours consumed in each metered interval, and not on the basis of instantaneous netting, under the net energy metering successor tariff.</p>
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Continued Implementation of the Public Utility Regulatory Policies Act and Related Matters (R.18-07-017)	<p>On 7/26/18 the Commission opened the rulemaking. The rulemaking is intended to consider adoption of a new standard offer contract that will be available to any Qualifying Facility of 20 MW or less seeking to sell electricity to a Commission-jurisdictional utility pursuant to PURPA. The rulemaking will also consider adoption of a price to be paid at the time of delivery where a QF has opted to sell as-available energy to the utility without a contract.</p> <p>A Scoping Memo and Ruling was issued on November 2, 2018. http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M236/K009/236009738.PDF</p>
Power Charge Indifference Adjustment: Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment (R1706026)	<p>D1810019 was adopted on October 11, 2018, to address concerns that the existing cost allocation and recovery mechanism does not prevent cost shifting between different groups of customers, contrary to statutes that (1) authorized customers to engage in direct access transactions for electricity and (2) provided for formation of CCAs. The Commission adopted revised inputs to the market price benchmark (MPB) that is used to calculate the Power Charge Indifference Adjustment (PCIA), the rate intended to equalize cost sharing between departing load and bundled load. The revised methodology will be used to calculate the PCIA that took effect as of January 1, 2019. A second phase was initiated to enable parties to continue working together to develop longer-term solutions and to consider the development and implementation of a comprehensive solution to the issue of excess resources in utility portfolios. Requests for rehearing were filed by many parties, including Buchalter on behalf of the California Community Choice Association. The Phase 2 Scoping Ruling was issued 2/1/19. http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M263/K449/263449702.PDF</p>
PG&E Bankruptcy	<p>Governor Newsom sent a letter to Interim CEO of PG&E, John Simon, regarding necessary qualifications for PG&E's board members: https://www.gov.ca.gov/wp-content/uploads/2019/03/3.28.19-Letter.pdf</p>
Order Instituting Rulemaking to Implement Public Utilities Code Section 451.2 Regarding Criteria and Methodology for Wildfire Cost Recovery Pursuant to Senate Bill 901 (2018) R19-01-006	<p>The goal of this Rulemaking is to adopt criteria and a methodology for the Commission to use in future applications for cost recovery of wildfire costs. A Scoping Memo and Ruling was issued on March 29, 2019: http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M277/K012/277012679.PDF</p>

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California Energy Commission

Issue	Latest Developments
CEC Business Meeting	<p>The next regularly scheduled Business Meeting will be held 4/10/19. Agenda items include:</p> <p>COMPLAINT AGAINST STOCKTON PORT DISTRICT FOR NONCOMPLIANCE WITH THE RENEWABLES PORTFOLIO STANDARD (18-RPS-01): The Port's governing board did not comply or substantially comply with the requirement to adopt optional compliance measures, but had it done so, the optional compliance measures the Port submitted to the Energy Commission would have excused noncompliance with its procurement obligations; it is recommended no penalty be imposed.</p> <p>file:///C:/Users/pbernardy/Downloads/TN227456_20190329T165648_Committee%20Proposed%20Decision.pdf</p> <p>EPIC 2018 Annual Report to the Legislature: https://www.energy.ca.gov/2019publications/CEC-500-2019-017/CEC-500-2019-017.pdf</p> <p>Update on Energy Commission Ports Collaborative: The Ports Collaborative provides a forum for the Energy Commission and ports throughout California to discuss important energy issues and identify opportunities to work together to implement energy solutions that will meet the needs of the ports while helping attain California's energy and climate goals.</p>
AB 1110 Revised Power Source Reporting to Disclose GHG Intensity Factors	<p>The California Energy Commission (Energy Commission) has completed pre-rulemaking to amend the Power Source Disclosure (PSD) regulations as required with the recent passage of AB 1110 and formal rulemaking will commence in May 2019 with an effective date of Spring 2020. The PSD program discloses to consumers a retail supplier's various sources of electricity compared with the electricity mix of California as a whole. This program will fundamentally shift under AB 1110 by additionally requiring disclosure of a retail supplier's greenhouse gas (GHG) emissions intensity factors for its retail electricity offerings. Retail suppliers will begin disclosing their emissions in 2020 for the 2019 calendar on the Power Content Label (PCL). At the same time, AB 1110 requires the Energy Commission to develop guidance for the disclosure of unbundled renewable energy credits (RECs).</p>
Renewable Energy – Tracking Progress	<p>The Commission issued a report in December, 2018, tracking progress toward meeting California's renewable energy goals: https://www.energy.ca.gov/renewables/tracking_progress/documents/renewable.pdf</p>

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<p>Alternative and Renewable Fuel and Vehicle Technology Program (ARFVTP)</p>	<p>The Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program's (ARFVTP) investments strategically target gaps in the energy innovation pipeline for the development and deployment of alternative and renewable fuels and advanced transportation technologies to help meet the state's goals for reducing greenhouse gas emissions and petroleum dependence in the transportation sector.</p> <p>A workshop was held on February 12 to discuss the goal of the next solicitation for providing grant funds to projects to expand California's early commercial hydrogen refueling and fuel cell electric vehicle (FCEV) markets and to accommodate the projected FCEV roll-out in the 2021-2024 timeframe.</p> <p>Other Grant Funding Opportunities can be viewed at https://www.energy.ca.gov/contracts/transportation.html</p>
<p>Efficiency</p>	<p>In February workshops were held on Variable Capacity Heat Pump Modeling Approach and Draft Residential and Nonresidential Alternative Calculation Method Reference Manuals and Compliance Software Tools.</p> <p>California Energy Commission staff will conduct a workshop to introduce the 2019 California Energy Efficiency Action Plan, to solicit further input to the plan, and to engage with local stakeholders on energy efficiency issues on Tuesday, April 9.</p>
<p>Electric Program Investment Charge (Docket No. 17-EPIC-01)</p>	<p>The Energy Commission's electricity innovation investments follow an energy innovation pipeline program design, funding applied research and development, technology demonstration and deployment, and market facilitation to create new energy solutions, foster regional innovation, and bring clean energy ideas to the marketplace. side of the utility meter.</p> <p>Funding opportunities are posted at https://www.energy.ca.gov/contracts/epic.html</p> <p>The annual report to the Legislature is on the Commission's April 10th meeting agenda.</p>
<p>2019 IEPR</p>	<p>Scoping and topic workshops for the 2019 IEPR are underway. On April 8, a Energy Efficiency and Building Decarbonization Joint Agency Workshop on Building Decarbonization will be held at the Los Angeles Cleantech Incubator (LACI) in Los Angeles. On April 9, 2019 a workshop on the California Energy Efficiency Action Plan will be held in San Francisco.</p>

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California Air Resources Board

Issue	Latest Developments
Cap and Trade	On 9/4/18 ARB posted formal rulemaking documents related to proposed amendments to the Cap and Trade Regulation. Comments were due on 10/22/18. The public hearing was postponed to 11/15/18. Notice Proposed Regulation Order Notice of Postponement
GHG Reporting	On 9/4/18 ARB posted formal rulemaking documents related to proposed amendments to the GHG Reporting Regulation. Comments were due on 10/22/18. The public hearing was postponed to 11/15/18. Notice Proposed Regulation Order Notice of Postponement . The final regulations are expected to receive OAL approval on March 29, 2019.
Low Carbon Fuel Standard	<p>The goal of the LCFS is to reduce carbon intensity of transportation fuel by at least 10% by 2020. On 2/20/18 ARB released the Draft Proposed Regulation Order and a Portion of Draft Staff Report.</p> <p>On 3/6/18 ARB released various models and calculators, including the OPGEE and CA-GREET. In addition ARB issued the Initial Statement of Reasons and Proposed Regulation Order setting forth proposed amendments to the LCFS regulation and to the regulation on commercialization of alternative diesel fuels. A public hearing to consider the proposed amendments will be held on 4/27/18. Notice</p> <p>On 3/12/18 ARB updated and replaced Guidance 17-03 with Guidance 18-01 on Implementation Implications of a Modified Writ issued by the Superior Court of California, County of Fresno, On October 18, 2017 in the case of Poet, LLC et al. vs CARB et al. (No. 09 CECG 04659 JYH) on LCFS.</p> <p>On 5/9/18 ARB released the 2017 LCFS Compliance Information Credit Clearance Market Information.</p> <p>On 5/21/18 ARB posted for comment the draft calculation of 2017 Crude Average Carbon Intensity Value. Comments are due by 6/5/18.</p> <p>On 5/21/18 ARB posted the SB1383 Pilot Financial Mechanism White Paper.</p> <p>A public workshop to discuss proposed amendments to the LCFS and Alternative Diesel Fuels Regulations was held on 6/11/18. Meeting Notice Staff Presentation</p> <p>On 6/20/18 ARB posted proposed amendments to the LCFS regulation and to the regulation on commercialization of alternative diesel fuels. The deadline to submit</p>

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	<p>comments was 7/5/18 at 5pm. A workshop to discuss the proposed amendments was held on 8/8/18. Notice</p> <p>On 8/13/18 various calculators were posted including the CA-GREET3.0 Model and Tier 1 Simplified Calculators, the Illustrative Compliance Scenario Calculator and the Hydrogen Station Capacity Evaluator (HySCapE). The Board also posted the Second Public Availability of Modified Text and Availability of Additional Documents and Information for the Proposed Amendments to LCFS and ADF Regulations. Comments were due by 8/30/18. A public hearing to consider amendments to the LCFS and ADF regulations was held on 9/27/18. Notice.</p> <p>A work group meeting to discuss co-processing of low-carbon feedstocks in conventional petroleum refineries was held on 10/19/18. Notice This workshop relates to fuel pathway applications under the LCFS involving facilities that co-process both petroleum-derived and non-petroleum-derived feedstocks in the same units.</p> <p>The Amendments to the Low Carbon Fuel Standard Regulation and to the Regulation on Commercialization of Alternative Diesel Fuels went into effect January 4, 2019: https://www.arb.ca.gov/regact/2018/lcfs18/frolcfs.pdf?_ga=2.242137538.135273941.1553110131-194524719.1536243891</p> <p>There is a Public Workshop on April 5th to discuss potential amendments to the cost containment features of the LCFS. The workshop follows up on Board direction at the September 2018 hearing to explore options to provide greater certainty that future credit prices do not exceed the cap imposed by the credit clearance market. https://www.arb.ca.gov/fuels/lcfs/lcfs_meetings/lcfs_meetings.htm</p>
<p>California Climate Investments</p>	<p>The annual report tracking the progress of California Climate Investments was released by the California Air Resources Board and the California Department of Finance.</p> <p>“The investment of cap-and-trade proceeds is reaching every corner of the state, cutting climate pollution and improving air quality – and quality of life – for millions of Californians, especially in the state’s hardest hit communities,” CARB Chair Mary D. Nichols said. “California is showing how cutting climate changing gases from the largest polluters in the state can also protect the environment and clean the air in communities of concern.”</p> <p>The state’s cap-and-trade program, which began in 2012, was re-authorized and improved in 2017 to ensure California continues to meet its ambitious climate change goals and that billions of dollars in auction proceeds keep flowing to communities across the state through California Climate Investments.</p> <p>To date, \$9.3 billion in cap-and-trade proceeds has been appropriated to 20 state agencies</p>

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	<p>that have distributed \$3.4 billion to projects that are either completed or under way across the state. These “implemented” funds have leveraged an additional \$10.8 billion from other sources.</p> <p>https://ww2.arb.ca.gov/news/report-cap-and-trade-spending-doubles-14-billion-2018</p>
Innovative Clean Transit Rules	<p>The key goals of this measure include 1. Support the near-term deployment of zero-emission buses where the economics are viable and where transit service can be maintained or expanded; 2. Secure binding commitments from the state’s transit providers for a long-term vision for transition to zero-emission technologies across all transit modes, and 3. Partner with transit agencies to pilot innovative approaches to improve access to transit systems with zero-emissions first- and last-mile solutions.</p> <p>The final regulation was adopted on December 14, 2018: https://www.arb.ca.gov/regact/2018/ict2018/res18-60attacha.pdf?_ga=2.263707404.1458635888.1553810154-1807396273.1549227562</p>

California Independent System Operator

Issue	Latest Developments
Board of Governors Meeting	<p>The next scheduled Board meeting is May 15-16, 2019.</p> <p>At the Board meeting on 3/27/19, the Board approved the reliability must-run and capacity procurement mechanisms enhancements proposal and the 2018-19 Transmission Plan.</p> <p>Governor Newsom reappointed David Olsen as Chair to the Board and appointed two new Boardmembers with terms starting January, 2019: Mary Leslie and Severin Borenstein. Biographies can be viewed at http://www.caiso.com/informed/Pages/BoardCommittees/Default.aspx</p>
2018-19 Transmission Plan	<p>The Board approved the 2018-2019 Transmission Plan, which identifies 13 new transmission projects at a total anticipated cost of \$644.4 million. The plan is an annual assessment of transmission needs that identifies upgrades required to support electric system reliability for the next 10 years. The approved projects are located within the Pacific Gas & Electric (PG&E) service territory. Eleven of them are reliability-driven, two of which are eligible for competitive solicitation. The remaining two projects are economic-driven, as one project will reduce congestion in a generation constrained area, and the other will eliminate the need for local capacity requirements in another locally constrained area. The plan also recommends cancelling six transmission projects within the PG&E service territory that were left on hold during the 2017-2018 planning cycle. http://www.caiso.com/Documents/ISO_BoardApproved-2018-2019_Transmission_Plan.pdf</p>

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CAISO Stakeholder Initiatives

Issue	Latest Developments
Energy Imbalance Market	<p>A webinar will be held on April 10 to discuss a Straw Proposal for Formation of an EIM Governance Review Committee and a Draft Governance Review Committee Charter.</p> <p>https://www.westerneim.com/Pages/documentsbygroup.aspx?GroupID=6B41DC57-D9D4-4235-A942-35C588F3CBEC</p> <p>On April 3, BAN/SMUD joined the EIM. http://www.caiso.com/Documents/BANC-SMUDJoinsCaliforniaISOsWesternEIM.pdf</p>
Energy Storage and Distributed Energy Resources Participation (Phases 2 and 3)	<p>Phase 1 and 2 are complete. Phase 3 was approved by the Board and is in tariff development. A meeting was held on March 18th to present an Issue Paper for Phase 4. Comments on that paper were due April 1, 2019.</p>
Resource Adequacy Enhancement	<p>Purpose: The rapid transformation of the resource fleet to a cleaner, more variable and energy limited fleet is generating the need to reexamine all aspects of the ISO's Resource Adequacy (RA) program. In 2006, at the onset of the RA program in California, the dominant technology used for energy production in California was gas fired generation paired with a large quantity of hydroelectric resources. While some of these resources were subject to use-limitations due to environmental, start limits or air permits, they were generally available to produce energy when and where needed. However, as the fleet is transitioning away from its traditional make-up to a fleet that can achieve the objectives of SB 100,1 the ISO must rely on very different resource portfolio to reliably operate the grid. In this stakeholder initiative, the ISO, in collaboration with the CPUC and stakeholders, will explore reforms needed to the ISO's resource adequacy rules, requirements, and processes to ensure the future reliability and operability of the grid.</p> <p>A meeting to review a straw proposal was held on March 6. The next meeting will be held on April 8-9 with comments on the straw proposal due April 22.</p>
Transmission Access Charge Structure Enhancements	<p>On 4/12/17 CAISO posted a background white paper entitled "How Transmission Cost Recovery Through Transmission Access Charge Works Today."</p> <p>On 6/30/17 CAISO posted the issue paper. On 9/15/17 CAISO posted Supporting Materials. On 1/11/18 CAISO posted the Straw Proposal. A meeting was held on</p>

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	<p>4/11/18 to discuss the revised straw proposal. On 6/22/18 CAISO issued a second revised straw proposal. A meeting was held on 9/24/18 to discuss the draft final proposal. The proposal is inactive and pending Board review.</p>
<p>Imbalance Conformance Enhancements</p>	<p>On 11/29/17 CAISO announced a new initiative Imbalance Conformance Enhancements. An issue paper and straw proposal was posted and a call to discuss was held on 12/8/17. Market Notice. Presentation Issue Paper and Straw Proposal</p> <p>The scope of the initiative is to clarify the CAISO's authority to conform for imbalance in both real time and the day ahead. The initiative will also propose enhancements for the conformance limiter to ensure price spikes do not result. Comments were due by 12/20/17.</p> <p>The Board-approved tariff was filed at FERC in December, 2018.</p>
<p>Interconnection Process Enhancements 2018</p>	<p>On 1/4/18 CAISO launched a new initiative, Interconnection Process Enhancements 2018. On 1/17/18 the CAISO posted the issue paper. A stakeholder meeting was held on 1/24/18. Comments were due by 2/7/18. The initiative will evaluate potential changes to enhance the CAISO generator interconnection procedures and agreements. Market Notice Topics fall into six broad categories, 1. Deliverability; 2. Energy Storage; 3. Generator Interconnection Agreements; 4. Interconnection Financial Security and Cost Responsibility; 5. Interconnection Requests; and 6. Modifications. Presentation</p> <p>On 5/9/18 CAISO posted the Straw Proposal. A meeting to discuss was held on 5/21/18. Market Notice</p> <p>A call was held on 7/17/18 to discuss the revised straw proposal. Comments were due by 7/31/18. Market Notice</p> <p>On 9/4/18 CAISO posted the Draft Final Proposal. CAISO held meetings on 9/17/18 and 9/18/18 to discuss the draft final proposal. On 9/19/18 CAISO posted revised draft tariff language. Written comments were due by 9/24/18. Market Notice On 9/27/18 FERC filed the Tariff Amendment at FERC in docket ER18-2498. FERC accepted the tariff revisions on February 19, 2019.</p>
<p>Day-Ahead Market Enhancements</p>	<p>On 2/8/18 CAISO launched a new initiative, Day-Ahead Market Enhancements. This initiative will address ramping and uncertainty previously left to be resolved by the real-time market. Enhancements to be considered include combining the Integrated Forward Market with the Residual Unit Commitment process, changing the day-ahead scheduling granularity from hourly to 15-minute and adding an imbalance reserve product. At the kickoff meeting, CAISO discussed additional design elements. Market Notice. On 2/28/18 CAISO posted the issue paper/straw proposal. Presentation.</p>

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	<p>On 4/13/18 CAISO posted the revised straw proposal. Presentation</p> <p>A meeting to discuss flexible ramping product requirements was held on 7/2/18. Presentation Design Elements Matrix</p> <p>On 8/2/18 CAISO released a market notice update notifying stakeholders that the CAISO is separating the topics currently being examined in the initiative into two initiatives. The first initiative will address necessary policy changes to move from hourly to 15-minute scheduling granularity. The second initiative will discuss combining the IFM and RUC process into a single optimization, the day-ahead flexible ramping product and reserve deliverability. Market Notice</p> <p>On 8/27/18 CAISO posted the second revised straw proposal – day-ahead market enhancements Phase 1 – 15 minute granularity. Presentation. On 9/26/18 CAISO announced that the Draft Final Proposal has been postponed until it has completed internal assessments on the technical feasibility of changing day-ahead market scheduling from hourly to 15-minute granularity. Market Notice</p> <p>A meeting was held on March 7 to discuss the Third Revised Straw Proposal for Phase 1 and an Issue Paper and Straw Proposal for Phase 2. Comments on the Phase 2 documents are due April 4, 2019.</p>
<p>Excess Behind the Meter Production</p>	<p>On 9/11/18 CAISO posted the Straw Proposal in the Excess behind the meter production initiative. This initiative will explore the potential market changes needed to establish a standard reporting practice for excess behind the meter production. As additional rooftop solar is installed, it is likely that differences in current practice could become an increasingly significant issue. A call to discuss was held on 9/12/18. A meeting was held on December 19th.</p>
<p>Reliability must-run and capacity procurement mechanism enhancements</p>	<p>The Board approved the proposal aimed at enhancing its reliability must-run (RMR) and capacity procurement mechanism programs. http://www.aiso.com/Documents/DraftFinalProposal-ReliabilityMust-RunandCapacityProcurementMechanismEnhancements.pdf</p> <p>Comments are due on the final tariff language on April 10.</p>
<p>Storage as a transmission asset</p>	<p>Through this initiative, the ISO will explore how to enable storage providing cost-based transmission services to also participate in ISO markets and receive market revenues to provide ratepayer benefits and greater flexibility to the grid. A web conference was held on January 14, 2019.</p>



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<p>2019-2020 transmission planning process</p>	<p>The California ISO 2019-2020 transmission planning cycle involves key stakeholder activities from 2019 through early 2020. Each year, the ISO conducts its transmission planning process to identify potential system limitations as well as opportunities for system reinforcements that improve reliability and efficiency. The transmission planning process core product is the ISO Transmission Plan, which provides an evaluation of the ISO control grid, examines conventional grid reliability requirements and projects, summarizes key collaborative activities and provides details on key study areas and associated findings.</p> <p>A meeting was held on February 28 to review the Draft Study Plan.</p>
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Federal Energy Regulatory Commission

Issue	Latest Developments
<p>Federal Energy Regulatory Commission</p>	<p>The Commission held a meeting on March 21, 2019. NextEra Energy Transmission’s application to acquire Trans Bay Cable was approved. It issued Notices of Inquiry on a Return of Equity policy review and on incentives for transmission (see below).</p> <p>The next Commission meeting is April 18, 2019.</p>
<p>Grid Reliability and Resilience Pricing (AD18-7)</p>	<p>On 1/8/18 FERC initiated this proceeding after terminating RM18-1, a rulemaking tasked with evaluating the DOE pricing proposal. This proceeding will holistically examine the resiliency of the market and asks RTOs and ISOs to provide information on whether the Commission needs to act regarding resiliency. RTOs filed comments on 3/9/18, including CAISO.</p> <p>On 3/14/18 various energy industry associations filed a joint motion for a 30-day extension of time to file reply comments. On 3/20/18 FERC extended the deadline to submit reply comments to 5/9/18.</p>

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NERC Reliability	<p>FERC announced that a Technical Conference will be held on June 27, 2019. The purpose of the conference is to discuss policy issues related to the reliability of the Bulk-Power System.</p> <p>FERC issued a Staff Report on Lessons Learned from Commission-Led CIP Reliability Audits https://www.ferc.gov/legal/staff-reports/2019/2018-report-audits.pdf</p>
Return on Equity Policy Review	<p>FERC opened a Notice of Inquiry to examine whether, and if so how, to revise its policies on determining the return on equity (ROE) used in setting rates charged by jurisdictional public utilities.</p> <p>This step follows the 2017 decision <i>Emera Maine v. FERC</i> (854 F.3d 9) that reversed and vacated Opinion No. 531. In that opinion, FERC set the ROE for New England Transmission Owners at the midpoint of the upper half of the zone of reasonableness produced by a two-step discounted cash flow (DCF) analysis. Although the court did not expressly question the Commission's specific finding, it did conclude that FERC failed to show that setting the ROE at the upper midpoint, rather than the midpoint, was just and reasonable.</p> <p>Following the court's ruling, the Commission issued two orders proposing an alternative ROE methodology and establishing a paper hearing on whether and how it should apply to ROE complaint proceedings in New England and the Midcontinent Independent System Operator. Those orders proposed to change FERC's approach for determining base ROE by giving equal weight to four financial models instead of primarily relying on the DCF methodology. Comments on the Notice of Inquiry will be due in mid-June.</p>
Electric Transmission Incentives Policy	<p>FERC issued a Notice of Inquiry into possible improvements to its electric transmission incentives policy to ensure that it appropriately encourages the development of the infrastructure needed to ensure grid reliability and reduce congestion to reduce the cost of power for consumers. The NOI recognizes that nearly 13 years have passed since the issuance of Order No. 679. Since then, there have been a number of significant developments in how transmission is planned, developed, operated, and maintained. The NOI examines whether incentives should continue to be granted based on a project's risks and challenges or should be based on the benefits that a project provide. Examples of other topics addressed in the NOI include: consideration of incentives based upon measurable criteria for economic efficiency and reliability benefits, providing incentives for improvements to existing transmission facilities, considering the costs and benefits of projects in awarding incentives, and determining whether to review incentive applications on a case-specific or standardized basis.</p> <p>In addition, today's NOI also seeks comment on various ROE incentives, including how they interact with the base ROE and other transmission incentives. Finally, the NOI</p>



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	<p>seeks input about possible metrics for evaluating the effectiveness of incentives. Comments on the NOI will be due in mid-June.</p>
Executive Order on Electromagnetic Pulses	<p>President Donald Trump on Tuesday signed an executive order aimed at protecting the nation's critical infrastructure from electromagnetic pulses (EMPs), which can disrupt technology and could potentially create widespread blackouts.</p> <p>FERC said it would explore revising its incentive policy for electric transmission projects.</p>
TECHNICAL CONFERENCE ON INCREASING REAL-TIME AND DAY-AHEAD MARKET EFFICIENCY AND ENHANCING RESILIENCE THROUGH IMPROVED SOFTWARE	<p>FERC announced that Commission staff will convene a technical conference on June 25, 26, and 27, 2019 to discuss opportunities for increasing real-time and day-ahead market efficiency and enhancing the resilience of the bulk power system through improved software.</p>

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Upcoming Meetings

April 2019				
Monday	Tuesday	Wednesday	Thursday	Friday
<p>8 <i>CAISO</i> Resource Adequacy Enhancements Working Group 10 a.m.</p> <p><i>CEC and CPUC</i> Joint Agency Workshop on Building Decarbonization 9:30 a.m.</p>	<p>9 <i>CAISO</i> Resource Adequacy Enhancements Working Group 9:30 a.m.</p> <p>CARB and CTC Agency meeting to coordinate implementation of transportation programs and policies 1 p.m.</p> <p><i>CEC</i> Agency workshop to introduce the 2019 California Energy Efficiency Action Plan and to solicit further input to the plan. 10 a.m.</p>	<p>10 <i>CAISO</i> Final 2020 and 2024 Local Capacity Study Results</p> <p><i>CEC</i> Business Meeting 10 a.m.</p>	<p>11 <i>CAISO</i> Transmission Planning Process - Phase 3 Competitive Solicitation Process 9 a.m.</p>	<p>12</p>

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