

California Regulatory Happenings for the Week of August 31, 2020

California Public Utilities Commission

Issue	Latest Developments
CPUC Commissioner's Meeting	<p>The next Commission meeting is scheduled for 06/25/20. Remote Access Only.</p> <p>Relevant results from the August 27, 2020 meeting included in this update.</p>
PROCUREMENT	
IRP Framework Long-Term Procurement Planning Requirements R.20-05-003	<p>On May 7, 2020 the Commission opened a new IRP rulemaking addressing the next cycle of IRP. A prehearing conference was held on July 14, 2020.</p> <p>Parties are awaiting a Scoping Memo.</p>
IRP Framework Long-Term Procurement Planning Requirements R 16-02-007	<p>On 5/14/20 the California Community Choice Association filed a Petition for Modification of D.19-11-016, recommending that the permanent hybrid QC counting methodology should replace the interim methodology in determining compliance with system RA procurement requirements, among other changes recommended to prevent cost shifts. On 8/24/2020 the Commission issued a Proposed Decision granting the PFM.</p> <p>On 7/21/20 the Commission issued a decision denying CESA's petition for modification (filed 4/1/2020).</p>
Continued Implementation of the Public Utility Regulatory Policies Act and Related Matters (R.18-07-017)	<p>On 5/15/20 the ALJ issued a Decision adopting a new standard offer contract for qualifying facilities of 20 MW or less pursuant to the PURPA Act of 1978. Multiple parties submitted comments and reply comments.</p> <p>Utilities have filed their Tier 2 Advice Letters implementing the new standard offer contract, but various regulatory procedures have held up the disposition of these ALs.</p>
Decision on SB100 RPS Procurement Quantities R.18-07-003	<p>On May 13, 2020, the ALJ issued a ruling modifying the schedule of review for 2020 RPS Procurement plans (original ruling identifying issues and schedule issued May 6, 2020).</p> <p>On 7/24/2020 the Commission issued a Proposed Decision revising the Bioenergy</p>

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	<p>Market Adjustment Tariff Program. – This Decision was unanimously approved at the August 27, 2020 Commission meeting.</p> <p>On 8/21/2020 the Commission issued a Proposed Decision resuming and modifying the Renewable Market Adjustment Tariff Program.</p>
INTERCONNECTION	
<p>Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21 (R.17-07-007)</p>	<p>This rulemaking addresses streamlining interconnection of distributed energy resources and improvements to rule 21.</p> <p>On 5/7/20 an order extending the statutory deadline in the proceeding was issued, extending the deadline to May 17, 2021 in order to allow Working Group Four to compete its work.</p> <p>On 8/20/2020 the Commission issued a Proposed Decision adopting the recommendations from Working Groups Two and Three and the Subgroup.</p>
<p>Successor to Existing Net Energy Metering Tariffs pursuant to PUC Section 2827.1 (R.14-07-002)</p> <p>Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs Pursuant to Decision D.16-01-044, and to Address Other Issues Related to Net Energy Metering.</p>	<p>On June 2, 2020, the CPUC issued a Proposed Decision implementing automatic enrollment of Disadvantaged Communities Green Tariff. Opening comments are due June 22, 2020.</p> <p>On 8/11/20 a Decision modifying D.16-01-044 was issued regarding virtual net energy metering eligibility requirements.</p> <p>On 8/13/20 a Decision adopting standardized inputs and assumptions for calculating estimated electric utility bill savings from residential PV solar energy systems was issued.</p> <p>At the Commission Voting Meeting on 8/27/2020 a new OIR was adopted to revisit issues in D.16-01-004.</p>
RESOURCE ADEQUACY	
<p>Resource Adequacy, Consider Program Refinements and Establish Annual Local and Flexible</p>	<p>On 5/18/20 a Proposed Decision was issued adopting the RA import requirements – opening comments are due June 7, 2020. The PD makes a number of conclusions related to pseudo-tied resources, and resource-specific and non-resource-specific imports and how they count towards meeting RA requirements. The Decision was adopted on 6/6/2020.</p>

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Procurement Obligations for the 2019 and 2020 Compliance Years. (R.17-09-020)	
Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations (R.19-11-009)	<p>On May 15, 2020 a Joint Motion requesting consideration for the effects of COVID-19 on the system RA requirements for the 2021 compliance year was filed.</p> <p>A Decision was adopted on 6/30/2020 adopting local capacity obligations for 2021-2021, adopting flexible capacity for 2021, and refining the RA program. This includes a new methodology for hybrid resource qualifying capacity.</p> <p>On 7/7/2020 a Scoping Memo was issued for Track 3.A and 3.B of the proceeding – parties filed comments on 8/7/2020. The Energy Division’s Track 3.B proposal is available here.</p>
CCAs/ PCIA	
Power Charge Indifference Adjustment: Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment (R.17-06-026)	<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.</p> <p>On 8/7/20 the IOUs filed a Joint Petition for Modification of above D.18-10-019 concerning the application of line losses in the PCIA calculations.</p> <p>On 8/12/2020 the Commission issued a Decision adopting a framework and evaluation criteria for the PCIA Prepayment Agreements.</p>
SAFETY / WILDFIRES	
Order Instituting Rulemaking to Implement Public Utilities Code Section	<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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451.2 Regarding Criteria and Methodology for Wildfire Cost Recovery Pursuant to Senate Bill 901 (2018) R.19-01-006	<p>At the 6/27/19 meeting, the Commission adopted a decision which sets forth criteria and a methodology for wildfire cost recovery pursuant to Public Utilities Code Section 451.2.</p> <p>On 8/7/19 PG&E filed an application for rehearing of Decision D.19-06-027. PG&E alleges that the Decision contains legal errors, violating Public Utilities Code Section 451.2 because it prohibits a utility that has filed a petition under Chapter 11 of the Bankruptcy Code from accessing the Customer Harm Threshold established by law and the Commission will not determine the CHT until a utility files an application to recover 2017 wildfire costs and because the Commission requires ratepayer protection mechanisms as a condition of accessing section 451.2</p>
Order Instituting Investigation to Determine PG&E Corporation's Organizational Culture and Governance Prioritize Safety. I.15-08-019	<p>On May 12, 2020 the Commission issued an order extending the statutory deadline in this proceeding to November 8, 2020.</p> <p>On 7/15/2020 the ALJ issued a ruling asking for comments on whether the proceeding should remain open and what options should be taken. Parties responded in August and no decisions have been made.</p>
OIR to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions R.18-12-005	<p>On 8/14/19, Commissioner Picker issued a Phase 2 Scoping Memo and Ruling. Phase 2 issues include; definitions/standard nomenclature, AFN populations, PSPS strategy and decision-making, notification and communication, PSPS and transmission lines and lessons learned. Various parties filed comments and proposals.</p> <p>On May 28, 2020 the Commission filed a Decision adopting Phase 2 updated and additional guidelines for de-energization fo electric facilities to mitigate wildfire risk. This follows a series of comments provided by parties on May 18 following the proposed decision issued earlier in May.</p> <p>On 7/29/2020 the ALJ issued a ruling directing parties to meet and confer and setting a remote status conference for August 27, 2020.</p>
OIR to Implement Electric Utility Wildfire Mitigation Plans Pursuant to SB 901 (R.18-10-007)	<p>On 4/17/20 Protect Our Communities Foundation filed an application for rehearing of D.20-03-004, calling out alleged inadequacies of the utility advice letters.</p> <p>Parties have since been filing various compliance filings throughout May and June.</p> <p>On 8/5/2020 and 8/21/2020 the ALJ issued two rulings regarding the in-language compliance plans and various utilities, one finding PG&E, SCE and SDG&E's plans sufficient for the 2020 wildfire season and one seeking additional information from others.</p>

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OII to consider ratemaking and other implications of a proposed plan for resolution of PG&E Bankruptcy (I.19.09.016)	<p>3/13/20 opening briefs were due. Reply briefs were due by 3/26/20.</p> <p>On 4/20/20 the ALJ issued a Proposed Decision approving the Reorganization Plan. Comments and reply comments were filed on May 10 and May 18.</p> <p>The Commission approved the reorganization plan on May 28, 2020.</p>
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California Energy Commission

Issue	Latest Developments
CEC Business Meeting	The next regularly scheduled Business Meeting will be held September 9, 2020. No agenda posted yet.
2020 IEPR Update	<p>Updated Scoping Order issued February 24, 2020.</p> <p>Various sessions held throughout August – no upcoming workshops scheduled.</p> <p>Final update to the California Energy Demand 2020-2030 Forecast expected December 3, 2020.</p>
SB 100 Joint Agency Report	A workshop will be held on September 2, 2020 to discuss draft modeling results for the report.
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> <p>On 5/8/2020 Commission staff issued a Notice of Approval of Regulatory Action amending the Power Source Disclosure Program regulations to adopt an accounting methodology to calculate greenhouse gas emissions intensities, clarify</p>

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	requirements regarding calculation of the fuel mix, and establish a method and format for disclosing retail suppliers' procurement of unbundled renewable energy credits as a percentage of retail sales.
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California Air Resources Board

Issue	Latest Developments
Cap and Trade & GHG Reporting	In February 2020 ARB issued a FAQ on Resource Shuffling . On August 25, 2020, California and Quebec released results of 24th joint cap-and-trade auction .
Low Carbon Fuel Standard	On 11/21/19 the Board adopted Resolution 19-27 approving the amendments and directing the Executive Officer to determine if additional conforming modifications are needed. September 30th – deadline to submit final Q2 Quarterly Fuel Transactions Report

California Independent System Operator

Issue	Latest Developments
Board of Governors Meeting	The most recent Board meeting was held on August 28, 2020. Agenda available here .
Energy Storage and Distributed Energy Resources Participation (Phase 4)	Draft final proposal posted May 20, 2020, with meeting held on May 27, 2020. The final proposal was posted on 8/21/2020, with a web meeting held on 8/27/2020 to discuss.
Resource Adequacy Enhancement	CAISO posted a fifth revised straw proposal on 7/7/2020 and held a meeting on 7/14/2020 to discuss. The next web meeting is expected to be held on September 14, 15, and 17th.
Day-Ahead Market Enhancements	On 2/8/18 CAISO launched a new initiative, Day-Ahead Market Enhancements to 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.

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	<p>The CAISO dropped the effort to achieve a 15-minute granularity due to waning interest. Phase 2 will continue the efforts to develop a day-ahead product to procure 15-minute ramp capability and uncertainty needs in the real-time, with implementation planned for the Fall of 2021.</p> <p>A revised straw proposal was posted on June 9, 2020.</p> <p>The second revised straw proposal is expected September 14, 2020.</p>
Extended Day-Ahead Market	<p>This initiative will develop an approach to extend participation in the day-ahead market to the Western Energy Imbalance Market (EIM) entities in a framework similar to the existing EIM approach for the real-time market, rather than requiring full integration into the California ISO balancing area.</p> <p>Straw proposal for bundle one issues was posted late July – comments are due October 8, 2020.</p>
Hybrid Resources	<p>Initiative addresses paired resources - “As generation developers become increasingly interested in pairing energy storage with existing or proposed generation, this initiative will explore how such “hybrid” generation resources can be registered and configured to operate within the ISO market. This initiative will develop solutions allowing developers to maximize the benefits of their resource’s configuration. Hybrid resource configurations also raise new operational and forecasting challenges that ISO plans to address during this initiative.”</p> <p>Draft final proposal was posted on 8/10/2020 with a web meeting held the same day.</p> <p>No scheduled next meetings yet.</p>
Flexible Ramping Product Refinements	<p>Draft tariff language posted 8/10/2020 – a meeting to discuss will be held on 9/2/2020.</p>
2020-2021 transmission planning process	<p>Final Study Plan issued March 31, 2020 with meeting held February 28, 2020.</p> <p>Web conference held on June 3 re special studies. Slides available here – comments due on June 17.</p> <p>Currently in phase 2 of the process.</p>

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Federal Energy Regulatory Commission

Issue	Latest Developments
Federal Energy Regulatory Commission	The next Commission meeting is September 17, 2020.
Technical Conference regarding Carbon Pricing (AD20-14)	FERC issued notice of technical conference to be held September 30, 2020.
Return on Equity Policy Review (PL19-4-000)	<p>FERC opened a Notice of Inquiry PL19-4-000 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 were due in mid-June.</p> <p>On May 21, 2020, FERC issued an order and policy statement on determining return on equity for natural gas and oil pipelines. The order on rehearing revises the methodology established in Opinion No. 569, granting rehearing of the order to:</p> <ul style="list-style-type: none"> • Use the risk premium model, DCF model, and CAPM under both prongs of the FPA section 206 analysis instead of relying on only the DCF model and CAPM; • Give the short-term growth rate 80% weighting and the long-term growth rate 20% weighting in the two-step DCF model; • Clarify that the Commission will consider the use of Value Line growth rates in future proceedings’ CAPM analyses; • Increase the high-end outlier test from 150% to 200% of the median result

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	<p>of all of the potential proxy group members in that model, subject to a natural break analysis; and</p> <ul style="list-style-type: none">• Calculate the ranges of presumptively just and reasonable base ROEs by dividing the overall composite zone of reasonableness into equal thirds, instead of using the quartile approach that was applied in Opinion No. 569 <p>The policy statement on determining ROEs for natural gas and oil pipelines announces that, with certain exceptions to account for the statutory, operational, organizational and competitive differences among the industries, FERC will apply the same methodology used for analyzing electric utility ROEs under FPA section 206.</p>
Electric Transmission Incentives Policy (PL19-3-000)	<p>FERC issued a Notice of Inquiry PL19-3-000 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, the NOI also seeks comment on various ROE incentives, including how they interact with the base ROE and other transmission incentives. Finally, the NOI seeks input about possible metrics for evaluating the effectiveness of incentives. Comments on the NOI were due in mid-June.</p>

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Upcoming Meetings*

September 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
31	1	2 SB 100 Joint Agency Report Workshop CAISO Flexible Ramping Product Refinements Meeting	3	4
7	8	9 CEC Business Meeting CAISO Market Performance and Planning Forum	10	11

*All meetings are remote access only

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