

California Regulatory Happenings for the Week of October 21, 2019

California Public Utilities Commission

Issue	Latest Developments
CPUC Commissioner's Meeting	<p>The next Commission meeting is scheduled for 11/7/19.</p>
IRP Framework Long-Term Procurement Planning Requirements R 16-02-007	<p>This ruling formally initiates the “procurement track” as outlined in Decision (D.) 19-04-040. The ruling generally describes the scope and content of the procurement track, and seeks comments from parties on its framing and structure. Identifying a mechanism to identify and procure near- and medium-term renewable integration and reliability resources is prioritized, followed by renewables to meet the 2030 needs identified in the Preferred System Plan adopted in D.19-04-040. Comments were due no later than July 15, 2019. On 7/25/19, the ALJ granted Cal-CCA’s request for extension of time to file reply comments to 8/12/19.</p> <p>On 9/12/19 the ALJ issued a proposed decision requiring electric system reliability procurement for 2021-2023. The decision recommends that the Water Board extend the OTC compliance deadlines for up to 3 years beyond the current deadlines. The decision also requires incremental procurement beyond the baseline resources assumed for the year 2022.</p> <p>On 9/20/19, the ALJ issued a ruling seeking comment on filing requirements for 2020 IRPs. Opening comments were due 10/14/19 and reply comments due 10/25/19.</p> <p>On 9/27/19 Enel X North America, Tesla, Sunrun, Center for Energy Efficiency and Renewable Technologies, CESA and Vote Solar filed a joint motion to establish a schedule and process for determining the capacity value of hybrid resources.</p> <p>On 10/21/19, the ALJ issued a revised proposed decision requiring electric system reliability procurement for 2021-2023 to address the potential for electricity system resource adequacy shortages beginning in 2021. The decision recommends extension of the OTC compliance deadlines for specified units, requires incremental procurement beyond the baseline resources assumed for the year 2022 and included in the Preferred System Plan and in addition to the OTC extensions, of system-level RA capacity of 4,000MW by all LSEs within CAISO’s balancing authority. Procurement shall be conducted on an all-source basis.</p>

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<p>Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21 (R17-07-007)</p>	<p>This rulemaking addresses streamlining interconnection of distributed energy resources and improvements to rule 21.</p> <p>A Proposed Decision 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. Status reports from working groups have been filed.</p> <p>THE CALIFORNIA ENERGY STORAGE ALLIANCE filed a motion to establish a subgroup and schedule a joint workshop with R18-12-006 to introduce proposal on mobile inverter technical requirements for Rule 21 interconnection.</p> <p>On 8/23/19, a Joint ALJ ruling establishing a subgroup and schedule to develop a proposal on mobile inverter technical requirements for Rule 21 was issued. A workshop is scheduled for 12/17/19.</p>
<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:</p>

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	<p>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>A Proposed Decision Adopting Local Capacity Obligations for 2020-2022, Adopting Flexible Capacity Obligations for 2020, and Refining the Resource Adequacy Program was adopted on June 27, 2019.</p> <p>On 7/2/19 the ALJ issued a proposed decision denying the petition for modification of Shell Energy North America. Opening comments were due by 7/22/19. A final decision denying the petition was adopted on 8/8/19.</p> <p>On 7/3/19 the Assigned Commissioner issued a ruling seeking comment on clarification to resource adequacy import rules. Responses to the questions were due by 7/19/19. Reply comments were due by 7/26/19. On 10/17/19, the Commission adopted decision 19-10-021 affirming the RA import rules.</p> <p>Comments on informal workshop reports filed with the Commission were due by 8/2/19. Reply comments were due by 8/9/19. On 8/9/19 the California Community Choice Association, Calpine Corporation, the Independent Energy Producers Association, Middle River Power, NRG Energy, SDG&E, Shell Energy North America, Sunrun, and the Western Power Trading Forum submitted a notice of a settlement conference that was held on 8/20/19 at the CAISO. The Joint Motion for adoption of a settlement agreement for a residual central procurement entity structure for RA was filed on 8/30/19.</p> <p>On 9/3/19 the assigned Commissioner issued a ruling on the Energy Division's RA State of the Market Report.</p> <p>On 9/6/19 the ALJ issued a proposed decision clarifying the requirements governing the use of energy imported into California to meet RA requirements, as set forth in D.04-10-035 and D.05-10-042.</p> <p>On 9/11/19 PG&E filed a petition for modification of D.19-02-022. The Track 2 decision ordered disaggregation of the PG&E Other local capacity area for local RA compliance purposes. This petition request modifications to this requirement.</p> <p>On 9/27/19 Engie Storage, Enel X, Tesla, Sunrun, Center for Energy Efficiency and Renewable Technologies, CESA and Vote Solar filed a joint motion to establish a schedule and process for determining the capacity value of hybrid resources.</p> <p>On 10/24/19, CalCCA filed an application for rehearing of D.19-10-021, addressing RA import rules stating that the ruling does not affirm existing rules but rather</p>
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	<p>creates new requirements that will effect a sea change in the way import RA is transacted and bid into the CAISO. In conjunction with the application for rehearing, CalCCA filed a motion for stay of the decision and motion to shorten the comment period.</p>
<p>Successor to Existing Net Energy Metering Tariffs pursuant to PUC Section 2827.1 (R.14-07-002)</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.</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. The Decision (19-04-019) was adopted on April 25, 2019.</p> <p>On 6/28/19 the Assigned Commissioner issued a sixth amended scoping memo and ruling. The issues in the fifth amended scoping memo remain with the scope of the proceeding. The highest priority issues for the remainder of the proceeding include consumer protection and resolution of outstanding petitions for modification. The ruling sets a deadline of 7/1/20 for completion of the proceeding.</p> <p>On 8/15/19, a prehearing conference was held.</p> <p>On 10/18/19, the Assigned Commissioner issued a ruling regarding enhanced consumer protections via potential modifications to customer information packet signature requirement and solar provider registration process for interconnecting under net energy metering. Comments are due by 11/4/19.</p>
<p>Continued Implementation of the Public Utility Regulatory Policies Act and Related Matters (R.18-07-017)</p>	<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>

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	<p>On 10/22/19, the ALJ issued a ruling providing additional information regarding the appropriate contract duration for new electric generation projects and provides an opportunity for parties to file and serve supplemental comments on the issue. Comments are due by 11/7/19.</p>
<p>Power Charge Indifference Adjustment: Order Instituting Rulemaking to Review, Revise, and Consider Alternatives to the Power Charge Indifference Adjustment (R17-06-026)</p>	<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> <p>On 7/1/19 the California Community Choice Association and PG&E filed a joint motion to amend the scoping memo. The parties requested additional comment opportunity and extension of time to request evidentiary hearings related to Working Group One, Issues 8-12 Final Report. On 7/9/19 the ALJ issued a ruling modifying the procedural schedule from the scoping memo to allow for additional comment opportunities.</p> <p>On 10/17/19, the Commission adopted a decision refining the method to develop and true up market price benchmarks.</p>
<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>	<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> <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</p>

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	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
Order Instituting Investigation to Determine PG&E Corporation's Organizational Culture and Governance Prioritize Safety. I.15-08-019	<p>At the June 13th meeting, the Commission considered an Order Instituting Investigation on the Commission's Own Motion to Determine Whether Pacific Gas and Electric Company and PG&E Corporation's Organizational Culture and Governance Prioritize Safety.</p> <p>A ruling issued June 18, 2019, established a process for parties to comment on proposals that may improve the safety culture of PG&E. The proposals are: 1) Separating PG&E into separate gas and electric utilities or selling the gas assets; 2) Establishing periodic review of PG&E's Certificate of Convenience and Necessity (CPCN); 3) Modification or elimination of PG&E Corp.'s holding company structure; and 4) Linking PG&E's rate of return or return on equity to safety performance metrics. Comments were due July 19, 2019.</p>
DECISION ON SB100 RPS PROCUREMENT QUANTITIES R 18 07 003	<p>A preliminary decision was issued establishing the procurement requirements at 44% by 2024, 52% by 2027, and 60% by 2030 for SB 100 compliance.</p> <p>On 6/27/19 the Commission adopted D1906023 implementing provisions of SB 100 relating to procurement quantity requirements under the CA RPS. The decision requires</p> <ul style="list-style-type: none"> - For compliance period 2021-2024, retail sellers must procure no less than 44% of their retail sales from eligible resources by 12/31/24 - For compliance period 2025-2027 the requirement is 52% - For compliance period 2028-2030 the requirement is 60% - Progress towards compliance during intervening years of each compliance period from 2021-2030 will continue to be treated using the same straight-line method set out in previous decisions. - For each compliance period beginning with the 2031-2033 compliance period each retail seller must procure not less than 60% of retail sales from eligible resources measured as an average over the compliance period. - <p>On 7/2/19 the ALJ issued a proposed decision on enforcement of the RPS program rules. Opening comments were due by 7/22/19. The proposed decision imposes fines on Liberty Power Holdings (\$431,014) and Gexa Energy (\$1,725,461) for failing to comply with certain program requirements.</p> <p>On 10/3/19, the Commission adopted a decision, which adopts modeling requirements to calculate effective load carrying capability values for RPS procurement.</p>

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<p>DECISION ADDRESSING AUCTION MECHANISM, BASELINES, AND AUTO DEMAND RESPONSE FOR BATTERY STORAGE BATTERY STORAGE</p> <p>A1701012, A1701018, A1701019</p>	<p>The decision addresses the demand response auction mechanism (Auction Mechanism) which needs several immediate critical changes to address shortcomings in performance, reliability, and offering competitive prices in the wholesale energy market. The ALJ's proposed decision would approve a four-year continuation of the Auction Mechanism to improve these shortcomings, beginning with critical improvements in a 2019 solicitation. Related policy matters are scheduled to be addressed by the end of 2019, which will be followed by an informal process to address technical and contractual improvements to the Auction Mechanism.</p>
<p>OIR to Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions R18-12-005</p>	<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>

California Energy Commission

Issue	Latest Developments
<p>CEC Business Meeting</p>	<p>The next regularly scheduled Business Meeting will be held 11/13/19.</p>
<p>AB 1110 Revised Power Source Reporting to Disclose GHG Intensity Factors</p>	<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>

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	<p>A public hearing to consider the possible adoption of proposed regulation governing the power source disclosure program will be held on 11/13/19. Link</p>
2019 IEPR	<p>Scoping and topic workshops for the 2019 IEPR are underway.</p> <p>A workshop on 2019 Preliminary California Energy Demand Electricity and Natural Gas Demand Forecast was held on 8/15/19.</p> <p>A joint agency workshop on energy efficiency and building decarbonization was held on 8/27/19.</p> <p>A Workshop on Near-Zero Carbon electricity was held on 9/24/19.</p> <p>A Workshop on Emerging Trends for the California Energy Demand Forecast was held on 9/26/19.</p> <p>A Workshop on Offshore Wind was held on 10/3/19.</p> <p>A Workshop on revised natural gas price forecast and draft outlook electricity modeling and results will be held on 10/30/19.</p>
Publicly Owned Utilities Voluntary Green Program & RPS Obligation	<p>A workshop was held on 9/10/19 to solicit comments on potential amendments to the Enforcement procedures for the RPS for Local POUs. Proposed changes include:</p> <ul style="list-style-type: none"> - Establishing new compliance periods and procurement targets - Implementing a new long-term procurement requirement. - Modifying rules for the calculation of excess procurement. - Modifying requirements for optional compliance measures, including costs limitations and delay of timely compliance. - Implementing a retail sales reduction for voluntary green pricing programs and shared renewable generation programs. - Modifying exemptions for local POU with qualifying large hydroelectric generation. - Implementing exemptions for qualifying POU procurement from gas-fired generation and generation from unavoidable long-term coal contracts and ownership agreements. - Clarifications to other existing regulatory provisions.

California Air Resources Board

Issue	Latest Developments
Cap and Trade & GHG Reporting	<p>A workshop was held on 8/16/19 to evaluate allowance supply.</p> <p>A meeting of the Compliance Offset Protocol Task Force was held on 10/24/19.</p>



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<p>Low Carbon Fuel Standard</p>	<p>The goal of the LCFS is to reduce carbon intensity of transportation fuel by at least 10% by 2020.</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 was a Public Workshop on April 5th to discuss potential amendments to the cost containment features of the LCFS. The workshop followed 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. Handouts, Staff Presentation and CCM Timeline Handout are available at: https://www.arb.ca.gov/fuels/lcfs/lcfs_meetings/lcfs_meetings.htm</p> <p>A public workshop was held on 7/31/19 to discuss potential amendments to the cost containment features of the LCFS. Staff Presentation Handout</p> <p>A public hearing will be held on 11/21/19 to consider adoption of proposed amendments to the LCFS. Notice. Comments are due on the proposed revisions by 11/18/19. Proposed Regulation Order ISOR</p>
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California Independent System Operator

Issue	Latest Developments
Board of Governors Meeting	The next Board meeting will be held November 13-14, 2019.

CAISO Stakeholder Initiatives

Issue	Latest Developments
Energy Imbalance Market	The EIM governing body will meet on 10/30/19.
Energy Storage and Distributed Energy	Phase 3 was approved by the Board and is in tariff development.

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<p>Resources Participation (Phases 3 and 4)</p>	<p>Phase 4 addresses the following topics: 1. Adding a state of charge parameter in the non-generator resource model; 2. Applying market power mitigation to energy storage resources; 3. Streamlining interconnection agreements for non-generator resource participants 4. Establishing parameters to better reflect demand response resource operational characteristics; 5. Vetting qualification and operational processes for variable-output demand response resources; and 6. Discussing the non-24x7 settlement implications of behind the meter resources within the non-generator resource model. http://www.aiso.com/Documents/StrawProposal-EnergyStorageandDistributedEnergyResourcesPhase4.pdf.</p> <p>A working group meeting was held on 6/27/19. Presentation</p> <p>A working group call was held on 8/21/19. Market Notice</p> <p>On 10/21/19, CAISO posted a revised straw proposal. A meeting to discuss was held on 10/28/19.</p>
<p>Resource Adequacy Enhancement</p>	<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.</p> <p>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>The current proposal and comments submitted can be found at http://www.aiso.com/informed/Pages/StakeholderProcesses/ResourceAdequacyEnhancements.aspx</p> <p>Working group meetings were held on 7/8-9. Presentation</p> <p>On 10/3/19, CAISO posted a Second Revised Straw Proposal on resource adequacy enhancements and a Draft Final Proposal on Local RA with Availability-Limited Resources and Slow Demand Response. A meeting to discuss was held on 10/9/19.</p>

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Day-Ahead Market Enhancements	<p>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.</p> <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 Technical Workshop was held June 20 to discuss proposed options for developing a new day-ahead product that will address ramping needs between intervals and uncertainty that can occur between the day-ahead and real-time markets. The agenda and presentation is available at http://www.caiso.com/informed/Pages/StakeholderProcesses/Day-AheadMarketEnhancements.aspx.</p> <p>A working group meeting was held on 8/13/19. Market Notice. This meeting reviewed comments received from the June workshop and continued discussions on the proposed design options. Presentation</p>
Reliability must-run and capacity procurement mechanism enhancements	<p>FERC accepted CAISO's proposed tariff amendment on 9/27/19,</p>
Storage as a transmission asset	<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. This initiative is currently inactive.</p>
2019-2020 transmission planning process	<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. Background and materials such as studies may be found at: http://www.caiso.com/planning/Pages/TransmissionPlanning/2019-2020TransmissionPlanningProcess.aspx</p>

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	<p>On 8/16/19 the CAISO posted the 2019-2020 preliminary reliability assessment results.</p> <p>A meeting was held on 9/25-26/19. Market Notice.</p> <p>A meeting is scheduled for 11/18/19. Market Notice</p>
Interconnection process enhancements	<p>On 7/17/19 CAISO held a web conference to discuss proposed tariff revisions and interconnection process enhancements.</p> <p>On 8/14/19 CAISO posted the final tariff revisions. Market Notice</p> <p>A tariff amendment was filed at FERC on 8/23/19. FERC accepted the tariff amendments via Letter Order on 10/18/19.</p>
Market Settlement Timeline	<p>On 6/11/19 CAISO issued an issue paper and straw proposal to change the market settlement timeline to reduce market participant financial exposure by producing initial settlement statements that will approximate more the final settlement, allow sufficient time for the CAISO and market participants to resolve disputes and reduce CAISO and market participant administrative costs associated with low-value settlement re-calculation efforts. A meeting to discuss was held on 6/13/19.</p> <p>On 8/15/19 CAISO posted a revised straw proposal and sample payments calendar. A web conference to discuss was held on 8/22/19. Market Notice</p> <p>On 9/24/19, CAISO posted the Draft Final Proposal and associated documents. A meeting to discuss was held on 9/30/19.</p>

Federal Energy Regulatory Commission

Issue	Latest Developments
Federal Energy Regulatory Commission	The next Commission meeting is November 21, 2019.
Grid Reliability and Resilience Pricing (AD18-7)	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. A large number of comments were submitted on May 9, 2019.

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<p>NERC Reliability RD19-3-000</p>	<p>A Technical Conference was 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> <p>FERC issued a Notice of Proposed Rulemaking to adopt a new Reliability Standard CIP-012-1 to mitigate cybersecurity risks associated with communications between bulk electric system Control Centers. file:///C:/Users/pbernardy/Downloads/20190418-3038(33517874).pdf</p> <p>FERC approved a new Critical Infrastructure Protection Reliability Standard (CIP 008-6) to require reporting of cyber security incidents that either compromise or attempt to compromise Electronic Security Perimeters, Electronic Access Control or Monitoring Systems, and Physical Security Perimeters associated cyber systems. The new Reliability Standard also encompasses disruptions or attempts to disrupt the operation of a bulk electric system cyber system. https://www.ferc.gov/media/news-releases/2019/2019-2/06-20-19-E-2.asp#.XQwP8IhKjcs</p> <p>At the June 20, 2019 meeting the Commission initiated a proposed rulemaking to approve Reliability Standard TPL-001-5 (Transmission System Planning Performance Requirements) submitted by the North American Electric Reliability Corporation (NERC) that revises the current standard to address (1) reliability issues concerning the study of single points of failure of protection systems; and (2) directives from a previous Commission order (Order No. 786) regarding planned maintenance outages and stability analysis for spare equipment strategy. In addition, the NOPR proposes to direct NERC to develop and submit modifications to the NERC Reliability Standard to require corrective action plans for protection system single points of failure in combination with a 3-phase fault if planning studies indicate potential cascading.</p>
<p>Return on Equity Policy Review</p>	<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</p>

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	<p>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>Electric Transmission Incentives Policy</p>	<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>
<p>TECHNICAL CONFERENCE ON INCREASING REAL-TIME AND DAY-AHEAD MARKET EFFICIENCY AND ENHANCING RESILIENCE THROUGH IMPROVED SOFTWARE</p>	<p>Commission staff convened a technical conference (AD19-13-000) 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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Buchalter

California Regulatory Happenings for the Week of October 21, 2019

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Upcoming Meetings

October/November 2019				
Monday	Tuesday	Wednesday	Thursday	Friday
28	29	30 CPUC workshop energy efficiency 10am CEC IEPR workshop 10am CAISO EIM Governing Body Meeting 12:30	31 CPUC workshop energy efficiency 9am CAISO Local Capacity Requirements, Criteria, Methodology and Assumptions Call 10am CAISO TANC CRR Exchange Agreement Call 2pm	1 CPUC workshop Resource Adequacy proceeding 9:30am
4 CPUC workshop PCIA proceeding 11am CAISO Generation Deliverability Assessment Revised Draft Final Proposal Call 3pm	5	6 CPUC Meeting 10am	7 CAISO Market Update Call 10:15am CEC workshop on energy storage research needs in California 10am (San Diego)	8 CEC EPIC Fall 2019 workshop 10am

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