

California Regulatory Happenings for the Week of January 20, 2020

California Public Utilities Commission

Issue	Latest Developments
CPUC Commissioner's Meeting	<p>The next Commission meeting is scheduled for 2/6/20 in Bakersfield.</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. The final decision D.19-11-016 was adopted by the Commission on 11/13/19.</p>

California Regulatory Happenings for the Week of January 20, 2020

	<p>On 11/6/19 the ALJ issued a ruling seeking comments on proposed reference system portfolio and related policy actions. Comments were due by 11/27/19 and reply comments were due by 12/13/19.</p> <p>On 12/5/19 the California Environmental Justice Alliance, Sierra Club, Defenders of Wildlife and the Public Advocates Office submitted an application for rehearing and clarification of D.19-02-007. The parties allege that the decision: 1) erroneously allows for procurement of new fossil fuel units and facilities; 2) commits legal error by allowing procurement of new fossil fuel capacity; 3) the allowance of new fossil fuel procurement is not supported by the findings; 4) substantial evidence does not support allowing new fossil fuel procurement; and 5) the joint parties will be prejudiced if this application for rehearing is not granted because they lack the ability to protest fossil fuel procurement in an evidentiary hearing.</p> <p>On 12/13/19 GenOn Holdings, Inc. filed an application for re-hearing of D.19-11-016. GenOn requests rehearing on the limitation on OTC extensions to one year.</p> <p>On 1/3/20 the ALJ issued a ruling finalizing the baseline for purposes of procurement required by D.19-11-016.</p>
<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 was held on 12/17/19.</p> <p>On 11/27/19, the ALJ issued a ruling directing responses to attached questions and revising the schedule. Responses are due by 1/13/20 and reply comments are due by 1/27/20. Parties are permitted to include comments on the 6/14/19 working group three final report with their response.</p>

California Regulatory Happenings for the Week of January 20, 2020

<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 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 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. On 12/23/19 the Commission granted the motion for stay of D.19-10-021.</p> <p>On 10/30/19, CalCCA filed a petition for modification of D.19-06-026. CalCCA requests that the Commission grant Energy Division Staff authority to grant waivers of system and flexible RA requirements beginning with the 2020 compliance year.</p> <p>On 11/18/19 CAISO and Powerex each filed rehearing requests of D.19-12-021.</p> <p>On 11/26/19 the ALJ issued a proposed decision granting the motion regarding qualifying capacity value of hybrid resources with modifications. Opening comments were due by 12/20/19 and reply comments by 1/2/20.</p> <p>On 1/13/20 the Assigned Commissioner issued a ruling attaching the Energy Division's State of the Market Resource Adequacy Report.</p> <p>On 1/16/20 the ALJ issued a proposed decision granting the Joint Parties' motion to establish a schedule and process for determining the qualifying capacity value of hybrid resources, with modifications.</p>
<p>Resource Adequacy Program, Consider Program Refinements, and Establish Forward Resource Adequacy Procurement Obligations (R.19-11-009)</p>	<p>On 11/7/19 the Commission opened a rulemaking to oversee the Resource Adequacy program, consider any changes and refinements to the program and establish forward RA procurement obligations applicable to LSEs beginning with the 2021 compliance year. This rulemaking is the successor to R17-09-020. Comments were due on 12/3/19.</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</p>

California Regulatory Happenings for the Week of January 20, 2020

	<p>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 were due by 11/4/19.</p> <p>On 11/20/19 the California Solar and Storage Association filed a petition for modification of D.16-01-044 regarding clarification of virtual net energy metering eligibility requirements.</p> <p>On 12/27/19 the ALJ issued a ruling providing notice and opportunity regarding continued funding of the solar on multifamily affordable housing program.</p> <p>On 1/2/20 Commissioner Guzman Aceves issued a proposed decision modifying D.18-09-044 and adopting additional consumer protection measures for net energy metering customers.</p>
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> <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</p>

California Regulatory Happenings for the Week of January 20, 2020

	<p>opportunity for parties to file and serve supplemental comments on the issue. Comments were 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>On 12/18/19 the ALJ issued a ruling modifying the procedural schedule from the Scoping Memo so that parties have an opportunity to provide additional comments on Working Group 2 Final Report (Prepayment). Comments were due by 1/6/20 and reply comments by 1/13/20.</p> <p>On 1/3/20 SCE, Commercial Energy of California and CalCCA filed a joint motion to amend the scoping memo. The parties requested additional comment opportunity and extension of the time to request evidentiary hearings related to the working group three final report. On 1/15/20 the ALJ issued a ruling granting the motion. Comments are due by 2/13/20, reply comments by 2/20/20 and motions for evidentiary hearings by 2/27/20.</p>
<p>Order Instituting Rulemaking to Implement Public</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</p>

California Regulatory Happenings for the Week of January 20, 2020

<p>Utilities Code Section 451.2 Regarding Criteria and Methodology for Wildfire Cost Recovery Pursuant to Senate Bill 901 (2018) R19-01-006</p>	<p>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 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>
<p>Order Instituting Investigation to Determine PG&E Corporation's Organizational Culture and Governance Prioritize Safety. I.15-08-019</p>	<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>
<p>DECISION ON SB100 RPS PROCUREMENT QUANTITIES R.18-07-003</p>	<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.

California Regulatory Happenings for the Week of January 20, 2020

	<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> <p>On 11/19/19 the ALJ issued a proposed decision on 2019 RPS procurement plans. The decision was adopted by the Commission on 12/30/19. D.19-12-042.</p> <p>On 1/7/20 Enercal USA, LLC filed a petition for modification of D.19-12-042 challenging the decisions finding that EnerCal's RPS plan is deficient.</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> <p>On 11/1/19 the ALJ issued a ruling advising parties of upcoming amended scoping memo and suspending the current procedural schedule in the rulemaking.</p> <p>On 11/12/19 the Assigned Commissioner and ALJ issued a ruling directing PG&E to show cause why it should not be sanctioned by the Commission for violation of Public Utilities Code Sections 451, Commission Decision D.19-05-042 and Resolution ESRB-8 for failing to properly communicate with its customers, coordinate with local governments and communicate with Critical Facilities and Public Safety Partners during Public Safety Power Shutoff events during 10/9-12/19 and 10/23-11/1/19. An evidentiary hearing was held on 12/9/19.</p> <p>A scoping memo and ruling was issued for the amended phase 2 of the proceeding on 12/19/19. In this phase, the Commission will consider whether existing PSPS guidelines in Resolutions ESRB-8 and D.19-05-042 should be amended. The Commission will also consider the adoption of several new guidelines in advance of the 2020 wildfire season.</p> <p>On 1/15/20 the ALJ issued a ruling modifying the schedule of Phase 2.</p>

California Regulatory Happenings for the Week of January 20, 2020

California Energy Commission

Issue	Latest Developments
CEC Business Meeting	The next regularly scheduled Business Meeting will be held 1/22/20. Agenda
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 11/25/19 the CEC posted 15-day language. A public hearing was held on 12/11/19. The new language includes new or modified definitions under section 1391, modifications to the adjusted net purchases calculation, removal of proposed language pertaining to the deadline for Power Content Label disclosure, clarification of the process under section 1394.1 for retail suppliers to request approval for additional footnote information and other substantive and non-substantive changes.</p>
2019 IEPR	<p>On 11/12/19 the CEC posted the Draft 2019 IEPR. Comments were due by 11/27/19.</p> <p>A workshop was held on 12/2/19 on 2019 Revised Electricity and Natural Gas Demand Forecast.</p> <p>On 1/17/20 the CEC posted the final CA Energy Demand 2020-2030 Forecast. The forecast will be considered for adoption at the 1/22/20 business meeting.</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.

California Regulatory Happenings for the Week of January 20, 2020

	<ul style="list-style-type: none"> - 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. <p>On 12/17/19 proposed pre-rulemaking amendments to the RPS POU regulations were posted along with a request for comments. A Lead Commissioner Pre-Rulemaking Workshop – Enforcement Procedures for the RPS for Local Publicly Owned Electric Utilities was held on 1/10/20.</p>
--	--

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> <p>On 11/18/19 ARB announced that it had initiated an investigation into whether compliance offset credits issued for livestock methane destruction events that took place at the Scenic View Dairy in Holland, Michigan may have been generated while the facility was not in compliance with the health and safety rules of the Michigan Department of Environment, Great Lakes, and Energy.</p>
Low Carbon Fuel Standard	<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 was held on 11/21/19 to consider adoption of proposed amendments to the LCFS. Notice. Comments were due on the proposed revisions by 11/18/19. Proposed Regulation Order ISOR.</p> <p>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.</p>

California Regulatory Happenings for the Week of January 20, 2020

California Independent System Operator

Issue	Latest Developments
Board of Governors Meeting	The next Board meeting will be held February 4-5, 2020.

CAISO Stakeholder Initiatives

Issue	Latest Developments
Energy Storage and Distributed Energy Resources Participation (Phases 3 and 4)	<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.caiso.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>A meeting to discuss was held on 12/3/19. Notice Presentation</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.</p>

California Regulatory Happenings for the Week of January 20, 2020

	<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.caiso.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. An additional meeting was held on 12/6/19.</p> <p>A meeting to discuss the third revised straw proposal was held on 1/7-8/20. Agenda. Comments on the revised proposal are due by 1/27/20.</p>
<p>Day-Ahead Market Enhancements</p>	<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 comment received from the June workshop and continued discussions on the proposed design options. Presentation</p>

California Regulatory Happenings for the Week of January 20, 2020

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> <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 was held on 11/18/19. Presentation Market Notice</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 January 23, 2020. Agenda

California Regulatory Happenings for the Week of January 20, 2020

Grid Reliability and Resilience Pricing (AD18-7)	<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. A large number of comments were submitted on May 9, 2019.</p>
NERC Reliability RD19-3-000	<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. Link</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>
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>

California Regulatory Happenings for the Week of January 20, 2020

	<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>Electric Transmission Incentives Policy (PL19-3-000)</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</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>

Prepared by



California Regulatory Happenings for the Week of January 20, 2020

THROUGH IMPROVED SOFTWARE (AD19-13-000)	
--	--

California Regulatory Happenings for the Week of January 20, 2020

Upcoming Meetings

January 2020				
Monday	Tuesday	Wednesday	Thursday	Friday
<p>20</p>	<p>21 CEC Staff workshop to discuss proposed natural gas research initiatives 9am</p>	<p>22 CAISO EIM Governing Body Meeting 9am CEC Business Meeting 10am</p>	<p>23 FERC Commission Meeting 7am CARB Board Meeting 9am</p>	<p>24 CEC Disadvantaged Communities Advisory Group Meeting 10am</p>
<p>27 CPUC evidentiary hearing in PG&E investigation and order to show cause as to why the Commission should not impose penalties. 9:30am CPUC workshop microgrids 10am</p>	<p>28 CPUC workshop creation on shared database of utility poles and conduit 10am CAISO 2021 Flexible Capacity Needs Assessment 1pm CEC Staff Workshop – offshore renewable energy 1:30pm</p>	<p>29 CAISO Maximum Import Capacity Stabilization and Multi-Year Allocation 1pm</p>	<p>30 CPUC workshop energy efficiency rolling portfolios, policies, programs and related issues 9am</p>	<p>31</p>

Prepared by

Buchalter

California Regulatory Happenings for the Week of January 20, 2020

Contact Info



Gwenneth O'Hara

Chair: Energy and Natural Resources Group

Shareholder

916-945-5174

gohara@buchalter.com



Meghan Thomas

Attorney

916-945-5176

mthomas@buchalter.com



Peggy Bernardy

Of Counsel

916-945-5168

pbernardy@buchalter.com