

**CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES**  
**QUARTERLY STAFF REPORT**  
**AUGUST 2021 – JANUARY 2022**

**I. SCHEDULE OF UPCOMING EVENTS:**

<b>Date and Time</b>	<b>Event Name</b>	<b>Proceeding Number</b>
First Quarter 2022	Proposed Decision on Track 1 (Reliability Standards and Market Structure/Regulations)	R.20-01-007 (Gas Reliability)
First Quarter 2022	Data Portals Improvement	R.21-06-017 (High DER Grid)
First Quarter 2022	Guiding Questions and CEC Report Comments	R.21-06-017 (High DER Grid)
First Quarter 2022	Community Engagement Need Assessment Report	R.21-06-017 (High DER Grid)
First Quarter 2022	White Paper and Workshop on Track 2 (Distribution System Operator (DSO) Roles and Responsibilities)	R.21-06-017 (High DER Grid)
February 2022	Proposed Decision on Implementation Track – Phase 1 (Central Procurement Entity (CPE))	R.21-10-002 (RA)
February 2022	Reform Track Workshop Report	R.21-10-002 (RA)
February 2022	Integration Capacity Analysis (ICA) and Grid Needs Assessment (GNA) Alignment and Utility Reports	R.21-06-017 (High DER Grid)
February 2022	ALJ Ruling with Staff Proposal	R.19-09-009 (Microgrids)
February 14, 2022	Opening Comments on Implementation Track – Phase 2	R.21-10-002 (RA)
February 14, 2022	Track 2a (Gas Infrastructure) Workshop Report	R.20-01-007 (Gas Reliability)
February 16, 2022	Opening Comments on Phase 3 Report	I.17-02-002 (Aliso Canyon)
February 21, 2022	Responses to Phase III Ruling	R.19-01-011 (Building Decarb.)
February 22, 2022	Workshop to discuss proposals for behind-the-meter (BTM) Qualifying Capacity (QC)	R.21-10-002 (RA)
February 24, 2022	Reply Comments on Implementation Track – Phase 2	R.21-10-002 (RA)
February 28, 2022	Comments, Gas Infrastructure Workshop Report	R.20-01-007 (Gas Reliability)
February 28, 2022	Deadline to Request Evidentiary Hearings	R.19-01-011 (Building Decarb.)
February 28, 2022	Opening Briefs on Track 2a (Gas Infrastructure)	R.20-01-007 (Gas Reliability)
March 2022	Workshop on equity challenges	R.20-01-007 (Gas Reliability)
March 2022	Opening and Reply Comments on Staff Proposal	R.19-09-009 (Microgrids)
March 2, 2022	Reply Comments on Phase 3 Report	I.17-02-002 (Aliso Canyon)
March 4, 2022	Responses to Motions to Request Evidentiary Hearings	R.19-01-011 (Building Decarb.)
March 4, 2022	Opening Testimony	I.17-02-002 (Aliso Canyon)
March 7, 2022	Appeals of Presiding Officer’s Decision	R.13-11-005 (EE)
March 9, 2022	Ruling on Motions to Request Evidentiary Hearings	R.19-01-011 (Building Decarb.)
March 14, 2022	Deadline to file Motion to Serve Testimony and Hold Hearings in Track 2a (Repair Criteria, etc.)	R.20-01-007 (Gas Reliability)
March 25, 2022	Rebuttal Testimony	I.17-02-002 (Aliso Canyon)
Second Quarter 2022	Remaining lighting enforcement issues	R.13-11-005 (Energy Efficiency)
Second Quarter 2022	Distribution Investment Deferral Guidelines	R.21-06-017 (High DER Grid)
Second Quarter 2022	Electrification Impacts Study and Workshop	R.21-06-017 (High DER Grid)
Second Quarter 2022	Data Portals Improvement Technical Report	R.21-06-017 (High DER Grid)
Second Quarter 2022	Distribution Planning Process Improvement Workshop	R.21-06-017 (High DER Grid)
Second and Third Quarters 2022	Future Grid/DSO Workshop Series	R.21-06-017 (High DER Grid)
April 1, 2022	Reply Briefs on Track 2a (Gas Infrastructure)	R.20-01-007 (Gas Reliability)

<b>Date and Time</b>	<b>Event Name</b>	<b>Proceeding Number</b>
April 4-6, 2022	Evidentiary Hearings	I.17-01-002 (Aliso Canyon)
April 15, 2022	CAISO Draft 2023 LCR Report	R.21-10-002 (RA)
April 22, 2022	Opening Briefs	I.17-02-002 (Aliso Canyon)
April 29, 2022	CAISO Final 2023 LCR and FCR Report	R.21-10-002 (RA)
May 2022	Proposed Decision on Implementation Track – Phase 2	R.21-10-002 (RA)
May 5, 2022	Reply Briefs	I.17-02-002 (Aliso Canyon)
May 6, 2022	Opening Comments on Final 2023 LCR and FCR Report	R.21-10-002 (RA)
May 13, 2022	Reply Comments on Final 2023 LCR and FCR Report	R.21-10-002 (RA)
End of May 2022	Opening Testimony on Track 2a (Repair Criteria, etc.)	R.20-01-007 (Gas Reliability)
Summer 2022	Proposed Decision on Reform Track	R.21-10-002 (RA)
Summer 2022	Proposed Decision	I.17-02-002 (Aliso Canyon)
June 2022	ALJ Ruling on Draft Multi-Property Microgrid Tariff (MPMT) Guiding Principles	R.19-09-009 (Microgrids)
End of June 2022	Rebuttal Testimony on Track 2a (Repair Criteria, etc.)	R.20-01-007 (Gas Reliability)
Second Half of 2022	Issues associated with new portfolio applications	R.13-11-005 (Energy Efficiency)
Second Half of 2022	Rules for CCAs that elect to administer EE programs and regional energy networks	R.13-11-005 (Energy Efficiency)
Third Quarter 2022	Community Engagement Needs Assessment Scope and Objectives Workshop	R.21-06-017 (Gas Reliability)
July 2022	Hearings on Track 2a (Repair Criteria, etc.)	R.20-01-007 (Gas Reliability)
July 2022	Opening and Reply Comments on MPMT Guiding Principles	R.19-09-009 (Microgrids)
August 2022	Opening and Reply Briefs on Track 2a	R.20-01-007 (Gas Reliability)
August 2022	ALJ Ruling on Microgrid Multi-Property Tariff (MMPT) Proposals	R.19-09-009 (Microgrids)
August 2022	Stakeholder Proposals for MMPT Proposals	R.19-09-009 (Microgrids)
September 2022	Public Workshop on Stakeholder MMPT Proposals	R.19-09-009 (Microgrids)
September 2022	Opening Comments on Stakeholder MMPT Proposals	R.19-09-009 (Microgrids)
Fourth Quarter 2022	Electrification Impacts Staff Proposal	R.20-01-007 (Gas Reliability)
Fourth Quarter 2022	Utility ICA Refinements 1 <sup>st</sup> Annual Reports and Workshop	R.20-01-007 (Gas Reliability)
October 2022	Reply Comments on Stakeholder MMPT Proposals	R.19-09-009 (Microgrids)
October 2022	Workshop in Track 2b (Equity, Rate Design, Gas Revenues, Safety, and Workforce Issues)	R.20-01-007 (Gas Reliability)
October 2, 2022	Public Workshop on Economic & Equity Impacts of Large Disruptions	R.19-09-009 (Microgrids)
October 3, 2022	Public Workshop on Definitions, Metrics, Tools, and Methods	R.19-09-009 (Microgrids)
October 4, 2022	Public Workshop on Informing Grid Planning	R.19-09-009 (Microgrids)
Late October 2022	ALJ Ruling with Energy Division Staff Proposal for MMPT	R.19-09-009 (Microgrids)
November 2022	Proposed Decision on Track 2a (Repair Criteria, etc.)	R.20-01-007 (Gas Reliability)
November 2022	Workshop on Multi-Property Tariff	R.19-09-009 (Microgrids)
November 2022	Opening and Reply Comments on Energy Division Staff Proposal for Multi-Property Tariff	R.19-09-009 (Microgrids)
December 2022	Track 2b Workshop Report	R.20-01-007 (Gas Reliability)

## **II. EXECUTIVE SUMMARY: THE PAST QUARTER AT A GLANCE** (pages 3 – 4):

### **Transmission Planning and Development** (full report on page 5)

CEERT has been intensely focused on the California Independent System Operator’s (CAISO’s) *2021-22 Transmission Plan* and its new *20-year Transmission Outlook*. We worked with Americans for Clean Power, Large-Scale Solar Association, and Independent Energy Producers Association to encourage CAISO to include *additional projects* in its Transmission Planning Process, based on the interconnection of new clean energy projects and the California Public Utilities Commission’s (CPUC’s) 11,500-mega-watt (MW) midterm clean energy procurement.

CEERT Executive Director V. John White held discussions with CAISO’s Elliot Mainzer and Neil Millar on *barriers to new transmission projects and upgrades*. These discussions have influenced our thinking about new measures to tackle transmission planning and financing.

### **California Energy Commission and Interagency SB 100 Planning Process** (full report on page 5)

John took part in several meetings and discussions with CEC Commissioner Karen Douglas and her staff. Karen is leading the CEC-based *interagency SB 100 implementation working group*, and directed a CEC “*Starting Point*” analysis for the CAISO 20-year Transmission Outlook, which included significant revisions to the CPUC’s modeling assumptions and “optimal” generation portfolios.

### **Advocacy at the California Air Resources Board (CARB)** (full report on page 5)

CEERT and our allies have been advocating for CARB to adopt a *power sector greenhouse-gas (GHG) target of no greater than 30 million metric tons (MMT) by 2030* for its 2022 GHG Scoping Plan. However, CARB’s most recent draft has two scenarios at 38 MMT, as well as two at 30 MMT. Union of Concerned Scientists, CEERT, and others will be meeting with CARB staff to argue for lower targets.

### **Discussions with the Governor’s Office** (full report on pages 5)

In a meeting with the Governor’s then energy advisor Alice Reynolds, CEERT shared our concerns about *the slow pace of approvals and interconnection of new transmission projects and upgrades* at the CPUC, and the need for higher levels of Administration engagement on *regional grid integration issues*.

### **Discussions with Local Government on Siting Clean Energy Projects** (full report on page 5)

V. John White and Carla Martinson of NextEra Energy met with Sid Nag of the Rural Counties Association and Catherine Freeman of the County Supervisors Association on how to overcome barriers to *local government clean-energy siting and permitting decisions* and improve understanding of potential community benefits.

### **Los Angeles Department of Water and Power (LADWP)** (full report on page 6)

V. John White has assumed Jim Caldwell’s role as a member of the LADWP Advisory Committee on implementing the *LA 100% clean energy plan*. The Committee is reviewing the need for *new transmission* both within the LA Basin and for delivering imports from the north and east, *green hydrogen’s role* in minimizing gas combustion, and large and small distributed *solar and storage projects*.

### **Long-Duration Storage (LDS)** (full report on page 6)

In last year’s reliability procurement, the CPUC included 1,000 MW of LDS, to be shared by all load-serving entities. CEERT will be working on the Governor’s 2022-23 proposed budget, which contains *\$380 million over two years for LDS demonstration projects*.

### **Geothermal and Lithium Valley** (full report on page 6)

V. John White has been working with Assemblymember Eduardo Garcia on a springtime symposium in Imperial Valley to discuss recent developments in *lithium recovery technologies*, and has been collaborat-

ing with Assemblymember Garcia, Jonathan Weisgall, and CEC Chair David Hochschild on recommendations for how the state could accelerate investment in lithium extraction and manufacturing. John also worked with Jonathan Weisgall and Natural Resources Secretary Wade Crowfoot on procurement strategies for *new geothermal development* needed to support the future expansion of the lithium industry.

**Advocacy at the California Public Utilities Commission (CPUC)** (*full report on pages 6 – 16*)

The CPUC launched a new *Resource Adequacy (RA) rulemaking* to oversee the RA Program, consider program reforms and refinements, and establish forward RA procurement obligations. CEERT recommended that the CPUC revise the RA counting methodology for *hybrid resources* and reevaluate our previous proposal for counting direct-current coupled hybrid resources. A Working Group will address issues on establishing RA counting conventions for *behind-the-meter (BTM) and storage resources*.

In the *Extreme Weather proceeding*, CEERT urged the CPUC to approve and fully compensate *solar + storage hybrids, demand response, and BTM resources*, and to exclude additional gas procurement.

In the *Integrated Resource Planning (IRP) proceeding*, CEERT agreed with multiple parties that the CPUC must further analyze the feasibility of a *30 MMT GHG portfolio*, and that the CPUC must build its *Preferred System Plan (PSP)* around diverse resources and not procure any new fossil-fueled generation. We also recommended clarification on the definition of *green hydrogen*. A 12/22/21 Proposed Decision in the IRP calls for a PSP 38 MMT portfolio, but also for exploring the transmission buildout needed to meet a 30 MMT target.

In the *Aliso Canyon proceeding*, CEERT supported an Alternative Proposed Decision (APD), and recommended that utilities serving the LA Basin be allowed to *upgrade transmission* to reduce the gas burn for electricity, that the CPUC aggressively implement AB 3232 to *reduce gas consumption in existing buildings*, and that the CPUC *facilitate green hydrogen production* to back out steam methane reforming in petroleum refining. A Final Decision set Aliso’s interim storage capacity at the range cited in the APD.

In the *Energy Efficiency proceeding*, the CPUC approved several initiatives designed to produce emergency peak demand (4:00 p.m. - 9:00 p.m.) and/or net peak (7:00 p.m. - 9:00 p.m.) demand reductions through energy efficiency measures for the summers of 2022 and 2023. The decision was developed in response to Governor Newsom’s July 30 Emergency Proclamation, and approves \$180 million in incremental energy efficiency budgets for program years 2022 and 2023.

**Clean Transportation Advocacy** (*full report on pages 17 –20*)

The US-EPA issued a Final Rule on GHG emission reduction standards for 2023-2026 that partially reverses the Trump Administration’s rollback of the Obama Administration standards.

CEERT and our allies are working with CARB on the Advanced Clean Cars Regulations II, which aims to lower criteria emissions standards for conventional vehicles and help reach the Zero Emission Vehicle (ZEV) Program goal of all passenger vehicles sold in California being ZEVs by 2035. We feel CARB Staff’s proposed ramp of 2026-2035 ZEV sales requirements is too conservative and risks the state falling short of its 2035 goals.

A total of 17 states have now adopted California’s Clean Car Standards, and CEERT is working with Canadian NGOs to encourage their government to adopt a strict ZEV mandate.

CEERT and our allies are collaborating with CARB Staff on the Advanced Clean Fleet Regulation to further reduce emissions from trucking and expedite California’s transition to an all-ZEV truck fleet. We are working to ensure that the regulation’s benefits are maximized for low-income communities.



### **Transmission Planning and Development**

CEERT has been intensely focused on the California Independent System Operator's (CAISO's) 2021-22 Transmission Plan, which was just released February 2, and on the new 20-year Transmission Outlook, also released February 2. CEERT worked over the fall with our colleagues at Americans for Clean Power, Large Scale Solar Association, and Independent Energy Producers Association to encourage CAISO to expand its Transmission Planning Process to include additional transmission projects, based on the interconnection of new clean energy projects and the California Public Utilities Commission's (CPUC's) 11,500-megawatt (MW) clean energy procurement.

CEERT Executive Director V. John White participated in CAISO transmission workshops, and held discussions with CAISO's Elliot Mainzer and Neil Millar on barriers and obstacles to new transmission projects and upgrades. These discussions have influenced our thinking about new measures to tackle transmission planning and financing.

### **The California Energy Commission (CEC) and the Interagency SB 100 Planning Process**

V. John White took part in several meetings and discussions with CEC Commissioner Karen Douglas and her staff. Karen is leading the CEC-based interagency SB 100 implementation working group, and under her direction, CEC prepared a "Starting Point" analysis for the CAISO 20-year transmission outlook, which included significant revisions to the CPUC's modeling assumptions and "optimal" generation portfolios.

### **Advocacy at the California Air Resources Board (CARB)**

CEERT has been part of a coalition of environmental groups that has been advocating for CARB to adopt a power sector greenhouse-gas (GHG) target of no greater than 30 million metric tons (MMT) by 2030 as part of its 2022 Greenhouse Gas Scoping Plan. In an early draft of the scoping plan scenarios, CARB included two scenarios with 30 MMT, and two scenarios with a power sector target of zero GHG emissions by 2030. However, CARB's most recent draft has two scenarios at 38 MMT, and two at 30 MMT.

CEERT will be part of a meeting with CARB staff organized by Union of Concerned Scientists to argue for lower targets, and understand the rationale or the pressures leading to the consideration of higher GHG targets. Ongoing concerns about potential blackouts underscores our current dependence on natural gas and backup diesel generators, the solution to which is more transmission for clean energy projects.

### **Discussions with the Governor's Office**

CEERT shared the major concerns discussed at our November retreat meeting with the Governor's then energy advisor, Alice Reynolds. Among the issues we raised were the slow pace of approvals and interconnection for new transmission projects and upgrades at the CPUC, and the need for higher levels of engagement by the Administration with neighboring states on regional grid integration issues. While California legislation on regional grid governance is unlikely in 2022, there is hope that a serious effort can be made next year, but the groundwork must be laid in 2022, including expressions of support by the Governor. We also discussed the need for greater interagency cooperation on transmission planning and coordinated procurement with Wade Crowfoot, Natural Resources Secretary, and his deputy, Matt Baker.

### **Discussions with Local Government on Siting Clean Energy and Transmission Projects**

Following up on discussions at the CEERT November retreat, V. John White and Carla Martinson of NextEra Energy convened an informal discussion with Sid Nag of the Rural Counties Association and Catherine Freeman of the County Supervisors Association on how to overcome barriers to local government clean-energy siting and permitting decisions, including better understanding of potential community benefits and a possible phase-out of the solar property tax exemption. We anticipate CEERT will organize a convening of local government leaders and renewable energy and environmental stakeholders to continue these discussions and troubleshoot contentious issues.

### **Los Angeles Department of Water and Power (LADWP)**

With Jim Caldwell's departure to work with the City of San Jose, V. John White assumed Jim's role as a member of the LADWP Advisory Committee on implementation of the LA 100% clean energy plan, with Jose Carmona as alternate. John and Jose are also members of the Equity Advisory Committee.

The Advisory Committee has met approximately every two weeks, and has been reviewing a variety of issues on plan implementation, including the need for expanded transmission both within the LA Basin and for delivering imports from the north and east, the role of green hydrogen as a strategy for minimizing combustion of gas, and the combination of large and small distributed solar and storage projects. The Advisory Committee meetings will continue until LADWP proposes revisions to its Integrated Resource Plan, including different scenarios for load growth and building and transportation electrification.

### **Long-Duration Storage (LDS)**

In its midterm reliability procurement order last year, the CPUC included 1,000 MW of long-duration storage (LDS), to be shared by all load-serving entities. In response, some of the community choice aggregators (CCAs) formed a power agency to jointly procure storage projects, and the resulting procurement was for 8-hour lithium-ion batteries.

In 2021, Clean Power Campaign sponsored SB 423 (Stern), which directed the CEC to carry out an assessment of the need and feasibility for using clean energy resources such as LDS and geothermal that up to then not been included in the CPUC's Resolve model for its Integrated Resource Plan. In addition, the Governor's 2022-23 proposed budget contains \$380 million over two years for LDS demonstration projects. CEERT will be working during 2022 on both the Governor's budget proposals and the CEC's assessment of previously overlooked clean energy resources in the implementation of SB 423.

### **Geothermal and Lithium Valley**

V. John White participated in a field trip to the Salton Sea region with Assemblymember Eduardo Garcia and members of the Assembly Select Committee on Lithium and the California Economy. John has been working with Assemblymember Garcia on planning a springtime symposium in Imperial Valley to discuss recent developments in lithium recovery technologies, and has been collaborating with Assemblymember Garcia, Jonathan Weisgall, and CEC Chair David Hochschild on recommendations for how the state could accelerate investment in lithium recovery and manufacturing. John also worked with Jonathan Weisgall and Wade Crowfoot, Secretary of Natural Resources, on possible procurement strategies for new geothermal development needed to support the future expansion of the lithium industry.

### **Advocacy at the California Public Utilities Commission (CPUC)**

#### **Summary of CEERT's Advocacy at the CPUC**

CEERT has been active in the following proceedings: Extreme Weather (R.20-11-003), Transmission Planning/Reporting (I.00-11-001), Integrated Resource Planning (IRP) (R.20-05-003), Resource Adequacy (R.19-11-009 and R.21-10-002), Gas Reliability (R.20-01-007), Microgrids (R.19-09-009), Aliso Canyon (I.17-02-002), Self-Generation Incentive Program (SGIP) (R.20-05-012), and Integrated Distributed Energy Resources (IDER) (R.14-10-003).

#### **New Events at the CPUC**

##### **New Resource Adequacy (RA) Order Instituting Rulemaking (OIR) (R.21-10-002)**

This section will address both the previous (R.19-11-009) and the new (R.21-10-002) RA proceedings.

##### **R.19-11-009 (RA)**

On August 16, PG&E confirmed the Workshop dates and scope to develop implementation details based on PG&E's Slice-of-Day Proposal. Workshops were held on September 22 and October 6 (Structural

Issues), October 20 and November 3 (Resource Counting), November 17 (Need Determination and Allocation), December 15 (Recap of Slice-of-Day), December 17 (Energy Storage), January 5 (Hedging Component), and January 19 (Unforced Capacity and Multi-Year).

On September 9, OhmConnect submitted a [Petition for Modification](#) of D.20-06-031, requesting that the decision be modified to increase the Maximum Cumulative Capacity (MCC) Bucket Cap to 11.3%. Responses to this Petition for Modification were submitted on October 11.

#### R.21-10-002 (RA)

On October 11, the CPUC issued [R.21-10-002](#), an Order Instituting Rulemaking to oversee the Resource Adequacy Program, consider program reforms and refinements, and establish forward Resource Adequacy procurement obligations. CEERT submitted [Opening Comments](#) on the new OIR on November 1. We recommended that the CPUC revise the RA counting methodology for hybrid resources and reevaluate CEERT's previous proposal for counting direct current (DC) coupled hybrid resources. On November 16, we attended the Prehearing Conference and again urged the CPUC to reconsider our proposal.

On December 2, Assigned Commissioner Batjer issued a [Scoping Memo and Ruling](#) dividing the proceeding into an Implementation Track and Reform Track. The Implementation Track is divided into three phases: Phase 1 will consider critical modifications to the Central Procurement Entity (CPE) structure; Phase 2 will consider flexible capacity requirements for the following year, local capacity requirements for the next three years, and the highest-priority refinements to the RA program; and Phase 3 will consider the 2024 program year requirements for flexible RA and the 2024-2026 local RA requirements. The Reform Track looks at modifications to the RA Program.

On December 13, several parties and [Energy Division](#) submitted Implementation Track – Phase 1 (CPE) Proposals, and on December 14, Energy Division held a Workshop to discuss those Proposals. On December 23, parties offered new or revised CPE Proposals, then submitted Opening Comments on January 4 and Reply Comments on January 13.

D.21-06-029 authorized a new Working Group to address eight issues on establishing RA counting conventions for behind-the-meter (BTM) and storage resources. Workshops were held on December 21 and January 4 and 11 (Barriers to D.21-06-029) and February 8 and February 22 (Proposal for BTM Qualifying Capacity).

On January 21, several parties and [Energy Division](#) submitted Phase 2 proposals. A Workshop on these proposals was held on February 4. Opening Comments on the proposals and Workshop were due on February 14 and Reply Comments on February 24.

The Energy Division LOLE Study was expected on February 1. However, on February 3, ALJ Chiv e-mailed that the Study is further delayed and will be issued via a forthcoming Ruling, with a separate comment schedule also to be established.

### **CPUC Energy Planning and Procurement and Resource Adequacy**

#### Extreme Weather (R.20-11-003)

CEERT has actively participated in this proceeding. On September 1, we submitted [Opening Phase 2 Prepared Testimony](#), again asking the CPUC to afford the same sense of urgency and provide the same level of compensation to solar + storage hybrids, demand response, and behind-the-meter (BTM) distributed energy resources (DERs) as it does to incremental investments in fossil generation and short-term contracts with existing fossil resources while being willing to waive environmental regulations, all in the name of keeping the lights on in these trying times. Parties filed Rebuttal Testimony on September 10.



On September 20, CEERT submitted an [Opening Brief](#) on Phase 2 Issues. We again urged the CPUC to accept the proposals made by DER providers and recommended that the CPUC exclude procurement of fossil fuel generation. On September 27, CEERT submitted our [Reply Brief](#) calling for the CPUC to adopt proposals made by demand-side resource providers. We also agreed with California Environmental Justice Association (CEJA) and Sierra Club that the CPUC should reject gas company requests for more procurement of natural gas capacity.

On September 30, ALJ Stevens issued a [Ruling](#) Taking Official Notice of the CEC's [Revised 2022 Summer Stack Analysis](#). Comments on this Analysis were submitted on October 7.

On October 29, ALJ Thomas issued a [Proposed Decision](#) (PD) directing Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) to take actions to prepare for potential extreme weather in the summers of 2022 and 2023. On November 10, CEERT submitted [Opening Comments](#), arguing that the PD be modified to exclude procurement of fossil fuel generation. On November 16, we submitted [Reply Comments](#), agreeing with California Environmental Justice Alliance (CEJA) and Sierra Club that the PD errs by allowing more gas procurement, and supporting the recommendations made by numerous demand response parties.

On December 6, the CPUC issued [D.21-12-015](#), which adopts several supply- and demand-side requirements to ensure there is adequate electric power in the event of extreme weather in summers 2022 and 2023. The CPUC has analyzed the need for new resources and found that a range of 2,000 – 3,000 megawatts (MW) of new supply- and demand-side resources should help address grid reliability concerns in the most extreme circumstances in 2022 and 2023. This proceeding is now closed.

#### Transmission Reporting (I.00-11-001)

On August 9, the CPUC issued [D.21-08-003](#), a Decision that denies SDG&E's petition to modify D.06-09-003 to exempt it from the requirement to submit quarterly reports on its transmission projects. This proceeding is now closed.

#### Integrated Resource Planning (IRP) (R.20-05-003) and Procurement-Related Activities

On August 17, ALJ Fitch issued a [Ruling](#) seeking comments on a proposed Preferred System Plan (PSP). The Ruling summarized an analysis CPC staff conducted to recommend key elements of the PSP, including a preferred resource portfolio, for use in IRP and procurement, and for analysis by the CAISO in the 2022-2023 Transmission Planning Process (TPP). Opening Comments were submitted on September 27.

On October 11, CEERT submitted [Reply Comments](#), agreeing with multiple parties that the CPUC must further analyze the feasibility of a 30 million metric ton (MMT) greenhouse-gas (GHG) portfolio, and that the CPUC must build the PSP around diverse resources and not procure any new fossil-fueled generation. We also continued to recommend clarification on the definition of green hydrogen.

On October 13, ALJ Fitch issued a [Ruling](#) inviting comments on natural gas issues. Opening Comments were submitted on October 21 and Reply Comments on October 28.

On December 22, ALJ Fitch issued a [Proposed Decision](#) (PD) on the 2021 Preferred System Plan. The PD evaluates the 2020 individual IRP filings of all load-serving entities (LSEs) under the CPUC's IRP purview, and adopts a PSP portfolio that meets a statewide 38 MMT GHG target for the electric sector in 2030. However, it also delegates to CPUC Staff to explore with CEC and CAISO staff the development of a policy-driven sensitivity case to study the transmission buildout needed for a more aggressive GHG reduction case: the 30 MMT core portfolio with high electrification.

The PD also commits to continuing a two-year IRP planning cycle, based primarily on consideration of individual LSE IRPs and adoption of a PSP every two years. A Reference System Plan (RSP) may still be considered intermittently, when needed for policy reasons, or if electric sector goals or broader state GHG emissions goals are changed. The due date for the next LSE IRPs will be September 1, with the next PSP adopted by the end of 2023.

The PD does not make any changes to the fundamental requirements of the Mid-Term Reliability decision (D.21-06-035). Notably, fossil-fueled resources will remain ineligible for compliance with that order, but the CPUC will continue to evaluate system reliability needs throughout the next decade. The PD adopts an interim definition of renewable hydrogen, pending further consideration of its eligibility to meet any IRP requirements in the future. The CPUC commits to additional analysis of local resources that will help to reduce reliance on the Aliso Canyon natural gas storage facility. The PD also commits to development of a programmatic structure for IRP procurement in the next two-year cycle.

On January 14, CEERT submitted [Opening Comments](#) on the PD, recommending that the CPUC adopt a 30 MMT GHG target, and that it find that fossil-fueled generation is not needed in the PSP. We also argued that Aliso Canyon must be closed as soon as possible. On January 19, CEERT submitted [Reply Comments](#) agreeing with parties that held the 30 MMT GHG target should be adopted as soon as possible, and with multiple parties that recommended retirement of fossil fuel resources.

#### *Grid for High Distributed Energy Resource (DER) (R.21-06-017)*

On August 17, CEERT attended the Prehearing Conference (PHC) in R.21-06-017 and was granted party status in this proceeding. On September 8, ALJ Hymes and Sisto issued a [Ruling](#) setting a Workshop for September 22, a video recording of which can be found on [YouTube](#). Reply Comments on the Order Instituting Rulemaking were due on October 7.

On November 15, Commissioner Houck issued a [Scoping Memo and Ruling](#). The issues to be determined in this rulemaking are arranged in three concurrent tracks: (1) Distribution Planning Process (DPP) and Data Improvements; (2) Distribution System Operator (DSO) Roles and Responsibilities; and (3) Smart Inverter Operationalization and Grid Modernization Planning. The issues in Tracks 1 and 3 will be conducted in two phases.

On January 7, ALJs Hymes and Sisto issued a [Ruling](#) granting a Joint Motion for clarification on the authority to record Integration Capacity Analysis (ICA) Refinement Costs. PG&E, SCE, and SDG&E shall each track costs associated with ICA refinements in each of their Distribution Resources Plan Memorandum Accounts and seek recovery of those recorded costs in future General Rate Case filings. PG&E, SCE, and SDG&E shall not recover costs tracked in their Distribution Resources Plan Memorandum Accounts until or unless the CPUC authorizes recovery of some or all of the recorded costs.

#### **CPUC Gas System and Grid Initiatives**

##### *Aliso Canyon (I.17-02-002)*

On August 27, ALJ Zhang issued a [Ruling](#) ordering the CPUC's Energy Division to perform a sensitivity modeling on simulation 9 for a winter 2030 1-in-35 cold day, with minimum local generation, by lowering the receipt point utilization to 55% for the Northern Zone and Southern Zone, and to model a winter 2030 1-in-10-year cold day using an increased receipt point utilization of 95%.

On September 30, ALJ Zhang issued a [Ruling](#) setting a November 3 Workshop, at which FTI and Gas Supply Consulting (GSC) provided results on the proposed four portfolios to replace Aliso Canyon. FTI and GSC will also present the proposed inputs to a fifth portfolio that incorporates select elements from the four portfolios. Written comments on the Workshop were submitted on November 10.

On October 1, ALJ Zhang issued a [Proposed Decision](#) setting the interim range of Aliso Canyon storage capacity at zero to 68.6 billion cubic feet, and Commissioner Guzman Aceves issued an [Alternate Proposed Decision](#) setting the interim range of Aliso Canyon storage capacity at zero to 41.16 billion cubic feet. These are interim solutions to address the immediate needs of the current winter season.

On October 21, CEERT submitted [Opening Comments](#) supporting the Alternate Proposed Decision (APD) with modifications. We recommended that the electric utilities serving the Los Angeles Basin be allowed to upgrade transmission to reduce minimum gas burn for electricity. We also recommended that the CPUC aggressively implement AB 3232 to reduce gas consumption in existing buildings, and that the CPUC facilitate green hydrogen production to back out steam methane reforming in petroleum refining. On October 26, we submitted [Reply Comments](#) again supporting the APD over the PD.

On November 4, the CPUC issued [D.21-11-008](#), which sets the interim storage capacity at Aliso Canyon at a range between zero and 41.16 billion cubic feet. If there is inadequate gas to meet demand in winter 2021-2022, there will be health and safety consequences. The new level adopted in this decision is based on the necessity to protect customers from gas reliability issues and rate impacts for both gas and electricity in the current timeframe. The decision is an interim solution to address the immediate needs of the current winter season and does not detract from the work in Phase 3 of this proceeding to determine the investments needed to minimize or eliminate the use of Aliso Canyon. The CPUC will revisit the interim storage level no later than the conclusion of the combined Phases 2 and 3 in this proceeding.

On November 10, ALJ Zhang issued a [Ruling](#) setting a Status Conference for December 3 and updated the schedule, which is reflected in the calendar above. At the Status Conference, CEERT supported Commissioner Guzman Aceves' statement about the need to bring the proceeding to conclusion as expeditiously as possible. CEERT supported TURN's statements that the proceeding should focus on meaningful and actionable steps to reduce or eliminate use of Aliso Canyon through alternative investments.

On January 19, ALJ Zhang issued a [Ruling](#) entering into the record Aliso Canyon Investigation 17-02-002, [Phase 3 Report](#), and requesting Comments. Opening Comments were due on February 16 and Reply Comments on March 2.

#### *Gas Reliability and System Planning (R.20-01-007)*

On September 23, ALJ Bemserderfer issued a [Ruling](#) granting motions for the filing of briefs and denying motions for testimony and evidentiary hearings. A scoping memo setting out the schedule for Track 2 of will be issued shortly. Opening Briefs were submitted on October 15 and Reply Briefs on October 29.

On October 12, Assigned Commissioner Rechtschaffen issued a [Ruling](#) directing Southern California Gas Company (SoCalGas) to extend the Rule 30 Operational Flow Order (OFO) noncompliance rules and charge structure adopted in D.19-05-030 until a full CPUC decision is issued on the matter.

On October 14, Assigned Commissioner Rechtschaffen issued an [Amended Scoping Memo and Ruling](#) that identifies the following issues as being part of Track 2: gas infrastructure; safety, data, and process; and gas revenues and rate design. Opening Comments on the Scoping Memo were submitted on November 2 and Reply Comments on November 12.

On November 19, the CPUC issued [D.21-11-021](#) ordering SoCalGas and SDG&E to implement the eight-stage Rule 30 OFO Noncompliance Charge Structure for the six months commencing November 1.

On January 5, Commissioner Shiroma issued an [Amended Scoping Memo](#) and Ruling that identifies issues in Track 2a: Gas Infrastructure; Track 2b: Equity, Rate Design, Gas Revenues, Safety, and Workforce Issues; and Track 2c: Data, Process.

*Microgrids (R.19-09-009)*

On December 6, the CPUC issued [D.21-12-004](#), which adopts microgrid and resiliency solutions to enhance summer 2022 and 2023 reliability requirements for PG&E and SDG&E. PG&E shall file a Tier 2 Advice Letter, within 60 days of the effective date of this decision, to study expanding its Temporary Generation Program for mitigating the system capacity shortfalls anticipated in the summer of 2022.

SDG&E may develop up to four circuit-level energy storage microgrid projects that may provide a total of 40 MW/160 MW-hours of capacity to fill shortfalls anticipated in the summers of 2022 and/or 2023. Any project pursued by SDG&E must have a commercial online date no later than August 1, 2023. SDG&E shall file a Tier 2 Advice Letter, within 30 days of the effective date of this decision, seeking implementation authorization for development of these circuit-level energy storage microgrid projects.

The CPUC also suggests that Los Angeles County propose its Eastern Avenue Emergency Operations Battery Storage Microgrid Project, a Los Angeles Department of Public Health Solar and Battery Storage Project, and Pitchess Detention Center Solar and Battery Storage Project in the Microgrid Incentive Program for consideration, subject to the Program's overall eligibility, cost, and budget constraints.

On December 17, Commissioner Shiroma issued an [Amended Scoping Memo and Ruling](#) on Tracks 4 and 5. The issues to be determined in Phase 2 of Track 4 are: Microgrid Incentive Program, Microgrid Multi-Property Tariff, and Forming a Microgrid Multi-Property Tariff. The following issues will be determined in Track 5 (Value of Resiliency): economic and equity impacts, resiliency standards, grid planning and investment, coordination across the public entities, and environmental and social justice.

On January 14, parties submitted comments on the Joint IOU Microgrid Incentive Program Implementation [Plan](#). Reply Comments were submitted on January 28.

*Self-Generation Incentive Program (SGIP) (R.20-05-012)*

On August 3, Assigned Commissioner Rechtschaffen issued a [Ruling](#) providing background on recent developments in workforce training and development pertinent to the planned Self-Generation Incentive Program's (SGIP's) Heat Pump Water Heater (HPWH) incentive, and requesting Comments on questions exploring methods to increase the contribution of existing SGIP technologies to enhance summer reliability. Opening Comments were submitted on August 23 and Reply Comments on August 30. On November 22, the CPUC extended the statutory deadline for this proceeding to May 28.

On December 16, the CPUC issued [D.21-12-031](#), which allocates all SGIP accumulated unallocated funds, approximately \$67 million, to SGIP energy storage budgets. The accumulated funds derive primarily from previously unreported accrued interest earned on SGIP ratepayer revenue collections since the program's inception in 2001.

This decision allocates the funds first to energy storage budgets with wait-listed applications as of the date of adoption of this decision, with priority given to wait-listed Equity Resiliency budget, Equity, and then General Market applications. It then allocates funds, if any, that remain after all wait-listed applications have been served to Equity Resiliency budgets. The decision requires the SGIP Program Administrators to file a Tier 1 advice letter no later than 30 days from the date of adoption of this decision, reporting on the resulting funding allocations. It requires an annual Tier 1 budget advice letter and updates fiscal audit requirements for the SGIP Program Administrators for the next five years.

On December 23, Assigned Commissioner Rechtschaffen issued a [Ruling](#) requesting Comment on a proposal to allocate an additional \$40 million in Cap-and-Trade allowance proceeds to the SGIP's HPWH Sub-Program. D.19-09-027 allocated \$4 million for the SGIP electric HPWH incentive budget for equity

budget eligible customers. Subsequently, D.20-01-021 allocated 5%, or approximately \$41 million, of 2020-2024 SGIP ratepayer collections to the HPWH incentive budget for general market customers, bringing the total allocated SGIP HPWH budget to \$44.7 million.

Although several parties had urged the CPUC to approve an incentive program allocation of 10% of 2020-2024 SGIP collections for load-shifting HPWHs, D.20-01-021 did not take this step, but did indicate the CPUC may later consider increasing SGIP HPWH funding. Opening Comments were submitted on January 12 and Reply Comments on January 19.

#### *Integrated Distributed Energy Resources (IDER) (R.14-10-003)*

On November 19, an Evidentiary Hearing was held on major revisions to the 2022 Avoided Cost Calculator. Opening Briefs were submitted on December 22 and Reply Briefs on January 5.

#### **Other CPUC Proceedings CEERT Continues to Track**

As detailed in previous Quarterly Reports, CEERT is either a party to or on the service list for numerous CPUC proceedings that have required or could require CEERT participation, and CEERT continues to track them in anticipation of participating now or in the future. Information on events in these proceedings is provided in the Schedule of Upcoming Events on pages 1 – 2 of this Report.

Because these proceedings were not the focus of CEERT's efforts from August 2021 to February 2022, only limited information about them is provided here, but is available from CEERT's regulatory counsel, Megan Myers ([meganmmyers@yahoo.com](mailto:meganmmyers@yahoo.com)) or Sara Myers at ([ssmyers@att.net](mailto:ssmyers@att.net).) Please do not hesitate to contact them for information on any of the following proceedings as to status or next steps.

#### *Net Energy Metering (NEM) (R.20-08-020)*

On December 13, ALJ Hymes issued a [Proposed Decision](#) revising the NEM tariff and subtariffs to balance the multiple requirements of P.U. Code Section 2827.1 and the needs of the grid, the environment, participating ratepayers, and all other ratepayers.

The CPUC's review of the current NEM tariff (NEM 2.0) found that the tariff negatively impacts non-participating customers, is not cost-effective, and disproportionately harms low-income ratepayers. The PD determines that, to address the requirements of the guiding principles and the findings on the NEM 2.0 tariff, the successor tariff should promote equity, inclusion, electrification, and paired storage, and provide a glide path so that the industry can sustainably transition from the current tariff to its successor. The PD also makes revisions that impact current customers of the NEM 2.0 tariff and the previous tariff (NEM 1.0) based on the findings of the NEM 2.0 tariff review.

The PD revises the structure of the successor tariff to be an improved version of net billing, with an export compensation rate aligned with the value that behind-the-meter energy generation systems provide to the grid based on avoided cost values and import rates that encourage electrification and solar paired with storage. The successor tariff ensures all customers pay for their use of the grid. To ensure the growth of distributed generation, the successor tariff provides a Market Transition Credit, which offers a transition period for the solar market and solar customers, while balancing the needs of all other ratepayers. Parties submitted Opening Comments on January 7 and Reply Comments on January 12.

At every CPUC Business Meeting since this item was issued there have been numerous members of the public who have spoken out against this Proposed Decision.

Oral Argument was scheduled for January 12, but on January 11 ALJ Hymes e-mailed that the Oral Argument was cancelled and would be rescheduled.

*Draft DER Action Plan 2.0*

On July 23, the CPUC issued the [Draft DER Action Plan 2.0](#) to coordinate development and implementation of related DER policy while seeking to align the CPUC's vision and actions to maximize ratepayer and societal value of an anticipated high-DER future. A Workshop was held on the Draft DER Action Plan 2.0 on August 26; workshop presentations can be found [HERE](#). Comments on the Draft Plan were submitted on October 8.

*PG&E's Regionalization (A.20-06-011)*

On August 30, numerous parties submitted a [Joint Motion](#) requesting approval of two settlement agreements that resolve all disputed issues in the proceeding. On December 17, the CPUC extended the statutory deadline in this proceeding to June 30, 2022.

*Renewables Portfolio Standard (RPS) (R.18-07-003)*

On November 19, the CPUC issued [D.21-11-029](#), a decision that revises the confidentiality matrix for Renewables Portfolio Standard procurement records adopted in D.06-06-066. The new rules shorten the confidentiality period for energy and capacity forecast data used in RPS compliance and procurement reporting from four to three years. The forecast data will be confidential two years into the future plus the current year or the year of filing, instead of three years into the future and one year in the past. As the average time for renewable projects to come online has shortened to less than three years, the CPUC is persuaded to revise rules that hold RPS data confidential for long durations.

On December 17, the CPUC issued [D.21-12-032](#), which modifies the Renewable Market Adjusting Tariff (ReMAT) Program and directs its implementation, ordering SDG&E to reopen its ReMAT program following the parameters adopted in D.20-10-005, as modified in this decision. It further establishes a *de minimis* threshold for each product category, and a process through which the investor-owned utilities (IOUs) shall aggregate remaining capacity across one or two of the three product categories, if necessary, to meet their individual shares of the statewide ReMAT capacity target. The decision also reaffirms the utilities' option to provide information-only time-of-delivery factors, resolves several petitions for modification of D.12-05-035 and D.13-05-034, and defers consideration of PG&E and SCE's joint petition for modification of D.13-05-034 until more information is available.

On December 10, ALJs Lakhanpal and Sisto issued a [Proposed Decision](#) on 2021 RPS Procurement Plans. The PD adopts, with modifications, the draft 2021 RPS Plans of the following retail sellers: the large IOUs, small and multi-jurisdictional utilities (SMJU), CCAs, and ESPs. Final Plans are due no later than 30 days following the issuance of this Decision. Opening Comments were submitted on December 30 and Reply Comments on January 4; Final Decision [D.22-01-004](#) was issued on January 18.

On December 22, ALJs Lakhanpal and Sisto issued a [Proposed Decision](#) on Gexa's Compliance with the RPS. The PD enforces the RPS program compliance rules against Gexa for noncompliance with mandatory reporting requirements of its contract's standard terms and conditions. Gexa shall pay a penalty of \$348,500. Opening Comments were submitted on January 11 and Reply Comments on January 17. Final Decision [D.22-01-025](#) was issued on February 1, which increased the amount of the penalty to \$352,500.

*Demand Response (DR) (R.13-09-011/A.17-01-012, et al.)*

On September 30, CPUC Executive Director Rachel Peterson sent a Letter granting SCE, PG&E, and SDG&E's request for an extension of time to file their 2023-2027 DR Portfolio Applications.

Energy Division requested stakeholders that wish to propose changes to the Auto DR program guidelines send their proposals by October 22. Proposals for changes to the program guidelines must rely on current budget authorizations for implementation and be complex and technical in nature—more suited to resolu-

tion in a working group or workshop setting, and more suited to staff level approval through an Advice Letter process than through a decision and CPUC policy-setting vote.

On November 16, SCE submitted a request for an extension of additional time to submit its proposal for a full-scale DR Program to serve charge-ready customers, with the additional time enabling SCE to incorporate its proposal into its DR application, which it plans to file on May 2 (an extension from fall 2021).

In late December, many stakeholders submitted a Load Impact Protocol (LIP) Draft Evaluation Plan.

*Energy Efficiency (EE) (R.13-11-005)*

On September 13, the CPUC issued [D.21-09-002](#), which approves a settlement agreement between SDG&E, the Public Advocates Office, and TURN related to SDG&E's administration of an upstream lighting energy efficiency program between 2017 and 2019.

On September 29, the CPUC issued [D.21-09-037](#), which adopts energy savings goals for ratepayer-funded energy efficiency program portfolios for 2022-2032 and provides updated guidance to program administrators for 2022-2032 budget advice letters and 2024-2027 applications.

On November 22, the CPUC issued [D.21-11-013](#), which approves the energy efficiency business plan of the Inland Regional Energy Network (I-REN), beginning in 2022 and continuing through 2027, with a total budget of approximately \$65 million over this period. I-REN will conduct program activities in the public sector, workforce education and training, and codes and standards areas, and will also have a budget for evaluation and program planning activities.

On December 8, the CPUC issued [D.21-12-011](#), which approves several initiatives designed to produce emergency peak demand (4:00 p.m. - 9:00 p.m.) and/or net peak (7:00 p.m. - 9:00 p.m.) demand reductions through energy efficiency measures for the summers of 2022 and 2023. The decision was developed in response to Governor Newsom's July 30 Emergency Proclamation, and approves \$180 million in incremental energy efficiency budgets for program years 2022 and 2023, while also allowing shifting of energy efficiency funds previously allocated to address summer reliability objectives.

On December 17, ALJ Kao issued a [Ruling](#) that provides notice of and opportunity to comment on the Report of the CPUC Utility Audits Branch (UAB) on unspent and uncommitted energy efficiency funds for program year 2020. Comments on the Report were submitted on January 6. The Ruling directs the IOUs to submit a Tier 2 advice letter no later than April 1 to true-up any program year 2021 unspent and uncommitted amounts, and to submit a Tier 2 advice letter no later than April 1 to specify an amount of program year 2022 unspent and uncommitted funds that each IOU proposes to transfer to the CEC. The Ruling further directs each IOU to disburse to the CEC its applicable unspent and uncommitted funds in a single lump sum after being invoiced by the CEC.

On December 23, Assigned Commissioner Shiroma and Assigned ALJ Kao issued an [Amended Scoping Memo and Ruling](#) that updates the scope of this proceeding to address issues that remain pending and new issues arising since the last Scoping Memo was issued, which include implementation issues associated with new programs to address summer reliability, policy or procedural matters in the 2024-2027 portfolio applications, potential modifications to the third-party solicitation process, and potential modifications for natural gas efficiency.

On January 13, Sierra Club submitted a [Motion](#) requesting that the CPUC no longer approve non-cost-effective energy efficiency measures that result in the installation of gas-fueled appliances, and not authorize any additional gas appliance incentive measures in energy efficiency programs that fail to meet a

cost-effectiveness threshold of 1.0 of the Total Resource Cost. Responses to the Motion were submitted on January 28; on February 7, Sierra Club submitted a Reply to the Responses.

On January 14, the CPUC issued [Final Resolution E-5180](#), which certifies CleanPowerSF's request to elect to administer its Energy Efficiency Program Administration Plan, and approves a budget for CleanPowerSF of \$4,579,056 over the course of its three-year Energy Efficiency Program Plan. This funding will come from PG&E's Energy Efficiency Portfolio Budget.

On February 3, ALJ Kao issued a [Presiding Officer's Decision](#) finding Southern California Gas Company (SoCalGas) in contempt, in violation of Rule 1.1 of the Commission's Rules of Practice and Procedure, and ordering remedies for failure to comply with Commission Decision 18-05-041. The Decision finds that SoCalGas spent ratepayer funds on codes and standards activities following the issuance of Decision 18-05-041, which prohibited such activity.

The Decision directs SoCalGas to refund ratepayer expenditures and associated shareholder incentives; prohibits SoCalGas from recovering costs from ratepayers of codes and standards activity (such as conducting research or communicating with an agency responsible for establishing building or appliance standards about a proposed building code or appliance standard) unless and until it demonstrates sufficient and appropriate policies, practices and procedures to ensure adherence to CPUC intent for codes and standards advocacy; and imposes a financial penalty of \$9,807,000 for violations of California Public Utilities Code Sections 2113 and 2107. Appeals of the Presiding Officer's Decision are due March 7.

#### *Building Decarbonization (R.19-01-011)*

On November 9, the CPUC issued [D.21-11-002](#), which adopts a set of guiding principles for the layering of incentives from building decarbonization programs such as the Wildfire and Natural Disaster Resiliency Rebuild (WNDRR) Program, Data Sharing, Rate Adjustments for Electric Heat Pump Water Heaters, and Propane Usage. The decision adopts the statewide WNDRR Program to provide incentives to help homeowners impacted by a natural disaster rebuild all-electric homes in alignment with the state's long-term climate and energy goals, and it provides guidance on data sharing of customer and other information among the CPUC, the CEC, the participating electric utilities, and the implementers and evaluators of building decarbonization programs.

The CPUC directs PG&E, SCE, and SDG&E to each study net energy (electric and gas) bill impacts that result when a residential customer switches from a natural gas water heater to an electric heat pump water heater. If an IOU's study reflects a net increase in energy bills, it shall propose a rate adjustment in a new Rate Design Window application to eliminate any financial disincentive for fuel switching. The CPUC directs these utilities to collect information from their new customers about space and water heating and propane usage, and report that information annually to the CPUC Energy Division.

On November 16, Commissioner Rechtschaffen issued a [Phase III Scoping Memo and Ruling](#) on gas line extension allowances, refunds and discounts. On December 17, Commissioner Rechtschaffen issued an [Amended Phase III Scoping Memo and Ruling](#), which extends the current statutory deadline to January 29, 2023. The Ruling also adds PacifiCorp, Bear Valley, and Liberty as respondents to this proceeding to fulfill the CPUC's intent of implementing the WNDRR program on a statewide basis, covering all electric utilities under CPUC jurisdiction. The remaining schedule is reflected in the calendar above. On January 28, ALJs Liang-Uejio and Tran issued a [Ruling](#) Seeking Clarifications and Additional Information. Responses were due February 21.

#### *Improvements to Rule 21 (R.17-07-007)*

On October 21, ALJ Hymes issued a [Ruling](#) seeking comment on October 4's Working Group Eight Final Report. Opening Comments were submitted on November 12 and Reply Comments on November 19.



*Power Charge Indifference Adjustment (PCIA) (R.17-06-026)*

On August 25, ALJ Wang issued a [Ruling](#) requesting Comments on Market Price Benchmark Issue Date. Opening Comments were submitted on September 13 and Reply Comments on September 22.

On September 17, ALJ Wang issued a [Ruling](#) on PCIA Energy Resources Recovery Account (ERRA) issues. The Ruling requests comments on ERRA Data Access, PCIA Forecasting Data Access, Confidential Data Consistency, Year-End Balances and Crediting Customers, and ERRA Trigger. Opening Comments were submitted on October 1 and Reply Comments on October 8.

On November 5, ALJ Wang issued a [Ruling](#) Requesting Comments on PCIA Forecasting Data Access. The Ruling requests comments on the California Community Choice Association's (CalCCA's) proposal to authorize a nondisclosure agreement to allow CCAs and other entities with customers who pay the PCIA to access confidential, market-sensitive ERRA and Portfolio Allocation Balancing Account monthly report data year-round for the limited, non-proceeding purpose of developing PCIA rate forecasts. Opening Comments were due on December 9 and Reply Comments on January 6.

On February 2, the CPUC issued [D.22-01-023](#), which resolves Phase 2 issues about ERRA proceedings. The decision modifies the PCIA market price benchmark release date and deadlines for ERRA forecast applications to enable the CPUC to timely issue decisions on those forecast applications, and adopts party proposals to establish a policy for disposition of the year-end balance in the ERRA account and to modify the calculation of the ERRA trigger point and threshold. It also adopts party proposals to support efficient party access to ERRA forecast proceeding data.

The proceeding remains open to consider additional Phase 2 issues, including: (a) whether GHG-free resources are undervalued in the PCIA, and if so, whether to adopt an adder or allocation mechanism, (b) whether to adopt a new method to include long-term fixed-price transactions in calculating the RPS adder, (c) whether to modify the calculation of the PCIA energy index market price benchmark, and (d) whether to provide CCAs with access to confidential, market-sensitive ERRA monthly reports information for the non-proceeding purpose of creating PCIA rate forecasts.

*COVID-19 Debt (R.21-02-014)*

On October 18, Assigned Commissioner Guzman Aceves issued a [Ruling](#) seeking Comments and noticing a Workshop on strategies to enhance Community-Based Organization (CBO) support for customers to access COVID-19 debt relief. On November 9, Commission staff conducted a workshop to facilitate expanding and growing the CBO networks. Parties submitted Opening Comments on November 18 and Reply Comments on November 30.

On November 18, the CPUC issued [D.21-11-014](#), which orders PG&E, SDG&E, and SCE to allocate all types of payments made on past-due electric utility bills proportionally between utilities and CCAs, through September 2024. Relief payments to customers previously unable to pay their utility bills during the COVID-19 pandemic are imminent.

Additional proceedings tracked, but where there has been little or no activity since the last Quarterly Report or the proceeding has been closed:

- R.14-08-013, et al.: Distribution Resource Plans (proceeding closed on September 9, 2021)
- R.18-04-019: Climate Change Adaptation
- R.18-07-017: Public Utility Regulatory Policies Act (PURPA)

## **Clean Transportation Advocacy**

### **Advanced Clean Cars (ACC)**

#### **The Federal Reset**

On December 20, the US Environmental Protection Agency (US-EPA), after considering public input on its [August 2021 proposed revisions](#), issued a [Final Rule on the GHG emission reduction standards for model years \(MY\) 2023-2026 passenger cars and light trucks](#). The Final Rule partially reverses the Trump Administration's rollback of the Obama Administration MY 2017-2025 standards, and strengthens the EPA's August proposal for the Rule. The Rule includes:

- **Carry-Forward Credit Extensions**: Credits accrued during MY 2017 and MY 2018 can only be carried forward for compliance with MY 2023 and MY 2024.
- **Natural Gas**: Removes the 2-times multipliers for natural gas vehicles after MY 2022 (as proposed).
- **Full-Size Pickup Incentives**: Restores incentives for MY 2023-2024 full-size pickup trucks that meet efficiency performance criteria or have hybrid technology.
- **Off-Cycle Credit Cap Increase**: Increases the off-cycle cap from a fleet-average of 10 g/mile to 15 g/mile for MY2023-2026.
- **Advanced Technology Multiplier Credits**: Provides multiplier incentives for MY 2023 and 2024 electric vehicles (EVs), plug-in hybrid electric vehicles (PHEVs), and fuel-cell electric vehicles (FCEVs), with a cumulative cap limited to a fleet-average of 10 g/mile.

The Final Rule is anticipated to result in roughly 440 million metric tons in GHG emissions over the lifetime of vehicles sold through 2026, an improvement of more than 25% over the August proposal. In developing the Final Rule, the US-EPA coordinated with CARB (to take into account the [Framework Agreement voluntarily entered into by five automakers](#)) and NHTSA on GHG standards. The EPA's issuance of a stronger rule amounts to a partial but critical course correction to guide its next set of standards—for 2027-2030 passenger vehicles—to achieve [President Biden's goal of meeting 50% EV sales by 2030](#) and reaching a [net-zero emission economy by 2050](#).

On December 21, the National Highway and Traffic Safety Administration (NHTSA) [repealed its portion of the SAFE Rule](#) promulgated under the Trump Administration that had targeted California's preemption waiver for its GHG emissions standards and zero-emission vehicle (ZEV) mandate.

The US-EPA and NHTSA have yet to issue Notices of Proposed Rulemaking for the work they will do to draft regulations for the post-2026 passenger vehicle standards.

#### **California's Work**

CEERT and our allies in the Advanced Clean Cars (ACC) Coalition are working with CARB Staff on the design and implementation of a strong set of [post-2025 Advanced Clean Cars](#) Regulations (ACC II). CARB initially plans to limit the updates to improving criteria emissions requirements for internal combustion engine (ICE) vehicles (the LEV rules), and to the ZEV Program design to achieve [Governor Newsom's Executive Order N-79-20's](#) goal that all passenger vehicles sold in California be ZEVs by 2035. CARB staff will update the GHG emission standards for passenger vehicles once it has redesigned the LEV and ZEV regulations. The development of the LEV GHG rules will likely be in coordination with the US-EPA and NHTSA.

The ACC Coalition's advocacy has been focused on ensuring that CARB incorporate environmental justice and equity considerations throughout the regulation. We support the removal of ZEVs from future fleet averaging for criteria pollutants to ensure there is no backsliding in the emissions performance of any post-2025 ICE-equipped cars.

We support Staff improving the emissions performance of plug-in hybrid electric vehicles (PHEVs) by

requiring that they have an increased all-electric range that will better motivate [PHEV owners to keep their vehicles charged](#), thereby increasing their total zero-emission miles. We also support Staff increasing the stringency of [the criteria emissions performance](#) of these vehicles.

The ACC Coalition feels that Staff's proposed ramp of 2026-2035 ZEV sales requirements for automakers is overly conservative and risks the state falling short of its 2035 goals. The Coalition has recommended a more aggressive sales ramp that will hold many of the automakers to their [public pronouncements](#), and have a greater chance of ensuring that California can achieve 100% ZEV sales by 2035.

The Coalition supports CARB restricting the use of ACC I ZEV credits before 2025. We recommend that ZEV credits be tied more closely to actual pure-ZEV sales under ACC II, and that credits should be eliminated after MY 2035 (thus requiring all passenger vehicles sold to be pure-ZEVs from then on).

We support Staff requiring that automakers provide minimum warranties for ZEV powertrains, batteries, and fuel cell stacks, and establish measures to enable battery [recycling and re-use](#), given the heavy demand that will be placed on the [world's mineral resources](#) to meet [our climate emergency](#).

The ACC Coalition believes Staff's initial work on cost assessments for future ZEVs uses cost projections that are too conservative. We have submitted detailed comments that should help Staff improve the accuracy of their cost analysis.

#### A Continent Uniting

CEERT is working with Canadian NGOs to encourage their federal government to adopt a stringent ZEV mandate. Environment and Climate Change Canada (ECCC) is conducting consultations with the auto industry and other stakeholders on the design of regulations, and ECCC staff has reiterated the federal government's commitment, as [publicly announced in June](#), that the sale of all light-duty cars and trucks be ZEVs by 2035. CEERT has been participating in discussions and offering some guidance on the ECCC consultations and the NGOs' written submissions.

On January 2, Virginia's State Air Pollution Control Board [approved regulations](#) adopting California's Clean Car Standards, and on October 22, Nevada's State Environmental Commission adopted [regulations](#) for its Clean Car Standards. [The number of states that have adopted these regulations now totals 17](#), representing nearly 40% of the North American light-duty vehicle market.

#### Clean Truck Regulations

##### Advanced Clean Fleet Regulation

Following CARB's 6/2020 adoption of its [Advanced Clean Trucks](#) (ACT) Rule and the signing of the [15-state MOU on Zero Emission Trucks](#) (ZETs), four other states have now adopted their own ACT Rules. CARB Staff are developing the [Advanced Clean Fleet Regulation](#) (ACF Rule) as a complement to the ACT and [Low-NOx Omnibus](#) Rules, priming the market for ZETs by requiring that qualifying state, public and private fleets transition to 100% zero-emission medium- and heavy-duty trucks by 2036.

CEERT and the ACT/ACF Coalition are working to ensure that the benefits from the program are maximized for disadvantaged and low-income communities. We are encouraging CARB Staff to lower the threshold for the minimum fleet size that should comply with a ZET purchase requirement to as small a size as is practicable, and to take into consideration the trucking industry's worker exploitation through the misclassification of drivers who operate 70 to 90% of California's drayage trucks.

##### Federal Clean Truck Regulations

President Biden's August 5 [Executive Order](#) directed NHTSA to set new federal fuel efficiency standards for heavy-duty pickup trucks and vans for model years 2028 and beyond, and the US-EPA to establish

new NOx standards and GHG emissions standards for heavy-duty engines and vehicles beginning with model year 2027. The US-EPA announced on Aug 5 that regulations establishing new medium- and heavy-duty truck criteria emissions standards starting with MY 2027 would be completed by December 2022, and Phase 3 GHG standards starting with MY 2030 are to be developed within a 3-year window.

#### Clean Trucks in Canada

CEERT has also been working with Canadian NGOs on Canada's efforts to develop standards for advanced clean trucks. ECCC held meetings with stakeholders in December to "...accelerate the decarbonization of medium- and heavy-duty on-road vehicles." CEERT has been participating in these discussions and offering some guidance on NGOs' written submissions to the ECCC consultations.

#### Clean Transportation Investments

On November 15 the CEC approved a \$1.4 billion, 3-year [2021–2023 Investment Plan Update for the Clean Transportation Program](#), which was supplemented by a \$1.1 billion infusion from the 2021-2022 state budget surplus. The approved plan includes:

- \$314 million for light-duty electric vehicle charging infrastructure.
- \$690 million for medium- and heavy-duty ZEV infrastructure (battery-electric and hydrogen).
- \$77 million for hydrogen refueling infrastructure.
- \$25 million for zero- and near-zero-carbon fuel production and supply.
- \$244 million for ZEV manufacturing.
- \$15 million for workforce training and development.

The plan aims to boost the buildout of the state's ZEV infrastructure, with nearly 80% of the funds targeted to deploying charging or hydrogen refueling stations. Priority is given to funding medium- and heavy-duty infrastructure, including support for 1,000 zero-emission school buses, 1,000 zero-emission transit buses, and 1,150 zero-emission drayage trucks, especially to reduce harmful air pollution emissions in frontline communities. At least 50% of projects funds are to go to benefit priority populations.

On November 19 CARB approved its latest, and largest, \$1.5 billion Fiscal Year 2021-22 Funding Plan for Clean Transportation Incentives. More than half of the Funding Plan is targeted to benefiting frontline communities disproportionately burdened by air and climate pollution. Funded projects include:

- \$525 million over three years for clean car rebates through the statewide [Clean Vehicle Rebate Project](#) (\$10 million is set aside to support rebates for electric bicycles).
- \$150 million for clean transportation equity investments benefitting income-qualified individuals and those overburdened by pollution (including outreach, technical assistance, and capacity building for [Clean Cars 4 All](#)).
- \$843 million for heavy-duty and off-road equipment investments (including for demonstration and pilot projects, vouchers for advanced clean trucks, small truck fleet financing to transition to cleaner technologies, funds for zero-emission transit and school buses and drayage trucks).
- \$30 million to replace small off-road engine use by supporting California small business and sole proprietors offering professional landscaping services in purchasing zero-emission equipment, including electric leaf blowers, lawn mowers and string trimmers.

On January 10 Governor Newsom released his proposed [2022-23 California State Budget](#), which seeks to direct \$6.1 billion in additional funding (beyond the \$3.9 billion approved in the 2021-22 Budget) toward zero-emission transportation (to be spent over 3 years). The budget proposal targets investments to disadvantaged and low-income communities, including tribal communities, to increase access to the benefits of clean transportation, and proposes to more than double investments to accelerate the heavy-duty market.

The major investment line items include:

- \$256 million for low-income consumers' purchases.
- \$900 million to expand affordable and convenient ZEV infrastructure access in disadvantaged and

- low-income neighborhoods (including grid-friendly fast chargers and home charging).
- \$419 million for sustainable community-based transportation equity projects in disadvantaged and low-income communities (clean mobility options, sustainable transportation, and equity projects identified, planned, and organized by community-based organizations and residents working with priority populations).
- \$935 million for 1,000 zero-emission drayage trucks and 1,700 transit buses.
- \$1.5 billion in support of zero-emission school transportation programs coordinated between educational, air pollution, and energy agencies.
- \$1.1 billion for zero-emission trucks, buses, and off-road equipment and related fueling infrastructure.
- \$400 million to enable port electrification.
- \$200 million for demonstration and pilot projects in sectors such as maritime, aviation, rail, and other off-road applications, and to support vehicle/grid integration at scale.
- \$100 million (in 2022-23) to advance the production and use of green hydrogen.

CEERT and members of the broad-based NGO-ZEV Coalition will be working with key state agencies on fine-tuning how these proposed investments can be deployed.