CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
QUARTERLY STAFF REPORT
AUGUST – DECEMBER 2023

I. SCHEDULE OF UPCOMING EVENTS:

Date and Time	Event Name	Proceeding Number
First Quarter 2024	Administrative Law Judge (ALJ) Ruling with Staff Proposal on Reliable and Clean Power Procurement Program (RCPPP)	Rulemaking (R.) 20-05-003 (Integrated Resource Plan (IRP)
First Quarter 2024	Opening Comments on RCPPP Staff Proposal	R.20-05-003 (IRP)
First Quarter 2024	Energy Division Report on Central Procurement Entity (CPE) Framework	R.23-10-011 (RA)
First Quarter 2024	Track 1 Phase 1 Proposed Decision	R.21-06-017 (High Distributed Energy Resource (DER) Grid))
First Quarter 2024	Future Grid Distribution System Operation Workshop Series	R.21-06-017 (High DER Grid)
January 2024	Load Impact Protocol (LIP) Simplification Working Group Report	R.23-10-011 (Resource Adequacy (RA))
February 5, 2024	Energy Division Report on Slice-of-Day (SOD) Framework	R.23-10-011 (RA)
February 5, 2024	Reply Comments on 2023 Preferred System Plan Proposed Decision	R.20-05-003 (Integrated System Plan (IRP))
February 14, 2024	Workshop on Energy Division and Party Proposals	R.23-10-011 (RA)
February 15, 2024	Opening Comments on Proposed Decision Denying Petition for Modification (PFM) of D.23-06-029 by the California Large Energy Consumers Association (CLECA)	R.21-10-002 (RA)
February 20, 2024	Reply Comments on Proposed Decision Denying PFM of D.23-06-029 by CLECA	R.21-10-002 (RA)
February 23, 2024	Revised SOD Proposals	R.23-10-011 (RA)
March 2024	Energy Division Public Workshop on Stakeholder Proposals for Microgrid Multi-Property Tariff (MMPT)	R.19-09-009 (Microgrids)
March 4, 2024	Opening Comments on the Renewables Portfolio Standard (RPS) Order Instituting Rulemaking (OIR)	R.24-01-017 (RPS)
March 8, 2024	Opening Comments on Track 1 Proposals	R.23-10-011 (RA)
March 14, 2024	Reply Comments on RPS OIR	R.24-01-017 (RPS)
March 15, 2024	Energy Division Inputs and Assumptions	R.23-10-011 (RA)
March 22, 2024	Reply Comments on Track 1 Proposals	R.23-10-011 (RA)
Second Quarter 2024	Reply Comments on RCPPP Staff Proposal	R.20-05-003 (IRP)
Second Quarter 2024	Analysis of need for backstop procurement	R.20-05-003 (IRP)
Second Quarter 2024	Track 2 Workshop Report	R.21-06-017 (High DER Grid)
Second Quarter 2024	Smart Inverter Operationalization Staff Proposal and Workshop	R.21-06-017 (High DER Grid)
April 1, 2024	Comments on Inputs and Assumptions	R.23-10-011 (RA)
April 4, 2024	California Independent System Operator (CAISO) submits Draft 2025 Local Capacity Requirement (LCR) Report	R.23-10-011 (RA)
April 19, 2024	Comments on Draft 2025 LCR Report	R.23-10-011 (RA)

Date and Time	Event Name	Proceeding Number
May 2024	Proposed Decision on Track 1	R.23-10-011 (RA)
Early May 2024	CAISO submits Final 2025 Flexible Capacity Requirement (FCR) Report	R.23-10-011 (RA)
May 1, 2024	CAISO submits Final 2025 LCR Report	R.23-10-011 (RA)
May 8, 2024	Opening Comments on Final 2025 LCR Report	R.23-10-011 (RA)
May 13, 2024	Reply Comments on Final 2025 LCR Report	R.23-10-011 (RA)
May 13, 2024	Track 2 Proposals on CPE Framework and IRP Coordination	R.23-10-011 (RA)
Third Quarter 2024	Proposed Decision on RCPPP	R.20-05-003 (IRP)
Third/Fourth Quarter 2024	Electrification Impact Study Part 2	R.21-06-017 (High DER Grid)
Third/Fourth Quarter	Track 2 Proposed Decision	R.21-06-017 (High DER Grid)
June 1, 2024	Procurement data filed by load-serving entities (LSEs)	R.20-05-003 (IRP)
June 3, 2024	Energy Division’s RA Loss of Load Expectation (LOLE) Study	R.23-10-011 (RA)
June 28, 2024	Workshop on Track 2 Proposals and LOLE Study	R.23-10-011 (RA)
July 29, 2024	Opening Comments on Track 2 Proposals	R.23-10-011 (RA)
August 19, 2024	Reply Comments on Track 2 Proposals	R.23-10-011 (RA)
Fourth Quarter 2024	Track 3 Phase 1 Proposed Decision	R.21-06-017 (High DER Grid)
November 2024	Track 2 Proposed Decision	R.23-10-011 (RA)
November 2024	LSEs to file individual IRPs	R.20-05-003 (IRP)
December 1, 2024	Procurement data filed by LSEs	R.20-05-003 (IRP)
First Quarter 2026	Analysis of need for long lead-time backstop procurement and penalties for all delayed resources	R.20-05-003 (IRP)

II. <u>Executive Summary: The Past Quarter at a Glance</u> *(pages 3 – 4):*

Highlight: The California Public Utilities Commission's (CPUC's) Decision in its Integrated Resource Planning (IRP) Proceeding
A recent Decision in the CPUC's Integrated Resource Planning rulemaking adopts a Preferred System Plan (PSP) portfolio that meets a statewide *25 million-metric-ton (MMT) greenhouse-gas target for the electric sector in 2035*. This PSP portfolio would *reduce GHG emissions in the CAISO's area by 28 MMT in 2035 compared to 2020, a 58% reduction,* and *by 2045 would reduce GHG emissions by 85% and achieve a level of 113% clean energy*. The Decision also recommends that CAISO analyze the transmission buildout needed for *15 gigawatts of gas-fired generation to be retired by 2039.*

CEERT's multiyear advocacy in the IRP proceeding played a key role in bringing about this milestone.

Transmission Planning and Development *(full report on page 5)*
In December, CEERT and GridLab released a *third transmission report*, "California's Progress in Advancing Transmission Planning and Permitting: A 2023 Review," that summarized the California Independent System Operator's (*CAISO's) 2023-2024 Transmission Planning Process* and *updated 20-Year Outlook*, *interconnection and permitting reform*, a zonal-planning approach for the *Central Valley* and *Los Angeles Basin*, and the emerging use of *grid-enhancing technologies (GETs)*. CEERT will examine GETs in greater depth in an upcoming report. We continue to convene biweekly calls on transmission among NGOs, developers, trade associations, utilities, communication strategists, and legislative offices.

Regional Grid Integration and Governance *(full report on pages 5)*
A *new approach on regional integration* calls for separating *CAISO's balancing authority* role from the design and establishment of an *Extended Day-Ahead Market* and other market functions. Because this arrangement would preserve the "buckets" in the California Renewable Portfolio Standard, *organized labor* is in support of the plan, and it is widely seen as a breakthrough for real progress on integration.

Central Procurement Entity (CPE) *(full report on page 6)*
CEERT is partnering with Americans for Clean Power and consultant Nick Pappas to convene biweekly calls to discuss strategies for establishing a Central Procurement Entity. *AB 1373* has now authorized such a CPE; although an earlier version included only offshore wind and geothermal, it was expanded before passage to cover more "eligible energy resources," including *long lead-time zero-carbon projects*.

Siting and Permitting of Clean Energy Projects *(full report on page 6)*
Starting in December, CEERT, GridLab, Environment California, and the WATT coalition have been meeting with *the Governor's Office* to discuss near-term solutions to the urgent need for *transmission buildout* and the *timely permitting and siting* of clean energy projects.

Geothermal and Lithium Valley *(full report on page 6)*
V. John White is serving on *Comite Civico del Valle's Expert Technical Advisory Committee* for the Imperial County Programmatic Environmental Impact Report on *increased geothermal power production* and the *development of lithium recovery*. CEERT also took part in discussions on *expanding community benefits* and *mitigating environmental impacts*.

The CEC and the Interagency SB 100 Planning Process *(full report on pages 7 – 8)*
We believe programs established by AB 205 could provide at least 1,200 megawatts of *contingency resources for extreme weather events*, plus more than 500 MW from demand-side resources and solar-plus-batteries. Given the state's budget deficit and cutbacks in climate and clean energy programs, CEERT is

urging the CEC to *rescind general fund expenditures for Diablo Canyon* and *highly polluting old gas-fired plants*, and reallocate those funds to *clean energy infrastructure* and *demand response measures*.

Advocacy at the California Air Resources Board (CARB) *(full report on page 8)*
Goals of CARB's 2025 Mobile Source Strategy include a *65% decrease in NOx emissions by 2050* and a *52% decrease in particulate emissions by 2050*. CARB aims to use the Strategy to inform the transportation policies of its *future Climate Change Scoping Plans*.

CARB held a joint board meeting with the California Transportation Commission and California Department of Housing & Community Development to discuss the *Climate Action Plan for Transportation Infrastructure* and its implementation. The agencies weighed investments in light, medium, and heavy-duty *zero-emission vehicle infrastructure*, and development of a *zero-emission freight transportation system*.

Advocacy at the California Public Utilities Commission (CPUC) *(full report on pages 8 – 20)*
CEERT argued that a Proposed Decision in the proceeding to *update and amend GO 131-D* on *permitting of electrical infrastructure projects* fails to acknowledge the investor-owned utilities' 9/29/23 Joint Settlement Agreement.

CEERT and allied parties in the *Resource Adequacy (RA)* proceeding have been active on multiple fronts in opposing Decision 23-06-029, which wrongly imposed significant adverse impacts on *demand response* (DR), particularly on *third-party DR providers*. CEERT and the California Efficiency + Demand Management Council submitted a Track 1 Proposal in the new RA proceeding that urged the CPUC to address the treatment of DR resources, particularly those negatively impacted by D.23-06-029.

In the *Aliso Canyon* proceeding, CEERT, Dr. Issam Najm, the Protect Our Communities Foundation, and Utility Consumers' Action Network (Joint Parties) argued that Aliso Canyon remains unsafe and its *maximum storage volume* should be maintained at 41.16 68.6 billion cubic feet. However, the CPUC later issued a decision that increased the interim storage limit of working gas to 68.6 bcf.

In the *Diablo Canyon* proceeding, Californians for Renewable Energy (CARE) submitted an Application for Rehearing of a CPUC decision conditionally approving extended operations at the plant. CARE argued that the CPUC failed to: determine if there were adequate new renewable and zero-carbon resources to replace Diablo Canyon by the end of 2023, determine that extending the operation of Diablo Canyon was prudent, determine the true costs of extending Diablo Canyon operations, analyze whether the project was reliable, and determine if the project was safe.

Clean Transportation Advocacy *(full report on pages 20 – 24)*
The EPA estimates that if automakers meet its preliminary *new emissions standards* over the six years beginning with model year (MY) 2026, industry-wide fleet average tailpipe GHG emissions would be reduced by 56% for light-duty vehicles and 44% for medium-duty vehicles. The EPA's proposed *criteria pollution standards* would reduce non-methane organic gases plus nitrogen oxides by 60% by MY 2032 for LDVs, 66% for MDVs, and 76% for both Class 2b and Class 3 vehicles.

To close a large deficit in state revenues, the Governor has proposed cutting $38.1 million from a program that encourages *zero-emission vehicle* purchases, while deferring $600 million in other ZEV investments, including critical *programs for disadvantaged communities*. These and other budget cuts risk California falling short of its goal of all passenger cars sold in California being ZEVs by 2035.

Transmission Planning and Development

All through 2023 and continuing into 2024, CEERT has partnered with GridLab and consultant Ed Smeloff to convene a series of biweekly calls among NGOs, developers, trade associations, utilities, communication strategists, and legislative offices to report on transmission-related activities at the California Independent System Operator (CAISO), California Public Utilities Commission (CPUC), and the legislature.

The closing of the 2023 legislative session brought some bad news with Governor Newsom's vetoes of two transmission-proactive bills, SB 619 by Senator Padilla, which would have allowed certain transmission projects to seek certification at the CEC rather than CPUC, and SB 420 by Senator Becker, which would have expanded upon existing exemptions and shifted permitting authority to local agencies for some smaller transmission projects. CEERT partnered with Environment California, GridLab, and the WATT Coalition to meet with the Governor's Office to discuss more near-term transmission-augmenting solutions, such as the use of grid-enhancing technologies (GETs) and advanced reconductoring. CEERT is planning to cover GETs more in-depth in a fourth report by the end of Q1 or early Q2 of this year.

During this time, CEERT has also engaged with the CPUC's Phase 1 of General Order 131-D revision of the process by which public utility projects submit applications and receive certification. CEERT signed onto a joint proposed Settlement Agreement that was heavily disregarded throughout the revision's Phase 1 process. (See the Advocacy at the CPUC section below for more details).

Following the close of last year's legislative session, CEERT and GridLab co-authored a third transmission report, "California's Progress in Advancing Transmission Planning and Permitting: A 2023 Review," that was released in December. The report summarized the present state of the CAISO's 2023-2024 Transmission Planning Process (TPP) and updated 20-Year Outlook; interconnection and permitting reform; continued efforts on a zonal-planning approach, looking closely at the Central Valley and Los Angeles Basin; and the emerging use of grid-enhancing technologies. Like the previous two, this report concludes with a set of findings and recommendations.

For information regarding the transmission call series or report access, please contact CEERT's Policy Director, Maia Leroy, at maia@ceert.org.

Regional Grid Integration and Governance

CEERT is participating in biweekly calls organized by Advanced Energy United to share information about regional and California developments on expanding CAISO's Energy Imbalance Market though an Extended Day-Ahead Market. Participants also strategize about overcoming political opposition in California to changing CAISO's governance, and ways to accommodate regional interests that will not support expanding CAISO's market functions if California's Governor solely appoints the CAISO Board.

Because of the apparent stalemate on governance, the Western Power Pool, based in Little Rock, Arkansas, has been trying to create momentum for expanding its operations in the West through creating a day-ahead market and regional transmission operator, without California, and anchored by Bonneville and other utilities in the Pacific Northwest. While functionally, WPP's approach would not work as well or provide as many benefits as a West-wide, fully integrated grid and market, the idea has been received with some interest because of the frustrations with California.

In late 2023, there was a convening of stakeholders around another approach, which involves separating CAISO's balancing authority role in California from the design and establishment of the day-ahead market and other functions. This arrangement would preserve the so-called "buckets" in the California Renewable Portfolio Standard, which limit out-of-state imports that don't directly offset existing in-state generation. As a result, organized labor is in support of this new arrangement, and it is widely seen as a breakthrough that will likely accelerate progress toward regional integration.

Central Procurement Entity

In 2023 Assemblymember Eduardo Garcia introduced Assembly Bill 1373 in response to the Governor's proposal for a Central Procurement Entity (CPE). The bill gives the Department of Water Resources the authority to act as a CPE up to 2035, and requires the CPUC in consultation with the CEC to assess capacity payments for load-serving entities (LSEs) and publicly owned utilities (POUs) that are deficient in their reliability obligation. Although an earlier version in the Assembly Appropriations Committee included only the procurement of offshore wind and geothermal energy, AB 1373 was later amended to expand the qualifying types to "eligible energy resources," including long lead-time zero-carbon projects. The bill was passed and signed by the Governor in October.

Throughout 2023, CEERT partnered with Americans for Clean Power (ACP) and consultant Nick Pappas to convene biweekly calls with other NGOs, renewable developers, and community choice aggregators (CCAs) to discuss the issues and solutions for establishing a CPE. The group followed AB 1373 closely, weighing in where necessary.

After its long, thoughtful advocacy efforts, the group was pleased to see the expanded inclusion of other clean energy resources in the final bill language. Following the enactment of AB 1373, CEERT and ACP are considering another series of calls to discuss the overall procurement of clean energy in California.

Siting and Permitting of Clean Energy Projects

CEERT and Clean Power Campaign have been pressing for the acceleration of clean energy and transmission permitting through both regulatory and legislative avenues. CPC advocated heavily for the passing of two bills, SB 420 by Senator Becker and SB 619 by Senator Padilla, which made significant efforts to speed up the approval of transmission projects. Both of these bills were later vetoed by Governor Newsom, who claimed his newly established Infrastructure Strike Team will be addressing transmission issues. Little information on the Strike Team's activities has been made public; however, starting in December, CEERT, GridLab, Environment California, and the WATT coalition have been meeting with the Governor's Office to discuss the urgent need for transmission buildout and offer near-term solutions.

CEERT has also been participating in the CPUC proceeding on General Order 131-D, following SB 529 enactment, with the intent to expedite transmission siting and approval. (More information on this can be found in the Advocacy at the CPUC section below.)

CEERT and CPC plan to further engage throughout 2024 at both the regulatory agencies and the legislature to advocate for more efficient and timely permitting and siting of clean energy projects.

Geothermal and Lithium Valley

V. John White was invited to be a member of Comite Civico del Valle's (CCV's) Expert Technical Advisory Committee, which is reviewing and preparing comments about Imperial County's programmatic environmental impact report (EIR) on the expansion of geothermal energy and development of lithium recovery, and on the EIR for the Hell's Kitchen geothermal drilling and lithium recovery project.

CEERT attended CCV's annual Environmental Justice Conference and two community meetings sponsored by Imperial County, and participated in discussions on expanding community benefits and mitigating environmental impacts, including intensified use of increasingly scarce water supplies resulting from steady declines in how much is available from the Colorado River.

CEERT has also worked to ensure that the new legislation on Central Procurement of Long Lead-Time Resources authorized by AB 1373 (E. Garcia) does not adversely affect previously mandated procurement of geothermal and high-capacity resources by load-serving entities.

Discussions with the Governor's Office

Following the Governor's vetoes of SB 619 (Padilla) and SB 420 (Becker), CEERT participated in a meeting with Grant Mack, legislative advisor, and Christine Hironaka, Deputy Cabinet Secretary. Mack worked for Bob Weisenmiller at the CEC and has been at the CPUC and on loan to the Governor's office; Hironaka was formerly a deputy Secretary at Cal-EPA. The meeting was organized by Dan Jacobson, and was focused largely on transmission and the reasons we and a broad coalition of stakeholders supported legislative efforts to streamline the permitting and approval of new transmission projects and infrastructure investments, including overcoming delays in interconnection of clean energy projects.

Since Ms. Hironaka is new to these issues, most of the conversation was with Grant Mack, who was astonishingly unaware of how renewable projects are planned and built, and in a state of complete denial that the CPUC has caused any delays. He suggested utilities and developers were where the problem lay.

We followed up by sharing CEERT's three transmission reports, and hope that progress can be made at the CPUC on expediting transmission approvals and construction, but we will continue to explore possible legislative remedies through the Clean Power Campaign.

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

CEERT has been following the implementation of AB 205, which established and funded programs to ensure there would be sufficient resources for extreme weather events. The legislation established three new programs: the Demand Side and Grid Support Program ($314 million), the Distributed Energy Backup Assets Program ($595 million), and the Electricity Supply Strategic Reliability Reserve Program ($2.4 billion).

CEERT has been encouraged by the CEC's administration of these programs, and believes they could provide at least 1,200 megawatts of contingency resources that would be available during extreme weather. We also believe there is significant potential for more than 500 megawatts of demand-side resources through third-party aggregators, and great potential for pairing batteries with rooftop solar, both in front of and behind the meter.

When AB 205 was passed in 2022, there was concern that the combination of supply-chain constraints and delays in interconnecting clean energy and battery storage projects could delay the availability of those projects, and a belief that the possibility of extreme weather events, massive wildfires, and low hydroelectric resources necessitated the procurement of additional generation resources. In May 2022, the state energy agencies made the finding that additional generation resources would be needed for several years. Fortunately, the drought has been alleviated and reservoirs are largely full, and the supply chain constraints have been largely overcome in the intervening 20 months. In 2023 California was successful in procuring both renewable energy resources and batter storage projects in large quantities, resulting in significantly increased resource adequacy.

In light of these changed circumstances, and with the state budget facing a $70 billion deficit, CEERT is urging the CEC to rethink the need for continuing to operate the soon-to-be-retired once-through-cooling (OTC) gas-fired plants, and return the plants' $2.1 billion of expenses to the general fund. Moreover, the hasty decision to push for the extension of Diablo Canyon's operations for at least the next five years was based on the same panicked response to the possibility of reliability disruptions during extreme weather events, along with supply-chain and interconnection issues, that led to the effort to extend the life of the old, polluting, and expensive OTC plants. Part of the package to induce PG&E to keep Diablo Canyon open, along with a $1.5 billion forgivable load from the federal government, was $400 million appropriated to support operating cost increases, which has not yet been spent, and another $800 million to underwrite further cost overruns.

While it is probably too late to walk back the decision to continue operating Diablo Canyon until at least 2030, given the state's enormous budget deficit and cutbacks in spending on climate and clean energy programs, California should rescind these operating subsidies from the general fund, instead of incentivizing PG&E to make more money on Diablo.

CEERT has written a detailed memorandum to CEC Vice Chair Siva Gunda outlining the changed circumstances and the need to rethink ongoing general fund expenditures and support for these out-of-market, highly polluting and expensive resources, and instead allocate the remaining funds to clean energy infrastructure and demand response measures.

Advocacy at the California Air Resources Board (CARB)

CEERT graduate fellow Mark Hanin reports that the CARB Research Steering Committee (RSC) is accepting nominations for four new RSC members until February 12, and applications until March 4.

Mark has attended monthly calls of the CARB Scoping Plan Working Group, CARB's 2025 Mobile Source Strategy webinar, a joint Board meeting in September with the Environmental Justice Advisory Committee (EJAC) to discuss its recommendations for the Low Carbon Fuel Standard (LCFS) Regulation Updates, and a separate board meeting on the LCFS.

Goals of CARB's 2025 Mobile Source Strategy include a 65% decrease in NOx emissions by 2050 and a 52% decrease in particulate emissions by 2050. CARB expects to host multiple webinars and release multiple drafts of the Mobile Source Strategy, culminating in a board hearing on the matter in winter 2025, before submitting a final version to the legislature. CARB aims to use the Strategy to inform the transportation policies of its future Climate Change Scoping Plans.

In November CARB held a joint board meeting with both the California Transportation Commission and the California Department of Housing and Community Development to discuss the Climate Action Plan for Transportation Infrastructure and its implementation. They considered investments in light-, medium-, and heavy-duty zero-emission vehicle infrastructure and development of a zero-emission freight transportation system.

Mark also reports that Governor Newsom has appointed Cliff Rechtschaffen to the CARB Board.

Advocacy at the California Public Utilities Commission (CPUC)

Summary of CEERT's Advocacy at the CPUC

CEERT has been particularly active in the General Order 131-D (R.23-05-018), Integrated Resource Plan (IRP) (R.20-05-003), Resource Adequacy (R.21-10-002/R.23-10-011), and Demand Flexibility (R.20-07-005) proceedings.

CPUC Transmission Planning

General Order 131-D (R.23-05-018)

On September 8, San Diego Gas & Electric Company (SDG&E) submitted a Notice of Settlement Conference. The Settlement Conference, which CEERT attended, was held on September 20. On September 29, SDG&E, Southern California Edison Company (SCE), and Pacific Gas & Electric Company (PG&E) (collectively, the Joint Parties) submitted a Joint Motion for: 1) Modification of the Scoping Memo and Setting Aside Submittal of this Proceeding for Consideration of a Phase 1 Settlement Proposal; and 2) an Order Shortening Time for Comments and Reply Comments on the Settlement Proposal. On the same date, the Joint Parties submitted a Joint Motion for Adoption of Phase 1 Settlement Agreement. Parties submitted comments on the Phase 1 Settlement on October 30.

On October 26, Commissioner Reynolds issued a Proposed Decision Addressing Phase 1 Issues. The Proposed Decision (PD) adopts modifications to CPUC General Order (GO) 131-D to conform it to the requirements of Senate Bill (SB) 529 and to correct outdated references. The PD modifies GO 131-D as demonstrated in Attachment A to the PD. Opening Comments on the PD were filed on November 15 and Reply Comments on November 20.

On November 14, CEERT submitted Opening Comments, arguing that the PD errs in failing to acknowledge the appropriately filed and broadly supported Phase 1 Joint Settlement Agreement, and must be modified to direct the Amendment of the Scoping Memo to timely consider the Joint Settlement Agreement. Parties submitted Reply Comments on November 20. On December 18, the CPUC issued final decision D.23-12-035.

On December 18, Administrative Law Judges (ALJs) Park and Mutialu issued a Ruling Inviting Comment on Phase 2 Issues. Phase 2 will address additional changes to GO 131-D that are needed and a Staff Proposal addressing Phase 2 issues is expected to be issued in the first quarter of 2024. On January 10, ALJ Park issued a Ruling that extended the due dates of Opening Comments to February 5 and Reply Comments to February 26.

On January 17, the Protect Our Communities Foundation (PCF) submitted an Application for Rehearing (AFR) of D.23-12-035, arguing that the Decision violates SB 529 mandates because the opening clause of the added paragraph limits application of the Permit to Construct (PTC) process to projects of 200 KV or more that require a Certificate of Public Convenience and Necessity (CPCN). The CPUC must adhere to legislative directives and must oversee the utilities' construction projects. Responses to the AFR were submitted on February 1.

CPUC Energy Planning and Procurement and Resource Adequacy

Integrated Resource Planning (IRP) (R.20-05-003)

On August 1, numerous load-serving entities (LSEs) submitted their 2023 IRP Compliance Reports, then provided updated Compliance Reports on October 16. On December 1, several entities submitted their December 1 IRP Compliance Reports.

Amended Scoping Memo

On August 21, Assigned Commissioner Alice Reynolds issued an Amended Scoping Memo and Ruling addressing issues that remain pending, as well as new issues. The schedule is reflected above and the issues to be discussed are as follows:

- Development and adoption of the 2023 Preferred System Plan (PSP), based on individual IRP submissions from November 2022;
- Transmittal of portfolios to the CAISO for use in transmission planning, including for the 2024-2025 Transmission Planning Process (TPP);
- Development of the Reliable and Clean Power Procurement Program (RCPPP);
- Periodic updating of the Inputs and Assumptions (I&A) for IRP modeling for multiple purposes;
- Crafting of policies to encourage procurement of certain long lead-time (LLT) resources necessary to achieve California's long-term clean energy and GHG reduction goals; and
- Other continuing and remaining issues.

ALJ Ruling Seeking Comment on Proposed 2023 Preferred System Plan (PSP) and TPP Portfolios

On October 5, ALJ Fitch issued a Ruling Seeking Comment on the Proposed 2023 Preferred System Plan and Transmission Planning Process (TPP) Portfolios, asking for input on a package of materials proposed to be part of the 2023 PSP and portfolio to be sent to the CAISO for analysis in its 2024-2025 TPP, and to give direction to LSEs on their procurement activities and their next round of individual IRPs.

The Ruling recommends that the CPUC adopt the aggregated portfolio that is based on planning to a GHG target for the electricity sector of 25 million metric tons (MMT) by 2035. In addition, the Ruling recommends that the CAISO analyze a high gas-retirement sensitivity, which represents the closure of over 15 GW of existing natural gas generation.

On November 13, CEERT submitted Opening Comments supporting the Ruling's recommendations to adopt the 25 MMT core portfolio for the 2023 PSP. We further recommended that a new sensitivity case be developed that is compliant with SB 887 and will analyze the locations of natural gas retirements and local reliability impacts. CEERT reiterated its concerns about the RESOLVE model and argued that the CPUC should solicit an alternative tool for capacity expansion modeling. We recommended that the CPUC prioritize the development of programmatic procurement and requested that the cost of long lead-time resources be refined. In addition, we urged the CPUC to clarify its proposed approach to assuring reliability in the IRP program and the RA program.

On December 1, CEERT submitted Reply Comments, noting that we were one of several parties supporting the adoption of the 25 MMT core portfolio as the PSP. We reiterated our recommendation that a new sensitivity case be developed to eliminate natural gas plants at specific busbars adjacent to disadvantaged communities in the Los Angeles basin for use in transmission modeling. And we again urged the CPUC to evaluate new modeling options due to numerous issues with RESOLVE.

Decision Granting Petition for Modification (PFM) on Modified Cost Allocation Mechanism (MCAM)
On December 19, the CPUC issued D.23-12-014, a Decision granting the PFM of D.22-05-015 filed jointly by San Diego Community Power and the Clean Energy Alliance on October 28, 2022. D.22-05-015 adopted the MCAM, which allocates costs for electricity procurement by investor-owned utilities on behalf of non-utility LSEs. The PFM asks the CPUC to use the year-ahead load forecast instead of the actual load being served as the basis for the one-time provision in D.22-05-015 for purchase of resource adequacy capacity. Any non-utility LSE may elect to purchase additional capacity as a result of this decision, but entities with existing agreements are not required to do so.

Proposed Decision Adopting 2023 Preferred System Plan (PSP) and Related Matters, and Addressing PFMs
On January 10, ALJ Fitch issued a Proposed Decision (PD) Adopting 2023 PSP and Related Matters, and Addressing Two PFMs. The PD evaluates the 2022 IRP filings of all LSEs under the CPUC's IRP purview.

The PD adopts a PSP portfolio that meets a statewide 25 MMT GHG target for the electric sector in 2035. This portfolio was first developed by aggregating the individual IRPs of all LSEs, reflecting the resource preferences of those LSEs through 2035. CPUC staff then augmented the resources using modeling analysis to ensure reliability standards and GHG targets were met through 2035, and to extend the resource planning timeframe out to 2039 for transmission planning purposes.

This proposed PSP portfolio reduces emissions by 28 MMT in 2035 compared to the 2020 electric sector emissions in the CAISO's area, equaling a 58% reduction. By 2045, the proposed portfolio reduces emissions by 85% and achieves a level of 113% clean energy, based on SB 100's 100% goal for 2045. (The clean energy level can exceed 100% because it is based on retail sales and includes exported energy.)

The PD recommends to the CAISO that the 25 MMT PSP portfolio be used as both the reliability base case and the policy-driven base case for study in its 2024-2025 TPP, and further recommends that the CAISO analyze a policy-driven sensitivity case to test the transmission buildout needed for a grid stress case under which 15 gigawatts of natural gas generation resources are retired by 2039.

The PD also addresses two PFMs of earlier procurement decisions in this proceeding: D.21-06-035 and D.23-02-040. The first PFM was filed jointly by SCE and PG&E, seeking a two-year extension on the energy required to be procured in D.21-06-035 to partially replace the attributes of the Diablo Canyon Power Plant. The SCE and PG&E PFM was denied in this PD primarily due to concerns about system reliability and equity among LSEs.

The second PFM was filed jointly by California Energy Storage Alliance (CESA) and Western Power Trading Forum (WPTF), seeking modifications to D.23-02-040 and D.21-06-035, to allow extension of deadlines for procurement of long lead-time (LLT) resources when certain conditions are met. The CESA and WPTF PFM is granted, in part, with modifications. LSEs that require an extension to bring online the required LLT resources beyond the June 1, 2028 deadline must procure generic capacity to cover the shortfall, and still bring online LLT resources no later than June 1, 2031.

The PD also formally adopts high-level aspects of the reliability framework for IRP that has been used in this proceeding throughout the past two years, including a 0.1 loss of load expectation (LOLE) standard for determining reliability need, a planning reserve margin (PRM) based on gross peak, and resource counting conventions using marginal effective load-carrying capability (ELCC) analysis that is updated periodically. Finally, the PD makes reimbursable funding available to CPUC staff for consulting resources to continue to support the IRP process for the next six years.

On January 30, CEERT submitted Opening Comments supporting the adoption of the 25 MMT core portfolio as the PSP to be used in the reliability and policy-driven base case for the 2024-2025 TPP and the high gas-retirement scenario as a policy-driven sensitivity for the 2024-2025 TPP. CEERT also supported maintaining 1.6 GW of offshore wind mapped to the North Coast (Humboldt) area. We held that the PD correctly denies the Petition for Modification related to Diablo Canyon replacement resources and correctly grants compliance extension for long lead-time resources beyond 2028.

CEERT also supports the adoption of a 0.1 LOLE reliability standard, a PRM based on gross peak and the use of ELCC analysis, but only as an interim approach. We continue to have concerns about using RESOLVE and SERVM for capacity expansion and production cost modeling. We challenged Finding of Fact 19 that there is a reliability risk in the summer of 2025 because it is not supported by the record.

Lastly, the PD denies two of CEERT's recommendations—development of more granular and deeper assumptions for distributed energy resources (DERs) and addressing cost uncertainties for all resource types by modeling low, medium, and high sensitivities. However, we are pleased the PD states that these recommendations will be considered in the next IRP cycle.

Reply Comments were due February 5.

Resource Adequacy (RA) (R.21-10-002/R.23-10-011)

Joint Parties' Application for Rehearing (AFR) and Joint Motion

As previously reported, CEERT joined the California Efficiency + Demand Management Council, CPower, Enel X, Leapfrog Power, and OhmConnect (the Joint Parties) in submitting a Joint AFR and Joint Motion for Partial Stay of Decision 23-06-029 due to the numerous errors contained in the decision, which wrongly impose significant and unsupported adverse impacts on demand response (DR), particularly as it pertains to third-party DR providers. On August 20, California Large Energy Consumers Association (CLECA) submitted a Response in Support of the Application for Rehearing and a Response in Support of the Motion for Partial Stay. CLECA agreed with the Joint Parties' concerns about D.23-06-029 and its adverse impacts on Reliability Demand Response Resources (RDRR) and the Base Interruptible Program. CLECA also supported the request for oral argument.

On December 18, the CPUC issued D.23-12-038, an Order denying the Joint Parties' AFR and Motion for Partial Stay. It also denies California Community Choice Association's (CalCCA's) AFR and Shell and AReM's AFR, and denies the Joint Parties' request for oral argument. Below is a summary of the CPUC's discussion on the Joint Parties' AFR.

As to conflict between D.23-06-029 and D.16-09-056, the CPUC contended there were no "specific allegations" about how the CPUC violated any rule or law to support the claim that the Decision unlawfully continues to favor investor-owned utility (IOU) DR. The CPUC claimed D.16-09-056 states that DR shall evolve to complement the continuous changing needs of the grid, and "[b]y ensuring that ratepayers do not pay twice for third-party DR and by adjusting DR programs as necessary based on the record to ensure grid needs are met by demand response products, the Commission is complying with statutory and decisional law."

The CPUC claimed the overriding objective is for RDRR to be available to mitigate or avoid an emergency grid reliability situation. The Order stated that while CAISO recognizes this approach may result in more frequent dispatch of RDRR than in the past, DR use limitations will continue to be respected.

The CPUC claimed Energy Division's proposal pointed out that no other distribution-connected resources receive a transmission adder, so there is an inconsistency between the treatment of DR and other resources at this time. As to the Planning Reserve Margin (PRM), Energy Division asserted that while the current PRM adder accounts for forecast error and forced outages, DR does not lower either factor because if the CAISO does not procure to meet load, there would be no DR load to curtail. The Order further stated that "removal of the adders starts in 2024, giving DR providers time to decide to provide RA capacity or not based on the new terms."

The CPUC contended the Joint Parties had not shown that the additional requirements will not provide additional Proxy DR availability as expected, and that derating of DR qualifying capacity had not been shown to be discriminatory or to constitute a retroactive sanction for third-party DR. The CPUC made a policy adjustment based on the record in further of its statutory duty, and acted "within our discretion."

CLECA Petition for Modification

On August 24, CLECA submitted a Petition for Modification (PFM) of D.23-06-029, arguing that D.23-06-029 should be modified to clarify that only economic bids are allowed to be enabled during day-of EEA Watch conditions, to defer implementation of the RDRR dispatch until the CAISO tariff is changed to accurately reflect the physical characteristics of RDRR customers, and to allow Base Interruptible Program (BIP) participants to opt out or change their firm service level now.

On September 25, the Joint Parties submitted a Response to the PFM, supporting CLECA's continuing efforts to rectify the legal and factual errors committed by D.23-06-029 and reverse its harmful effects. Along with the Joint Parties, PG&E, SCE, and CAISO submitted Responses. On October 3, CLECA submitted a Reply to the Responses to the PFM.

On January 26, ALJ Chiv issued a Proposed Decision Denying CLECA's Petition for Modification of Decision 23-06-029. The PD claims that the PFM provides insufficient basis and contains no new facts that would warrant modification of D.23-06-029. Opening Comments are due on February 15 and Reply Comments on February 20.

New RA Order Instituting Rulemaking (OIR) – R.23-10-011

On October 19, the CPUC issued a new Order Instituting Rulemaking (OIR) to Oversee the Resource Adequacy Program, Consider Program Reforms and Refinements, and Establish Forward Resource

Adequacy Procurement Obligations. The Assigned Commissioner is Commission President Alice Reynolds and the Assigned ALJ is ALJ Chiv.

On November 8, CEERT submitted Opening Comments arguing that the scope of the proceeding should address and rectify the numerous errors contained in D.23-06-029 if the pending Joint Application for Rehearing and Joint Motion for Partial Stay are not granted. We held that the scope of this proceeding should ensure further examination of a monthly Planning Reserve Margin (PRM) for Slice-of-Day (SOD) implementation, and that coordination between the RA and IRP proceedings should include evaluation of the reliability framework for IRP modeling.

On November 20, CEERT submitted Reply Comments on the OIR and agreed with parties urging that the scope of the proceeding address the issues contained in D.23-06-029. CEERT also supported parties recommending consideration of additional DR requirements in this rulemaking. Multiple parties, including CEERT, supported coordination with the IRP proceeding.

On November 21, ALJ Chiv held a Prehearing Conference. CEERT's party status was confirmed, and the Transcript can be found here.

On December 18, CPUC President Alice Reynolds issued a Scoping Memo dividing the rulemaking into three tracks. Track 1 is expected to conclude by the end of June 2024, and will cover the following issues: (1) adoption of 2025-2027 Local Capacity Requirements (LCR), (2) adoption of the 2025 Flexible Capacity Requirements (FCR), (3) 24-hour slice-of-day (SOD) framework (including the SOD planning reserve margin), (4) Unforced Capacity Methodology, (5) Demand Response Load Impact Protocols, (6) RA compliance and penalties, and (7) other time-sensitive issues.

Track 2 will cover the central procurement entity framework, loss of load study, planning reserve margin (PRM), and coordination with the IRP proceeding, and is expected to conclude by the end of December. Track 3 will consider system and flexible capacity requirements for the 2026 and 2027 program years and the 2026-2028 local RA requirements. Track 3 will also consider refinements to the CEC's incentive-based supply-side DR QC proposal to be submitted in December 2024, including testing requirements and requirements to market integrated IOU DR programs.

Track 1 Proposal

On January 19, CEERT and the California Efficiency + Demand Management Council submitted a Track 1 Proposal. CEERT and the Council urged the CPUC to address one of the most time-sensitive issues in this proceeding: the treatment of DR resources, particularly those negatively impacted by D.23-06-029. CEERT and the Council proposed that Track 1: (1) schedule testimony and evidentiary hearings to consider and address the negative impacts that D.23-06-029 has had on Supply-Side DR and DR providers since issuance of the decision, (2) evaluate the merits of any other CPUC RA DR Supply-Side DR rule changes that the CPUC is planning to undertake in Track 1, and (3) permit parties to submit responsive proposals that identify, limit, and reverse negative effects of those rules.

Demand Flexibility (R.22-07-005)

Joint Motion for Public Participation Hearings

As previously reported, on July 13, CEERT, the Council, California Solar & Storage Association, Clean Coalition, Solar Energy Industries Association, and Utility Consumers' Action Network (the Joint Parties) submitted a Joint Motion for Public Participation Hearings. SDG&E submitted a Response to that Motion on July 28. The Joint Parties submitted a Joint Reply on August 7.

The Joint Parties argued that Public Participation Hearings are not "unique" in rulemakings and are not limited to utility rate applications; and that the Public Participation Hearings in this proceeding are not "premature," and must be appropriately scoped by the CPUC, not the utilities, and timely scheduled for needed public input. On August 15, ALJ Wang issued a Ruling denying the Motion for Public Participation Hearings, and stating that it is too late in the proceeding to hold such Hearings and the Commission has already received significant public comments.

Track A Activities (Income Graduated Fixed Charges (IGFCs)

A Meet-and-Confer session was held on August 2. On August 11, PG&E, SCE, and SDG&E submitted a Joint Case Management Statement for Track A that provided a list of stipulated facts, status of settlement negotiations, and party positions on whether hearings are required.

On August 22, ALJ Wang issued a Ruling on the Track A Procedural Schedule, Opening Briefs Guidance, and Exhibits. Opening Briefs were submitted on October 6 and Reply Briefs on November 3.

On December 18, ALJ Wang issued a Ruling that directed PG&E, SCE, and SDG&E to file by January 24 additional information about the proposed budgets for implementing the first income-graduated fixed charges. The Ruling also invited party comments by January 24 on the timing of implementation for the first income-graduated fixed charges. Reply Comments are due February 12.

Track B Activities (Pilot Expansion)

On August 15, ALJ Wang issued a Ruling on Track B Staff Proposal to Expand Existing Pilots. Attachment A is the Staff Proposal on Existing Dynamic Rate Pilot Expansion and Attachment B is the Preliminary Assessment of VCE's Agricultural Pumping Dynamic Rate Pilot. Parties submitted Opening Comments on September 25 and Reply Comments on October 2.

On October 3, ALJ Wang issued a Ruling directing SCE, PG&E and community choice aggregators to provide additional information about their proposed budgets for expanded pilots by October 13. Parties submitted comments on October 25.

Track B Working Group proposals were submitted on October 11. Opening Comments on the Track B Working Group proposals were submitted on November 13 and Reply Comments on December 22.

On January 26, the CPUC issued D.24-01-032, a Decision that directs PG&E and SCE to expand the demand flexibility pilots authorized in D.21-12-015 to provide summer reliability benefits between June 1, 2024, and December 31, 2027. The decision directs PG&E to expand the Valley Clean Energy Alliance agricultural pumping dynamic rate pilot and SCE to expand its dynamic rate pilot for residential, commercial, and industrial customers.

Demand Response (DR) Applications (A.22-05-002, et al.)

On August 24, ALJ Toy issued a Ruling Canceling Evidentiary Hearings and Setting Dates for a Phase II DRAM Briefing. Opening Briefs were submitted on October 2 and Reply Briefs on November 3.

On December 20, the CPUC issued D.23-12-005, a Decision Directing Certain Investor-Owned Utilities' Demand Response Programs, Pilots, and Budgets for the Years 2024-2027. The proceeding remains open to address outstanding DR Auction Mechanism issues, which will be addressed in a separate PD.

Customer DER (R.22-11-013)

On August 8, ALJ Lau issued a Ruling Issuing the 2024 Avoided Cost Calculator (ACC) Staff Proposal for Party Input. Attachment A to the Ruling is the Integrated Distributed Energy Resources 2024 ACC Staff Proposal. Opening Testimony on issues related to the 2024 ACC was submitted on October 30 and Rebuttal Testimony on November 20. Evidentiary Hearings on this issue were held January 23-25. Transcripts for the Evidentiary Hearings can be found here: Day One, Day Two, and Day Three.

On December 8, the CPUC issued D.23-11-087, a Decision Authorizing an Additional $250,000 for the 2024 ACC Update and Future ACC Updates. On December 1, Assigned Commissioner Houck issued a Ruling Setting the Scope of Work for the Consultant, Scope of Work for the Data Working Group, and Formation of the Working Group.

On December 8, ALJ Lau issued a Ruling Requesting Party Comments on a study CPUC staff will be conducting to analyze avoided transmission and distribution costs. Opening Comments on the Ruling were submitted on December 22 and Reply Comments on January 5.

CPUC Gas System and Grid Initiatives

Aliso Canyon (I.17-02-002)

On July 28, ALJ Zhang issued a Proposed Decision Granting in Part and Denying in Part the Joint Petition for Modification of Decision 21-11-008. The PD modifies Findings of Fact, Conclusions of Law, and Ordering Paragraphs in D.21-11-008 to reflect the increase of the interim storage limit of working gas at Aliso Canyon Natural Gas Storage Facility to 68.6 billion cubic feet (bcf).

On August 17, CEERT, Dr. Issam Najm, the Protect Our Communities Foundation, and Utility Consumers' Action Network (Joint Parties) submitted Opening Comments on the PD, arguing that Aliso Canyon remains unsafe and the maximum storage volume should be maintained at 41.16 bcf. On August 22, the Joint Parties submitted Reply Comments reiterating their contention that the maximum storage volume should not be increased. On September 6, the CPUC issued D.23-08-050, a Decision Granting in Part and Denying in Part the Joint Petition, and increasing the interim storage limit of working gas to 68.6 bcf.

On December 5, ALJ Zhang issued a Ruling that ordered supplemental testimony on the potential addition of an economic factor to the biennial assessment proposed in the September 2022 Staff Proposal. Supplemental Opening Testimony was submitted on December 19; Supplemental Rebuttal Testimony was submitted on January 16, and Supplemental Sur-Rebuttal Testimony was submitted on January 22.

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

On December 21, the CPUC issued D.23-12-003, which adopts review criteria and information requirements for gas utility applications proposing to repair or replace transmission pipeline infrastructure, including criteria to determine when declining demand can enable transmission pipelines to be derated or decommissioned without adversely impacting reliability. It requires gas utilities to provide an information-only submittal describing planned transmission pipeline derations.

This decision does not adopt new definitions of "transmission pipeline" or "distribution pipeline." Instead, it reinforces that gas utilities must continue to comply with CPUC General Order 112-F requirements to align with Pipeline and Hazardous Materials Safety Administration definitions of these terms as most recently set forth in Code of Federal Regulations (CFR) Title 49 Part 192.3.

The decision adopts a proposal by PG&E to update its definition of the term "transmission [pipe]line" and related terms in alignment with 49 CFR Part 192.3.1, which results in the reclassification of some 600 miles of PG&E transmission pipeline as distribution pipeline. The decision also finds that natural gas storage facilities are necessary for reliability and cost management at this time.

Microgrids (R.19-09-009)

On August 8, ALJ Rizzo issued a Ruling Ordering PG&E, SDG&E, and SCE to Draft a Microgrid Multi-Property Tariff (MMPT), and on October 9, PG&E, SCE, and SDG&E submitted a draft, sample pro-forma standard MMPT. Opening Comments were submitted on October 27 and Reply Comments on November 10.

On October 6, the Joint Parties (Green Power Institute, Center for Biological Diversity, the Climate Center, and Microgrid Resources Coalition) submitted a Motion to Amend Track Five Scoping Memo and Ruling. On October 23, Assigned Commissioner Shiroma and Assigned ALJ Rizzo issued a Ruling denying the motion but modifying the Track 5 activities schedule.

On December 15, several parties submitted their Pro-Forma Standard Microgrid Multi-Property Tariffs. Opening Comments were submitted on January 12 and Reply Comments on January 26.

Self-Generation Incentive Program (SGIP) (R.20-05-012)
On November 17, ALJ Fortune issued a Ruling that set dates for Opening and Reply Comments on a November 14 status conference, which was held to discuss two issues: (1) the Center for Sustainable Energy's Motion for a budget reconciliation with SDG&E on authorized budget amounts and carryover funding, and (2) the structure necessary to create new statewide program administrator(s) for the SGIP that would serve customers of publicly owned utilities. Opening Comments were submitted on November 27 and Reply Comments on December 4.

On December 21, the CPUC issued D.23-12-004, which modifies the existing heat pump water heater program in D.22-04-036 to expand program eligibility.

Grid for High Distributed Energy Resources (DER) (R.21-06-017)
On August 11, Assigned Commissioner Shiroma issued an Amended Scoping Memo and Ruling. The issues in this proceeding are: Track 1 (Distribution Planning and Execution Process and Data Improvements), Track 2 (Distribution System Operational Needs and System Operator Roles and Responsibilities), and Track 3 (Smart Inverter Operationalization and Grid Modernization Planning).

On October 17, ALJ Hymes issued a Ruling that grants the Motion of the Public Advocates Office (Cal Advocates) requesting to admit its Distribution Grid Electrification Moel (DGEM) Study and Report in the R.21-06-017record, grants the request by PG&E and SCE to allow parties to comment on the DGEM Study and Report, and establishes a schedule for such comments. Opening Comments on the DGEM Study and Report were submitted on October 31 and Reply Comments on November 7.

On January 18, PG&E submitted a Motion to Authorize Certain Distribution Planning Tool Costs and Integration Capacity Analysis Costs to be Recorded to the Distribution Resource Plan Tools Memorandum Account. Responses are due on February 2.

Other CPUC Proceedings CEERT Continues to Track
CEERT is either a party to or on the service list for numerous CPUC proceedings that have required or could require CEERT participation, and we continue to track them in anticipation of participating now or in the future.

Because these proceedings were not the focus of CEERT's efforts in August – December of 2023, only limited information about them is provided here, but is available from CEERT's regulatory counsel, Megan Myers (meganmmyers@yahoo.com) or Sara Myers at (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 November 22, the CPUC issued D.23-11-068, which addressed the remaining six issues of the NEM proceeding. Following up on the modernization of net metering in D.22-12-056, this decision adopted a virtual net billing tariff that, in several respects, mirrors the net billing tariff adopted in D.22-12-056 and balances the requirements of P.U. Code §2827.1 and the Guiding Principles adopted in D.21-02-007. The

decision adopted an aggregation net billing subtariff that also mirrors the net billing tariff but maintains the credit and debit approach used in the existing NEM aggregation subtariff, and it established the process for an evaluation of the net billing tariff, virtual net billing tariff, and aggregation net billing subtariff. The decision also closed the proceeding. Six applications for rehearing (AFRs) were filed on December 22, and responses to some of the AFRs were submitted on January 8.

Renewables Portfolio Standard (RPS) (R.18-07-003)
On August 29, LSEs submitted their Draft 2023 RPS Procurement Plans, and on January 22, numerous parties submitted their Final 2023 RPS Procurement Plans.

On October 18, the CPUC issued D.23-10-006, which denies the October 8, 2021 petition for modification (PFM) filed by Burning Daylight, JTN Energy, Reido Farms, and Vote Solar of D.20-10-005 (Decision Resuming and Modifying the Renewable Market Adjusting Tariff (ReMAT) Program). However, the proceeding may consider further changes to the ReMAT Program as data on the revised program's performance and other RPS procurement (including CCAs' and ESPs') becomes available.

On December 21, the CPUC issued D.23-12-008 on 2023 RPS Procurement Plans. The decision adopted, with modifications, the Draft 2023 RPS Plans of the large IOUs, small and multi-jurisdictional utilities, community choice aggregators (CCAs), and electric service providers (ESPs). The Final 2023 RPS Plans are due no later than 30 days following the issuance of this decision.

On January 25, 2024, the CPUC issued D.24-01-033, which denies the October 4, 2017 PFM of D.14-12-081 (Decision Implementing Senate Bill 1122) filed by the Bioenergy Association of California (BAC). BAC requested modification of D.24-12-081 to remove or extend the Bioenergy Market Adjusting Tariff (BioMAT) program end date to 2025 and to add measures to expedite interconnection for BioMAT projects. These matters have been addressed in D.20-08-043 issued in this RPS proceeding.

On February 1, the CPUC issued R.24-01-017, an Order Instituting Rulemaking to Continue Implementation and Administration, and Consider Further Development, of California Renewables Portfolio Standard Program. R.18-07-003 remains open only to consider filings related to the retail sellers' final 2023 RPS Procurement Plans. Opening Comments on the OIR are due on March 4 and Reply Comments on March 14.

Diablo Canyon (R.23-01-007)
On August 8, several parties submitted a Joint Statement Following Rule 13.9 Meet and Confer. On August 14, ALJ Seybert issued a Ruling Granting Motions to Hold Phase 1: Track 2 Evidentiary Hearings and/or Submit Briefs, and Providing Further Instruction. Evidentiary Hearings were held on September 5, 6 and 7. Opening Briefs were submitted on September 15 and Reply Briefs on September 29.

On August 14, the CPUC issued D.23-08-004, a Decision Addressing Funding for the Diablo Canyon Independent Safety Committee (DCISC). The decision updated compensation to the members of the DCISC as follows: each member shall receive an annual retainer of $10,800; each member shall receive an hourly fee of $270 both for attendance at DCISC meetings and for DCISC work performed outside of Committee meetings in excess of 40 hours per year; and each member shall receive reimbursement of expenses in performance of DCISC work.

On September 26, ALJ Seybert issued a Ruling Incorporating the CEC's Draft Senate Bill 846 Diablo Canyon Power Plant Extension Cost Comparison into the Proceeding Record, attached to the Ruling as Attachment 1. Opening Comments were submitted on October 6; Reply Comments were not accepted. Oral argument was held on November 7 and a transcript can be found here.

On December 15, the CPUC issued D.23-12-036, a Decision Conditionally Approving Extended Operations at Diablo Canyon Nuclear Power Plant (DCPP) Pursuant to Senate Bill 846, and directing and authorizing extended operations at DCPP until October 31, 2029 (Unit 1) and October 31, 2030 (Unit 2).

The approval in this decision is subject to the following conditions: (1) the United States Nuclear Regulatory Commission continues to authorize DCPP operations; (2) the $1.4 billion loan agreement authorized by SB 846 is not terminated; and (3) the Commission does not make a future determination that DCPP extended operations are imprudent or unreasonable. Additional processes are established for the CPUC to continue to consider the prudence and cost-effectiveness of extended DCPP operations.

The decision also allocates the costs and benefits of extended DCPP operations among all load-serving entities subject to the CPUC's jurisdiction; creates a new non-bypassable charge and associated processes to collect DCPP extended operations costs; establishes a new process, similar to the annual Energy Resource Recovery Account proceedings, to review and authorize DCPP extended operations costs; and provides further direction on the use of surplus performance-based fees.

On January 16, PG&E submitted an Application for Rehearing (AFR) of D.23-12-036 and argued that D.23-12-036 commits legal error by requiring PG&E to obtain CPUC approval before spending operating-risk compensation and by requiring operating-risk compensation to offset actual operating costs over 115% of forecasted costs. On the same day, Californians for Renewable Energy (CARE) submitted an AFR of the same decision, arguing that the CPUC failed to: (1) determine if there were adequate new renewable and zero-carbon resources to replace Diablo Canyon by the end of 2023, (2) determine that extending the operation of Diablo Canyon was prudent, (3) determine the true costs of extending Diablo Canyon operations, (4) analyze whether the project was reliable, and (5) determine if the project was safe. Responses to these AFRs were submitted on January 31.

Energy Efficiency (EE) (R.13-11-005)
On November 17, ALJ Kao issued a Ruling Inviting Comment on the Draft Revised Normalized Metered Energy Consumption (NMEC) Rulebook. On November 30, ALJ Kao granted an extension request made by SDG&E to extend the due dates of Opening and Reply Comments on this Ruling. Opening Comments were due on February 29 and Reply Comments on March 15.

On January 5, San Diego Community Power (SDCP) on behalf of the San Diego Regional Energy Network (SDREN) submitted a Motion for Approval of the SDREN 2024-2031 Strategic Business Plan, SDREN 2024-2027 Portfolio Plan, Budget, and supporting documents. On January 18, ALJ Kao granted request of Public Advocates Office for an extension to respond. Responses were due on February 5.

On January 18, the Association of Bay Area Governments and County of Ventura submitted a Motion Requesting Adoption of Streamlined Processes for Multifamily Projects. Responses to this Motion were due on February 2.

Transportation Electrification (R.18-12-006/R.23-12-008)
On November 9, the CPUC issued D.23-11-009, a Decision Modifying D.22-11-040 (Decision on Transportation Electrification Policy and Investment). The decision granted SCE's unopposed Petition for Modification in parts, modifying D.22-11-040, and removed the requirement of compliance with state contracting requirements by SCE and the Program Administrator.

On November 13, ALJ Poirier issued a Ruling Delaying the Timing of the Vehicle-Grid Integration (VGI) Forums Ordered in D.22-11-040 until Quarter 1, 2024. The Forums will provide an opportunity for strategic communication, information sharing, discussion of relevant VGI issues, gathering input on VGI topics prior to procedural action, and a venue for stakeholders to raise emerging or persistent VGI issues.

On November 17, CLECA and Energy Producers and Users Coalition (EPUC) (the Joint Parties) submitted a PFM requesting that the CPUC modify D.22-11-040 by replacing the equal cents per kWh cost allocation methodology with a system average percent change methodology. They claim this modification is needed to align the transportation electrification framework with the state's broader electrification and climate goals, and to address growing reliability constraints. Responses to the Petition for Modification were submitted on December 18.

On December 20, the CPUC issued an Order Instituting Rulemaking (OIR) Regarding Transportation Electrification Policy and Infrastructure and Closing Rulemaking 18-12-006. The new OIR continues the CPUC's oversight of infrastructure to support the acceleration of transportation electrification. This rulemaking also establishes a venue for considering future transportation electrification policy matters, and may consider the development of rates if a substantial need arises. Opening Comments on the OIR were submitted on January 19 and Reply Comments were due on February 5. The Prehearing Conference previously scheduled for February 7 has been cancelled and will be rescheduled at a future date.

Disconnections (R.18-07-005)
On August 24, Assigned Commissioner Houck issued a Ruling requesting comments on the payment structure for the proposed Community-Based Organization (CBO) Arrears Case Management Pilot and the large utilities' disconnection rate caps. Opening Comments were submitted on September 11 and Reply Comments on September 25.

On January 9, Commissioner Houck issued a Proposed Decision approving a CBO Arrears Case Management Pilot Program to reduce residential energy service disconnections by PG&E, SCE, SDG&E, and Southern California Gas Company. The utilities shall contract with CBOs to provide case management services to assist up to 12,000 customers with managing their unpaid bills, enrolling in energy assistance and energy efficiency programs, and arranging bill payment plans. Within 180 days of the effective date of this decision, the utilities shall award contracts for such assistance to CBOs. Two years after the effective date of this decision, the pilot program shall conclude. Opening Comments were submitted on January 29 and Reply Comments were due on February 5.

Building Decarbonization (R,19-01-011)
On November 3, Commissioner Houck issued a Proposed Decision Eliminating Electric Line Extension Subsidies for Mixed-Fuel New Construction and Setting Reporting Requirements. The PD resolves the outstanding Phase 3B issues and furthers the CPUC's goal of adopting policies aimed at reducing greenhouse gas (GHG) emissions associated with energy use in buildings while also furthering California's goals of reducing economy-wide GHG emissions to 40 percent below 1990 levels by 2030 and achieving carbon neutrality by 2045 or sooner.

This PD eliminates electric line extension subsidies for all mixed-fuel new construction (building projects that use gas and/or propane in addition to electricity), effective July 1. Additionally, the rules adopted herein require all mixed-fuel new construction projects to use actual cost billing of an electric line extension rather than estimated cost billing, effective January 1, 2025. To track the progress of the rule changes and to monitor savings from the elimination of electric line extension subsidies, the decision establishes an annual reporting requirement for California's three largest electric IOUs beginning May 1.

The PD adopts the same exemption criteria set by the CPUC to grant subsidies for gas line extension projects, as outlined in Decision 22-09-026. Effective July 1, the new rules will only apply to new applications for electric line extensions in mixed-fuel new constructions. The PD will not impact upgrade applications for existing facilities, or any applications submitted to the electric IOUs before July 1. Within 30 days of the effective date of this PD, each IOU shall submit a Tier 2 Advice Letter to revise their respective electric line extension tariffs in compliance with this decision. The proceeding remains open. Opening Comments were submitted on November 27 and Reply Comments on December 4. Final Decision D.23-12-037 was issued on December 21.

Affordability (R.18-07-006)
On December 13, Assigned Commissioner Houck issued a Ruling Seeking Annual Feedback on the Implementation of the Affordability Framework. Opening Comments were submitted on January 25 and Reply Comments are due on February 16.

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

- A.22-03-006: PG&E Clean Energy Optimization Pilot
- R.17-07-007 (Improvements to Rule 21)

Clean Transportation Advocacy
Advanced Clean Cars (ACC)
Federal Efforts
The US-EPA continues to work on its proposed updates to the regulations setting new emissions standards to reduce GHGs and criteria pollutants produced by passenger cars and trucks for the 2026 through 2032 model years (MY).

The EPA anticipates that if automakers were to meet the progressively increasing stringency for emissions over the six years beginning with MY 2026, its new proposed standards would reduce industry-wide fleet average tailpipe GHG emissions by 56% for light-duty vehicles and 44% for medium-duty vehicles. The EPA's proposed criteria pollution standards would reduce non-methane organic gases plus nitrogen oxides by 60% by MY 2032 for LDVs, 66% for MDVs, and 76% for both Class 2b and Class 3 vehicles.

In establishing a new particulate matter (PM) emissions standard of 0.5 mg/mile, the EPA estimates that the regulations could effectively reduce tailpipe PM emissions and associated air toxics by more than 95%, and result in superior PM stringency requirements than California's current PM standard of 1mg/mile. A coalition including CEERT and a separate coalition of public health groups strongly support the EPA maintaining the 0.5mg/mile requirement in their final rule.

On July 28 the National Highway Traffic Safety Administration (NHTSA) announced that it would be updating the fuel economy standards for passenger cars and light trucks. NHTSA proposes to have fuel economy improvements of 2% per year for passenger cars, 4% per year for light trucks, and 10% for heavy-duty pickup trucks and vans (HDPUVs) during model years 2027-2031, and standards increasing at 2% and 4% per year for passenger cars and light trucks starting in MY 2032. NHTSA projects these standards would result in a fleet-wide average for passenger cars and light trucks of roughly 58 miles per gallon (mpg) in MY 2032 and a fleet-wide average of roughly 38.5 mpg for MY 2038 for HDPUVs.

While CEERT is happy to see EPA and NHTSA undertake these updates, we support both agencies applying maximum stringency in all their vehicle emissions and fuel efficiency standards. This could be achieved by including provisions for more zero-emissions vehicles and for requiring automakers to apply more fuel-efficiency and emissions-reduction-improving technologies to internal combustion engine vehicles. In the case of especially NHTSA this could result in their achieving "maximum feasible" standards as recommended by an expert panel of the National Academies, and to the extent currently allowed by the US Congress under the Energy Policy and Conservation Act.

The US-EPA and NHTSA are expected to release the final set of their regulations in the spring.

California's Work
CARB still awaits EPA's approval of its waiver for the final Advanced Clean Cars (ACC) II regulations.

In October, CARB Staff began considering potential amendments to the ACC II regulations and exploring where coordination with federal standards would be beneficial. Staff are monitoring updated federal criteria and GHG emissions standards for light- and medium-duty vehicles, and want to address improving the interoperability of electric vehicles with charging equipment, and what information should be included on vehicles' window stickers in dealers' lots. They would also like to explore further ways that CARB could support implementation of the ACC II ZEV regulations, especially environmental justice provisions. Staff held a workshop to kick off discussions on these issues on November 15.

CEERT believes that simply aligning with the proposed EPA passenger vehicle GHG standards will be insufficient for California to meet its goal of achieving at least an 85% reduction in fleetwide GHG emissions by 2045. We are advocating for CARB to retain an independent California program that sets vehicle GHG reduction targets that are stronger than the federal GHG standards.

CEERT is also strongly supporting CARB's adopting any criteria-pollutant provisions in the EPA's Emissions Standards for 2027-2032 MY passenger vehicles that are more stringent than in current ACC II regulations, such as the 0.5mg/mile PM standard, evaporative emissions and/or vapor recovery requirements, testing and certification procedure, and longer useful-life requirements.

CARB Staff will be holding further workshops and discussions on these issues in a rulemaking process to address modifications to current ACC II regulations and updated GHG emissions standards.

A Continent Uniting
After more than five years of advocacy work by CEERT and a coalition of Canadian NGOs and federal agencies, Environment and Climate Change Canada (ECCC) released Canada's ZEV regulations, the "Electric Vehicle Availability Standard," on December 19. The EV Availability Standard is modeled on California's ACC II regulations. While the Canadian government has been supporting programs for ZEVs, challenges remain, and further public-private partnership backing will be needed to realize Canada's ZEV targets. Canada's EV Availability Standard, together with the growing number of ACC II states, represents a market approaching half of North American new vehicle sales.

Parallel International Developments
On December 18, the Council of the European Union and the European Parliament reached a provisional agreement on the EU 7 vehicle emissions standards, which are weaker than those originally proposed by the European Commission on November 10, 2022. The provisional agreement needs to be endorsed and adopted by both institutions before the regulations can take effect.

Clean Truck Regulations
Advanced Clean Fleet Regulation
On August 30, CARB submitted final Advanced Clean Fleet (ACF) regulations to the Office of Administrative Law, which approved them on October 1. CARB will hold enforcement of the regulations in abeyance until the US-EPA grants them a waiver.

Advanced Clean Trucks (ACT) Rule
The EPA granted California a waiver to begin enforcing these regulations on April 6. As with many new CARB rules, the ACT regulations are currently the subject of state and federal lawsuits.

Low-NOx Omnibus Rule
The EPA has still not issued California a waiver for Low-NOx Omnibus regulations, and it is unclear how

negotiations on implementing the recent Clean Truck Partnership (CTP) agreement might affect the waiver process.

As part of ongoing discussions about the design and implementation of the CTP, CARB Staff hosted an online workshop on November 28 about the role of hydrogen in California's medium- and heavy-duty on-road vehicles. Workshop discussions were led by experts from CARB Staff and other agencies, the EMA (Truck & Engine Manufacturers Association), and other representatives from industry and research groups at Argonne and Sandia National Labs and Southwest Research Institute. Discussions focused on the technologies and market for trucks using electric fuel cells or hydrogen combustion engines (HCEs).

On behalf of the advocates in the Advanced Clean Truck Coalition, CEERT and colleagues from UCS, NRDC, and the American Lung Association raised concerns about including HCE trucks in either the Advanced Clean Trucks or the Advanced Clean Fleets regulations, because any combustion engine technology will produce NOx emissions. (HCE trucks are already eligible to participate under the Low-NOx Omnibus Truck Rule as long as they can meet its emissions performance standards.)

CEERT raised other concerns about the use of HCEs, pointing out inconsistencies in the trucking industry's claims that including HCE trucks in California's Advanced Clean Trucks rules could accelerate development of a hydrogen fueling network and lower the cost of hydrogen as a transportation fuel. Many concerns CEERT and our colleagues raised were confirmed by the experts from the National Labs.

CARB plans to continue negotiations with the industry partners in the CTP, and will be holding future workshops that include the broader stakeholder community on the design and implementation of the CTP.

Federal Clean Truck Regulations

After receiving testimony in May 2-3 hearings and written comments through June 16, the US-EPA continues to work on its proposed updates to the GHG standards for MY 2028-2032 heavy-duty trucks (the "Phase 3" rule). EPA anticipates releasing the final regulatory package sometime in the spring.

CEERT and others in the Advanced Clean Trucks Coalition are concerned about the proposed regulations' lack of greater stringency, which would lead to increased deployment of zero-emission trucks.

Clean Trucks in Canada

Now that ECCC staff have completed final regulations for zero-emission passenger vehicles, they are focusing on regulations for Canada's medium- and heavy-duty vehicles, which have been the subject of discussions at the ZEV Council, an expert advisory body. ECCC will likely release a framework document in the spring about the design of Canada's zero-emissions truck regulations, which we expect will be modeled on California's Clean Truck rules.

CEERT continues to work with Canadian advocacy organizations to encourage the federal government to adopt the most effective and stringent advanced clean truck regulations possible.

Clean Transportation Investments

The CEC

On October 7, Governor Newsom signed AB 126 (Reyes 2023) into law. This bill reauthorized the Clean Transportation Program (CECCTP), extended its funding to 2035, and added new requirements:

- Program investments must focus on zero-emission technology projects where feasible, and near-zero-emission projects elsewhere.
- At least 50 percent of CECCTP funds must directly benefit low-income Californians and members of low-income and disadvantaged communities.
- Award recipients of funding for hydrogen fueling stations and EV charging stations must report fuel

carbon intensity data, operational data, reliability data, and uptime data to the CEC.
- The CEC must provide scoring preferences to projects that dispense “clean and renewable” hydrogen when awarding grants for hydrogen fueling stations.

AB 126 changes the required funding allocation for hydrogen refueling stations to 15% of designated funds annually through 2030, until there is a sufficient network of these stations to support hydrogen fuel cell electric vehicles of all types (light-, medium-, and heavy-duty vehicles), consistent with the state's GHG reduction goals.

On November 1, the CEC released a Revised Staff Draft for its proposed Clean Transportation Program 2023–2024 Investment Plan Update. The Revised Proposal increased CTP funding from $1.7 billion to $1.85 billion at the following levels through fiscal years 2026 and 2027:
- Light-Duty EV Charging Infrastructure: $658 million (constituting $13.8 million in AB 118 Program funding and $370 million from General Funds per the State Budget).
- Medium- and Heavy-Duty ZEV Infrastructure (including hydrogen refueling): $1.14 billion ($13.8 million in Program funding and $645 million from state General Funds)
- Emerging Opportunities: $46 million from state General Funds
- Low-Carbon Fuels: $5 million in Program funding
- ZEV Workforce Development: $5 million in Program funding

Advisory Committee members remained strongly supportive of the Staff’s revised proposal, especially its greater focus on disadvantaged communities. Many Committee members highlighted their concerns that CECCTP funding is needed to support accelerated development of ZEV charging and fueling infrastructure, as deployment for these vehicle segments has been lagging.

CARB

On November 16, the CARB Board adopted Staff's Proposed 2023-24 Low Carbon Transportation Investments and Air Quality Improvement Program (Clean Transportation Incentives) Funding Plan, totaling nearly $624 million. The Funding Plan will provide $80 million to support zero-emission passenger vehicles (especially in disadvantaged and low-income communities) and $60 million in support of sustainable transportation and mobility equity projects. The Funding Plan will also provide $483.6 million to support investments in the heavy-duty vehicle segment:
- Clean Truck ($80 million) and Bus Voucher ($375 million) Incentive Project: $455 million
- Innovative Small E-Fleet: $14.3 million
- Clean Off-Road Equipment: $14.3million

2024-2025 State Budget

On January 10, Governor Newsom released a $291.5 billion 2024-2025 budget proposal that addresses a nearly $38 billion estimated deficit in state revenues. Funding for the state’s climate programs suffered a roughly 7% cut from last year’s $52.3 billion, to $48.3 billion. The proposal makes $2.9 billion in climate program cuts and $1.9 billion in spending delays, and shifts $1.8 billion from the General Fund to other revenue sources such as the GHG Reduction Fund. The Governor proposes cutting $38.1 million from funding that encourages purchases of zero-emission passenger cars and trucks, replacing $475.3 million from the General Fund with revenues from the GHG Reduction Fund, and deferring $600 million in investments for ZEVs, including critical programs for disadvantaged communities such as Clean Cars 4 All in CARB’s Clean Transportation Incentives funding. These cuts risk California falling short of its goal of all passenger cars sold in California being ZEVs by 2035, a critical step in the state achieving its clean air and climate goals.

Moreover, the proposed budget cuts provide no funding for California’s two new groundbreaking climate disclosure laws, which are estimated to cost roughly $16 million. Under the Climate Corporate Data Accountability Act (SB 253 Wiener, 2023), the more than 5,300 companies operating in California with revenues in excess of $1 billion annually would begin reporting their emissions data in 2026. The Climate-Related Financial Risk Act (SB 261 Stern, 2023) requires the roughly 10,000 companies doing business in California with gross annual revenues in excess of $500 million, excluding insurance companies, to begin reporting on their climate-related financial risk every two years, starting in 2026.

Much work and many hours of negotiation between the Governor's Office, the legislature, and key stakeholders will reshape the details of the 2024-25 budget before the June 15 - July 1 closing period for completing the final budget.