

**CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES**  
**QUARTERLY STAFF REPORT**  
**JANUARY – APRIL 2019**

**EXECUTIVE SUMMARY: THE PAST QUARTER AT A GLANCE**

**Western Grid Integration**

CEERT and our regional allies have been developing fair, balanced suggestions on key issues such as transmission access charges, transmission availability, greenhouse gas (GHG) adders, and resource adequacy as the California Independent System Operator (CAISO) reviews expanding the Energy Imbalance Market's (EIM's) governance structure to encompass a new *Enhanced Day Ahead Market*.

**Southern California Utilities**

In February, Los Angeles Mayor Eric Garcetti announced he was directing the Los Angeles Department of Water and Power (LADWP) to *abandon plans to repower three in-Basin gas-fired power plants*. CEERT's V. John White and Jim Caldwell held numerous meetings with LADWP's senior management and Board of Commissioners to share ideas on how to minimize the need for the gas repowers. Key suggestions include *expanding transmission* to allow imported renewables from the north and east, and *integrating demand response, thermal and battery storage, energy efficiency, and distributed solar* with plans to decarbonize buildings and electrify the Port of Los Angeles and LA International Airport.

Jim Caldwell has continued to provide technical support to environmental interveners *opposing Glendale Water and Power's proposed new 280 megawatt (MW) gas-fired plant*.

Jim has also been closely following *Southern California Edison's (SCE's) procurement of resources* to meet reliability needs and transmission contingencies in the *Moorpark area*. CEERT is working with SCE Senior Vice President Colin Cushnie and his team on removing barriers to greater reliance on preferred resources, especially *demand response and local solar*.

CEERT met with the CEO of the new *Southern California Clean Power community-choice aggregator (CCA)* about *expanding portfolios of preferred resources* in its service area for local capacity and resource adequacy needs.

**Transmission Expansions**

CEERT's comments in the Integrated Resource Planning (IRP) proceeding emphasized the importance of *generation portfolios* being submitted to the *CAISO transmission planning process* based on Senate Bill (SB) 100 requirements, in order to ensure transmission gets built for sufficient renewable resources to meet the state's energy and climate goals.

**Large-Scale Energy Storage**

CEERT has continued discussions on approaches to large-scale, long-duration storage, such as CAISO filing procurement plans for at least 2,000 MW of bulk storage under the *Federal Energy Regulatory Commission's (FERC's) storage-as-transmission-assets proceeding*, or large-scale storage being procured through a *Central Procurement Entity*.

**Discussions with the Governor's Office**

V. John White participated in several meetings and calls with a coalition of renewable contract holders and trade groups to discuss with the Governor's Office the critical importance of *preventing renewable contracts from being abrogated in the PG&E bankruptcy proceedings*.

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

V. John White and Liz Anthony Gill met with CARB’s top officers about problematic modeling assumptions in the IRP proceeding, which result in *underestimating current levels of GHG emissions, failure to achieve GHG targets in 2030, and an increase in air pollution from gas-fired plants.*

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

CEERT urged that the CPUC direct *PG&E* to honor all *renewable and carbon-free resource contracts and programs* needed to comply with and advance the state’s climate and clean-energy mandates.

In the *IRP proceeding*, CEERT recommended that *the CPUC not adopt a Preferred System Plan* in this round, that a *gas price sensitivity study* be included, that *economic retention* be used as the modeling assumption for existing thermal generation, that the CPUC undertake *transmission planning work* now to meet GHG reduction goals, that procurement be mandated to replace *Diablo Canyon* with GHG-free resources, and that a *procurement track* be established but limited to resources that enable GHG reductions and low-GHG reliability.

In the *Resource Adequacy (RA)* proceeding, CEERT recommended that a *portfolio net qualifying capacity (NQC) for preferred resources* be adopted for Local Capacity Requirement purposes. We held that a multiyear load-serving entity (LSE) procurement obligation is not an answer as the Renewable Portfolio Standard (RPS) doubles over the planning horizon.

In the CPUC Investigation of the *Aliso Canyon gas storage facility’s future*, Jim Caldwell argued that recent gas-reduction developments mean that the “base case” no longer represents LA Basin gas demand in 2030, and the CPUC must explore what needs to happen to gas demand to enable Aliso Canyon’s closure.

The CPUC initiated a rulemaking on *decarbonizing buildings* in order to help meet the state’s goals for achieving GHG reductions by 2030 and 2045. CEERT has party status in this proceeding.

Priority issues in the *Power Charge Indifference Adjustment (PCIA)* proceeding include benchmark true-up, prepayment, portfolio optimization, cost reduction, allocation and auction.

A Proposed Decision in the Integration of Distributed Energy Resources (IDER) proceeding moved the CPUC closer to a consistent universal framework for assessing the cost-effectiveness of both *distributed-energy* and *supply-side resources*.

The CPUC sought comments on a proposed framework for developing market transformation initiatives for *energy efficiency*.

### **Short-Lived Climate Pollutants**

CEERT participated in the Dairy/Livestock Working Group’s recommendations for *mitigating dairy methane emissions*, and in CalRecycle’s implementation of its strategy to *reduce organic waste disposal*.

### **Clean Transportation Advocacy**

CEERT continues to work with state and national NGOs to defend the 2022-2025 *vehicle emissions standards* against efforts by the Trump administration to roll them back.

The CPUC is exploring rate structures that can enable better management of *additional electric load due to zero-emission vehicle (ZEV) charging*, and aims to finalize key questions on the investor-owned utilities’ initial SB 350 *Transportation Electrification investments*.

The *Low-Carbon Fuel Standard* program had full compliance in 2017 and 2018, and since its inception has helped displace the equivalent of nearly 3.3 billion gallons of diesel fuel while avoiding nearly 47.1 million metric tons of GHG emissions.

The *ARFVTP Advisory Committee*, of which CEERT is a longstanding member, released a final 2019 – 2020 Investment Plan Update that contains \$32.7 million for *electric vehicle (EV) charging infrastructure* and \$20 million for *hydrogen fueling infrastructure*, with an additional \$37.5 million for zero-emission vehicles and fuels coming from other programs. This funding will support former Governor Brown’s goal of 5 million ZEVs being on the road by 2030.

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### **Western Grid Integration**

With the failure of last year's regionalization governance bill, attention has shifted to efforts to expand the energy imbalance market to allow day-ahead trades and transactions. CEERT and other Western NGOs are actively participating in discussions as the California Independent System Operator (CAISO) begins a review of enlarging the Energy Imbalance Market's (EIM's) current governance structure to encompass a new Enhanced Day Ahead Market (EDAM).

Some CAISO market participants, especially those from outside California, have argued for an expansive role for the EIM Governance Review Committee to include decisions on issues affecting the real-time market. California's investor owned utilities (IOUs) have pushed for a narrower role for the Committee, arguing that since many EIM participants are voluntary and can leave at any time, it is important that California IOUs and their customers be protected from unfair treatment resulting from out-of-state market participants having too much influence on key issues that are central to the CAISO real-time market.

Although CEERT shares some of these concerns, our Executive Director V. John White and Grid Policy Director Liz Anthony Gill have been engaging with advocates from throughout the West to develop fair and balanced suggestions on the full range of governance issues. We are working to ensure any changes lead EIM entities and their regulatory bodies to feel comfortable with the governance structure, while at the same time enabling CAISO and California Participating Transmission Owners to meet California energy policy goals and uphold California state law.

CEERT submitted joint comments with regional clean-energy advocates to the Governance Review Committee, and will remain engaged throughout the process. We anticipate that, in parallel with the governance review, the CAISO will begin a formal stakeholder process on the more technical issues with EDAM development, such as transmission access charges, transmission availability, greenhouse gas (GHG) adders, and resource sufficiency this summer.

There has been steady progress in adding new utility participants to the Energy Imbalance Market, and confidence and comfort is growing with the operations of the EIM and its demonstrated role in balancing loads and reducing costs.

### **Southern California Utilities**

#### **LADWP**

CEERT's Jim Caldwell and Liz Anthony Gill have been active members of the Public Advisory Committee for the Los Angeles Department of Water and Power's (LADWP's) study, which NREL is conducting, of how to get to 100% clean energy, and a separate study by Navigant on options for dealing with the repowering or retirement of LADWP's three remaining in-Basin gas-fired power plants. These plants are scheduled to be retired between 2024 and 2029, and there is strong environmental and community pressure not to invest \$4 billion in gas infrastructure as a first step in moving to 100% clean energy.

Over the past several months, V. John White and Jim Caldwell have had numerous meetings with LADWP's senior management and Board of Commissioners to share experiences and ideas about how to minimize the need for the gas repowers, while recognizing the challenges the Department will have to face. Key suggestions include expanding transmission to allow imported renewables from the north and east, and integrating demand response, thermal and battery storage, energy efficiency, and distributed solar with plans to decarbonize buildings and electrify the Port of Los Angeles and the LAX airport.

In February, LA Mayor Eric Garcetti made the surprise announcement that he was directing LADWP to abandon plans to repower the in-Basin gas. Jim Caldwell and Liz Anthony Gill were in LA that day for a meeting with LADWP senior staff, and they had a lively discussion with the DWP team, who suddenly had a clear direction from the Mayor to proceed to decarbonize the LA grid without the repowers. While

the challenges are formidable, the opportunities are great, and CEERT looks forward to working with LADWP and all stakeholders to find the right path toward a reliable, affordable, zero-carbon grid.

### Glendale

Jim Caldwell has been providing technical support to a group of environmental interveners, including the Sierra Club and Earthjustice, that oppose construction of a new 280 megawatt (MW) gas-fired plant by the Glendale Water and Power (GWP) municipal utility. The proposed Grayson plant would replace an aging gas facility that is being retired. Jim has worked with CAISO, LADWP, and GWP staff to explore expanding transmission connections between Glendale and LADWP, which would reduce the need for some of the proposed plant's output.

In addition, the City has put out a Request for Proposals (RFP) for preferred resources, including storage, demand response, and distributed solar. While GWP management continues to strongly favor some additional gas, the size of the proposed plant keeps getting smaller, and we are hopeful that they can avoid building any new gas, or limit the plant to a few dozen megawatts—possibly a hybrid gas turbine with a clutch and a battery.

Both LADWP and Glendale are key venues for moving away from gas generation, and for demonstrating the economic and technical feasibility of providing grid reliability services with zero-carbon resources.

### Southern California Edison (SCE)

Jim Caldwell has closely followed the procurement of resources to meet reliability needs and transmission contingencies in the Moorpark area in Ventura and Santa Barbara counties. This transmission sub-region is facing the retirement of the Mandalay gas plant in Oxnard, after the California Energy Commission denied approval of the Puente gas plant that was proposed for the same area.

CEERT is working with SCE Senior Vice President Colin Cushnie and his team on how we can remove barriers to greater reliance on preferred resources, especially demand response and local solar. We have discussed the CPUC's upcoming decision on Resource Adequacy (RA), and are hopeful about working with SCE on a new procurement for RA and Local Capacity Requirements, including a proposal we submitted in our RA Comments urging the utilization of a "portfolio net qualifying capacity" to enable preferred resources to count and be paid for providing grid reliability.

We have also met with SCE's Customer Service team to try to reduce barriers and contractual requirements that inhibit the ability of demand response (DR) providers to participate in the procurement of preferred resources, as illustrated by the lack of DR projects in the Moorpark procurement.

### Southern California Clean Power Alliance (SCCP)

SCCP is the largest community choice aggregator (CCA) in California, but it only launched recently. Jim Caldwell and V. John White met with CEO Ted Bardacke about working with the CCA on identifying and assembling portfolios of preferred resources in its service area and cooperating with SCE to expand reliance on zero-carbon resources for local capacity and resource adequacy needs.

### **Transmission Expansions**

CEERT's comments in the Integrated Resource Planning proceeding emphasized the importance of generation portfolios being submitted to the CAISO transmission planning process based on the statutory transmission requirements of SB 100, in order to ensure that transmission gets built for sufficient renewable resources to meet the state's energy and climate goals.

### **Large-Scale Energy Storage**

CEERT has continued discussions with a wide variety of stakeholders interested in expanding bulk energy storage, but there continue to be significant barriers to the procurement of large-scale, long-duration storage projects. Weaknesses and faulty assumptions in the CPUC's Integrated Resource Planning modeling have resulted in deferral of the need for new storage projects.

Two possible approaches are under discussion, including a legislative proposal to direct CAISO to file procurement plans for at least 2,000 MW of large-scale storage under the Federal Energy Regulatory Commission's (FERC's) storage-as-transmission-assets proceeding. Others object to that approach, and suggest instead that bulk storage be procured through a Central Procurement Entity, which has been proposed by the CPUC and included in the Governor's strike force proposal and in new legislation.

CEERT remains concerned that continued uncertainty and delays in initiating a procurement process for large-scale storage will impede progress on reducing gas plant emissions and renewables curtailment.

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

V. John White participated in several meetings and conference calls with a coalition of renewable contract holders and affiliated trade groups to discuss the Governor's strike force recommendations, and to emphasize the critical importance of preventing renewable contracts from being abrogated in the PG&E bankruptcy proceedings. We also discussed the need to connect victims' compensation funds and an expanded insurance pool to any proposals to reform or limit utility liability for wildfire damages.

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

V. John White and Liz Anthony Gill met with CARB Executive Officer Richard Corey and Deputy Executive Officer Edie Chang to discuss problematic modeling assumptions that the CPUC is using in the IRP proceeding, which result in underestimating current levels of GHG emissions, failure to achieve GHG targets in 2030, and an unexpected increase in air pollution emissions from gas-fired power plants.

We strongly urged CARB to engage with the CPUC, CEC, and Governor's office staff to get all the agencies on the same page on modeling and planning assumptions. We also discussed the need to better track and monitor actual emissions from unspecified power imports to ensure that those resources' GHG emissions are accurately accounted for.

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

#### **New CPUC Commissioner**

On January 22, Governor Newsom announced the appointment of Genevieve Shiroma as a CPUC Commissioner. According to a CPUC [Press Release](#), Commissioner Shiroma had been a member of the Agricultural Labor Relations Board since 1999, was Chief of the Air Quality Branch at the California Air Resources Board from 1990 to 1999, and was an air-quality engineer from 1978 to 1990. From 1999 to 2018, she was the elected director of Ward 4 of the Sacramento Municipal Utility District.

#### **CPUC Investigation of Pacific Gas & Electric's (PG&E's) Governance and Safety Culture**

The CPUC has recently taken actions in I.15-08-019, its 2015 Investigation of PG&E's organizational structure and governance, including safety culture. I.15-08-019 has produced a consultant report issued for comment in May 2017, with its 61 recommendations adopted on December 5, 2018 in [D.18-11-050](#).

On December 21, Commissioner Picker issued a [Scoping Memo and Ruling](#) that states:

The future of PG&E may also be impacted by other actors beyond the Commission. The Legislature, the court appointed Federal Monitor, the various courts considering claims against PG&E, the Federal Energy Regulatory Commission, and the communities served by PG&E all have a role in determining PG&E's future. As a publicly traded company, PG&E must also respond to the financial markets, and to the requirements of the vendors and other parties with which it conducts business.

On January 28, the CPUC held an emergency Business Meeting in A.18-10-003 and A.18-11-001, and the four Commissioners present voted to adopt [D.19-01-025](#) and [D.19-01-026](#), which were issued on January 30. These Decisions granted PG&E an exemption from several Public Utilities Code Sections for the limited purpose of Debtor-in-Possession financing.

On February 8, CEERT filed a [Motion](#) for Party Status, which was subsequently granted, and on February 13, we filed [Opening Comments](#) in response to a Scoping Memo of December 31. We urged the Commission to direct that all CPUC-authorized renewable and other carbon-free resource contracts and programs that are needed to maintain, comply with, and advance the state's climate change and clean energy mandates be honored regardless of any adopted corporate structure.

We recommended that the CPUC order PG&E to honor and maintain its current renewable electric generation procurement contracts and obligations, and that, in providing service going forward, PG&E commit to a corporate structure that can continue to invest in new renewable and other zero-carbon resources to meet California's clean energy and climate change targets. PG&E's Reply Comments did not address CEERT's proposal to honor the power purchase agreements.

On March 28, Assigned Commissioner Picker and Assigned Administrative Law Judge (ALJ) Allen issued a [Ruling](#) Setting Forums on Governance and Management. On April 15 and 26, the CPUC held a Public Discussion on PG&E Forums on Governance, Maintenance and Safety Culture that explored whether changes to PG&E and PG&E Corporation's corporate governance, management, structure and ownership are needed to ensure the safe provision of electric and gas service to Northern Californians.

#### *PG&E Bankruptcy*

On January 29, PG&E filed a Voluntary Petition for Chapter 11 Bankruptcy in U.S. Bankruptcy Court, and on the same date filed a Complaint in the same court for Declaratory Judgment and Preliminary and Permanent Injunctive Relief. In this Motion, PG&E requests that the Court issue a declaratory judgment confirming its exclusive jurisdiction over the Debtors' rights to reject any of its power purchase agreements (PPAs) under Bankruptcy Code Section 365, and declaring that the Federal Energy Regulatory Commission (FERC) does not have any jurisdiction over the determination of whether PG&E's rejection of any of its PPAs should be authorized, and that PG&E does not need to obtain approval from FERC to reject any of its PPAs. This Motion appears to be in response to FERC issuing an order on January 25 concluding that "this Commission and the bankruptcy courts have concurrent jurisdiction to review and address the disposition of wholesale power contracts sought to be rejected through bankruptcy."

In the Complaint case, on February 27 Judge Montali held a Status Conference and set oral argument for April 10. The judge reiterated that of the two issues reflected in the pleadings, only one was really before him, which is FERC jurisdiction to require review and approval of PG&E PPAs, as opposed to PG&E being able to propose, and have enforced, abrogation or modification by the bankruptcy courts without any FERC intervention. PG&E abrogation of PPAs is not a live issue because PG&E has not proposed to modify or abrogate any PPAs at this point.

On May 2, the U.S. Department of Justice filed on behalf of FERC a "Statement of Recent Development and Request for Judicial Notice" in the PG&E bankruptcy proceeding. By that statement, FERC informed the bankruptcy court that on May 1 FERC had issued an order denying PG&E's request for rehearing of its order finding that a "party to a Commission-jurisdictional wholesale power contract must obtain approval from both the bankruptcy court and the Commission to reject a contract and modify the filed rate, respectively."

Also on May 2, a Stipulation Re Procedure for Disposition of Adversary Proceeding was filed jointly by PG&E/PG&E Corporation, FERC, and “Intervenor Defendants” (i.e., NextEra, et al.), indicating the parties had conferred about the jurisdictional issues for the PPA contracts, but were not able to reach agreement on terms of a judgment, and therefore agreed that the bankruptcy court could enter final judgment on the record, inclusive of FERC’s Order Denying Rehearing, which was also attached to this pleading.

On May 3, the bankruptcy court indicated it had reviewed the Stipulation re Procedure and commended the parties for moving the adversary proceeding “toward final resolution.” The order stated that “the court expects to issue a decision in the coming weeks,” and that it “notes with interest the May 1, 2019 FERC Order Denying Rehearing that is now part of the record.”

#### *Renewable Portfolio Standard (RPS) Program (R.15-02-020)*

On February 11, ALJ Atamturk issued a [Ruling](#) requesting comments on implementing changes to the RPS program procurement quantity requirements in accordance with Senate Bill (SB) 100, which raised the requirement in each compliance period and established a requirement level of 60% by 2030. Comments were filed on February 28 and Reply Comments on March 11.

On February 28, the CPUC issued [D.19-02-007](#), which accepts Draft 2018 RPS Procurement Plans, approves the requests of PG&E, SCE, and SDG&E to forgo holding a 2018 RPS solicitation, and directs the three investor-owned utilities (IOUs) to file final 2018 RPS Procurement Plans. This decision orders no incremental procurement beyond existing RPS mandates.

The decision authorizes the IOUs to conduct solicitations for sales of RPS volumes if the pro forma sales agreement for any such sale is executed during the timeframe covered by the 2018 RPS Procurement Plans, or prior to the CPUC issuing a decision on the 2019 RPS Procurement Plans. Deliveries under any such sales agreement shall be for a delivery term of five years or less, may commence at any time prior to the CPUC issuing a decision on the 2019 RPS Procurement Plans, and continue until the expiration of the agreement’s term. The IOUs must seek CPUC approval of sales resulting from a solicitation or any bilateral transaction that both uses the pro forma sales agreement submitted with the IOU’s 2018 RPS Procurement Plan and is executed after the IOU receives bids for a sales solicitation resulting from its 2018 RPS Procurement Plan.

The decision approves the IOUs’ requests to engage in bilateral sales transactions that do not use the pro forma sales agreement submitted with the IOU’s 2018 RPS Procurement Plan or that are not executed after the IOU receives bids for a sales solicitation resulting from that Plan, subject to the CPUC’s review and approval. The decision accepts Liberty Utilities’ (CalPeco Electric’s) draft 2018 RPS Procurement Plan, if updated, and authorizes the company to procure RPS-eligible resources. The decision also accepts the draft 2018 RPS Procurement Plans filed by small and multi-jurisdictional utilities, community choice aggregators (CCAs), and electric service providers (ESPs).

On April 19, Assigned Commissioner Rechtschaffen and Assigned ALJ Atamturk issued a [Ruling](#) Identifying Issues and Schedule of Review for 2019 RPS Procurement Plans, and stressing the importance of coordination with the IRP proceeding. In a subsequent [Ruling](#), the ALJ updated the schedule as follows:

- June 21: Annual RPS Procurement Plans due
- July 19: Comments on RPS Procurement Plans due
- August 2: Motions to Request Evidentiary Hearing due
- August 2: Reply Comments on RPS Procurement Plans due
- August 23: Motion to update RPS Procurement Plan due
- Fourth Quarter 2019: Proposed Decision
- Fourth Quarter 2019: Final Decision

- First Quarter 2020: IOUs issue requests for offers (RFOs) for solicitations or otherwise pursue approved RPS procurement

*RPS ReMAT (Renewable Market Adjusting Tariff) Program – On Hold per U.S. District Court Decision*

On December 6, 2017, U.S. District Judge Donato issued an order granting summary judgment in favor of Winding Creek Solar LLC's requests for relief from PG&E's ReMAT program, and found that CPUC decisions establishing the ReMAT Program conflict with federal law (PURPA). The decision effectively shut down the ReMAT program and foreclosed the IOUs from signing new ReMAT contracts. Both sides appealed this Order, and oral arguments took place on February 13. No new developments have occurred since the oral arguments.

*Public Utility Regulatory Policies Act (PURPA) (R.18-07-017)*

On August 1 the CPUC issued [R.18-07-017](#) as a direct response to the U.S. District Court's order in *Winding Creek v. Peevey* (see above). On November 2, Assigned Commissioner Rechtschaffen issued a [Scoping Memo and Ruling](#), which stated that a Proposed Decision and Final Decision were expected to be issued in the first quarter of 2019. However, that has not yet happened and there has not been much activity in this matter since our last Quarterly Report.

*Integrated Resource Planning (IRP) (R.16-02-007)*

On January 31, CEERT filed [Comments](#) on ALJ Fitch's [Ruling](#) Finalizing Production Cost Modeling Approach and Schedule for Preferred System Plan (PSP) Development. We recommended that the CPUC not adopt a PSP in this round of the IRP, as there is no viable portfolio that meets state policy, and a PSP is not required by statute or necessary for procurement authorization. We urged the CPUC again to re-evaluate the methodology and modeling tools used to develop the Reference System Plan (RSP).

On February 11, CEERT filed [Reply Comments](#) on the PSP Ruling. We agreed with other parties that expressed concerns about adopting a PSP during this IRP cycle, and we argued that if the CPUC does adopt a PSP now, it must not adopt the Hybrid Conforming Portfolio (HCP). American Wind Energy Association California Caucus, California Environmental Justice Alliance, Sierra Club, Defenders of Wildlife, Imperial Irrigation District, and SCE agreed with us that the HCP should not be adopted.

On February 11, ALJ Fitch issued a [Ruling](#) and attachments that contain the recommended scenarios and associated analyses to be prepared by CPUC staff to inform the proposed RSP for the 2019-2020 IRP cycle, which is designed to move California's electric sector toward achieving the goals of SB 350. There is also a separate proposal for a more in-depth analysis of the existing thermal generation fleet.

On March 5, CEERT filed [Comments](#) on the February 11 Ruling. We supported using the results of the 2045 Framing Study to inform electric sector 2030 goals within the context of economy-wide carbon neutrality goals. We recommended that the CPUC include a gas price sensitivity study, given the impact the highly volatile gas markets have had on wholesale electricity markets, and that the Commission not delay evaluating wires and non-wires alternatives to gas-fired resources for local capacity needs.

In Reply Comments filed March 15, many parties supported CEERT's positions. Middle River Power agreed with CEERT's and other parties' contention that economic retention should be used as the modeling assumption for existing thermal generation. Natural Resources Defense Council/California Environmental Justice Alliance/Sierra Club and Environmental Defense Fund agreed with CEERT that the 2030 GHG reduction goals should be informed by the 2045 framing scenarios. Range Energy Storage Systems agreed with CEERT and California Energy Storage Alliance that the CPUC should create better planning linkages between the 2030 and 2045 scenarios. SCE noted that several parties, including CEERT, proposed additional sensitivities and scenarios to be considered in this 2019-2020 IRP cycle.

On March 18, ALJ Fitch issued a [Proposed Decision](#) (PD) Adopting Preferred System Portfolio and Plan for the 2017-2018 IRP Cycle. This lengthy PD evaluates the first round of individual IRP filings of all of the CPUC-jurisdictional load-serving entities (LSEs). The PD notes that CEERT and EDF recommended that a PSP not be adopted at all at this time, or that it be labeled only an “interim” plan. In part, the PD does not adopt the HCP because it does not appear to achieve GHG goals, reliably and at least cost. The PD notes that CEERT objected to the use of HCP as a reliability base case because the portfolio does not meet the GHG target, hindering progress toward state goals. CEERT, SCE and CEJA/Sierra Club recommend that the RSP with 2017 IEPR assumptions be used as the reliability base case. The PD also notes that CEERT and other parties focused on the need to emphasize renewable integration resources.

An All-Party Meeting was held on April 4, with Liz Anthony Gill representing CEERT. While supporting the PD in general, as did other environmental groups, Dr. Gill reminded the CPUC of the transmission planning work that they need to undertake now to meet the GHG emission reduction goals.

On April 8 CEERT filed [Opening Comments](#) supporting the PD’s determination that the HCP should be rejected as the PSP, and noting the PD demonstrates a need for better signals to LSEs. We argued that the differences between the RSP and HCP raise concerns about the limitations of depending on energy-only resources instead of allowing transmission upgrades. We demonstrated that the PD errs in submitting the modified RSP in the policy portfolio to the CAISO Transmission Planning Process, and instead should submit Policy Case C, as it would best enable state policy. We also argued that a procurement track should be established but be limited to resources that enable GHG reductions and low-GHG reliability.

On April 15 CEERT filed [Reply Comments](#), noting that numerous parties agree that the PD correctly rejected the HCP as the PSP. We supported parties stating that there are issues with the heavy dependence on energy-only resources in the RSP and that the PD should be modified to include transmission as a resource option in the IRP. In addition, many parties, including CEERT, support the initiative of an IRP procurement track, but CEERT agreed with others that the IRP is not the appropriate venue to make decisions about gas capacity. We supported the Joint Parties that argued that the PD must be modified to mandate procurement to replace Diablo Canyon with GHG-free resources.

At the April 25 CPUC Business Meeting, all five Commissioners voted to adopt the PD, which was issued as Final Decision [D.19-04-040](#) on May 1.

#### *Resource Adequacy (RA) (R.17-09-020)*

On January 4, Commissioner Guzman Aceves held an All Party Meeting at which many parties expressed concerns about the Proposed Decision (PD) in the RA proceeding, particularly on the issue of a central buyer and whether there should be residual or full procurement. SDG&E stated that it does not have the capacity to be the central buyer in 2019, and most parties supported a true residual procurement.

CEERT’s Jim Caldwell noted that in the next 10 years we will roughly double the market share of renewables, which will cut gas in half. Unless and until we develop local capacity resources that do not burn fossil fuels in the near-term, we will continue to shuffle the deck chairs with Local Capacity Requirements. Jim further noted that dispatch rights issues have not been litigated, but it will be very important to address those rights.

On January 29, Commissioner Randolph issued an [Amended Scoping Memo](#). The issues in scope for Track 3 of this proceeding are: (1) Adoption of the 2020 Local Capacity Requirements (LCR), (2) Adoption of the 2020 Flexible Capacity Requirements (FCR), (3) Adoption of the 2020 System RA Requirements, (4) Further Refinements to the RA Program, and (5) Consideration of Other Modifications and Refinements to the RA Program as Identified in Proposals by Energy Division or by Parties. A PD on Track 3 issues is expected in May with a Final Decision in June.

On February 13, ALJ Allen issued a new [Ruling](#) on Effective Load Carrying Capacity (ELCC). Comments on Energy Division’s ELCC Proposal were due on March 22 and Reply Comments on March 29.

On February 15, ALJ Allen issued a Revised [Proposed Decision](#) that adopts changes to the RA program, including requirements for implementation of multiyear local procurement for the 2020 compliance year. The Revised PD directs parties to develop workable implementation solutions through at least three workshops over the next six months on central procurement of multiyear local RA, with a workshop report to be submitted. The CPUC intends to issue a decision in the fourth quarter of 2019 that adopts implementation details for a central procurement structure. At the February 21 CPUC Business Meeting, all five Commissioners voted to adopt the Revised PD, which was given Final Decision number [D.19-02-022](#).

On March 4, CEERT filed our [Track 3 Proposals](#). We recommended that the CPUC hold a “lessons learned” workshop to learn from the three preferred-resource LCR procurements in 2018, and that a portfolio net qualifying capacity (NQC) for preferred resources be adopted for LCR purposes.

On March 12-13, the CPUC held a workshop on Track 3 proposals. CEERT’s presentation on the portfolio NQC metric for preferred resources used for LCR noted that until preferred resources are developed to compete with existing gas for meeting most LCR requirements, today’s local RA woes will continue. We stated that a multiyear LSE obligation is not an answer as RPS doubles over the planning horizon.

On March 18, Shell Energy filed its [Petition to Modify](#) D.19-02-022, arguing that the CPUC should defer implementation of the adopted three-year forward local RA procurement obligation until the later of the 2021 RA compliance year or when the CPUC implements comprehensive rules for a central procurement entity (including a pricing mechanism) for local RA procurement. In addition, the CPUC should modify the adopted annual Energy Division RA resource report to provide LSE-aggregate RA resources, not LSE-specific resources.

On March 22, CEERT filed [Opening Comments](#) on Track 3 Proposals and Workshop and the ELCC Ruling. We supported Track 3 Proposals that deal with the use of preferred resource portfolios to meet LCR needs. We also recommended the adoption of a workable “Portfolio NQC” protocol for procurement of LCR preferred resources. ELCC modeling should continue to evolve and inform LCR procurement with an emphasis on portfolio NQC rather than individual-resource NQC.

In their Opening Comments, several parties supported CEERT Track 3 Proposals:

- California Community Choice Association felt CEERT offered an important proposal to increase resource availability and LSE flexibility by accommodating Portfolio NQC to local RA requirements.
- California Efficiency + Demand Management Council supported CEERT, the Joint Demand Response Parties, SCE and others in their call for recognition of the value of “stacked” resources that, when combined, can meet reliability needs.
- California Energy Storage Alliance supported consideration of the type of portfolio concept recommended by CEERT and supported a larger discussion on the state of the RA program, the role and limitations of capacity showings, and other high-level strategic assessments of the RA Program.
- Calpine Corporation did not object to further consideration of CEERT’s proposal on how portfolios of preferred resources might be used to meet LCRs.
- Green Power Institute believed that the CEERT approach is fundamentally sound, but had concerns about the difficulty of putting it into practice.
- Joint DR Parties stated that CEERT’s proposal for the portfolio effect of distributed energy resources (DERs) is compelling and should be considered as a longer-term solution.

- SCE noted that while there may be some merit in CEERT’s Portfolio NQC concept, the proposal would likely raise many issues in the context of a resource portfolio. SCE is not convinced that this proceeding can result in a decision to implement changes in this area, but would support a dialogue to better understand how a resource portfolio versus the current NQC counting rules could be implemented, given the changes in attributes of available resources on the grid.
- Sierra Club/California Environmental Justice Alliance/Union of Concerned Scientists recommended that the CPUC set a workshop to discuss lessons learned from the Oakland, Moorpark, and Moss Landing procurements, and potential amendments to local capacity rules and dispatch protocols to enable higher penetrations of preferred resources to meet local RA needs, as CEERT proposed. They also support CEERT and PG&E proposals to begin needed reforms to local area requirements.
- Wellhead Electric Company was supportive of CEERT’s proposal to use a Portfolio NQC to address certain local reliability challenges. Wellhead found the proposal consistent with SB 1136, but felt it needs development and has yet to be tested. As CEERT has previously proposed, Wellhead supports a pilot program to assist in further developing the proposal and its nascent methodologies.

On March 29, CEERT filed Reply Comments on the Track 3 Proposals and ELCC Ruling. We noted that many parties support CEERT’s “Portfolio NQC” Proposal with qualifications, and requested that the CPUC take action on our Proposal in Track 3 as part of the Commission’s near-term solution, rather than deferring it to a later proceeding or track of this proceeding.

On April 22 and 23, the Commission held a workshop on the full central procurement model versus the residual central procurement model. The workshop discussed full, residual, and hybrid procurement models.

The CAISO issued its final LCR Report in this proceeding on May 1 and its final FCR Report on May 15.

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

On January 14, ALJ Semcer issued a [Ruling](#) Entering into Record Updated Scenarios Framework. The Ruling includes a new Appendix B with responses correctly aligned.

On February 6, ALJ Semcer issued a [Ruling](#) setting a Pre-Hearing Conference (PHC) for February 25. Jim Caldwell attended the PHC on behalf of CEERT, and discussed (1) using last summer’s heat storm price spike and the recent snow day in Malibu price spike as model verification and validation events; (2) LADWP’s repower announcement, Glendale’s suspension of the Grayson repower, LA City Council’s proposed ordinance to drive down gas use in buildings, and the CPUC’s opening a rulemaking to do the same, all mean that the “base case” no longer represents LA Basin gas demand in 2030; and (3) no matter what scenarios are modeled, CPUC must explore what needs to happen to gas demand to allow for closure of Aliso Canyon. ALJ Semcer stated that she would be issuing a revised Scoping Memo shortly.

On February 9, the CPUC issued [D.19-01-048](#), which extended the statutory deadline of this proceeding to August 8, 2020.

On March 29, Assigned Commissioner Randolph issued a [Phase 2 Scoping Memo and Ruling](#). The issues to be determined in Phase 2 are as follows:

1. What are the impacts to system reliability and electric and gas rates of reducing or eliminating the use of the Aliso Canyon Natural Gas Storage Facility; and,
2. Given the results of Question #1, should the CPUC authorize the reduction or elimination of the use of the Aliso Canyon facility, and if so, under what timeframe and parameters?
  - a. In making this determination, the CPUC will consider the following factors: the safety of Aliso Canyon, the reliability of the electric and gas systems, the provision of utility electric

and gas service at reasonable rates, the results of the SB 826 study, and how any decision comports with the Clean Energy and Pollution Reduction Act of 2015 and SB 32.

On May 13, ALJ Semcer e-mailed that an [Updated Modeling Schedule](#) is now on the [Aliso Canyon CPUC Webpage](#). A workshop on Preliminary Modeling Results is scheduled for June 20. Other workshops in this proceeding are scheduled for August 2019 and January 2020 in the Los Angeles area or by webinar. A Ruling issuing a Staff Report is anticipated to be released August 2020.

*SoCalGas and SDG&E Application for Low Operational Flow Order (OFO) and Emergency Flow Order Requirements (A.14-06-021)*

On April 29, ALJ Kelly issued a [Proposed Decision](#) (PD) Granting in Part and Denying in Part the Petition for Modification filed by SCE and Southern California Generation Coalition of D.15-06-004 and D.16-06-039 as Modified by D.16-12-016 Adoption in Part and Rejection in Part of the Settlement Agreement Filed by the Settling Parties.

This PD adopts, during the peak summer months of June through September, the proposal in the Petition for Modification to change the current OFO penalties to \$5.00/dekatherm (dth) in Stage 4 and \$5.00/dth plus the daily balancing standby rate in Stage 5. During the period of October through May, the alternate structure as set forth in the Settlement Agreement is adopted. The CPUC reserves the right to revisit the OFO penalties before Summer 2020, using data collected during Summer 2019. Options for conducting this review include a Triennial Cost Allocation Proceeding Phase 2 and an Order Instituting Rulemaking on reliability issues.

*SCE 2018 LCR Requests for Proposals (RFPs) (A.19-04-016)*

On April 22, SCE filed an [Application](#) for Approval of the Results of its 2018 LCR RFPs. In testimony supporting the Application, SCE explains how it sought additional resources to meet LCR needs in the Moorpark sub-area through the 2018 LCR RFP, and requests CPUC approval of one contract resulting from the RFP: a Strata Saticoy 100 MW/400 MWh in-front-of-the-meter energy storage project, which has a delivery period expected to begin December 1, 2020.

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

On February 8, the CPUC issued [R.19-01-011](#), an Order Instituting Rulemaking (OIR) to craft a policy framework for decarbonizing buildings. The initial scope of this proceeding will include any alternatives that could lead to the reduction of GHG emissions from energy use in buildings in order to help meet the state's goals of reducing economy-wide GHG emissions 40% below 1990 levels by 2030 and achieving carbon neutrality by 2045 or sooner.

On April 24, the CPUC held a Pre-Hearing Conference and CEERT was granted party status in this proceeding.

*DR Applications (A.17-01-012, et al.)*

On January 16, the Commission held a workshop on the Demand Response Auction Mechanism (DRAM). ALJ Hymes stated that following all the DRAM workshops she will be issuing a Ruling that will ask for comments on various DRAM issues.

On January 23, ALJ Hymes issued a [Ruling](#) that noted parties will be able to comment on the proposed improvements to the DRAM attached to the Ruling during workshops on February 11-12. The Ruling also established Working Group One (Proposed Improvements for Performance and Accountability) and Working Group Two (Proposed Improvements to the DRAM Pro Forma Contracts).

On February 28, ALJ Hymes issued a [Ruling](#) Directing Responses to Questions Resulting from the February 11-12 DRAM Workshop and Comments on Proposal to Improve the Mechanism. Parties also may comment on “Energy Division’s Evaluation of the Demand Response Auction Mechanism Final Report.” During the February 11-12 workshops, participants discussed a goal for the DRAM, objectives for the DRAM, proposals to ensure Qualifying Capacity, proposals to improve performance, proposals to ensure accuracy of demonstrated capacity invoicing, proposals for contract improvements, whether the DRAM should have an energy component, and proposals to increase dispatch hours. Comments on the Ruling were filed on March 29 and Reply Comments on April 10.

On April 8, ALJ Hymes issued a [Ruling](#) Directing Responses to Questions and Filing of Previous DR Baseline Development and Implementation Costs, asking for comments and responses to a presentation at a March 22 workshop. The IOUs were directed to file costs for development and implementation of previous baseline methods on April 24. Parties filed comments on April 24 and Reply Comments on May 3.

#### Prohibited Resources (A.18-10-008, et al.)

On January 29, Commissioner Guzman Aceves issued a [Scoping Memo](#) in this proceeding. The issues to be determined are:

- What should be the minimum requirements, including safety standards, of the metering or data logger equipment to demonstrate customer compliance or non-compliance with the DR Prohibited Resources policy adopted in D.16-09-056.
- Whether the available incentive data is sufficient for determining the reasonableness of costs for metering or data logger equipment.
- Whether the costs for metering or data logger equipment that meet the requirement safety standards are reasonable in comparison to the DR incentives provided to the customers required to install the metering or data logger equipment.
- Whether the CPUC should direct the utilities to require customer installation of metering or data logger equipment that meet safety standards for use in the DR Prohibited Resources Verification process.

The Scoping Memo states that evidentiary hearings may be needed on testing the installation of data loggers and meters in 10% of Attestation Scenario 2 customers. The remaining proposed schedule is:

- October 18: Supplemental Filing on Test Data Loggers and Interval Meters Pursuant to E-4906
- November 17: Workshop Presentation by the three IOUs on Test Data Findings pursuant to E-4906
- December 16: Opening Briefs
- January 13, 2020: Reply Briefs

#### Other CPUC Rulemakings and Governance Actions:

CEERT has had a limited budget to actively participate in other CPUC issues. Nevertheless, we are currently a party to or are tracking the following proceedings in order to advance key resources.

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

On February 1, Commission President Picker issued a Phase 2 [Scoping Memo](#) and Ruling of Assigned Commissioner. Issues with the highest priority are benchmark true-up and other benchmarking issues. An issue to be resolved in early 2020 is prepayment, and issues to be resolved by mid-2020 are portfolio optimization and cost reduction, allocation, and auction. The Scoping Memo and Ruling identifies the schedules for Working Groups One (Benchmark True-Up and Other Benchmarking Issues), Two (Prepayment), and Three (Portfolio Optimization and Cost Reduction, and Allocation and Auction). On March 1, the CPUC held an initial workshop of Working Group One.

#### Distribution Resource Plans (DRPs) (R.14-08-013)

On February 25, ALJ Mason issued a [Ruling](#) Requesting Answers to Questions to Improve the Distribution Investment Deferral Framework (DIDF) Process. The Ruling seeks comments on possible changes and improvements to the 2019 cycle of the DIDF. Any changes and/or guidance that the CPUC may adopt will apply to the 2019 cycle of DIDF and associated Distribution Planning Advisory Group process and Request for Offers solicitations. Changes and/or guidance adopted will be in place until the CPUC changes the DIDF process either by ruling or decision. A guidance ruling on 2019 DIDF changes should be issued in time for IOUs and stakeholders to prepare for the 2019 DIDF cycle. Comments were filed on March 19 and Reply Comments on April 1.

On May 7, ALJ Mason issued a [Ruling](#) modifying the DIDF Process and establishing requirements for inclusion in the Grid Needs Assessment and the Distribution Deferral Opportunity Report.

#### Integration of Distributed Energy Resources (IDER) (R.14-10-003)

On February 21, ALJ Hymes issued a [Ruling](#) Noticing a March 4-5 Workshop and Directing Party Presentations to be Served No Later than February 2. The workshop discussed the proposals for distributed energy resources (DER) tariffs that were filed on February 15.

On March 25, ALJ Hymes issued a [Proposed Decision](#) adopting three new cost-effectiveness analysis framework policies for DERs, moving the CPUC closer to a consistent universal framework for assessing the cost-effectiveness of all resources, both DER and supply-side. Comments were filed on April 15 and Reply Comments on April 22. This PD is on the agenda for the May 16 CPUC Business Meeting.

On April 15, ALJ Hymes issued a [Ruling](#) Directing Responses to Post March 4-5 Workshop Questions. That workshop dealt with designing, for Commission consideration and adoption, alternative sourcing mechanisms or approaches that satisfy distribution planning objective; and considering how existing programs, incentives, and tariffs can be coordinated to maximize the locational benefits and minimize the costs of DERs.

On April 29, the CPUC held a workshop on the Avoided Cost Calculator (ACC) that covered proposed minor changes for the 2019 ACC update, including GHG emissions estimation, hourly day-head energy shapes, and avoided transmission and distribution costs and allocations. The workshop developed a partial list of potential major changes for 2020, which included changes in the ACC marginal unit to reflect a changing grid, different values for different generation capacity, and alignment with the IRP.

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

On April 5 the Commission issued [D.19-03-013](#), which adopts several proposals from the March 15, 2018 Working Group One Final Report on refinements to the interconnection of DERs under Electric Tariff Rule 21. The utilities are ordered to file a Tier Two Advice Letter no later than 60 days from the issuance of the final decision, revising Rule 21 to be consistent with the decision.

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

On March 27, ALJ Fitch issued a [Ruling](#) that requests comments from parties on future policy on regional energy networks (RENs), both existing and newly proposed. The CPUC has several times expressed an intention to evaluate whether to continue RENs and/or allow the formation of new RENs, but no overall policy or framework has yet been adopted for how to approach these questions. Comments were filed on April 16 and Reply Comments on April 26.

On April 10, ALJ Fitch issued a [Ruling](#) seeking comments on a proposed framework for developing market transformation initiatives that was developed by a working group of the California Energy Efficiency Coordinating Committee (CAEECC) and submitted on March 19 via a motion by Natural Resources Defense Council. The Ruling also asks for comments on the “CAEECC-Hosted Market Trans-

formation Working Group Report and Recommendations to the California Public Utilities Commission,” dated March 18. Comments were filed on May 6 and Reply Comments on May 20.

On May 1, ALJ Kao issued a [Ruling](#) that requests comments on a consultant report on energy savings goals for energy efficiency program administrators from 2020 to 2030.

#### EE Business Plans (A.17-01-013, et al.)

On January 31, ALJ Kao issued a [Ruling](#) on Certain Measurement and Verification Issues, Including for Third Party Programs. The Ruling acknowledges two broad categories of normalized metered energy consumption (NMEC) approaches — site-level and population-level — and directs Staff to lead an NMEC working group to develop further rules and guidance for programs leveraging NMEC methods.

On February 28, ALJ Kao issued a [Ruling](#) Regarding Joint Motion for Approval of Standard Contract for Local Government Partnerships. All of the party comments assert “pay-for-performance” payment provisions are untenable for local governments because public contracting statutes only allow for firm/fixed-price and time-and-material contracting methods, and because local governments would bear all risks of non-performance and have no practical and legal means for managing such risks. Most of these parties expressed their support for longer contract terms of five years, instead of the IOUs’ proposal of three-year contracts. Comments on the Ruling were filed on March 22 and Reply Comments on April 5.

#### Energy Storage Procurement Plans (A.18-02-016, et al.)

On February 25, ALJ Stevens issued a [Proposed Decision](#) (PD) Implementing the Assembly Bill (AB) 2868 Energy Storage Program and Investment Framework and Approving AB 2868 Applications with Modifications. The PD adopts the AB 2868 components of the IOUs’ Applications, with modification.

Direction is provided to the three Applicants on how to seek future approvals of energy storage projects pursuant to AB 2868. PG&E’s behind-the-meter retail thermal storage program proposal is granted with the requested rate-recovery mechanism. The front-of-the-meter investment proposals of the three Applicants are not granted as proposed, and SDG&E’s and SCE’s behind-the-meter programs are not granted as proposed. The PD encourages the three Applicants to hold requests for offers for front-of-the-meter energy storage resources that conform to the direction included in Appendix A to the PD, and the Applicants are invited to propose additional programs pursuant to AB 2868. Comments were filed March 18 and Reply Comments March 25.

#### Public Records Access (R.14-11-001)

On February 11, the CPUC issued [D.19-01-028](#), which implements a Revision 1 to General Order (GO) 66-D, and includes a process to address specific concerns in audit, inspection, investigation and enforcement matters that CPUC Staff can invoke when necessary to expedite the regulated entities’ submission of information to the CPUC. Revision 1 ensures public safety and holds utilities accountable.

The CPUC finds that Revision 1’s nuanced process is necessary given the unique circumstances of these matters. Revision 1 refines the CPUC’s process to protect the public’s right to access government information under the California Constitution and the California Public Records Act, provide the information submitter’s right to confidential protection when afforded by law, and ensure the CPUC can release information in the course of its activities. GO 66-D Revision 1 supersedes GO 66-D effective February 1.

#### Climate Change Adaptation (R.18-04-019)

There has been no activity in this proceeding since the last Quarterly Report.

#### SCE Application for Clean Energy Optimization Pilot (CEOP) (A.18-05-015)

At the April 25 CPUC Business Meeting, four of the five Commissioners voted to adopt the Decision Approving the CEOP and Adopting the Parties' Joint Settlement Agreement. Commissioner Guzman Aceves voted against this item, and stated that she agrees with the overall intent of the project but had concerns with how similar projects are being treated with regard to disadvantaged communities. Final Decision [D.19-04-010](#) was issued on May 1.

The Decision approves SCE's CEOP and adopts the December 4, 2018 Settlement Agreement between SCE, Public Advocates Office, Natural Resources Defense Council, Regents of the University of California and California State University. The Settlement Agreement resolves all disputes between the parties over adoption of the CEOP, except for determining the CEOP's priority of funding over other clean energy and energy efficiency programs funded by the Cap-and-Trade allowance. The decision also approves a total budget capped at \$20.4 million for the CEOP, and establishes the CEOP's funding priority over available Cap-and-Trade allowance funding for the Disadvantaged Communities Green Tariff and the Community Solar Green Tariff programs. SCE is authorized to set up a CEOP balancing account to track project costs. The decision closes the proceeding.

#### Disconnections and Reconnections (R.18-07-005)

On April 5, Assigned Commissioner Guzman Aceves issued a Phase 1-A [Scoping Memo](#) in this proceeding. The general Scope for Phase 1 is as follows:

1. Should this proceeding apply only to the larger IOUs?
2. If not, what data and reports are available on the disconnection rates of smaller utilities?
3. Are additional data or reports necessary to evaluate the disconnection procedures of smaller utilities?
4. If such reports are necessary, what should be included and who should collect and analyze the data?
5. Due to the small size and nature of their operations, should a more limited approach be applied to smaller utilities?
6. Are the impacts of disconnections on customers higher or disproportionate to ratepayers when compared to the cost associated with the larger IOUs?
7. What would be the best way to reduce disconnection rates of the smaller utilities without adversely impacting their ratepayers?
8. What is the current rate and status of disconnections and reconnections within the service territories of the smaller IOUs? This will include, but is not limited to, an evaluation of:
9. By what amount (goal or target) should the CPUC seek to reduce disconnections by January 1, 2024 in accordance with SB 598? How will this goal be measured and evaluated?
10. What policies, programs or rules should the CPUC adopt to reduce the disconnection rate for nonpayment? This may include adoption of a payment plan framework and debt forgiveness.
11. Are there customers that should never be disconnected?
12. Should the CPUC hold off on conducting any matters concerning smaller utilities until it has issued a final decision in phase I pertaining to the larger IOUs?

The schedule for the proceeding will be established at a later date, but will include workshops, a workshop report, comments on the workshop report, a Proposed Decision and a Final Decision. This proceeding is quasi-legislative and evidentiary hearings are not necessary.

On May 1, ALJ Kelly issued a [Ruling](#) Requesting Responses to Questions. The questions posed are intended to gather information to help the CPUC develop standards and rules to reduce the disconnection rates and improve arrearage management.

#### Affordability (R.18-07-006)

On January 22, the CPUC held an Affordability Workshop on Defining and Measuring Affordability to develop a common understanding of methods to assess affordability for customers.

### Transportation Electrification (R.18-12-006)

On May 2, Assigned Commissioner Rechtschaffen issued a [Scoping Memo and Ruling](#). The scope of this proceeding includes: (1) Issues Related to the Transportation Electrification Framework, (2) Cost Recovery Mechanisms for Transportation Electrification (TE) Investments, (3) Rates for Zero-Emission Vehicles (ZEVs) and Hydrogen-Fueled Vehicles, (4) Vehicle Grid Integration, (5) Coordination with Existing ZEV Programs, (6) Safety, and (7) Other.

The proceeding schedule is:

- May 31, 2019: SCE stocktake of state-led TE programs and incentives due
- May 31, 2019: Energy Division stocktake of Commission proceedings related to TE due
- Q2 2019: Energy Division Workshop on Sub-Metering
- July 31, 2019: Deadline for first meeting of a new VGI working group
- October 2019: Energy Division TEF Proposal due
- November or December 2019: Workshop on TEF Proposal
- Q1 2020: Commission adoption of TEF

On May 9, the CPUC held a workshop on metrics and methodology for evaluating IOU TE infrastructure investments and measuring their associated GHG reductions and incremental vehicle adoption.

### Short-Lived Climate Pollutants (SCLPs)

#### Methane Emissions

California has a target of a 40% reduction in methane from 2013 levels by 2030. Dairies dominate the state's methane emissions (45%), followed by landfills (20%) and other livestock emissions (10%).

CEERT has participated in the Dairy and Livestock Working Group (DLWG), which completed its work in December, developing a suite of recommendations on the considerable groundwork the convening agencies (CARB, CEC, CPUC, and the California Department of Food and Agriculture) must undertake to implement a holistic program that effectively and economically mitigates dairy methane emissions while avoiding any unintended impacts.

CalRecycle's SLCP Reduction Strategy aims to reduce organic waste disposal to 50% below 2014 levels by 2020 and 75% below 2014 levels by 2025. On January 18, CalRecycle launched a rulemaking on the Reduction Strategy's implementation and on March 12 accepted comments and took testimony on the initial regulatory proposal. It will be issuing a revised regulatory package at a June 18 workshop, and will take further testimony and comments before making additional revisions or adopting a final package.

### Clean Transportation Advocacy

#### Advanced Clean Cars Program

CEERT continues to work with other NGOs to defend the 2022 – 2025 federal passenger vehicle emissions standards, known in California as the Advanced Clean Cars regulations. (The state has also set California-only Zero-Emission Vehicle (ZEV) sales targets through model years (MY) 2022 – 2025).

The US-EPA and the National Highway Traffic Safety Administration (NHTSA) have yet to issue a determination on the renamed Safer and Affordable Fuel Efficient (SAFE) Vehicles Rule. In their August 24 joint Notice of Proposed Rulemaking (NPRM) for the SAFE Vehicles Rule, EPA and NHTSA recommended freezing the emissions targets for passenger vehicles at 2020 levels and withdrawing California's waiver under the federal Clean Air Act (CAA), thereby revoking the state's authority both to regulate GHG emissions from vehicles and require that automobile manufacturers deliver ZEVs to California.

While CARB officials met with representatives from US-EPA, NHTSA and the White House through the fall to see if a compromise could be crafted, the White House withdrew the federal government from all discussions in February. In early April CARB sued US-EPA and NHTSA because the agencies, in responding to a September 2018 Freedom of Information Act request, did not reveal all the data and research they used to justify their attempt to roll back the emissions and fuel-economy standards for 2020-2025. CARB is hoping the courts will compel the agencies to share the rest of that information.

EPA and NHTSA have indicated they will be revising their proposal. But if, on balance, the revisions remain close to the proposals in the August 24 NPRM, U.S. oil consumption would increase by hundreds of thousands of barrels per day and climate emissions by millions of tons per day. Anything close to the August 24 NPRM proposals risks making it impossible for California to meet its 2025 and 2038 goals for achieving National Ambient Air Quality Standards, thereby putting the state in violation of the CAA. It would also remove an essential tool for many other states to clean up regions with poor air quality, increasing morbidity, mortality, medical costs, lost productivity, and wildfire risks.

CEERT's position is that the EPA and NHTSA should abandon the proposals in the August 24 NPRM and allow implementation of the emissions standards for 2020-2025 to proceed as agreed to in 2012.

### Electrifying Transportation

In December, the CPUC issued an Order Instituting Rulemaking (OIR) for R.18-12-006, its Development of Rates and Infrastructure for Vehicle Electrification (DRIVE) proceeding, to take a more systematic approach on critical issues beyond infrastructure investments, which were the focus of several one-off utility applications under R.13-11-007. CEERT is monitoring R.18-12-006, as several of our affiliates are active parties in this proceeding.

The CPUC is examining appropriate rate structures that can enable better management of additional electric load due to ZEV charging, and realize added value from such improved management. By developing a comprehensive Transportation Electrification Framework (TEF), the CPUC is hoping to:

- Align internal CPUC planning processes and better coordinate with processes at other agencies
- Identify where IOU investments can complement existing state efforts, e.g., CARB's new Clean Miles Standard and Incentive Program
- Collaborate on data collection, reporting, and program evaluation efforts across agencies to support the CEC's developing Electric Vehicle Charging Infrastructure Assessment pursuant to AB 2127

The CPUC took opening and reply comments on the OIR in February and held a PHC on March 1, at which the rulemaking was determined to be quasi-legislative. A scoping memo was issued on May 9. The Commission also hosted a workshop on metrics and methodologies for evaluating transportation electrification programs, with goals to:

- Finalize key questions on the IOUs' initial SB 350 Transportation Electrification (TE) investments
- Review and improve the effectiveness of current data collection efforts
- Identify evaluation metrics and methodologies that can determine the most "successful" IOU TE programs (\$/GHG reduction, \$/incremental EV adoption, \$/kWh load shift, etc.)
- Identify data and reporting gaps and the strategies needed to fill them

In July the CPUC will host a Vehicle-to-Grid Integration (VGI) workgroup to draft a VGI Roadmap that updates the CAISO and CPUC 2014 Roadmap and builds off the lessons of the 2017 VGI Communication Protocols Working Group. The VGI-WG will explore streamlining EVSE connections to the IOU and identify business cases and value of VGI for IOUs, automakers, EVSE providers, and EV drivers.

The OIR requires IOUs to submit a joint rate-design proposal that addresses demand charge issues and accommodates electrification of transit fleets. The CPUC will extend its previous work on sub-metering for EVs, evaluate its applicability to distributed energy resources, and hold workshops on sub-metering and other subjects prior to an October release of a Draft TEF proposal, with the goal of finalizing the TEF during the first quarter of 2020.

#### Low-Carbon Fuel Standard (LCFS)

As previously reported, in September the CARB Board adopted regulations for Phase 2 of the LCFS that extended the program to 2030 and doubled the carbon intensity reduction target from 10% to 20%. CEERT broadly supported the new regulations (with appropriate cautions).

The program had full compliance in 2017 and 2018. It is helping to expand a clean alternative fuels market, and since inception has helped displace the equivalent of nearly 3.3 billion gallons of diesel fuel while avoiding nearly 47.1 million metric tons of GHG emissions. Of the 317 companies now reporting under the program, 52 generated deficits requiring them to purchase credits from suppliers of cleaner fuels. The LCFS's continued success and stability has encouraged other jurisdictions to adopt (e.g., British Columbia and Oregon) or consider adopting (Washington, Canada, and Brazil) similar programs.

#### Alternative and Renewable Fuel and Vehicle Technology Program

The Revised Staff Draft of the 2019-2020 Investment Plan Update for the Alternative and Renewable Fuel and Vehicle Technology Program was released on January 18 and discussed at a February 6 ARFVTP Advisory Committee meeting.

The proposed budget contains nearly \$53 million for investment in ZEV infrastructure (\$32.7 million for EV charging and \$20 million for hydrogen fueling stations) and additional money for zero-emission vehicles and fuels through funding for Advanced Freight and Fleet Technologies (\$17.5 million) and Alternative Fuel Production and Supply (\$20 million). The final version of the Investment Plan Update released on March 27 maintains these funding levels, but is subject to Commissioners' approval at their June or July business meeting. More of the ARFVTP budget is being directed toward ZEV technologies to support former Governor Brown's goal of 5 million ZEVs being on the road by 2030.