

CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
QUARTERLY STAFF REPORT
MAY – SEPTEMBER 2020

I. SCHEDULE OF UPCOMING EVENTS:

Date and Time	Event Name	Proceeding Number
Fall 2020	Modeling Advisory Group Meeting Examining Greenhouse Gas (GHG) Emissions Benchmarking and Modeling Differences	R.20-05-003 (Integrated Resource Plan (IRP))
Fall 2020	Ruling on Submittals of Information for Deficient Load-Serving Entities' (LSEs') IRPs, if needed	R.20-05-003 (IRP)
4th Quarter 2020	Proposed Decision (PD) on Track 3.A	R.19-11-009 (Resource Adequacy (RA))
4th Quarter 2020	Ruling issuing Production Cost Modeling and Hydraulic Modeling Report	I.17-02-002 (Aliso Canyon)
4th Quarter 2020	Opening and Reply Comments on Ruling Issuing Production Cost Modeling and Hydraulic Modeling Report	I.17-02-002 (Aliso Canyon)
4th Quarter 2020	Initial Annual Affordability Report	R.18-07-006 (Affordability)
4th Quarter 2020-1st Quarter 2021	PD Adopting Modeling Reports	I.17-02-002 (Aliso Canyon)
October 2020	PD on Backstop Procurement and Cost Allocation	R.20-05-003 (IRP)
October 2020	Ruling Seeking Comments on Proposed Portfolio(s) and Busbar Mapping Methodologies for 2021-2022 Transmission Planning Process (TPP)	R.20-05-003 (IRP)
October 2, 2020	Public Workshop Report and Staff Recommendations	R.20-01-007 (Gas Reliability)
October 5, 2020	Response or Protest to Demand Response Auction Mechanism (DRAM) Joint Advice Letter	A.17-01-012, et al. (Demand Response (DR))
October 6, 2020	Multi-Agency Workshop on hybrid storage/solar behind-the-meter resources	R.19-11-009 (RA)
October 6, 2020	Status Conference (1:00 p.m. – 2:00 p.m.)	A.20-04-013 (Oakland Clean Energy Initiative (OCEI))
October 9, 2020	Opening Comments on Staff Proposal for Alignment and Integration of RPS Procurement Planning and IRP	R.18-07-003 (Renewables Portfolio Standard (RPS))
October 9, 2020	Prehearing Conference on Phase II	R.19-01-011 (Building Decarbonization)
October 9, 2020	Opening Comments on Phase II Ruling	R.19-01-011 (Building Decarbonization)
October 15, 2020	Aliso Canyon Workshop (9:30 a.m. to 4:00 p.m.)	I.17-02-002 (Aliso Canyon)
October 16, 2020	Reply Comments on Phase II Ruling	R.19-01-011 (Building Decarbonization)
October 20, 2020	Evidentiary Hearings (tentative date)	A.20-04-013 (OCEI)
October 20, 2020	Reply Comments on Staff Proposal for Alignment and Integration of RPS Procurement Planning and IRP	R.18-07-003 (Renewables Portfolio Standard (RPS))
November 2020	Opening Comments, Proposed Portfolios, 2021-22 TPP	R.20-05-003 (IRP)
November 2020	Reply Comments, Proposed Portfolios, 2021-22 TPP	R.20-05-003 (IRP)
November 2020	Workshop on Draft Track 3.B Proposals	R.19-11-009 (RA)
November 2, 2020	Opening Comments on Workshop Report and Staff Recommendations	R.20-01-007 (Gas Reliability)

Date and Time	Event Name	Proceeding Number
November 12, 2020	Opening Briefs	A.20-04-013 (OCEI)
November 17, 2020	Reply Comments on Workshop Report and Staff Recommendations	R.20-01-007 (Gas Reliability)
November 20, 2020	Motion to Serve Testimony, File Briefs and Request Hearings	R.20-01-007 (Gas Reliability)
December 2020	PD on Phase II	R.19-01-011 (Building Decarbonization)
December 1, 2020	Technical Working Group Streamlining Subgroup Report	R.20-05-012 (Self-Generation Incentive Program (SGIP))
December 4, 2020	Reply Briefs	A.20-04-013 (OCEI)
1st Quarter 2021	Workshop on reconciled portfolio aggregation of all LSE IRPs.	R.20-05-003 (IRP)
1st Quarter 2021	Production Cost Modeling of portfolio aggregation	R.20-05-003 (IRP)
1st Quarter 2021	PD on Heat Pump Water Heater (HPWH), Renewable Generation Technologies, etc.	R.20-05-012 (SGIP)
1st Quarter 2021	All Party Meeting to discuss proceeding 2021 schedule	R.20-05-012 (SGIP)
1st Quarter 2021	PD	A.20-04-013 (OCEI)
January 2021	Ruling Circulating Diablo Canyon Replacement Power Analysis, Gap Analysis and Proposing Procurement Strategy for any Additional Needed Power, along with Proposed Broader Framework for IRP procurement	R.20-05-003 (IRP)
January 2021	Possible Workshop on Results of Staff Analysis on Diablo Canyon Procurement	R.20-05-003 (IRP)
January 2021	PD Recommending Portfolio(s) for 2021-2022 TPP	R.20-05-003 (IRP)
January 2021	Informal Workshop with Interested Parties on Forecasting, Proxy Bills, and Other Refinements	R.18-07-006 (Affordability)
January 5, 2021	Intervenor Testimony	R.20-01-007 (Gas Reliability)
January 15, 2021	Comments on Revised Track 3.B Proposals	R.19-11-009 (RA)
January 20, 2021	Rebuttal Testimony	R.20-01-007 (Gas Reliability)
Jan. 25-29, 2021	Evidentiary Hearings	R.20-01-007 (Gas Reliability)
February 2021	Opening Comments on Diablo Canyon Analysis	R.20-05-003 (IRP)
February 2021	Workshop on Revised Track 3.B Proposals	R.19-11-009 (RA)
February 8, 2021	Opening Briefs	R.20-01-007 (Gas Reliability)
February 23, 2021	Reply Briefs	R.20-01-007 (Gas Reliability)
March 2021	Reply Comments on Diablo Canyon Analysis	R.20-05-003 (IRP)
March 9, 2021	Second Revised Track 3.B Proposals and Comments on Additional Process	R.19-11-009 (RA)
2nd Quarter 2021	Workshop on options for Preferred System Portfolio (PSP) and associated procurement, and 2022-2023 TPP portfolio	R.20-05-003 (IRP)
2nd Quarter 2021	Ruling on PSP, Procurement, 2022-2023 TPP portfolio	R.20-05-003 (IRP)
April 2021	Proposed Decision on Diablo Canyon Analysis	R.20-05-003 (IRP)
April 2021	Staff Proposal on Implementation Issues (Tentative)	R.18-07-006 (Affordability)
April 2021	Workshop on Staff Proposal	R.18-07-006 (Affordability)
May 2021	LSEs file annual IRP data	R.20-05-003 (IRP)
May 2021	PD on Track 3.B and Track 4	R.19-11-009 (RA)
3rd Quarter 2021	Comments on longer term parts of procurement framework	R.20-05-003 (IRP)
3rd Quarter 2021	PD adopting PSP, procurement, 2022-2023 TPP portfolio	

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

Alliance for a Clean Economy (ACE): Clean Energy and Economic Recovery (full report on page 5)
V. John White played a lead role in organizing ACE, which has sent California policymakers extensive recommendations for promoting *clean energy job growth and investment* to lead the state’s *post-COVID economic recovery*.

Summer Capacity Shortfalls (full report on pages 5-6)

Rolling blackouts and Stage 2 emergency declarations this summer have dominated the public discussion about *grid reliability*, and profoundly changed the regulatory dynamic. The economic impact of the blackouts was trivial compared to the *price spikes* and other costs of *inefficient natural gas generation, transmission, and storage*, which have approached \$1 billion in increased electric rates over the summer.

Together, the new bulk “utility-scale” hybrid renewables + storage, and aggregations of small behind-the-meter hybrids with storage, solar and demand response, offer the vast majority of near-term clean, cost-effective solutions to the capacity shortfalls.

California Independent System Operator (CAISO) (full report on page 6)

The CAISO has a *new CEO*, Elliott Mainzer, and a *new Board Chair*, Angelina Galiteva—and it adopted tariff changes that will enable roughly *3-5 GW of new solar + storage resources* on the existing grid.

Transmission Planning and Development (full report on page 6)

CEERT continued to push for changes in California’s transmission planning process, in particular the *California Public Utility Commission’s (CPUC’s) implicit policy of limiting renewable imports from out of state* and restricting the scope of CAISO’s planning, thereby *delaying transmission expansions*.

Long-Duration Energy Storage (full report on page 7)

CEERT and Clean Power Campaign are working to develop *environmental-justice and labor support for long-duration storage (LDS)* as a crucial element of California’s clean energy portfolio. As the recent power outages and Stage 2 alert dramatically illustrated, California has an acute need for more LDS.

Los Angeles Department of Water and Power (LADWP) (full report on page 7)

The *LA 100% Clean Energy Study* is nearing completion, and will call for roughly *600 MW/year* of new utility and customer investments in *renewable energy and electrifying transportation and energy use in buildings*, plus *major transmission investments* to carry new generation. LADWP recently procured *331 MW of New Mexico wind* and requested proposals for a first large tranche of *clean distributed resources*.

Western Grid Integration (full report on pages 7-8)

CEERT is working with *Western Clean Energy Advocates (WCEA)* on accurate real-time GHG accounting for out-of-state resources in the *Enhanced Day Ahead Market (EDAM)* development process. CEERT’s Carleigh Osen is co-facilitator of the *WCEA Resource Adequacy (RA) Working Group*, which helps CEERT advocate for more effective RA structures in California and beyond.

Advocacy at the California Air Resources Board (CARB) and the California Energy Commission (CEC) (full report on page 8)

In accord with CEERT’s critique of CPUC modeling assumptions for the Integrated Resource Planning proceeding, CARB Executive Officer Richard Corey emphasized the need to *reduce criteria air pollutants* as well as greenhouse gas (GHG) emissions, and to *achieve deeper GHG emission reductions* than the CPUC’s adopted targets.

Advocacy at the California Public Utilities Commission (full report on pages 8–24)

CEERT submitted a [Protest](#) objecting to PG&E's limitations on the scope of its Regionalization Proposal, and argued for further organizational changes to improve the safety and efficiency of PG&E operations. For the *SB 100 Docket*, we highlighted the urgency of *evolving California's resource adequacy structure* and the importance of an orderly and just *transition away from gas*.

In the new *Integrated Resource Planning (IRP) proceeding*, CEERT urged that the modeling be improved, that CAISO analyze all *emission targets* to put California on track to meet its climate goals, and that the CPUC prioritize an equitable, orderly *transition away from fossil generation* in this IRP cycle. We also recommended *better long-term locational planning analysis*, and advocated for *interagency coordination on the overall IRP process*.

CEERT expressed our disappointment to Commissioner Advisors that a Proposed Decision in the *Resource Adequacy (RA) proceeding* declined to reexamine the RA program from the ground up, and continued to lock in fossil fuel by restricting the supply and raising the price of non-fossil capacity resources, ignoring targeted *energy efficiency*, saddling *demand response* with inflexible measurement and verification protocols, and sidelining the *maximum cumulative capacity (MCC) buckets* and *hybrid counting rules* proposals.

CEERT and other parties argued that Track 3.A in the *RA proceeding* should be expanded to consider not only solar-plus-storage, but also stand-alone storage and other clean distributed energy resources that can export energy. As we requested, a *Joint CPUC/CAISO/CEC Workshop* has been scheduled that will consider providing RA credit to *hybrid storage/solar behind-the-meter resources*.

We filed a protest and testimony arguing that the *Oakland Clean Energy Initiative* application falls short of goals and expectations, and recommending that PG&E and other load-serving entities should conduct *further procurement of new local preferred resources*.

CEERT does not believe the CPUC's new *qualifying capacity (QC) methodology* adequately compensates *hybrid resources*, and has filed a proposal to correct this issue in next year's RA proceeding.

We urged the CPUC to broaden its *gas reliability proceeding* to carefully consider the *decline in gas demand* due to rapid deployment of *newly competitive non-combustion energy resources*.

CEERT pointed out that *microgrids* and other distributed resources' inability to access the RA revenue stream is one of the greatest barriers to their full commercialization, and we urged that PG&E be held accountable for implementing *clean-energy replacements for emergency fossil generation* after this fire season.

In the *Aliso Canyon* proceeding, the key element will be the feasibility assessment of alternatives that may allow the *eventual closure* of this mammoth gas storage facility.

In the *Self-Generation Incentive Program* rulemaking, CEERT recommended that SGIP incentives for electric vehicle storage systems and EV supply equipment be aligned with the IRP and RA programs.

Clean Transportation Advocacy (*full report on pages 24-27*)

CEERT strongly supports CARB's work on post-2025 Advanced Clean Cars regulations to *tighten emissions standards* for new light- and medium-duty vehicles, *increase* the number of *zero-emission vehicles (ZEVs)*, and further *reduce air and climate pollutants*.

CARB is drafting *three new truck-fleet rules*: The Advanced Clean Trucks (Manufacturers) Regulation; Advanced Clean Trucks (Fleet) Regulation; and Heavy-Duty Engine & Vehicle Omnibus Regulation.

CEERT helped lead a coalition of environmental-justice, public health, and environmental NGOs and of zero-emission truck manufacturers that encouraged CARB to adopt *stringent low-NOX standards for on-road trucks*.

Alliance for a Clean Economy (ACE): Clean Energy and Economic Recovery

In collaboration with Gridworks, CEERT's V. John White played a lead role in organizing the Alliance for a Clean Economy, a coalition of 18 California clean-energy associations, companies, and non-governmental organizations (NGOs). ACE has worked over the past quarter to provide the Governor, policymakers, and the Ann O'Leary/Tom Steyer Economic Recovery Task Force with a set of recommendations on leveraging clean energy and transportation to lead the state's post-COVID economic recovery. ACE sent [an initial letter to the Governor and policymakers on June 4](#), urging state leaders and the Task Force to form an interagency working group on clean-energy solutions to California's economic crisis and to the weaknesses and failures of the state's current planning for clean energy, greenhouse gas reductions, and transmission expansions. The letter highlighted the numerous economic benefits of a clean recovery, as well as the climate change mitigation benefits that will promote resiliency, equity, and public health.

On July 16, ACE sent state leaders and the Task Force an extended list of immediate recommendations for promoting near-term, mid-term, and long-term clean job growth and investment, making use of existing authorities rather than requiring major new expenditures or legislation. Near-term recommendations include reestablishing the interagency workgroups that helped lead California out of the Great Recession and sparked clean-energy jobs and investment. Mid-term recommendations outline immediate actions to spur long-lead-time work for clean-energy job growth and investment in 2021-2022, and long-term recommendations detail similar efforts to sustain job growth and investment through 2023 and beyond.

At the request of the Task Force, the ACE team consolidated the recommendation list into four immediate action items, which V. John White presented in early September to Task Force members, the Governor's and Lieutenant Governor's Offices, and the California Energy Commission (CEC). CEERT and other ACE members continue to hold conversations with state leaders about this agenda.

Summer Capacity Shortfalls

Later sections of this report detail the daily grind of California Public Utilities Commission (CPUC) proceedings, principally the Resource Adequacy and Integrated Resource Planning rulemakings, on procurement of resources that provide system capacity to the California Independent System Operator (CAISO) – controlled grid. However, events of this summer—rolling blackouts in mid-August, and Stage 2 emergency declarations and suspension of air-quality restrictions to allow fossil generation as a means to avoid further rolling blackouts on Labor Day weekend—have dominated the public discussion about reliability, and have profoundly changed the regulatory dynamic.

The rolling blackouts, the first in the state since the energy crisis of 20 years ago, were relatively minor and short-lived, and occurred during one-in-ten-year heat waves that the adopted national, regional and state reliability planning standards anticipate and allow. The actual impacts of the blackouts on consumers were less than the Public Safety Power Shutoffs that utilities instituted to mitigate wildfire concerns, and significantly less than “routine” distribution-level outages.

The economic impact of the blackouts was trivial compared to the wholesale price spikes caused by generation from inefficient natural gas plants, coupled with fuel shortages in Southern California due to systemic corrosion of gas transmission pipelines in the desert plus operating restrictions on use of the Aliso Canyon gas storage facility. These gas-related costs have approached \$1 billion in increased consumer electricity rates this summer, with more to come unless and until reliance on gas generation is reduced. The alternative: major investments in gas pipeline redundancy and new gas generation are costly, take years to accomplish, and run counter to adopted state policy to reduce greenhouse gas emissions, close urban gas storage facilities, and mitigate the impact of fossil combustion on disadvantaged communities.

A preliminary “root cause” analysis of the rolling blackouts published by the CPUC, CEC and CAISO in early October cites extreme weather events aggravated by climate change, a dramatic drop in imports

from the rest of the West, and a late planning response to procure new resources to mitigate these trends. The identified proximate causes of the blackouts themselves (unplanned forced outage of a large gas-fired generator near Blythe and inadvertent instructions by PG&E for a major wind farm to reduce output) were of a type and size of events the system is designed to handle without loss of load.

California Independent System Operator (CAISO)

Notable events at the CAISO this summer were the retirement of longtime CEO Steve Berberich, his replacement by Elliot Mainzer, former Administrator of the Bonneville Power Administration, and adoption of a policy to rotate the Board Chair position, with Angelina Galiteva elected new Board Chair.

The CAISO adopted minor tariff changes to improve the efficiency of the transmission system to accommodate new storage + solar resources that will constitute the bulk of new resource additions over the next few years. The changes will be implemented in two phases: Phase 1 involves alterations to the Business Practices Manual and will take effect by the end of 2020; Phase 2, involving FERC approval of tariff and software modifications, is scheduled to take effect in the 3rd quarter of 2021. These changes will allow for the interconnection and operation of about 3-5 gigawatts (GW) of new solar + storage resources on the existing grid and provide critical real-time operating experience to guide further changes to accommodate a significant percentage of the roughly 25 GW of these “hybrid” resources in the CAISO interconnection queue, without major new transmission investments.

On September 22, the Federal Energy Regulatory Commission (FERC) adopted Order 2222, outlining a framework for allowing aggregations of small distributed generation and demand response resources, such as residential rooftop solar + batteries or managed charging of electric vehicles, to participate in wholesale markets and provide capacity and ancillary services to the grid. The Order is largely modeled on protocols the CAISO adopted three years back, and therefore has little direct impact on California other than clearing up ambiguity about what FERC policy in this area would allow.

To date, there have been no such distributed resources formally participating in California markets due to the CPUC’s failure to adopt state jurisdictional rules allowing timely and efficient transmission interconnection and policies governing wholesale compensation impacts on retail rates. However, these resources did contribute significant capacity to the grid on an ad hoc, pro bono basis during the capacity shortages this summer. The status of CEERT’s advocacy at the CPUC on these matters is detailed below.

Together, the new bulk “utility-scale” hybrid renewables + storage, and aggregations of small behind-the-meter hybrids with storage, solar and demand response, offer the vast majority of near-term clean, cost-effective solutions to the capacity shortfalls. The next nine months at the CPUC will be critical for taking full advantage of these opportunities and avoiding future events such as occurred this summer.

Transmission Planning and Development

CEERT has continued to push for better alignment between California’s climate and clean-energy goals and its transmission planning process, in particular the California Public Utilities Commission’s (CPUC’s) implicit policy of limiting renewable imports from out of state and its insistence on restricting the scope of the California Independent System Operator’s (CAISO’s) planning, thereby delaying transmission expansions in the mistaken belief that new transmission isn’t needed because of the growth of distributed energy resources. We have been making these points in a variety of regulatory venues, including the California Energy Commission’s (CEC’s) SB 100 report and the CPUC’s new Integrated Resource Planning (IRP) proceeding.

CEERT has also continued informal conversations with the CAISO, Southern California Edison, Los Angeles Department of Water and Power, and Sacramento Municipal Utilities District about opportunities and issues of shared concern, including new transmission for offshore wind.

Long-Duration Energy Storage

CEERT and Clean Power Campaign have continued working to develop public and stakeholder support for long-duration storage (LDS) as a crucial element of California's clean energy portfolio. As dramatically illustrated during the recent power outages and Stage 2 alert, California needs more LDS, as well as a more balanced renewable portfolio that includes geothermal and regional wind, to ensure grid reliability and affordability. There is strong support for LDS, especially pumped hydro, by key elements of organized labor, but cost allocation and environmental impacts of some projects have resulted in opposition from utility customer groups and some environmentalists.

We are collaborating with the Gates Foundation and some emerging LDS developers on the need to accelerate technology demonstrations and commercialization of these technologies as part of California's strategy for getting to 100% clean energy and net-zero carbon.

CEERT has been working closely with the joint environmental parties, which include the California Environmental Justice Alliance and Sierra Club, in their campaign to press the CPUC to reduce emissions and phase out gas-fired generation in disadvantaged communities. We are sharing our perspectives with these and other stakeholders on the importance of LDS as a necessary part of gas-reduction strategy. In addition, CEERT is working on a white paper on the total system cost of natural gas and the impacts of gas price spikes on utility rates, which will underscore the need for LDS.

Los Angeles Department of Water and Power (LADWP)

Nearing completion is a multiyear planning study (called "LA100") that the National Renewable Energy Laboratory is conducting with LADWP, in response to Mayor Garcetti's vision of essentially eliminating the use of fossil fuels in Los Angeles over the next 20 years. Early draft results are being shared with a broad-based Advisory Committee that includes CEERT, and public outreach is planned for early 2021.

The plan calls for roughly 600 MW/year, for the next 15 years, of new utility and customer investments in renewable energy and electrifying transportation and energy use in buildings, plus major transmission investments to accommodate this new generation. The electric grid is envisioned to be about 50% larger than it is today, and include major investments in energy efficiency and demand response. Like all studies of this kind, the precise details of how to go the "last mile" from 90% renewables to complete elimination of fossil fuels involve a measure of risk and uncertainty given current technology and costs. However, the study lays out these risks, and provides a pathway to begin a serious journey to 90% while preserving options for how to negotiate this last mile.

In September, LADWP announced the next small step on this journey with the procurement of 331 MW of New Mexico wind and launch of a Request for Proposals (RFP) for purchase and construction of the first large tranche of customer-financed clean distributed resources in the LA Basin.

Western Grid Integration

CEERT has been participating in biweekly Western Grid Group meetings and Western Clean Energy Advocates (WCEA) meetings on Regional Markets and Resource Adequacy (RA). These groups consist of clean energy, public interest, and industry leaders from across the West, and work to accelerate the clean-energy transformation while improving the reliability and economic performance of the Western grid. WCEA Regional Markets meetings allow CEERT to stay current on market developments throughout the West. CEERT will coordinate with WCEA on comments about accurate real-time greenhouse-gas (GHG) accounting for out-of-state resources in the Extended Day-Ahead Market (EDAM) development process.

The WCEA RA Working Group helps CEERT to keep up to date on RA issues and events in the West and advocate for more effective RA structures in California and beyond. CEERT Executive Director V. John White presented at the July 7 meeting on the history of RA in California and the current state of RA at the CPUC. CEERT Policy Analyst Carleigh Osen is co-facilitator of the WCEA RA Working Group, which has continued to hold biweekly meetings since May.

Discussions with the Governor's Office

CEERT has worked with AWEA California and SEIA on a draft executive order that the Governor could issue as a means of getting his administration to focus on regulatory streamlining, interconnection and transmission bottlenecks, and delays and barriers to new renewable procurement.

Advocacy at the California Air Resources Board (CARB) & California Energy Commission (CEC)

Both CEERT and CARB Executive Officer Richard Corey participated in the most recent CEC SB 100 workshop. Richard responded to CEERT's critique of the California Public Utilities Commission (CPUC) modeling assumptions in its Integrated Resource Planning (IRP) proceeding, and emphasized the need to reduce criteria air pollutants as well as greenhouse-gas (GHG) emissions, and to achieve deeper emission reductions than the CPUC's adopted targets.

He also indicated that the upcoming CARB GHG Scoping Plan would look more closely at emissions from the power grid, and at the need to retire combustion sources as soon as feasible. In our earlier discussions with CARB, we emphasized the disparity between actual emissions versus modeling assumptions, as well as the need for an orderly phaseout of gas-fired power plants.

Advocacy at the California Public Utilities Commission (CPUC)

CPUC Investigations of PG&E (i.e., Plan of Reorganization) and SoCalGas/Sempra

CPUC Investigation of Pacific Gas & Electric's (PG&E's) Governance and Safety Culture (I.15-08-019)

This investigation, instituted in 2015, was brought to life again due to PG&E's misconduct and mismanagement on wildfires and gas service, with a process started in Summer 2019 to consider proposals to improve PG&E's safety culture. CEERT and other parties offered or supported changes in PG&E's corporate structure that would advance reductions in greenhouse-gas (GHG) emissions. Other proposals have included municipalization of PG&E and limiting PG&E to a "wires-only" (transmission) company.

From Fall 2019 to the present, this proceeding has largely been on hold as the CPUC focused on a review of PG&E's plan of reorganization to exit bankruptcy in I.19-09-016. CEERT has participated in I.19-09-016 to ensure that any approval of a PG&E reorganization plan will not limit or defer the CPUC's continuing consideration of other changes to PG&E to improve its safety culture and operation in I.15-08-019.

On July 15, Administrative Law Judge (ALJ) Allen issued a [Ruling](#) on Case Status, which states that absent a compelling reason, the CPUC will close I.19-09-016 in the near future. The Ruling also requests party input on what next steps to take in the Safety proceeding (I.15-08-019). Comments were submitted on August 4 and Reply Comments on August 13.

On August 4, CEERT submitted [Comments](#) on the Case Status of I.15-08-019. We argued that I.15-08-019 remains a critical proceeding and, more important, is the home to a developed record of multiple proposals for changes to PG&E's culture and governance that go far beyond the limited scope of I.19-09-016 and deserve careful consideration in moving PG&E forward to becoming a "responsible utility."

On September 4, ALJ Allen issued a [Ruling](#) Updating Case Status, determining that I.15-08-019 will remain open as a vehicle to monitor PG&E's progress in improving its safety culture, and to address any relevant issues that arise, with NorthStar Consulting Group continuing in a monitoring role.

CPUC's Investigation of PG&E Maintenance, Operations and Practices (I.19-06-015)

On May 7, the Commission issued [D.20-05-019](#), approving a Settlement Agreement (SA) with modifications, closing the proceeding, pending approval of the SA by the Bankruptcy Court, and imposing penalties on PG&E totaling \$2.137 billion, including a \$200 million fine that would be permanently suspended.

On June 8, Thomas Del Monte submitted an [Application for Rehearing](#) and Wild Tree Foundation also submitted an [Application for Rehearing](#). Thomas Del Monte requests that the \$200 million fine be reinstated as payable in full and that the Tubbs Fire be removed from the scope of the Settlement and the Order Instituting Investigation be reopened and assigned a new Assigned Commissioner and ALJ to fully investigate PG&E legal and regulatory violations related to the Tubbs Fire. Wild Tree Foundation urges the Commission to recognize that the modified settlement approved in the Decision is contrary to the law, not in the public interest, and not reasonable in light of the record, and was approved in violation of due process and the Public Utilities Code.

PG&E's Reorganization Application (A.20-06-011)

On June 30, PG&E submitted an [Application](#) for Approval of Regionalization Proposal. On August 5, CEERT submitted a [Protest](#) to the Application, objecting to limitations placed by PG&E on the scope and objectives of its Regionalization Proposal. We urged the CPUC to ensure consideration in this Application of other organizational changes to P&GE, other than as proposed, that will improve the safety and efficiency of PG&E's operations in the transmission and distribution of electricity to its customers and achieve climate change goals. The CPUC held a Prehearing Conference on August 20, but a Scoping Memo has not yet been issued.

CPUC's Investigation of SoCalGas/Sempra (I.19-06-014)

On June 27, 2019, the CPUC issued [I.19-06-014](#), an Order Instituting Investigation to determine whether SoCalGas's and Sempra's organizational culture and governance prioritize safety. On July 27, 2020, Commissioner Randolph and ALJ Allen issued a [Ruling](#) on Process and Schedule for Proceeding. The initial stage of this proceeding will evaluate Sempra's organizational culture, governance, policies, practices, and accountability metrics and their effects on SoCalGas. During this initial phase, the CPUC's consultant may consider the Blade Report and other information on the Aliso Canyon gas leak. The Assigned Commissioner and ALJ will set a Prehearing Conference or equivalent to determine next steps after the CPUC receives the consultant's report. There has not been any activity in this proceeding since the issuance of the Ruling.

CPUC Energy Planning and Procurement and Resource Adequacy

Senate Bill (SB) 100

On September 2, the CEC held an SB 100 Draft Results Workshop. V. John White participated in public comment, flagging the need to ground-truth the modeling assumptions and recommending that the Joint Agency Report SB 100 mandates be executed more frequently than every four years, given the urgency of the clean energy transition. On September 15, CEERT filed written comments in the SB 100 Docket that expanded on John's remarks at the workshop, highlighting the urgency of evolving California's RA structure and the importance of focusing on an orderly and just transition away from gas. [As the CEC SB 100 Webpage indicates](#), there are no upcoming events.

Integrated Resource Planning (IRP)(R16-02-007 and R20-05-003) and Procurement-Related Activities

There has been recent activity in both IRP proceedings (R.16-02-007 and R.20-05-003).

R.16-02-007/D.19-11-016 (System Reliability Procurement 2021-23) (Legal Challenges and RFOs)

On November 7, 2019, the CPUC issued [D.19-11-016](#) Requiring Electric System Reliability Procurement for 2021-2023. In December, multiple Rehearing Requests and Petitions for Modification were filed, challenging or seeking changes to the decision, especially its gas procurement authorizations.

On July 21, the CPUC issued [D.20-07-009](#) Denying California Energy Storage Alliance (CESA) Petition for Modification (PFM) of D.19-11-016. CESA had sought to require that any contracts entered into by the investor-owned utilities (IOUs) for the online date of August 1, 2021 be processed by the CPUC with Tier 2 advice letters, instead of Tier 3 advice letters as required by D.19-11-016. Though the PFM is denied, the Proposed Decision commits to processing the IOU filings for 2021 as quickly as possible, including utilizing all appropriate means of expediting Tier 3 advice letters.

On September 28, the CPUC issued [D.20-09-026](#), which grants California Community Choice Association's (CalCCA's) Petition for Modification (PFM) of D.19-11-016. To satisfy the capacity procurement requirements in D.19-11-016, CalCCA sought to have the qualifying capacity (QC) methodology for hybrid projects updated to the CPUC's most recent definitions adopted in R.19-11-009 (Resource Adequacy); this decision affirms those updates. CalCCA also requested that the CPUC modify the cost allocation principles articulated in D.19-11-016 to require that load-serving entities be billed for capacity procured on behalf of their customers, rather than having the customers themselves billed through a non-bypassable surcharge. This decision allows for that possibility, but does not require it; record development and final decision-making on this topic is ongoing in the new IRP R.20-05-003, which will address the finer points of cost allocation for capacity procured to comply with D.19-11-016. The Decision addresses the last remaining substantive request in R.16-02-007 and closes the proceeding.

R.20-05-003 (New IRP OIR)

The CPUC instituted new IRP Rulemaking [R.20-05-003](#) at its May 7 Business Meeting. On June 15, CEERT submitted [Opening Comments](#), arguing that the CAISO must analyze all emission targets thoroughly to set California on track to meet its climate goals. We recommended that the Commission facilitate closer coordination between the RA and IRP proceedings, and that Energy Division Staff evaluate innovative solutions from other entities beyond the traditional network of agencies. CEERT stated that the CPUC should hold an En Banc hearing to allow an exchange of ideas before undertaking the next IRP cycle, and that the Commission must acknowledge the context surrounding the opening of R.20-05-003.

On July 6, CEERT submitted [Reply Comments](#), urging that IRP modeling be improved to ensure the state is on track to meet its climate goals, and that the CPUC prioritize a just, orderly transition away from fossil fuel generation in this IRP cycle. We pointed out that alignment between the IRP and the CAISO Transmission Planning Process (TPP), and between the IRP and RA proceedings, are vital to successful decarbonization, and noted again that the CPUC should hold an En Banc hearing to evaluate all options.

R.20-05-003 – Backstop Procurement Ruling

On June 5, ALJ Fitch issued a [Ruling](#) Seeking Comments on cost allocation policy and mechanisms for procurement conducted by one IRP load-serving entity (LSE) on behalf of another; and a backstop procurement mechanism in the event that a non-utility LSE with a procurement obligation fails to secure the required resources. Opening Comments were submitted on July 22 and Reply Comments on August 7.

R.20-05-003 – Prehearing Conference

On June 15, ALJ Fitch issued a [Ruling](#) scheduling a July 14 Prehearing Conference, at which the ALJ identified two paths forward for this proceeding. The first would be for the CPUC to analyze LSEs' individual IRPs in a robust way. The second would be for the CPUC to conduct better long-term locational planning analysis, and then give IRP planning and procurement direction to LSEs. The second option would include: (1) analysis of specific individual gas plant retirements, (2) specific analysis of long-term local reliability needs in local capacity areas, (3) replacement power for Diablo Canyon, (4) designation of the need to procure specific, or at least specific amounts of, long-duration storage and (5) designation of the need for out-of-state wind and/or offshore wind in particular geographic areas to support transmission development to access the resources.

At the Prehearing Conference, CEERT supported Path Two, and reemphasized the need for En Banc hearings. The [Transcript](#) was issued on July 21, and on July 24 we submitted [Reply Comments](#) on the June 15 Ruling, recommending that the CPUC adopt the three-year time frame identified in the proposed schedule if it leads to the CPUC conducting better long-term locational planning analysis. We also continued our advocacy for interagency coordination on the IRP process. Attachment A to the Reply Comments was a Letter and Recommendations from the Alliance for a Clean Economy, which includes CEERT, that was sent to the Governor on July 16.

R.20-05-003: Scoping Memo and Ruling

On September 24, Assigned Commissioner Randolph issued a [Scoping Memo and Ruling](#) in R.20-05-003. The issues to be resolved include: general IRP oversight issues, procurement track, adoption of a Preferred System Portfolio (PSP), recommendations for the CAISO's TPP, and development of the next Reference System Portfolio (RSP). The schedule is:

Procurement Track

- October 2020: Proposed Decision addressing backstop procurement and cost allocation
- November 2020: Commission Decision on backstop procurement and cost allocation
- January 2021: Ruling circulating Diablo Canyon replacement power analysis and gap analysis, and proposing procurement strategy for any additional needed power, along with proposed broader framework for IRP procurement
- January 2021: Possible workshop on results of staff analysis on Diablo Canyon procurement
- February 2021: Comments on Diablo Canyon analysis
- March 2021: Reply Comments on Diablo Canyon analysis
- April 2021: Proposed Decision on Diablo Canyon analysis
- May 2021: Commission Decision on Diablo Canyon analysis
- May 2021: LSEs file annual IRP data
- Second Quarter 2021: Ruling seeking additional comments on longer-term elements of a procurement framework, including plans for long-lead-time resources
- Third Quarter 2021: Comments on longer-term elements of procurement framework

2021-2022 TPP

- October 2020: Ruling seeking comments on proposed portfolio(s) and busbar mapping methodologies for 2021-2022 TPP
- November 2020: Comments on proposed portfolio(s) for 2021-2022 TPP
- November 2020: Reply Comments on proposed portfolio(s) for 2021-2022 TPP
- January 2021: Proposed Decision recommending portfolio(s) for 2021-2022 TPP
- February 2021: Commission adoption of decision recommending portfolio for 2021-2022 TPP

PSP Development

- Fall 2020: Modeling Advisory Group meeting examining GHG emissions benchmarking and modeling differences
- Fall 2020: Ruling on resubmittals of information for deficient LSE IRPs, if needed
- First Quarter 2021: Workshop on reconciled portfolio aggregation of all LSE IRPs
- First Quarter 2021: Production cost modeling of portfolio aggregations
- Second Quarter 2021: Workshop on options for PSP and any associated procurement required, as well as 2022-2023 TPP portfolio
- Second Quarter 2021: Ruling proposing PSP, procurement and 2022-2023 TPP portfolio
- Third Quarter 2021: Proposed Decision adopting PSP, procurement and 2022-2023 TPP portfolio

- Fourth Quarter: Commission Decision adopting PSP, procurement, and 2022-2023 TPP portfolio

Resource Adequacy (RA) (R.17-09-020 and R.19-11-009)

R.17-09-020

Central Procurement Decision

On June 17, the Commission issued [D.20-06-002](#) in R.17-09-020, adopting implementation details for the central procurement of multiyear local RA to begin for the 2023 compliance year in the PG&E and Southern California Edison (SCE) distribution service areas, including identifying PG&E and SCE as the central procurement entities for their respective areas and adopting a “hybrid” central procurement framework. The decision declines to adopt a central procurement framework for the San Diego Gas & Electric (SDG&E) distribution service area at this time. CEERT believes this decision is deeply flawed, and will stifle innovation in the design of new clean resources to allow the retirement of existing gas generation.

Imports Decision

On June 25, all five Commissioners voted to adopt [D.20-06-028](#) on Resource Adequacy Requirements. The Decision addresses the issues scoped for limited rehearing in D.20-03-016 and the issues scoped as Track 1 in the Scoping Memo of R.19-11-009; it also adopts revisions to the RA import rules based on Energy Division’s proposal, with modifications. The Commission will consider the CAISO and Powerex Corp.’s proposal in a subsequent RA proceeding after further development in the CAISO’s processes. The decision completes the limited rehearing of D.19-10-021, and the stay of that decision is no longer in effect. The net effect of this decision will be to raise the cost and reduce the volume of imports, in the name of supposedly ensuring certainty of delivery on peak days.

Decision Denying Petitions for Modification

On September 16, the CPUC issued [D.20-09-003](#) which denies the following Petitions for Modification as moot: PG&E’s PFM of D.19-02-022, CalCCA’s PFM of D.19-06-026, and the PFM of CEERT, Enel X, CESA and AWEA-CA (the Joint Parties) of D.20-01-044. PG&E’s PFM is moot and denied because the CPUC addressed reaggregation of the PG&E Other Local Capacity Area and adopted PG&E’s proposed compliance mechanism in D.20-06-031. CalCCA’s PFM is moot and denied because the CPUC addressed CalCCA’s proposal for system and flexible RA waivers in D.20-06-031 and declined to adopt the proposal. The Joint Parties’ PFM is moot and denied because the CPUC reconsidered the issue of the appropriate qualifying capacity (QC) methodology for hybrid resources in D.20-06-031 and adopted a definition of hybrid and co-located resources. CEERT does not believe this new QC methodology adequately compensates hybrid resources and has filed a proposal to correct this issue in next year’s RA proceeding (see below).

R.19-11-009

Annual RA Decision

On May 22 in R.19-11-009, the Commission issued a Proposed Decision Adopting Local Capacity Obligations for 2021-2023, Adopting Flexible Capacity Obligations for 2021 and Refining the Resource Adequacy Program. On June 11, CEERT submitted [Opening Comments](#), arguing that the PD must reexamine RA from the ground up. We noted that every one of the “program enhancements” in the PD operates to restrict the supply and raise the price of non-fossil capacity resources in the name of “conservative assumptions” to avoid “speculative supply” or “potential non-performance,” and that the PD declines to even mention the ongoing need to develop RA methodologies and counting rules for behind-the-meter (BTM) aggregations of preferred resources.

On June 16, CEERT submitted [Reply Comments](#), arguing that the PD again defers consideration of protocols for non-fossil alternatives such as BTM resources, continues to ignore targeted energy efficiency, saddles demand response (DR) with expensive, inflexible measurement and verification protocols, and makes “permanent” rules meant to be interim pending further development in Track 3 or with the benefit of commercial experience with the current open solicitation, such as the maximum cumulative capacity (MCC) buckets proposal or the hybrid counting rules proposal.

Between June 12 and June 18, representatives of CEERT met with Advisors for all five Commissioners. We expressed our disappointment that this PD declined to reexamine the RA program from the ground up and continued to lock in fossil fuel, making it more difficult to back out of gas contracts instead of working toward retiring once-through cooling plants. We made note of a growing consensus that the RA program is getting worse, not better, and needs to fundamentally change, particularly for BTM resources. For example, the MCC bucket proposal locks in the current resource mix by limiting the amount of resources that can be purchased for RA and mandating that the majority of these resources come from gas. CEERT stated that there is still a lot of work to do, and emphasized that the Scoping Memo for Track 3 of this proceeding is going to be a critical document.

On June 30, the CPUC issued [D.20-06-031](#), which refines the RA program and adopts local capacity obligations for 2021-2023 and flexible capacity obligations for 2021 applicable to CPUC-jurisdictional LSEs.

Amended Track 3 Scoping Memo

On July 7, in R.19-11-009 (RA), Assigned Commissioner Randolph issued an [Amended Track 3.A and 3.B Scoping Memo and Ruling](#) that designates the following issues as being in Track 3.A or 3.B:

Track 3.A Issues

- Evaluation of the CAISO's updated local capacity requirement (LCR) reliability criteria.
- Evaluation of an LCR reduction compensation mechanism.
- Consideration of the Central Procurement Entity's competitive neutrality rules.
- Joint Agency Workshop on establishing net qualifying capacity (NQC) values for behind-the-meter hybrid storage/solar resources with the goal of counting these resources in the RA program.
- Other time-sensitive issues identified by Energy Division or other parties.

Track 3.B Issues

- Examination of broader RA capacity structure to address energy attributes and hourly capacity requirements, given the increasing penetration of use-limited resources, greater reliance on preferred resources, rolling off a significant amount of long-term tolling contracts held by utilities, and material increases in energy and capacity prices experienced in California over the past years.
- Other structural changes or refinements to the RA program identified during Track 1 or Track 2.
- Other time-sensitive issues identified by Energy Division or by parties.

Schedule for Track 3.A

- September 1, 2020: Working Group Reports and Proposals due
- September 11, 2020: Comments on Joint Agency Workshop, Working Group Reports and Proposals due
- September 18, 2020: Reply Comments on Joint Agency Workshop, Working Group Reports and Proposals due
- November 2020: Joint Agency Workshop on NQC values for hybrid BTM storage/solar resources
- Q4 2020: Proposed Decision on Track 3.A

Schedule for Track 3.B

- August 7, 2020: Proposals and Comments on Process due
- August-September, 2020: Potential Working Group meetings
- Late September/Early October 2020: Workshop(s) on Proposals
- October 15, 2020: Final Proposals due
- November 6, 2020: Comments on Workshop(s) and Proposals due
- November 20, 2020: Reply Comments on Workshop(s) and Proposals due
- Q1 2021: Proposed Decision on Track 3.B

A July 30 Workshop discussed 2021 RA templates and guides, and an LCR Working Group Meeting was held on August 13.

Track 3.A Proposals

On September 1, CEERT joined Enel X, CESA, Sunrun, and Tesla (the Joint Parties) to submit a [Re-source Adequacy Track 3.A Proposal](#). The Joint Parties argue that the scope of the Joint Agency Workshop and follow-up activities should consider not only solar-plus-storage but be expanded to include standalone storage and other clean distributed energy resources (DERs) that can export energy. Many of the cross-cutting issues should be addressed in an umbrella proceeding focused on multiple-use applications. The parties contend that different pathways should be developed and supported to enable DERs to have supply-side RA value or to get load-modification credit.

Track 3.B Proposals

On August 7, CEERT submitted our [Track 3.B Proposal](#). We proposed that the Net Qualifying Capacity (NQC) value for RA purposes (and the Net Qualifying Energy if required by modifications to the RA structure based on other Track 3.B Proposals) be calculated on a project-specific basis at the time CAISO conducts Interconnection Studies, when all relevant variables for each project are known and individual project performance metrics are established for the CAISO Generator Master File. The QC calculations would use standard CPUC-developed and -authorized models and protocols, granular CEC forecasts of loads and load shapes, and the “and” methodology that sums the individual capacity contributions of the individual generating and storage components of the hybrid while taking account of any charging restrictions or point of interconnection constraints that could limit the NQC of the combined resources below the algebraic sum of the component QCs.

On September 22, CEERT met with Ed Randolph and RA Staff to discuss new data from a FERC Technical Conference, the Joint IOU study of the effective load-carrying capability (ELCC) of solar + storage for the RPS proceeding, and a new paper by E3 that supports CEERT’s proposal.

Joint Agency Workshop

In R.19-11-009, CEERT requested a Joint Agency Workshop of the CPUC, CAISO and CEC. On August 17, the CPUC noticed such a Joint CPUC/CAISO/CEC Workshop, scheduled for October 6 then postponed again until November, that will consider the potential of providing RA credit to hybrid storage/solar behind-the-meter (BTM) resources. It is clear that the CPUC does not consider this issue a priority, in spite of the obvious need for near-term system capacity and the fact that BTM resources made significant on-peak energy and capacity available to the system pro bono during the summer heat waves.

Amended Track 3.B Schedule

On September 23, ALJ Chiv issued a [Ruling](#) Modifying Track 3.B Schedule in R.19-11-009, as follows:

- [November 2020](#): Workshop on draft Track 3.B proposals submitted August 7
- [December 18, 2020](#): Revised Track 3.B proposals due
- [January 15, 2021](#): Comments on Revised Track 3.B proposals due
- [February 2021](#): Workshop on Revised Track 3.B proposals
- [March 9, 2021](#): Second Revised Track 3.B proposals and comments on additional process due
- [May 2021](#): Proposed Decision on Track 3.B and Track 4
- [June 2021](#): Final Decision on Track 3.B and Track 4

Renewable Portfolio Standard (RPS) Program (R.18-07-003 (Current) & R.15-02-020 (Predecessor)) Renewable Market Adjusting Tariff (ReMAT)

On June 26, Assigned Commissioner Rechtschaffen and ALJ Lakhanpal issued a [Ruling](#) seeking comments from parties on proposed modifications to the Renewable Market Adjusting Tariff (ReMAT) program so that procurement under the program might resume promptly. The staff proposal would replace ReMAT’s adjusting pricing mechanism, eliminate the bimonthly program periods and program period caps, and use administratively determined prices by product category with a time-of-delivery adjustment.

These proposed changes are necessary to bring the ReMAT program into compliance with an order from the federal district court. Comments were submitted on July 21 and Reply Comments on July 28.

On August 21, ALJ Lakhanpal issued a [Proposed Decision](#) modifying aspects of the ReMAT Program to bring it into compliance with the Public Utility Regulatory Policies Act of 1978 (PURPA) and § 399.20 of the Public Utilities Code. The PD adopts an electricity pricing methodology to calculate a fixed rate available to qualifying renewable generators that is based on a weighted average of the utilities' recent executed long-term RPS contracts, which include time-of-delivery adjustment periods and factors. The ReMAT Program is modified to eliminate caps on procurement during bimonthly program periods and instead authorize procurement at the authorized rate on a first-come, first-served basis until each electric utility fulfills its proportionate share of procurement under § 399.20, along with additional changes. These modifications do not affect ReMAT contracts that have already been executed.

The CPUC is resuming the ReMAT Program, which has been suspended since December 2017. Federal courts have since clarified the requirements for the CPUC's implementation of PURPA, and FERC issued new rules on state implementation, which will become effective 120 days from publication in the Federal Register. The PD does not resolve outstanding petitions for modification to the Program, and this proceeding will consider further changes in light of the petitions, as data on the newly revised Program's performance and on other RPS procurement becomes available. Comments were due on September 10 and Reply Comments on September 15.

Bioenergy Market Adjusting Tariff (BioMAT)

On September 1 the CPUC issued [D.20-08-043](#), a Decision Revising the Bioenergy Market Adjusting Tariff (BioMAT) Program that adopts these changes to program rules, contract terms and processes:

- The BioMAT program end date is extended to December 31, 2025.
- BioMAT procurement costs shall be allocated through a non-bypassable charge to all customers in each IOU's service territory.
- Eligible BioMAT Category 2 – Other Agriculture projects must utilize the waste, residue, or by-products of growing crops, raising livestock, or growing horticultural products consistent with activities described as “crop production” and “animal production.”
- Projects utilizing directed biogas must submit their annual Common Carrier Pipeline report for the CEC to the Buyer as part of their Annual Fuel Attestation.
- A project's Guaranteed Commercial Operation Date is 36 months from the contract execution date with the possibility of a 6-month extension.
- 140% of contracted energy must be delivered over two consecutive years for the first two years, and 180% of contracted energy must be delivered every two years for the remaining years.
- A project pays a forecasting penalty if it delivers +/- 3% of the contract capacity in any hour of any month, except for the first year when the penalty is waived.
- Projects may utilize non-BioMAT fuel that complies with the RPS Guidelines to supply the station service load.
- Telemetry requirements are set through the interconnection process.
- Projects must be metered through a CAISO revenue meter on the high-or-low voltage side of a Project's final step-up transformer.
- A technical working group will be established to develop a project-specific lifecycle GHG model to quantify program emissions impacts.
- New deadlines are set for the IOUs to review applications and execute contracts.
- All applicants must attest at the start of each program period that they meet program eligibility criteria and face a penalty if they fail to report a change in their eligibility status.

Ruling Requesting Comments on the Energy Division Staff Proposal on IRP and RPS Integration

On September 18, ALJ Atamturk issued a [Ruling](#) Requesting Comments on the Energy Division’s “Staff Proposal for Alignment and Integration of RPS Procurement Planning and Integrated Resource Planning.” Comments were due on October 9 and Reply Comments on October 20.

Decision on New Community Choice Aggregators’ 2019 RPS Procurement Plans, PacifiCorp’s On-Year Supplement, and EnerCal’s Request for Waiver

On September 24, the Commission voted to adopt the [Revised Proposed Decision](#) on New Community Choice Aggregators’ 2019 RPS Procurement Plans, PacifiCorp’s On-Year Supplement, and EnerCal’s Request for Waiver. (Final Decision D.20-09-022 has not yet been issued). The PD deems as final and accepts the 2019 RPS Procurement Plans submitted by four new Community Choice Aggregators (CCAs) but cautions the CCAs that more detail is required in their future RPS Plans. The four affected CCAs are Butte Choice Energy Authority; Clean Energy Alliance; the City of Santa Barbara; and San Diego Community Power. Each of these CCAs is anticipated to start providing electricity to customers in 2021. The decision also deems as final and accepts PacifiCorp’s on-year supplement to its 2019 IRP, and grants EnerCal’s request for a waiver from filing RPS Plans until such time as it serves retail load.

Oakland Clean Energy Initiative (OCEI) (A.20-04-013)

On April 15, PG&E filed [A.20-04-013](#), seeking authorization to recover costs from contracts with two energy storage projects that were successful bidders in its Spring 2018 RFO on behalf of itself and East Bay Community Energy to procure resources for the Oakland Clean Energy Initiative (OCEI), which will meet reliability concerns in the Oakland subarea.

On May 18, CEERT filed a timely [Protest](#) to A.20-04-013, stating that while we have been a “strong vocal and engaged supporter of both the objectives and the process for the OCEI” at both CAISO and the CPUC, unfortunately, our review of the Application demonstrated that the outcome of PG&E’s RFO “fails to measure up to the lofty goals set for the OCEI and sets a terrible precedent for future projects with similar characteristics that are less stark than those related to the OCEI.” Eight other parties filed protests or responses to A.20-04-013, including Sierra Club, the California Efficiency + Demand Management Council, and the Public Advocates Office, to which PG&E filed its [Reply](#) on May 28.

On June 18, the CPUC held a Prehearing Conference and CEERT’s party status was confirmed. On July 14, Assigned Commissioner Shiroma issued a [Scoping Memo and Ruling](#), and on August 17 CEERT submitted Opening Testimony, arguing that the Application falls short of goals and expectations and leads to under-procurement, and that the CPUC should remand this Application for further procurement action. On August 28, we submitted Rebuttal Testimony, recommending that the Application be rejected and that in addition to the two storage contracts, PG&E and other LSEs should conduct further procurement of new local preferred resources that would be reasonable elements of a robust, resilient portfolio.

Settlement Conferences were held on September 1 and 8. There have been discussions between the CPUC and parties on the schedule going forward. The September 21 Evidentiary Hearing was vacated. On September 30, ALJ Fogel issued an E-Mail Ruling with an updated schedule, as follows:

- [October 6, 2020](#): Status Conference
- [October 20, 2020](#): Evidentiary Hearings
- [November 12, 2020](#): Opening Briefs
- [December 4, 2020](#): Reply Briefs
- [First Quarter 2021](#): Proposed Decision

R.18-07-017 (Public Utility Regulatory Policies Act (PURPA) and RPS ReMAT Program Litigation)

As noted in our prior Quarterly Report, on May 7 the CPUC issued [D.20-05-006](#), adopting a new standard offer contract for Qualifying Facilities of 20 MW or less seeking to sell electricity and/or capacity to a

CPUC-jurisdiction utility pursuant to PURPA. D.20-05-006 concludes that “[r]evisions to ReMAT, to the extent necessary, is a subject to be addressed in other Commission proceedings.” R.18-07-017 remains open to consider whether further action is required to comply with changes in PURPA regulations that could result from a pending Notice of Proposed Rulemaking that FERC issued on October 4, 2019.

CPUC Gas System and Grid Initiatives

R.20-01-007 – Gas Reliability and System Planning

On July 31, ALJ Tran issued a [Ruling](#) Seeking Comments in Track 1 of the gas reliability proceeding on presentations or positions on various issues from workshops held July 7 and July 21. CEERT presented our position on reliability standards at the July 7 workshop, and on August 14 we filed [Opening Comments](#), arguing that the CPUC needs to establish a formal market monitoring system for these and any other relevant data, and routinely publish these data in real time on the CPUC website, along with periodic formal reports on system performance and any recommended regulatory action. We urged the CPUC to broaden the scope of this analysis to more carefully consider the long-term issue of declining gas demand due to success in achieving sound climate policy and rapid deployment of newly competitive non-combustion energy resources.

On September 10, ALJ Tran issued an E-mail Ruling modifying the proceeding schedule as follows:

- [October 2, 2020](#): Public Workshop Report and Staff Recommendations
- [November 2, 2020](#): Comments on Workshop Report and Staff Recommendations
- [November 17, 2020](#): Reply Comments on Workshop Report and Staff Recommendations
- [November 20, 2020](#): Deadline to file a Motion to serve testimony, file briefs and request evidentiary hearings
- [January 5, 2021](#): Intervenor Testimony
- [January 20, 2021](#): Rebuttal Testimony
- [January 25-29, 2021](#): Evidentiary Hearings
- [February 8, 2021](#): Opening Briefs
- [February 23, 2021](#): Reply Briefs

Microgrids (R.19-09-009)

In light of Public Safety Power Shutoffs (PSPSs) during the 2019 fire season, this proceeding is exploring resiliency strategies and microgrid commercialization, as mandated by SB 1339. CEERT is supplying accurate quantification of the benefits that microgrids and other distributed energy resources (DERs) bring to the grid, working to ensure that emission standards aligned with California’s broader clean energy and climate mitigation goals are maintained in the implementation of any resiliency strategy, and pointing out that DERs’ inability to access the RA revenue stream is one of the greatest barriers to full microgrid commercialization. As climate change increases the size and number of wildfires in the West each year, the duration and frequency of PSPSs also increase—and wildfire mitigation and resiliency strategies should not perpetrate the root cause of the need for PSPSs, but must promote clean-energy solutions rather than fossil-fuel generation.

Decision on Short-Term Actions to Accelerate Microgrid Deployment and Related Resiliency Solutions

As noted in our prior Quarterly Report, on April 29 ALJ Rizzo issued a [Proposed Decision](#) in Track 1 of R.19-09-009, adopting short-term actions to accelerate microgrid deployment and related resiliency strategies, pursuant to Senate Bill 1339. CEERT filed [Opening Comments](#) on May 19 and [Reply Comments](#) on May 26, supporting the PD’s reforms to streamline customer-initiated interconnections, but urging that the decision be modified to extend those reforms to other distributed energy resource interconnection projects, and to hold PG&E accountable for implementing clean-energy replacements for emergency fossil generation after this fire season to align with California’s air quality and climate goals.

On June 17, the CPUC issued [D.20-06-017](#), which adopts short-term actions and solutions to accelerate microgrid deployment and interconnection of resiliency projects in advance of the wildfire season, to modernize tariffs to maximize social resiliency benefits, and to promote collaborative engagement between large IOUs and local and tribal governments. The Decision also approves an array of resiliency proposals put forth by PG&E and SDG&E.

Amended Scoping Memo and Ruling for Track 2

On July 3, Assigned Commissioner Shiroma issued an [Amended Scoping Memo and Ruling for Track 2](#) that identified the following issues as being within the scope of Track 2:

- Develop microgrid service standards necessary to meet state and local permitting requirements.
- Develop ways to reduce barriers for microgrid deployment without shifting costs between ratepayers.
- Develop guidelines to determine what impact studies are necessary for microgrids to connect to the electrical corporation grid.
- Develop separate rates and tariffs that are just and reasonable to support microgrids.
- Facilitate the formation of a working group to codify standards and protocols needed to meet California electrical corporation and CAISO microgrid requirements.
- Develop a standard for direct current metering in Electric Rule 21 to streamline the interconnection process and lower interconnection costs for direct current microgrid applications.

The following topics may be addressed in Track 2 or Track 3 of this proceeding:

- Examine the use of advanced metering infrastructure to enable electrical isolation as a viable resiliency strategy and potentially adopt a pilot program.
- Determine if large NEM-paired storage should be required to be capable of islanding.
- Develop supplementary parameters for local and tribal governments' access-restricted portal.
- Address policy questions on local area distribution controllers, such as (but not limited to) third-party integration, operation, and control of a microgrid.
- Initiate activity to shape the transition from diesel generation to clean backup power generation.

Ruling Requesting Comment on Track 2 Microgrid and Resiliency Strategies Staff Proposal

On July 23, ALJ Rizzo issued a [Ruling](#) Requesting Comment on the Track 2 Microgrid and Resiliency Strategies Staff Proposal entitled "Facilitating the Commercialization of Microgrids Pursuant to Senate Bill 1339." A Track 2 workshop on this was held on August 5.

On August 14, CEERT submitted [Opening Comments](#), arguing that the current RA structure for valuing distributed energy resources, hybrids and microgrids must be revised to accurately capture the full suite of benefits these resources provide to the grid, and pay them accordingly. The CPUC must acknowledge that the current RA structure is a major regulatory barrier to the success of the microgrids proceeding.

On August 28, CEERT submitted [Reply Comments](#), noting that multiple parties share our concerns on the need to recognize and address the barriers posed for microgrids by the CPUC's current RA construct. We argued that microgrid rules and tariffs must be designed holistically, with other parties in mind and in furtherance of California's broader clean energy and climate mandates. We noted that any microgrid pilot program must be carefully developed to ensure that it yields actual benefits, and that post-workshop party comments on the Staff Concept Paper should be included in the Track 2 record.

Diesel Alternatives

In [D.20-06-017](#), the CPUC conditionally approved PG&E's Temporary Generation Program for the 2020 fire season as a short-term, temporary resiliency solution. A Workshop on diesel alternatives was held on August 25. On September 4, Assigned Commissioner Shiroma and ALJ Rizzo issued a [Ruling](#) seeking comments on policy questions about utility deployment of temporary generation, and alternatives to diesel

fuel and technology for providing power to customers at safe-to-energize substations during transmission outages. The ruling solicits comment on two issues: an interim approach for minimizing emissions associated with providing temporary power at substations in 2021 while ensuring reliability at just and reasonable rates; and a process for completing the transition to clean technologies and fuels in future years.

In [Opening Comments](#) on September 25, CEERT expressed concern that the persisting inability of micro-grids and other resiliency technologies to export to the grid will result in ultimately higher costs to rate-payers. We urged the CPUC to explore this issue in depth in the upcoming multiagency workshop in R.19-11-009, and give preference to all non-emitting technologies such as behind-the-meter solar + storage, which is a strong, viable alternative to diesel generation. Any approved diesel generation should be conditioned upon the utility setting a strict timeline with a detailed plan to transition to clean backup energy as soon as possible. DERs and other clean technologies must be valued accurately to incentivize their development and allow them to complete fairly.

While CEERT supports the overall premise of the CPUC's interim proposals to transition away from diesel generation, we share other parties' concerns that the workshop and interim proposals treat diesel as the default solution instead of a last-resort backup option after all preferred solutions are exhausted. We continue to push for an expeditious transition away from fossil fuel generation to prevent the conditional approval of diesel generation from persisting beyond when it is truly necessary.

I.17-02-002 – Aliso Canyon

On July 7, ALJ Zhang issued a [Ruling](#) Updating the Phase 2 Schedule, as follows:

- [August 2020](#): Ruling issuing Economic Analysis Report
- [August-September 2020](#): Opening and Reply Comments on the Economic Analysis Report
- [October 15, 2020](#): Workshop 4 (Extreme Peak (1-in-35) Hydraulic Results
- [Q4 2020](#): Ruling issuing Production Cost Modeling and Hydraulic Modeling Report
- [Q4 2020](#): Opening and Reply Comments on the Production Cost Modeling and Hydraulic Modeling Report
- [Q4 2020 or Q1 2021](#): Proposed Decision Adopting Modeling Reports

On July 13, CEERT submitted Informal Comments on the July 28 Modeling Workshop #3. We were disappointed in the Workshop, which presented very little information. Much work remains to be done and heroic efforts over the next few months will be required to even begin to answer the question that this proceeding was designed to address.

On July 28, CPUC Energy Division held a workshop wherein they presented results of the Production Cost Modeling, Reliability and Sensitivity cases under peak operating conditions (1-in-10).

On August 26, ALJ Zhang issued a [Ruling](#) Entering into the Record Direction to Maintain Aliso Canyon Storage Capacity at or Below the Interim Level of 34 Billion Cubic Feet and Requesting Comment. According to a July 2, 2018 letter from the CPUC's Executive Director, SoCalGas must maintain capacity at the interim storage level between zero and 34 billion cubic feet. Comments were submitted on September 8 and Reply Comments on September 15.

On September 22, ALJ Zhang issued a [Ruling](#) noticing a Workshop for October 15 that will present 1-in-35 hydraulic modeling results, the feasibility assessment methodology and results, winter 2030 1-in-10 sensitivities, and a proposed Aliso Canyon inventory. The key element will be the process for the feasibility assessment of alternatives that may allow the eventual closure of Aliso Canyon.

This proceeding is now three full years in the making and has yet to produce useful results for investment alternatives that would enable Aliso Canyon's retirement.

CPUC Demand Response (DR), Energy Efficiency (EE), and Building Decarbonization

DR Applications (A.17-01-012, et al.) & Third Party DR Providers Load Impact Protocols (LIPs)

On June 30, Energy Division hosted a workshop to refine technical aspects of the DR Auction Mechanism (DRAM), with two more workshops on this topic held July 15 and August 3. On September 15, PG&E, SCE and SDG&E submitted a [Joint Advice Letter](#) seeking approval of their 2022 DRAM Requests for Offers (RFOs) Pilot with an auction in 2021. Responses and Protests were due on October 5.

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

On April 13 the record was closed and this proceeding submitted to the CPUC for decision. On September 11, the Public Advocates Office (PAO) filed a [Motion](#) to Set Aside Submission and Reopen the Record in order to admit into evidence an August 17 letter entitled "Emergency Action to Combat Heatwave" to PG&E, SCE and SDG&E from then-interim CPUC Executive Director Michelle Cooke. In addition, the PAO seeks to introduce into evidence data request responses from PG&E, SCE and SDG&E on the performance and use of prohibited resources by Base Interruptible Program participants during the August heatwave. A determination on this Motion has not yet been made.

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

On July 31, ALJ Kao issued a [Ruling](#) Seeking Comments Regarding Natural Resources Defense Council Motion, asking questions on cycle length and budget authorizations, savings goals for IOUs and targets for non-IOU program administrators, flexibility/authority to adjust to changes in market and technology, guidance decision, cost-effectiveness, and technical inputs. Comments were submitted on September 1 and Reply Comments on September 15.

At the August 27 CPUC Business Meeting, the Commissioners voted to adopt [Draft Resolution E-5082](#), which approves Database for Energy-Efficiency Resources (DEER) Updates for Program Year 2022 and a Revised Version for Program Years 2021 and 2020.

On August 31, ALJ Kao issued an E-mail Ruling revising the schedules for the Orders to Show Cause (OSCs) against Southern California Gas Company (SoCalGas). SoCalGas, the Public Advocates Office and Sierra Club filed a [Joint Status Update](#) on September 8, and a Status Conference on the OSC Track of the proceeding was held on September 22.

On September 1, PG&E, SCE, SDG&E and SoCalGas submitted their 2021 Annual Budget Advice Letters (ABALs) in compliance with D.15-10-028 (Decision Re Energy Efficiency Goals for 2016 and Beyond and Energy Efficiency Rolling Portfolio Mechanics) and guidance from the CPUC Energy Division Staff. Responses and Protests to the ABALs were submitted on October 1.

On September 16, Sierra Club and NRDC submitted a [Motion](#) to terminate SoCalGas's Energy Efficient New Homes Program (EENH) and sanction SoCalGas for violations of CPUC Rules. Sierra Club and NRDC argue that the CPUC should immediately terminate the EENH Program because it violates well-established CPUC policy requiring efficiency programs to achieve savings above code or industry standard practice, and it incentivizes expanding the gas system in contravention of state requirements for a zero-GHG emissions future. Responses to the Motion are due on October 1.

Building Decarbonization (R.19-01-011)

On August 5, Commissioner Rechtschaffen issued a [Phase II Amended Scoping Memo and Ruling](#). Phase II Issues include incentive layering, a Wildfire and Natural Disaster Resiliency Rebuild (WNDRR) program, and a special baseline allowance for electric water heating equipment. The schedule is:

- September 15: Workshop on WNDRR Proposal, electric baseline adjustment proposal, mobile home park (MHP) electrification and other matters related to building decarbonization.
- October 9: Opening Comments on Staff Proposal and Workshop are due.
- October 16: Reply Comments on Staff Proposal and Workshop are due.
- December 2020: Proposed Decision issued.

A September 15 Workshop was held on the Phase II Building Decarbonization Energy Division Staff Proposal. The Workshop focused on the proposed WNDRR program, lessons learned on the topic of mobile home electrification and rent impacts from post-wildfire mobile home park rebuilds, and the proposed electric water heating baseline allowance. On September 24, ALJ McKinney issued a [Ruling](#) setting a Phase II Prehearing Conference for October 9 and seeking comment on the Energy Division Proposal, the Phase II Workshop and specific questions set forth in Attachment A to the Ruling. Comments were due on October 9 and Reply Comments on October 16.

Other CPUC Rulemakings and Governance Actions

To the extent resources are available, CEERT is tracking the following CPUC proceedings that have significance for clean energy policies and, where appropriate, can be the subject of CEERT advocacy.

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

On July 17, ALJ Fogel issued an E-mail Ruling noticing a Prehearing Conference on July 29 to consider the proceeding schedule, scope, and other procedural matters. Subsequently, CEERT submitted a Motion for Party Status, which was granted. At the Prehearing Conference, CEERT stated that there needed to be coordination between this proceeding and the IRP and RA proceedings, and on August 4, we submitted a [Post-Prehearing Conference Statement](#), again noting that the Scoping Memo must provide for consideration of and coordination between SGIP, IRP, and the RA Program.

On August 17, Assigned Commissioner Rechtschaffen issued a [Scoping Memo and Ruling](#). The issues to be determined in this rulemaking are SGIP evaluation and oversight requirements, consideration of SGIP program revisions or refinements, and California Solar Initiative sub-program review and evaluation.

On September 16, CEERT submitted [Opening Comments](#) on Questions (b) – (k) of the Scoping Memo and Ruling, and expressed appreciation for Commissioner Rechtschaffen’s decision to include coordination of the RA, IRP and SGIP rulemakings within the scope of the proceeding. We recommended that SGIP incentives for electric vehicle storage systems and EVSE be aligned with the IRP and RA programs to ensure best results. Reply Comments on the Scoping Memo and Ruling are due on October 23.

On September 3, Commissioner Rechtschaffen issued a [Proposed Decision](#) revising and clarifying eligibility requirements adopted in Decision (D.) 20-01-021 for SGIP equity resiliency budget customers that rely on an electric well pump for their water supply. Such residential customers that reside in a Tier 3 or Tier 2 High Fire Threat District or who have experienced two or more discrete Public Safety Power Shutoff events are currently eligible for equity resiliency budget incentives regardless of income.

This decision revises D.20-01-021 to require equity resiliency budget electric well pump customers to also demonstrate a single-family household income no greater than 80% of area median income or that a multifamily building is either located in a disadvantaged community or demonstrates that at least 80% of building households have incomes at or below 60% of area median income. This decision is effective immediately upon CPUC adoption. The decision directs SGIP Program Administrators to file a Joint Tier 2 advice letter within 20 days of the decision’s issuance proposing changes to the SGIP Handbook to implement the adopted revisions and clarifications. Comments were submitted on September 23 and Reply Comments on September 28.

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

On August 12, the CPUC issued [D.20-08-004](#), which adopts a framework for prepayment agreements for PCIA obligations. Upon review of the Working Group Two recommendations, this decision (1) adopts the consensus framework of PCIA prepayment agreements; (2) adopts the consensus guiding principles, except for one principle regarding partial payments; (3) adopts evaluation criteria for prepayment agreements; (4) does not adopt any proposed prepayment concepts; and (5) clarifies that risk should be incorporated into the prepayment calculations by using mutually acceptable terms and conditions that adequately mitigate the risks identified by Working Group Two. This decision also directs PG&E, SCE, and SDG&E to file Tier 2 Advice Letters establishing a prepayment request processing framework. The assignment of Working Group Two on the PCIA prepayment issues is considered complete.

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

There has not been much activity in this proceeding since the last Quarterly Report other than to extend the statutory deadline to February 15, 2021.

Distribution Resources Plan (DRP) (R.14-08-013, et al.)

On May 11, ALJ Mason issued a [Ruling](#) Modifying the Distribution Investment Deferral Framework (DIDF) – Filing and Process Requirements.

On July 3, ALJ Mason issued a [Ruling](#) that orders PG&E to launch a DIDF Request for Offers solicitation for the Estrella Substation distribution deferral opportunity no later than October 30. The solicitation will seek to procure distributed energy resources (DERs) to address the capacity needs identified in PG&E's 2020 Grid Needs Assessment/Distribution Deferral Opportunity Report filing.

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

On September 24, the Commissioners voted to adopt a [Proposed Decision](#) Adopting Recommendations from Working Groups Two, Three, and Vehicle-to-Grid Alternating Current Subgroup. (Final Decision D.20-09-035 has not been issued). The PD modifies Electric Tariff Rule 21 for PG&E, SCE and SDG&E that governs the interconnection of DERs. The primary objective of the modifications is to streamline the interconnection process by incorporating the Integration Capacity Analysis (ICA) results from R.14-08-013, the Distribution Resources Plans (DRP) proceeding.

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

On September 3, the CPUC issued [D.20-08-031](#), which declines to adopt any additional confidentiality matrices at this time, but does establish a baseline showing that an information submitter must make to enable consideration of confidential treatment of critical infrastructure information. This new approach will ensure that the CPUC adjudicates confidentiality claims about such information more consistently, and reduce the time-consuming, difficult discretionary decisions on the appropriateness of such claims.

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

On August 27, the CPUC issued [D.20-08-046](#) which is the Decision on Energy Utility Climate Change Vulnerability Assessments and Climate Adaptation in Disadvantaged Communities (Phase 1, Topics 4 and 5). The Decision weaves together two questions: how should the energy utilities assess and adapt to California's vulnerabilities caused by climate change, and how should the utilities engage with the most vulnerable and disadvantaged communities on climate adaptation related to the utilities' infrastructure, operations and services so these communities are not left behind the rest of the state.

Disconnections (R.18-07-005)

On June 11, the CPUC issued [D.20-06-003](#), which adopts rules and policy changes applicable to SCE, PG&E, SDG&E and SoCalGas, and is designed to reduce the number of residential customer disconnec-

tions and to improve reconnection processes for disconnected customers. The Decision adopts and makes permanent, with modifications, the Interim Rules Decision issued on December 13, 2018. On September 17, the CPUC held a Prehearing Conference, primarily on the Percentage of Income Payment Plan.

Affordability (R.18-07-006)

On June 9, Assigned Commissioner Rechtschaffen issued a [Second Amended Scoping Memo and Ruling](#).

The issues to be determined in the second phase of this proceeding are:

1. How to implement the affordability metrics and methodologies adopted by the Commission;
2. How to forecast variables used to calculate the affordability metrics;
3. How to set proxy values for essential utility service cost data that are unavailable;
4. Determining the appropriate procedural pathways for implementation of the affordability metrics generally (i.e., how broadly and in which proceedings to incorporate the metrics as well as the process used to publish information);
5. How to design and publish an annual Affordability Report;
6. How to refine methodologies for calculating the affordability metrics, including the potential consideration of other nondiscretionary expenses;
7. Determining interactions between the affordability metrics and the rate and bill tracker tool under development by the CPUC Energy Division;
8. How to coordinate ongoing data requests for information related to the affordability metrics;
9. How to develop and maintain tools for calculating the affordability metrics;
10. How to make the measurements of the affordability metrics publicly available and accessible;
11. How to best ensure coordination with the Disconnections OIR (R.18-07-005) and this OIR; and
12. How to incorporate any approved essential usage study from Application (A.) 19-11-019.

The proposed schedule is largely tentative, with the first event being an Initial Annual Affordability Report, which is to be issued in the fourth quarter of 2020.

On July 22, the CPUC issued [D.20-07-032](#), which is the Decision Adopting Metrics and Methodologies for Assessing the Relative Affordability of Utility Service. This Decision defines affordability as the degree to which a representative household is able to pay for an essential utility service, given its socioeconomic status. The Decision adopts three metrics and supporting methodologies for the CPUC to use in assessing the affordability of essential electricity, gas, water, and communications utility services in California. The metrics are: the hours at minimum wage required to pay for essential utility services, the vulnerability index of various communities in California, and the affordability ratio of essential utility service charges to non-disposable household income.

The methodologies for calculating these metrics are necessarily complex and require assumptions on the cost of essential utility services and nondiscretionary household income, using data with known limitations. As a result, the Decision seeks to use the three metrics in concert to give the Commission a more complete picture of the affordability of essential utility services. These metrics account for California's geographic and economic diversity by relying on data with small granularity. The Decision does not adopt an absolute definition of what constitutes affordable essential utility services, but adopts metrics and methodologies for assessing affordability across utilities over time in a way that is feasible for staff to implement and maintain. This will allow Commission decision-makers and stakeholders to consider the relative impact on the affordability metrics of proposals before the Commission.

Non-Bypassable Charge (R.19-07-017)

On July 24, the CPUC issued [D.20-07-014](#), which approves serving orders to be executed between the California Department of Water Resources and the large electrical corporations to support the collection of the charge adopted in D.19-10-056.

At the September 24 CPUC Business Meeting, the Commissioners voted to adopt a [Proposed Decision Adopting Timing and Amount of 2020 Wildfire Fund Non-Bypassable Charge](#). Final Decision D.20-09-023 has not yet been issued. The Decision adopts an amount for the Wildfire Fund Non-Bypassable Charge for October through December 2020.

Clean Transportation Advocacy

Advanced Clean Cars

At a September 16 workshop, the California Air Resources Board (CARB) began developing post-2025 Advanced Clean Cars regulations to tighten emissions standards for new light- and medium-duty vehicles, increase the number of zero-emission vehicles (ZEVs), and further reduce air and climate pollutants. Staff weighed modifications to the criteria pollutant and greenhouse-gas (GHG) regulations, preliminary proposals for wider adoption of ZEVs, and projected costs of future electric vehicle technologies. California must continue to reduce air and climate pollution from transportation to meet the Federal National Ambient Air Quality Standards as required in the State Implementation Plan, and to mitigate the increasingly severe impacts of climate change. CEERT strongly supports these efforts, and has been discussing this important regulatory package with CARB Staff.

In response to the March 31 release by the National Highway Traffic Safety Administration (NHTSA) and US Environmental Protection Agency of the Safer Affordable Fuel-Efficient (SAFE) Vehicles Rule for model years 2021-2026, several petitioners submitted briefs in the lawsuits filed September 20, 2019 by California, joined by 22 states, Washington, DC, New York City, Los Angeles, the Union of Concerned Scientists, and other environmental and public health groups, arguing against aspects of the SAFE Vehicles Rule. The lawsuits challenge whether NHTSA has authority to preempt state vehicle emissions standards and whether it violated agency rulemaking procedures before implementing the SAFE Vehicles Rule, and note that the Rule will impair California's and other states' ability to comply with clean air laws. On September 9, the Department of Justice filed a reply brief defending the federal agencies' preemptive authority. Petitioners' responses were due on October 13 and final briefs on October 27.

On August 31, a U.S. Court of Appeals ruled against NHTSA's attempt to delay the long-overdue updating of penalties against automakers that fail to meet corporate average fuel economy (CAFE) standards. NHTSA tried to avoid increasing the penalties from \$5.50 (established in the 1980s) to a more current \$14.00 per tenth of an mpg, as required by the 2015 Federal Civil Penalties Inflation Adjustment Act.

Clean Miles Standard

In workshops on May 15 and July 17, CEERT and other members of a small coalition that includes UCS, NRDC, Coalition for Clean Air, American Lung Association in California, Sierra Club California, and NextGen continued to work with CARB Staff on regulations for the Clean Miles Standard (CMS). The Coalition seeks to strengthen Staff's proposed CMS targets, which would avoid requiring transportation network companies (TNCs) to directly acquire ZEVs for their drivers. (Currently drivers own their vehicles). Staff's proposal for the GHG targets would likely mean TNCs could comply solely by using ZEVs, without adopting complementary strategies such as reducing deadheading and shifting more passengers into pooled rides. CARB Staff are weighing a requirement that only 30% of ride-hailing vehicles be ZEVs by 2030, though Lyft and Uber have said they intend to transition their fleets to 100% ZEVs by then. The Coalition is advocating for a full transition of ride-hailing services to ZEVs by 2030, and is urging Staff to design incentives that help drivers from low-income and disadvantaged communities purchase ZEVs, consistent with the requirements of SB 1014, which established the CMS. Staff plan to release proposed CMS regulations in late October for CARB Board hearings in December.

Clean Truck Regulations

According to CARB, trucks are the largest source of air pollution from vehicles, accounting for 70% of nitrous oxides (NOx) and 80% of carcinogenic diesel soot, even though they are only 2 million (6.7%) of

the 30 million registered vehicles in California. Many of California's communities of color and low-income neighborhoods are located next to ports, railyards, distribution centers, and freight corridors, and are directly exposed to emissions from these areas of heaviest truck traffic.

CARB is drafting a set of complementary regulations to address the disproportionate burdens affecting these communities, and enable California to significantly reduce and ultimately eliminate emissions from this sector. Building upon its earlier rules to electrify transit agency buses and shuttles at large airports by 2030, CARB is working on three new regulations that deal with the rest of the on-road truck fleet: (1) The Advanced Clean Trucks (Manufacturers) Regulation; (2) The Advanced Clean Trucks (Fleet) Regulation; and (3) the Heavy-Duty Engine and Vehicle Omnibus Regulation.

Advanced Clean Trucks (Manufacturers) Regulation

At a June 25 hearing, CARB adopted and added amendments extending Staff's April 28 revised proposal for the Advanced Clean Trucks regulation package for manufacturers—which was passed largely in response to the advocacy of the ACT Coalition that CEERT is part of. This is a first-in-the-world rule requiring truck manufacturers to transition from diesel to electric-drive, zero-emission trucks. Manufacturers that certify medium- and heavy-duty chassis or complete vehicles with combustion engines are required to sell zero-emission trucks as an increasing percentage of their California sales from 2024 to 2035. By 2035, zero-emission truck/chassis sales would need to be 55% of Class 2b – 3 straight truck sales, 75% of Class 4 – 8 straight truck sales, and 40% of truck tractor sales.

Chiefly due to the ACT Coalition's advocacy, the CARB Board also required Staff to work to achieve a transition to an all-zero-emission California fleet by 2045 everywhere feasible, with earlier goals of 100% ZEV fleets for drayage trucks, last-mile-delivery, and government fleets by 2035; for refuse trucks and local buses by 2040; and for utility fleets by 2040. The regulations must emphasize emissions reductions in disadvantaged communities to the maximum extent feasible. The rule phases in available medium- and heavy-duty zero-emission technology starting in 2024, and sends a clear signal to manufacturers, fleet owners and utilities to begin immediately investing in zero-emission truck technology.

Advanced Clean Trucks (Fleet) Regulation

CEERT and the ACT Coalition have been in discussions with CARB staff on an AC Fleet Regulation. In workshops on February 12, September 18 and September 20, CARB began work on requirements to increase the numbers of zero-emission trucks in the state's public and private fleets, and achieve a goal of 100% zero-emission medium- and heavy-duty truck operations as soon as possible. The third workshop explored efficient ways that large entities could meet reporting requirements for vehicles subject to the AC Fleet Rule. CEERT will remain active in this rulemaking, which CARB Staff plan to bring to the Board in December 2021, with the fleet requirements taking effect in 2023.

Heavy-Duty Engine and Vehicle Omnibus Regulation

To achieve the difficult reductions in ozone pollution essential to meeting community health standards and federal and state clean air requirements, the South Coast and San Joaquin Valley Air Districts filed petitions with the US-EPA in June 2016, asking it to set lower NOx emission standards for on-road trucks and rail locomotives. These petitions were later joined by industry groups, community health NGOS, environmental and health agencies across the country, and CARB and other California air districts.

Later in 2016, CARB began to establish new standards for on-road trucks that would reduce NOx emissions by 90%, improve engine reliability and durability, and maintain lower emissions for more of the trucks' useful life. John Shears has been a participant for CEERT in technical workgroups on protocols for engine emissions certification and in-use testing, the feasibility and economics of meeting lower emissions targets, and other key issues. On June 23, CARB issued its proposed Heavy-Duty Engine and

Vehicle Omnibus Regulation (aka the Low-NOx Omnibus Rule), which will be a model for how the US-EPA should design its federal Cleaner Truck Initiative.

CEERT helped lead an HD Low-NOX Coalition of environmental justice, public health, and environmental NGOs and manufacturers of zero-emission trucks in encouraging CARB to adopt stringent low-NOX standards for on-road trucks. In 2018 CEERT helped organize meetings of Coalition members with truck and engine manufacturing representatives from Volvo, Freightliner, Peterbilt, Kenworth, Cummins, and the Truck and Engine Manufacturers Association. CEERT hosted meetings and webinars with Coalition members, environmental stakeholder groups, emissions-control equipment suppliers, the International Council on Clean Transportation, the Southwest Research Institute, and the National Renewable Energy Lab on technical, public health and economic aspects of a strong regulation.

CARB's June 23 proposed Low-NOx Omnibus Rule seeks to establish a more stringent Low-NOx Engine Standard, and lower in-use emission performance levels. The proposed regulations include:

- Lower NOx and PM emission standards on existing regulatory cycles and a new NOx standard on a new low-load certification cycle.
- A revamping of the current heavy-duty in-use testing program to require better emission control;
- A new low-load certification test cycle that reflects how trucks often operate in urban areas;
- Improved warranty, useful life, and emissions warranty information and reporting.
- Longer emission warranty coverage to help ensure that emission control systems are properly designed and built, and make it more likely that emissions-related repairs are completed promptly.
- A strengthened heavy-duty durability demonstration program.
- Powertrain certification test procedures for heavy-duty hybrid vehicles.
- An optional voluntary emissions certification standard of 0.1g/bhph for model years 2024-2026.
- Emissions averaging, banking, and trading program allowing for credits generated for zero emission trucks under the ACT rules to count toward the NOx fleet average from 2024 through 2030.

CEERT and the Coalition supported the bulk of the Staff's proposal but strongly opposed the last two provisions—the first because the inclusion of the optional 0.1g/bhph standard would both undercut the state's efforts to meet its own standards and risk leading the US-EPA to adopt a weaker national standard. CEERT and many Coalition members also opposed the design of the emissions averaging, banking, and trading program, under which manufacturers might be incentivized to deliver more zero-emission trucks to California sooner, but discouraged from further lowering emissions from conventional long-haul trucks. We urged the Board to limit this provision to the initial compliance period of 2024 – 2026.

On August 27, the CARB Board unanimously adopted the proposed regulations but, as requested by CEERT and aligned Coalition members, removed the voluntary emissions certification standard of 0.1g/bhph and restricted the use of zero-emission truck credits for NOx compliance to 2024 – 2026.

Multistate ZEV Truck MOU

On July 14, the expanded 15 state + D.C. ZEV Task Force for zero-emission trucks released a Memorandum of Understanding on how participating states will collaborate on an action plan for deploying zero-emission trucks. The states will work together to accelerate deployment of electric medium- and heavy-duty vehicles, including large pickup trucks and vans, delivery trucks, box trucks, school and transit buses, and long-haul delivery trucks, to ensure that by 2030, 30% of new medium- and heavy-duty vehicles sold are zero-emission vehicles, and that all trucks sold are zero-emission by 2050.

The action plan will address incentives for vehicles and infrastructure, deployment strategies, outreach and education, working with utilities, weight restrictions, and data standards, and emphasize reducing dis-

proportionate impacts on frontline communities. The MOU signatories will continue to coordinate with the multistate ZEV Task Force facilitated by the Northeast States for Coordinated Air Use Management.

Federal Cleaner Trucks Initiative

On November 13, 2018, the US-EPA launched a consultative process for its Cleaner Trucks Initiative to further decrease NOx emissions from on-highway heavy-duty trucks and engines. One goal is a new 50-state program that could be adopted by EPA and CARB and streamline compliance for manufacturers.

On January 21, 2020, EPA announced a notice of proposed rulemaking to:

- reduce in-use emissions under a broad range of operating conditions;
- enable effective technological solutions while carefully considering cost impacts;
- develop fair, effective compliance and enforcement provisions;
- incentivize early compliance and innovation; and
- ensure a coordinated 50-state program.

On July 15, the EPA quietly postponed further work on the rulemaking. The reason might be complications arising from the COVID-19 pandemic, or anticipation of a June 2021 rulemaking for reconsideration of fuel efficiency and GHG standards for medium- and heavy-duty on-highway vehicles and trucks.

Clean Transportation Investment Plan

The California Energy Commission released the Lead Commissioner Draft of the 2020-2023 Clean Transportation Investment Plan Update (CTIPU) on June 16, and the Advisory Committee met to discuss the Plan on June 19. This CTIPU uses budget projections for the next 3.5 years, better conveying the Program's long-term goals and future funding priorities to the stakeholder and business community. The 2020-21 funding budget for the Clean Transportation Program avoided any cuts; however, funding in each fiscal year through 2023 is subject to fees collected from future California vehicle sales, and requires legislative approval. The latest draft of the update adjusted some spending but maintained a greater focus on supporting ZEVS and related infrastructure, and on direct benefits to disadvantaged communities.

The new CTIPU still proposed total funding of \$384.2 million in 2020-2023, but with some adjustments:

- \$92.7 million for Light-Duty Charging Infrastructure and eMobility in 2020-2021 and \$40.2 million in the following 2½ fiscal years (unchanged);
- \$20 million and \$114.8 million for Medium- and Heavy-Duty ZEVS and Infrastructure (unchanged);
- \$20 million and \$45 million for Hydrogen Refueling Infrastructure (unchanged);
- \$25 million for Zero- and Near-Zero-Carbon Fuel Production and Supply in 2021-2023;
- \$2.0 million and \$7.0 million for Manufacturing;
- \$1.5 million and \$6 million for Workforce Development and Training; and
- \$10 million for Recovery and Reinvestment in 2020-2021 (new category).

The Advisory Committee maintained its broad support of the CTIPU. However, concerns were expressed about the continued need to support ZEV infrastructure for both battery electric and fuel-cell electric vehicles as market growth and demand for these vehicles are accelerating. (The CEC focuses its funding more on infrastructure while CARB's programs focus more on vehicles.)

The Revised Lead Commissioner's 2020-2023 CTIPU was released on September 30. It made two adjustments to the prior draft, reallocating \$5 million from Medium- and Heavy-Duty ZEVS and Infrastructure to Hydrogen Refueling Infrastructure for 2021-2023. The Commission will consider the Revised Lead Commissioner's 2020-2023 CTIPU for adoption at its October 14 Business Meeting.