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

**Transmission Planning and Development** *(full report on page 5)*
CEERT is calling upon the California Public Utilities Commission (CPUC) to work through the backlog of transmission projects needing its approval and speed up the utilities’ lag time in project completion. We have been convening two sets of biweekly calls on transmission issues with a broad set of companies and stakeholders. And we are working closely with California Energy Commission (CEC) Vice Chair Siva Gunda and staff on concrete transmission and modeling topics.

**California Energy Commission and Interagency SB 100 Planning Process** *(full report on page 5)*
CEERT’s discussions with the CEC and the Interagency Working Group process helped lead to the development of the Governor’s May budget revisions, including $5 billion for new resources to prevent disruptions in grid reliability. We advocated for including demand response, load flexibility, fuel cells, distributed energy resources, behind-the-meter storage, geothermal, pumped hydro, and transmission upgrades.

**Advocacy at the California Air Resources Board (CARB)** *(full report on pages 5 – 6)*
The first draft of CARB’s Scoping Plan Update met with widespread criticism, following which CEERT has helped organize a broad campaign of public and editorial support for a much stronger plan. The draft called for building 10,000 megawatts (MW) of new gas plants, and for carbon capture and sequestration. V. John White attended hearings on the draft and advocated for greater accuracy in modeling assumptions, tracking progress on actual emission reductions, and establishing an independent panel on carbon removal.

**Discussions with the Governor’s Office** *(full report on page 6)*
CEERT remains in close contact with Karen Douglas, now Senior Energy Advisor to the Governor. She is focusing on the clean-energy buildout, transmission upgrades and expansions, permitting and planning, interagency coordination, and revised state budget allocations for new geothermal projects and lithium recovery demonstration projects.

**Discussions with Local Government on Siting Clean Energy Projects** *(full report on page 6)*
We continue our work with NextEra’s Cara Martinson, the County Supervisors Association, and Rural Counties Association on convening local governments, environmental and community leaders, and renewable developers to discuss barriers, opportunities, and expanded community benefits for new projects.

**Los Angeles Department of Water and Power (LADWP)** *(full report on page 6)*
V. John White is participating in meetings of the Advisory Committee of LADWP’s Strategic Long-Term Plan for 100% Clean Energy, and of the Equity Advisory Committee. These two bodies are guiding the design and implementation of an integrated resource plan for the next 10 years. In addition, we are consulting with LADWP staff on streamlining its planned transmission buildout.

**Regional Grid Integration** *(full report on page 6)*
CEERT has held discussions with regional partners, such as Nicole Hughes of Renewable Northwest and Vijay Satyal of Western Resource Advocates, on stakeholder governance issues and oversight of the prospective Extended Day-Ahead Market, and we are collaborating with Advanced Energy Economy (AEE) and Energy Foundation on a multistate campaign to build public support across the West for a regional transmission organization.

**Long-Duration Energy Storage (LDES)** *(full report on page 6)*
CEERT is talking with CEC staff and other stakeholders about implementation of the Governor’s proposal for $350 million over the next two years for long-duration energy storage demonstration projects.
**Geothermal and Lithium Valley** *(full report on page 7)*
V. John White has been working on geothermal and lithium issues with Jonathan Weisgall, Assembly-member Eddie Garcia, and environmental justice, labor, and community organizations in the Imperial Valley. John and Meenatchie Odaiyappan are also developing a feasibility study on importing water from the Sea of Cortez for an expansion of geothermal and a lithium recovery and manufacturing industry.

**Renewable Hydrogen** *(full report on page 7)*
CEERT is collaborating with several groups in studying the potential adverse effects of hydrogen on the environment and ways to mitigate them, with V. John White and Maia Leroy facilitating a series of calls on hydrogen impacts. The Federal Infrastructure Bill allocates $9.5 billion for “clean hydrogen development,” with $8 billion for developing regional clean hydrogen hubs, $1 billion for a Clean Hydrogen Electrolysis Program, and $500 million for Clean Hydrogen Manufacturing and Recycling Initiatives.

**Concentrating Solar Power (CSP)** *(full report on pages 7 – 8)*
CEERT, Fred Morse, and Solar Dynamics are working on a DOE-funded study exploring how CSP coupled with long-duration thermal energy storage (TES) could help California reach its clean-energy goals. The study entails organizing and meeting with a Stakeholder Advisory Group that includes publicly owned utilities, investor-owned utilities, state agencies, environmental nonprofits, and solar companies.

**Advocacy at the California Public Utilities Commission (CPUC)** *(full report on pages 8 – 18)*
CEERT supported the rationale behind a Bloom Energy petition for a Distributed Energy Resource Reliability and Resilience Tariff that could bring more resource diversity to the grid and help California move away from its reliance on gas-fired generation.

A new rulemaking will consider updates to the CPUC’s rate design principles, guidance principles for demand flexibility, and ways to expand the use of demand flexibility beyond early adopters.

In the Integrated Resource Planning (IRP) proceeding, CEERT argued that lower greenhouse-gas (GHG) targets for the electric sector must be adopted as soon as possible, and that the CPUC should set a zero-emissions target for 2045.

In the Resource Adequacy rulemaking, we urged the CPUC to adopt the SCE 24-Hour Slice-of-Day Proposal, to seek further guidance from parties on capacity counting rules, to undertake additional analysis of Planning Reserve Margin values, and to reevaluate rejection of the Joint DER (Distributed Energy Resources) Parties’ Proposal.

CEERT supported applications for Demand Response programs and budgets, and the need for more DR.

**Clean Transportation Advocacy** *(full report on pages 18 –21)*
Seventeen states, led by Ohio, have sued the US-EPA over its decision to restore California’s authority to set vehicle pollution standards more stringent than those adopted by the federal government.

CEERT and our allies continue to work with CARB on the Advanced Clean Cars Regulations II, which will lower criteria emissions standards for conventional vehicles and help reach the goal of all passenger vehicles sold in California being zero-emission vehicles (ZEVS) by 2035.

We also continue to collaborate with CARB and our allies on the Advanced Clean Fleet Regulation to further reduce emissions from trucking and expedite California’s transition to an all-ZET truck fleet. We are working to ensure that the regulation’s benefits are maximized for low-income communities.
The 2022-23 California state budget retains the $6.1 billion for ZEVs that was proposed in January, in addition to the previous year’s budgeted $3.9 billion in ZEV funding.
Transmission Planning and Development

California’s growing energy needs call for ample transmission upgrades and expansions, but those face significant delays primarily due to a backlog of projects needing California Public Utilities Commission (CPUC) approval and to the investor-owned utilities’ (IOUs’) lag time in project completion. These projects often take ten years before they are ready to serve the grid, and CEERT is taking action to call upon the agencies to get the job done.

We have been convening two sets of biweekly calls on transmission; the first with GridLab Executive Director Ric O’Connell and transmission expert Ed Smeloff to pinpoint topics of interest to take to a second larger group, which includes members from the Independent Energy Producers Association (IEP), California Wind Energy Association (CalWEA), EDP Renewables, EDF Renewable Energy, Cyrq, Pattern, and others. Ed Smeloff has developed a Google Earth Tour depicting upgrade projects proposed in the CAISO 20-Year Outlook, as well as new prospective projects needed to meet California’s energy needs.

CEERT is working closely with California Energy Commission (CEC) Vice Chair Siva Gunda and staff on transmission issues, including reliability, methods and assumptions, and the effects of a dwindling supply-chain on energy procurement. This team meets about once monthly and focuses on concrete, near-term solutions to the problems California faces with a growing demand for clean, reliable electricity.

The California Energy Commission (CEC) and the Interagency SB 100 Working Group

CEERT continues to take an active part in the CEC Interagency Working Group process and its hearings and workshops on transmission, reliability, and siting of transmission and generation. We have hosted several meetings with CEC Vice Chair Siva Gunda and his staff on resource planning and modeling methodologies, and we discussed contingency actions that could be taken if transmission or supply-chain problems impact the deliverability of clean energy needed between now and 2026.

These discussions helped lead to the development of the Governor’s May budget revisions, including $5 billion for procuring new reliability resources to prevent disruptions in grid reliability due to extreme heat storms, wildfires, and supply transmission constraints. CEERT has argued for including innovative demand response and load flexibility, and funding for supplemental clean-energy supplies, including fuel cells, distributed energy resources, behind-the-meter storage, geothermal, pumped hydro, and transmission upgrades and interconnections.

Advocacy at the California Air Resources Board (CARB)

CEERT and allied NGOs are advocating for the lowest feasible power-sector GHG target in CARB’s Scoping Plan Update. The first draft of the Scoping Plan met with widespread criticism, following which CEERT has helped organize a broad campaign of public and editorial support for a much stronger plan.

Critical errors in the draft Scoping Plan start with reliance on flawed assumptions in E3’s Resolve Capacity Expansion Model, which says we need to build 10,000 megawatts (MW) of new gas plants and fails to recognize sharp increases in gas prices and their impacts on rates. The draft Plan proposes much too long a timeframe to get to 100% clean energy, compared with the adopted plans of the Los Angeles Department of Water and Power (LADWP) and the Sacramento Municipal Utility District (SMUD), and opts to deploy carbon capture and sequestration to provide alternative carbon neutrality, which they claim, without evidence, would be a less expensive path.

CEERT’s Mark Hanin has been attending CARB board meetings on the Scoping Plan Update and monitoring monthly calls of the Scoping Plan Working Group. He reports that, following a series of Community Listening Sessions around the state, CARB staff expect to release the final draft for discussion at the Board’s September 1 meeting, with a likely vote on approval in November.
Mark notes that the CARB Board instructed staff to add a sensitivity analysis to the final draft of the Scoping Plan to address concerns raised by members of the public on the effect that different projects proposed in the Plan will have on their communities. He reports that the Union of Concerned Scientists will be drafting a letter to the CARB Board, in collaboration with the California Environmental Justice Alliance (CEJA) and Earthjustice, on the overreliance that the Scoping Plan places on Carbon Dioxide Removal, which staff view as a net economic-growth benefit.

V. John White participated in a CARB hearing on the draft Scoping Plan in Sacramento, and attended one of the listening sessions in Oakland, as well as a virtual hearing the week of August 8. His comments focused on increasing the transparency and accuracy of modeling assumptions, tracking progress on achieving actual emission reductions, accelerating clean energy targets, and establishing an independent scientific advisory panel on Carbon Removal, Capture, and Storage/Sequestration to review scientific, technical, and economic feasibility costs and impacts on disadvantaged communities.

Discussions with the Governor’s Office
CEERT remains in close communication with former CEC Commissioner Karen Douglas, now Senior Energy Advisor to the Governor. Karen is focusing on the clean-energy buildout, transmission upgrades and expansions, permitting and planning, interagency coordination, and revised state budget allocations for new geothermal projects and lithium recovery demonstration projects.

Discussions with Local Government on Siting Clean Energy and Transmission Projects
We continue our work with CEERT Board Member Cara Martinson and officials of the County Supervisors Association and the Rural Counties Association on convening local governments, environmental and community leaders, and renewable project developers to discuss barriers and opportunities, statewide clean energy needs, and the potential for expanding community benefits.

CEERT organized a meeting with local government leaders and California Energy Commission staff working on clean energy project siting and planning, but that was in the immediate aftermath of the Governor’s proposal to override local government approval of wind and solar projects, which did not go over well with the local government representatives. We hope to reconvene these discussions after the Governor’s Climate Budget has been adopted and the Legislature adjourns.

Los Angeles Department of Water and Power (LADWP)
V. John White continues to attend meetings of the Advisory Committee of LADWP’s Strategic Long-Term Plan for 100% Clean Energy, and of the Equity Advisory Committee, which together are guiding the integrated resource plan that will govern LADWP’s procurement and transmission planning for the next 10 years. We are working with LADWP staff on streamlining its transmission buildout, and arranged a meeting between LADWP and a clean energy developer seeking to deploy fuel cells instead of combustion of hydrogen for backup reliability.

Regional Grid Integration
CEERT has been engaging in discussions with regional partners, such as Nicole Hughes of Renewable Northwest and Vijay Satyal of Western Resource Advocates, on stakeholder governance issues and oversight of the prospective Extended Day-Ahead Market (EDAM). We are also working with Advanced Energy Economy (AEE) and Energy Foundation on the multistate campaign to build public support across the West for a regional transmission organization. A California legislative resolution, ACR 177 (Holden), is setting the stage for the issues of future governance and regional grid integration in 2023.

Long-Duration Energy Storage (LDES)
CEERT is collaborating with the California Energy Commission staff and other stakeholders on the implementation of the Governor’s proposal for $350 million over the next two years for long-duration
energy storage demonstration projects, and on the implementation of SB 423 (Stern), which requires the CEC to do an assessment of zero-carbon firm energy resources, including LDES, geothermal, and offshore wind.

Geothermal and Lithium Valley
V. John White is continuing to work with Jonathan Weisgall, Assemblymember Eddie Garcia, and environmental justice, labor, and community organizations to advance the development of geothermal energy and lithium recovery in the Imperial Valley. Among the issues being considered in the Governor’s budget proposal are regulatory streamlining, fiscal incentives, workforce training, community benefits, and ways to engage environmental justice and community groups in the planning and environmental reviews of geothermal and lithium recovery projects.

V. John White and Meenatchie Odaiyappan, a graduate fellow from UC Riverside, have been collaborating on a report and draft feasibility study about the potential of importing water from the Sea of Cortez, perhaps combined with a desalination plant, to support the expansion of geothermal development and a lithium recovery and manufacturing industry, as well as an additional supply to replace Colorado River water being curtailed because of the West-wide drought.

Renewable Hydrogen
Hydrogen via green electrolysis is a promising renewable energy form that can be fed into a fuel cell to power everything from small electronics to heavy-duty vehicles, and stored for long periods as a suitable battery replacement. However, as an indirect greenhouse gas, it comes with some challenges. CEERT has been working closely with other organizations in studying the potential adverse impacts of hydrogen on the environment and ways to mitigate them.

The Federal Infrastructure Bill allocates $9.5 billion for “clean hydrogen development,” with $8 billion of that for developing regional clean hydrogen hubs (H2Hubs). The remainder sets aside $1 billion for a Clean Hydrogen Electrolysis Program, and $500 million to Clean Hydrogen Manufacturing and Recycling Initiatives. On July 27, DOE’s Hydrogen and Fuel Cell Technologies Office issued a Notice of Intent for potential funding toward the research, development, and demonstration of clean, affordable hydrogen and improved grid resilience. In addition, as noted in our previous Quarterly Report, the 2022-23 California Governor’s budget proposes a $100 million general fund over two years to advance the production of green hydrogen, and a tax credit, totaling $100 million per year for three years for entities developing green technologies (which includes hydrogen to reduce the use of natural gas).

Since writing an initial report summarizing the feedstocks and end-uses, current industry tracking and reporting, and the policy framework for more hydrogen opportunities, CEERT’s V. John White and Maia Leroy have been facilitating a series of calls on hydrogen, inviting members of several organizations to share their questions and findings. CEERT plans to continue these calls roughly once a month, and anyone interested in attending may reach out to Maia Leroy at maia@ceert.org.

Concentrating Solar Power (CSP)
CEERT Executive Director V. John White and Policy Coordinator Maia Leroy have been working closely with Fred Morse of MAI and Hank Price of Solar Dynamics on a DOE-funded study exploring how concentrating solar power paired with long-duration thermal energy storage (TES) could help California reach its clean-energy goals.

CSP, often trumped by cheaper photovoltaics (PV), is an older technology that many might have misconceptions or lack knowledge about, but with solar panel supply-chain interruptions and possible tariffs, it may be the solution to keeping solar affordable and on the grid. When paired with TES, a CSP
plant can supply power around the clock, 24 hours a day, thus taking pressure off the peak load that PV cannot serve alone.

This study entails organizing and meeting with a Stakeholder Advisory Group (SAG) that includes members of publicly owned utilities, investor-owned utilities, California state agencies, environmental non-profits, and solar companies. The role of SAG is to inform each organization of the benefits and technical feasibility of CSP+TES, and how the next generation of these plants can best be optimized.

Advocacy at the California Public Utilities Commission (CPUC)

Summary of CEERT's Advocacy at the CPUC
CEERT has been active in the following proceedings: Integrated Resource Planning (IRP) (R.20-05-003), Resource Adequacy (R.21-10-002), Demand Response (DR) Applications (A.22-05-002, et al.), and Bloom’s Petition for Rulemaking (P.22-06-012). CEERT also plans to be active in the new Demand Flexibility rulemaking (R.22-07-005).

New Events at the CPUC
On June 22, the CPUC Energy Division issued a White Paper on “Advanced Demand Flexibility Management and Customer DER Compensation.” On June 23, Bloom Energy Corporation submitted a Petition for Rulemaking to Adopt a Distributed Energy Resource (DER) Reliability & Resilience Tariff to Address Urgent and Near-Term Grid Reliability Needs. On July 22, the CPUC issued a new Demand Flexibility Order Instituting Rulemaking (OIR). These items are discussed in more detail below.

CPUC White Paper on Advanced Strategies for Demand Flexibility Management and Customer DER Compensation
On June 22, the CPUC Energy Division issued a White Paper on “Advanced Demand Flexibility Management and Customer DER Compensation.” The White Paper describes a Staff Proposal to enable widespread adoption of demand flexibility solutions and fair compensation for DER value. The CPUC Energy Division held a workshop on this White Paper on July 21. More information on the White Paper and the workshop can be found here.

Bloom’s Petition for Rulemaking to Adopt a DER Reliability & Resilience Tariff to Address Urgent and Near-Term Grid Reliability Needs (P.22-06-012)
On June 23, Bloom Energy Corporation submitted a Petition for Rulemaking to Adopt a Distributed Energy Resource Reliability & Resilience Tariff to Address Urgent and Near-Term Grid Reliability Needs. Bloom argues that CPUC action is essential to mitigate the continuing grid reliability risk. Leveraging customer investments in fuel cells and other highly reliable DERs is a credible partial solution to meeting the challenge and providing additional benefits. The deployment of fuel cells and other DERs would address not only near- and mid-term needs but also long-term objectives.

On July 25, CEERT submitted a Response supporting the rationale behind Bloom’s Petition, noting our appreciation for the focus on bringing resource diversity to the grid and helping California move away from reliance on gas-fired generation. However, we are concerned that the proposed tariff may only be beneficial to fuel cells, as opposed to all DERs. One way to remedy that situation would be to limit the scope of this proceeding to adopting a tariff for fuel cells only, unless the tariff can be modified so that it will effectively capture the benefits of all clean DERs.

New Demand Flexibility OIR (R.22-07-005)
On July 22, CPUC issued R.22-07-005, an Order Instituting Rulemaking that seeks to enable widespread demand flexibility through electric rates. The CPUC will establish demand flexibility policies and modify electric rates to advance the following objectives: (a) enhance the reliability of California’s electric system; (b) make electric bills more affordable and equitable; (c) reduce the curtailment of renewable
energy and reduce greenhouse gas emissions associated with meeting the state’s future system load; (d) enable widespread electrification of buildings and transportation to meet the state’s climate goals; (e) reduce long-term system costs through more efficient pricing of electricity; and (f) enable participation in demand flexibility by both bundled and unbundled customers.

In many decisions and forums, the CPUC has recognized the critical role of demand response in ensuring system reliability, especially during severe weather events, as California’s electric system continues to integrate greater amounts of renewable generation and energy storage. The rapid growth of electric end uses – including electric vehicle charging, distributed energy resources, and building decarbonization – presents new challenges and opportunities for coordinating demand flexibility to meet system needs.

However, the CPUC’s existing piecemeal approach to load management may hinder the growth and effectiveness of demand flexibility. This rulemaking will consider updates to the CPUC’s rate design principles, guidance principles for demand flexibility, and ways to streamline the patchwork of niche rates and programs to expand the use of demand flexibility beyond early adopters.

The proceeding will consider how demand flexibility policies, rates, tools, and programs can better support equitable and affordable rates for all Californians, advance the CPUC’s Environmental and Social Justice Action Plan Version 2.0, and update the CPUC’s rate design principles and guidance for advancing demand flexibility. Opening Comments are due on August 15 and Reply Comments on August 25.

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

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

As previously reported, on March 29, ALJ Fitch issued a Proposed Decision on a Modified Cost Allocation Mechanism (MCAM) for Opt-Out and Backstop Procurement Obligations. The Proposed Decision adopts a MCAM to ensure that the net costs of electric resource procurement obligations mandated in D.19-11-016 and D.21-06-035 are allocated and recovered in a fair, economical, and legally-compliant manner. Opening Comments were submitted on April 18 and Reply Comments on April 25. Final Decision D.22-05-015 was issued on May 23.

On April 20, ALJ Fitch issued a Ruling Establishing a Process for Finalizing Load Forecasts and greenhouse gas (GHG) Emissions Benchmarks for 2022 IRP Filings. On May 16, CEERT submitted Opening Comments, arguing for adoption of a lower GHG target for the electric sector as soon as possible. We support the addition of a 15 million metric ton (MMT) target in 2035 in addition to the stringent 25 MMT GHG target proposed by the Ruling. On May 23, CEERT submitted Reply Comments, arguing that lower GHG targets must be adopted as soon as possible and the CPUC should adopt a zero emissions target for 2045. We also supported community choice aggregators (CCAs) that recommend that load-serving entities (LSEs) be allowed to plan for lower emissions.

On June 15, ALJ Fitch issued a Ruling that finalizes the load forecasts and GHG benchmarks for use by LSEs in developing and filing their individual IRPs, due November 1. Each LSE shall submit a portfolio that meets its proportional share of targets of 38 MMT of GHG emissions in 2030 and 35 MMT in 2035, and a second portfolio that meets a GHG target of 30 MMT or less in 2030 and 25 MMT or less in 2035. If the LSE has a preferred portfolio that meets its proportional share of a GHG target of 30 MMT or less in 2030 and 25 MMT or less in 2035, then that LSE may submit only that one preferred portfolio. However, an LSE submitting only one portfolio must submit that portfolio in each of the two Resource Data Templates and Clean System Power calculators.

On July 19, the CPUC issued D.22-07-004, a Correction to D.22-02-004. The decision grants, in part, a petition for modification from the California Large Energy Consumers Association (CLECA) of the 2021
Preferred System Plan Decision 22-02-004. In the course of revising the proposed decision in response to comments, an error was introduced that mischaracterized CLECA’s membership and purpose.

*Resource Adequacy (RA) (R.19-11-009/R.21-10-002)*

On May 20, ALJs Chiv and O’Rourke issued a Proposed Decision that adopts local capacity requirements for 2023-2025, flexible capacity requirements for 2023, and refinements to the RA program scoped as Phase 2 of the Implementation Track. The Proposed Decision (PD) also adopts Southern California Edison’s (SCE’s) 24-hour slice Reform Track framework, with modifications.

On June 9, CEERT submitted Opening Comments, recommending that the CPUC adopt the SCE 24-Hour Slice-of-Day Proposal. We held that the use of 2024 as a test year for compliance tools is reasonable, and that DR measures need to be integrated in the new RA framework. We argued that appropriate exceedance levels need to account for technological and regional variations, that the PD should be revised to reverse its rejection of the Joint DER Parties’ Phase 2 Proposal, and that the CPUC should consider requiring portfolio counting rules for RA resources.

On June 14, CEERT submitted Reply Comments on the PD. We asserted that the CPUC should seek further guidance from parties on capacity counting rules, that additional analysis is needed for assessing annual and monthly Planning Reserve Margin (PRM) values, that hourly load obligation trading should be tested in 2024, and that the CPUC should reevaluate rejection of the Joint DER Parties’ Proposal.

On June 24, the CPUC issued Final Decision D.22-06-050, which adopts local capacity requirements for 2023-2025, flexible capacity requirements for 2023, refinements to the RA program scoped as Phase 2 of the Implementation Track, and SCE’s 24-hour slice Reform Track framework, with modifications. The 24-Hour Slice Framework is attached as Appendix A to the Decision.

On May 31, Assigned Commissioner President Reynolds issued a Ruling Directing Submission of Loss of Load Expectation (LOLE) Study Results. The Ruling directs the CEC to serve its Midterm Reliability Analysis report and unserved energy event data to the service list in this proceeding.

On June 1, the ALJs issued a Ruling on Energy Division’s Regional Wind Effective Load Carrying Capability (ELCC) Study. A Revised Study was submitted on June 9. Opening Comments were submitted on June 13 and Reply Comments on June 13. On June 8, a second Ruling was issued on the CEC’s Mid-Term Reliability Analysis Supporting Data. Opening Comments were submitted on June 20 and Reply Comments on June 27.

D.22-06-050 directed the co-facilitators of the previous RA Reform workshops to undertake the scheduling and facilitating of workshops for the three workstreams described in the decision. Presenters are requested to notify the workshop facilitator of their intent to present at least one week prior to the workshop, and to provide their final presentation to the facilitator on the Monday before the workshop. The workshop schedule is as follows – the facilitators are identified in parentheses:

- August 3: Master Resource Database and LSE Showing & Compliance Tools: initial discussion (IEP)
- August 10: Resource Counting: hybrid resources (CalCCA)
- August 17: Planning Reserve Margin (PRM): part 1 (process and mechanics) and UCAP-Lite (CLECA)
- August 23: Resource Counting: recap for wind, solar, hybrid; availability requirements for use-limited resources; long-duration storage; MCC Buckets for 2024 (Energy Division Staff)
- August 31: LSE Requirements: follow-up discussion (CEC data), Cost Allocation Mechanism (CAM), and LSE Showing and Compliance Tools (CESA)
• September 14: PRM: part 2 (counting values, setting requirements) and Test Year: initial discussion (PG&E)
• September 21: Interface CPUC/CAISO Processes: changes to CIRA; single net qualifying capacity (NQC) Capacity Value Flexible Requirements and elimination of flexible RA requirements (SCE)
• September 29: Test Year: follow-up discussion, remaining issues, and Wrap Up (WPTF)
• October 5: Placeholder (PG&E)

On July 20, ALJs Chiv and O’Rourke issued a Proposed Decision that adopts regional wind ELCC values for the 2023 RA year and addresses the DR qualifying capacity (QC) methodology for the 2023 and 2024 RA years. As to DR, the PD orders parties to develop refinements to the Load Impact Protocol (LIP) methodology for use with the 24-hour slice framework for the 2024 test year in Workstream 2 of this proceeding, and to submit a proposal according to the schedule adopted in D.22-06-050, which ordered Final Proposals from Workstreams 1-3 to be filed and served on November 15.

The proposal shall address: (1) the hours in which DR resources can be shown and whether consecutive, (2) whether the transmission and planning reserve margin adders should be applied, (3) whether or not the DR resources can vary by hour, and (4) whether, and if so, how, snap-back effects should be accounted for. Energy Division shall facilitate the first workshop on the refinements to the LIP methodology for use with the 24-hour slice framework for the 2024 test year in Workstream 2. Opening Comments on the PD were submitted on August 9 and Reply Comments on August 15.

Demand Response (DR) Applications (A.22-05-002, et al.)
On May 2, PG&E (A.22-05-002), San Diego Gas & Electric (A.22-05-003), and SCE submitted Applications for Approval of their DR Programs and Budgets. On May 25, ALJs Lakhanpal and Toy issued a Ruling Consolidating Proceedings and Setting a Prehearing Conference.

On June 6, CEERT submitted a Response to the DR Applications, stating that our primary interest in this proceeding is to ensure that any resulting decisions will be based on policies and programs that recognize the value of, and the need for increased reliance on, DR to meet California’s clean energy needs. The CPUC must promote DR to fully capitalize on the benefits the resource brings to the grid. When the CPUC issues a decision in this proceeding, it should give significant weight to any recommendations put forth by DR providers and DR advocates that modify these Applications.

A Prehearing Conference (PHC) was held on June 16. Prior to the PHC, the parties had a meet-and-confer on June 8, and submitted a Joint PHC Statement on June 14 that largely agreed on a schedule and scope of issues for Phase 1 (2023 Bridge Funding) but requested deferring a determination on a schedule and scope of issues for Phase 2 (2024-2027 DR Programs).

On June 24, Chief ALJ Simon issued a Notice of Public Workshop for July 7 that covered a recently issued Report on the DR Auction Mechanism (DRAM).

On July 5, Commissioner Reynolds issued a Scoping Memo. The Phase I scoped issues will address only the 2023 bridge funding proposals by the utilities, and at a later time, Phase II issues will be scoped addressing the 2024-2027 DR program proposals. The DRAM issues covered in this Scoping Memo deal only with the limited question of whether to approve the DRAM for 2023 solicitations and 2024 deliveries, with the DRAM’s future beyond 2024 to be addressed at a later time.

The remaining schedule for the non-DRAM issues in Phase I is as follows:
• August 15 and 17: Evidentiary Hearings
• August 22: Opening Briefs on Phase I
The remaining schedule for the DRAM issues in Phase I is as follows:

- September 2: Reply Testimony on Nexant Report and DRAM
- September 9: Meet and Confer to determine need for Evidentiary Hearings
- September 16: Last day to request Evidentiary Hearings and conduct discovery
- Late September: Evidentiary Hearings
- October 7: Opening Briefs on Nexant Report and DRAM
- October 28: Reply Briefs on Nexant Report and DRAM
- December: Proposed Decision


PG&E held a settlement conference on Phase I issues (including DRAM) for August 2, and a Meet-and-Confer is scheduled for August 8.

**CPUC Gas System and Grid Initiatives**

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

There has been no significant recent activity in this proceeding.

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

On April 22, the CPUC issued D.22-04-042, which extends the SoCalGas Rule 30 OFO winter noncompliance penalty structure adopted in D.19-05-030 and extended by D.21-11-021, year-round, and makes it applicable to SoCalGas, SDG&E, and PG&E service territories.

On May 20, ALJ Bemesderfer issued a Proposed Decision that resolves Track 1A and 1B issues, requires SoCalGas and PG&E to maintain adequate backbone capacity to meet the average day in a 1-in-10 cold-and-dry-year standard, and establishes a framework for issuing citations when a utility fails to maintain adequate backbone capacity. Opening Comments were submitted on June 9 and Reply Comments on June 14. The Final Decision D.22-07-002 was issued on July 20.

On May 25, ALJ Bemesderfer issued a Ruling Seeking Comments on Scoping Memo Track 2a Scoping Questions 2.1(b) – 2.1(k), which pertain to gas infrastructure. Opening Comments were submitted on June 15 and Reply Comments on June 27.

On June 15, ALJ Bemesderfer issued a Ruling Granting a Joint Motion of PG&E, SoCalGas, and SDG&E to File Under Seal Confidential Materials Filed in Response to Revised Administrative Law Judges’ Ruling Seeking Data from California’s Gas Utilities.

On June 27, ALJ Bemesderfer issued a Ruling Directing Parties to File Comments on Proposed General Order (GO) Re Gas Infrastructure. On July 8, ALJ Bemesderfer issued a Ruling Directing Filing of Data and Extending the Filing Date for Comments. The list provided by SoCalGas, SDG&E, and PG&E should include gas infrastructure projects that exceeded $50 million. Opening Comments on these Rulings were submitted on July 18 and Reply Comments on July 25.
On April 18, Bloom Energy filed a Petition for Modification of D.21-12-004 (Decision Adopting Microgrid and Resiliency Solutions to Enhance Summer 2022 and Summer 2023 Reliability). Bloom Energy argues that the CPUC should remove two sentences from D.21-12-004 that implicitly prejudge the cost-shifting issue. Parties submitted Responses to the Petition for Modification on May 16.

On July 6, ALJ Rizzo issued a Ruling seeking comment from interested parties on a Staff Proposal for Microgrid Incentive Program Plan Implementation. Opening Comments on the Ruling were submitted on August 5 and Reply Comments on August 19.

**Self-Generation Incentive Program (SGIP) (R.20-05-012)**
On July 18, SCE submitted a Petition for Modification of D.22-04-036 (Decision Establishing Heat Pump Water Heater (HPWH) Program Requirements). While SCE would be troubled by an order to transfer all HPWH program funds to an unregulated third party in any circumstances, its concern is exacerbated by the program administration structure the Decision establishes. At a minimum, the Decision must adopt more prudent funding requirements. Responses to the Petition for Modification were due August 17.

**Integrated Distributed Energy Resources (IDER) (R.14-10-003)**
On May 5, the CPUC issued D.22-05-002, Adopting Changes to the Avoided Cost Calculator (ACC). On June 20, the CPUC issued D.22-06-027, an Order Correcting Error in D.22-05-002. The Decision also closes R.14-10-003.

**Grid for High Distributed Energy Resource (DER) (R.21-06-017)**
On June 16, ALJ Hymes issued a Ruling on implementing reforms to the Distribution Investment Deferral Framework (DIDF) Process, the Partnership Pilot, and the Standard-Offer-Contract Pilot. Reforms have been proposed by the Independent Professional Engineer (IPE), Independent Evaluators (IEs), and parties to this proceeding.

On July 15, ALJ Hymes issued a Ruling Noticing a Data Portals Improvement Workshop, which was held on July 26. The Agenda discusses the workshop objectives.

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

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

**Net Energy Metering (NEM) (R.20-08-020)**
On May 9, ALJ Hymes issued a Ruling that asks questions about the Glide Path Approach, Non-Bypassable Charges on Gross Consumption, and Community Distributes Energy Resources. Opening Comments were submitted on June 10 and Reply Comments on June 24.

**PG&E’s Regionalization (A.20-06-011)**
On June 24, the CPUC issued Final Decision D.22-06-028, which approves, with conditions, the August 31, 2021 Motion to adopt a multi-party settlement agreement (MPSA) among PG&E, California Farm Bureau Federation, California Large Energy Consumers Association, the Center for Accessible Technology, Coalition of California Utility Employees, Public Advocates Office, Small Business Utility Advocates, and William B. Abrams. The MPSA proposes to approve PG&E’s updated Regionalization Pro-
posal, with additional conditions, to create regions for PG&E’s operations designed to enhance PG&E’s ability to meet its safety obligations. The MPSA is Attachment A to the Decision. The Decision also approves a second settlement agreement (SSJIDA) between PG&E and the South San Joaquin Irrigation District, also included in the August 31, 2021 Motion. The SSJIDA is Attachment B to the Decision.

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

On May 20, ALJ Lakhanpal issued a Ruling that sets forth a modified procedural schedule for the RPS program that enables timely filing and resolution of matters related to (a) Voluntary Allocation (VA) and/or Market Offer (VAMO) processes adopted in D.21-05-030 in the PCIA Rulemaking 17-06-026 proceeding, (b) 2022 RPS Procurement Plans, and (c) the voluntary allocation of RPS attributes adopted under the Modified Cost Allocation Mechanism in R.20-05-003 (IRP).

On June 24, the CPUC issued D.22-06-034, a Decision Establishing Rules for Portfolio Content Category (PCC) Classification for Voluntary Allocations of RPS Resources. The Decision adopts the following:

- Voluntary Allocations are not resales for purposes of determining the PCC classification of Renewable Energy Credits (RECs) allocated to the PCIA-eligible LSEs including non-investor-owned utility (IOU) LSEs serving departed load.
- Subsequent transfer/sale of the allocated RECs will be considered a resale, and the REC PCC classification will change pursuant to D.11-12-052 and other applicable RPS law and policy.
- “PCC 0” status will apply for pre-June 1, 2010 RPS contract RECs to Voluntary Allocations accepted in 2022 for RPS deliveries beginning in 2023 and subsequent Voluntary Allocations, if they occur.
- The Voluntary Allocation price based on the Market Price Benchmark methodology adopted in D.21-05-030 shall not be modified at this time.
- The IOUs are not required to submit advice letter filings for CPUC approval of executed pro forma Voluntary Allocation contracts. However, the IOUs must obtain CPUC approval of executed modified pro forma Voluntary Allocation contracts via a Tier 1 advice letter filing.

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

On May 2, ALJ Kao issued a Ruling Providing Opportunity Regarding Criteria for Finding Sufficient and Appropriate Policies, Practices and Procedures to Ensure Adherence to Commission Intent for Codes and Standards Advocacy and for Supporting Local Governments’ Adoption of Reach Codes. Responses to the Ruling were submitted on June 1 and Replies to Responses on June 16.

On May 24, Commissioner Shiroma and ALJ Fitch issued an Order to Show Cause (OSC) directing SCE to show why it should not be required to do the following, for its mismanagement of the energy efficiency upstream lighting program for the years 2017 through 2019:

1. Refund ratepayer funding for the portion of the program budget associated with light bulbs that were unaccounted for;
2. Refund Efficiency Savings and Performance Incentive shareholder awards associated with unaccounted-for light bulbs; and

On June 20, SCE submitted a Response to the OSC, noting that it has already agreed that returning a portion of program funds and shareholder awards associated with unaccounted-for lightbulbs is appropriate. SCE believes it has remained willing to take responsibility and hold itself accountable for missteps in the way it managed the Program, and does not believe Rule 1.1 penalties are appropriate or warranted. SCE argued that a Program refund of $13.1 million, which includes a portion of grocery and discount program incentives and all program administration costs for Program Years 2017-2019, is proportionate and re-
reflects SCE’s accountability for Program management gaps. SCE agrees to refund or forgo all ESPI awards associated with the grocery and discount Upstream Lighting Program. SCE did not violate Rule 1.1, so no penalties are warranted.

On July 18, the Public Advocates Office and The Utility Reform Network (TURN) submitted a Joint Reply, arguing that SCE’s response falls short of addressing its persistent mismanagement and false reporting of program impacts. They recommend the following remedies:

- A refund of all ESPI awards for program years 2017-2019 ($32.7 million), or at least all ESPI awards for the Upstream Lighting Program ($21.1 million).
- A refund of all program administration costs, and all implementation costs associated with the hard-to-reach portion of the Upstream Lighting Program for program years 2017-2019 ($91.9 million), or at least all administration costs and those implementation costs associated with unaccounted-for bulbs identified in the CPUC’s 2017-2019 Impact Evaluations ($76.1 million).
- $98 million in fines for violations of the P.U. Code and CPUC Rules.

On June 3, the County of Ventura for the Tri-County Regional Energy Network (3C-REN) submitted a Motion Regarding Data Access, requesting that the ALJs direct the IOUs in 3C-REN’s territory to provide the necessary participant and non-participant data to 3C-REN and/or its program implementer(s) so that 3C-REN can operate its population normalized meter energy consumption (NMEC) Single Family Home Program (SFH Program). This data should be provided by the IOUs under terms and conditions consistent with the terms and conditions applicable to the IOUs’ own energy efficiency implementers. Parties submitted Responses on June 20 and 3C-REN submitted a Reply on June 30.

On June 17, PG&E submitted its Response to 3C-REN’s Data Access Motion and on June 21, SCE and SoCalGas requested to Reply to PG&E’s Response. On June 22, ALJ Kao issued an E-mail Ruling directing parties to address the following question related to 3C-REN’s Motion: ‘PG&E’s June 17, 2022 response states ‘while PG&E agrees with the other IOUs that an order by the Commission to share the data would suffice to establish primary purpose, PG&E is also willing to negotiate an updated program contract, similar to PG&E’s contract with the Bay Area Regional Energy Network.’ SoCalGas and SCE’s June 20 joint response states they ‘do not agree with the interpretation that a contract absent Commission authorization can establish a primary purpose.’ Explain whether and why you agree, or disagree, that a contract that allows for the sharing of confidential customer information is sufficient to enable the investor-owned utilities to share confidential customer data with 3C-REN, without requiring 3C-REN to acquire prior consent from individual customers for the data sharing.” Parties were directed to submit a Response to the Ruling on July 1.

On July 15, ALJ Kao issued a Ruling seeking comments from parties on five topics: (1) potential improvements to the third-party solicitation process, (2) governance and reform of two of the CPUC’s EE database tools (CET and CEDARS), (3) Strategic Energy Management program issues, (4) the CATALENA project, and (5) data sharing for CPUC-authorized EE programs. Attached to the Ruling is the Third-Party Solicitations Process Improvements Staff Proposal prepared by CPUC Energy Division Staff. Opening Comments were submitted on August 9, and Reply Comments on August 16.

On July 20, BayREN submitted a Motion seeking clarification that the Bay Area Multifamily Building Enhancements (BAMBE) Program is not subject to the custom project review process. Responses to the Motion were submitted on August 4.


On February 15, PG&E submitted its Application for Approval of 2024-2031 EE Strategic Business Plan and 2024-2027 Portfolio Plan. On March 4, 2022, BayREN (A.22-03-003), 3C-REN (A.22-03-004), SDG&E (A.22-03-005), SCE (A.22-03-007), SoCalGas (A.22-03-008), SoCalREN (A.22-03-011), and
MCE (A.22-03-012) submitted Applications. In addition, Redwood Coast Energy Authority (RCEA) submitted a Motion for Approval of its Energy Efficiency Portfolio Application in R.13-11-005.

A Prehearing Conference was held on May 17. On May 26, ALJ Kao issued a Ruling Denying the Public Advocates Office’s Motion to Consolidate SCE’s EE Business Plan Application (A.22-03-007) and its Building Electrification Programs Application (A.21-12-009, finding that consolidation would not serve the purposes of judicial economy, conservation of resources, and avoidance of prejudice to any party.

On June 24, Assigned Commissioner Shiroma issued a Scoping Memo. The issues to be addressed are budget, goals and accountability, segments and programs, third party procurement, statewide programs, portfolio policy issues, and program administrator coordination. The schedule is as follows:

- Quarter 2-4, 2022: Rulings and possible workshops on natural gas incentives; third-party solicitation reform; governance of CPUC tools; program administrator coordination; indicators, performance metrics and targets; and other matters raised in the scope of issues.
- August – September: Comments and Reply Comments on Policy Rulings
- October 7: Direct Testimony
- November 7: Rebuttal Testimony
- November 21: Motion to Request Evidentiary Hearings
- December 1: Meet and confer
- December: Potential interim Proposed Decision on policy issues
- January 30, 2023: Status Conference
- February 6-17, 2023: Evidentiary Hearings (if needed)
- April 17, 2023: Opening Briefs
- May 4, 2023: Reply Briefs
- Quarter 3, 2023: Proposed Decision

On August 2, ALJ Kao issued a Ruling Inviting Comments on Staff Proposal for Energy Efficiency Incentives and Codes and Standards Sub-Programs and Budgets The Ruling invites comments on two topics pertaining to the 2024-2031 business plans and 2024-2027 portfolios under consideration. Attachment 1 to the Ruling is the CPUC Energy Division’s EE Natural Gas Incentive Phase Out Staff Proposal. Opening Comments were due on August 26 and Reply Comments on September 5.

**PG&E Clean Energy Optimization Pilot (CEOP) (A.22-03-006)**

On May 24, Assigned Commissioner Shiroma issued a Scoping Memo. The issues to be determined and otherwise considered are:

1. Whether the CEOP is compliant with applicable statues related to the use of Cap-and-Trade allowance revenues for clean energy and energy efficiency projects.
2. Whether the CEOP meets D.14-10-033’s requirements for clean energy and energy efficiency projects.
3. Whether there are any safety concerns.
4. Impacts on environmental and social justice communities.
5. Whether the CEOP aligns with the goals of the Distributed Energy Resource Action Plan.
6. Whether funding a portion, or all, of the CEOP through Public Purpose Program funds is just and reasonable.

The remaining schedule is as follows:

- August 24: Intervenors’ Prepared Direct Testimony
- September 26: Prepared Rebuttal Testimony
- October 10: Meet and Confer
- October 17: Joint Case Management Statement
November 7: Evidentiary Hearing
December 5: Opening Briefs
December 19: Reply Briefs

Building Decarbonization (R.19-01-011)
On April 18, ALJs Tran and Liang-Uejio issued a Ruling that receives into the evidentiary record the responses of PG&E, SoCalGas, SDG&E, and Southwest Gas to Energy Division’s March 14 Data Request. It also addresses the final common outline parties shall use for briefs. Opening Briefs were submitted on May 4 and Reply Briefs on May 18.

Improvements to Rule 21 (R.17-07-007)
On April 26, ALJ Hymes issued a Ruling that establishes the schedule for Phase II of this rulemaking and provides guidance to parties on the contents of Opening Testimony for this phase. Opening Testimony shall be served on September 30 and Reply Testimony on October 21. The ruling notifies parties that a second workshop to continue discussion on distribution upgrades cost-sharing proposals will be held remotely on June 3.

Power Charge Indifference Adjustment (PCIA) (R.17-06-026)
On April 18, ALJ Wang issued a Ruling which requested comments on how to calculate certain Market Price Benchmarks (MPB) for the PCIA. Opening Comments on the RPS MPB calculation were submitted on April 28 and Reply Comments on May 12. Proposals for calculating the Energy Index MPB were submitted on May 27, Comments on the Energy Index MPB were submitted on June 16 and Reply Comments on June 30.

On June 10, ALJ Wang issued a Proposed Decision that establishes a standard process for reviewing representatives of community choice aggregators (CCAs) to access confidential Energy Resource Recovery Account (ERRA) data for the purpose of developing PCIA forecasts, and to disclose non-confidential analyses of PCIA forecasts to CCAs. The Proposed Decision also confirms that the CPUC’s Staff should exclude Voluntary Allocations from calculations of the RPS Market Price benchmark. The proceeding remains open. Opening Comments were submitted on June 30 and Reply Comments on July 5.

Disconnections (R.18-07-005)
On July 15, Assigned Commissioner Houck issued a Phase 2 Scoping Memo and Ruling. The issues to be considered in Phase 2 are: Arrearage Management Plan (AMP), Community-Based Organization (CBO) Pilot, Long-Term Payment Plans, Medical Baseline Study, and Future Percentage of Income Payment Plans (PIPPs). Opening Comments on the Scoping Memo were submitted on August 5.

On July 18, ALJ Wang issued a Phase 1-A Proposed Decision Establishing Residential Disconnection Protections for Small and Multi-Jurisdictional Utilities. The Proposed Decision orders Southwest Gas Company, Liberty Utilities, Bear Valley Electric Service, PacifiCorp, Alpine Natural Gas, and West Coast Gas to implement the following residential customer protections and reporting requirements to reduce disconnections and ease reconnections of residential service:
(a) Establishes a residential disconnections rate cap for each small and multi-jurisdictional utility based on its average disconnection rate between 2017 through 2019.
(b) Adopts residential customer protections arising from D.18-12-013 and Ordering Paragraph 1 of D.20-06-003, including severe weather safety provisions.
(c) Prohibits establishment of credit deposits for new residential service and reestablishment of residential service deposits.
(d) Prohibits residential reconnection fees.
(e) Requires these utilities to provide quarterly reports on residential arrears and disconnections data for two years following this decision.
Affordability (R.18-07-006)
On June 10, Commissioner Houck issued a Proposed Decision Implementing the Affordability Metrics. D.20-07-032 adopted three metrics: the Affordability Ratio, Hours-at-Minimum Wage, and Socio-economic Vulnerability Index, by which the CPUC would assess the relative affordability of essential utility service across industries and proceedings, including examination of how different geographic areas of California are impacted. The PD directs when and how the affordability framework will be applied in CPUC proceedings and further develops the tools and methodologies used to calculate these affordability metrics. Opening Comments were submitted on June 30 and Reply Comments on July 8. The Second Revised Proposed Decision was adopted at the August 4 CPUC Business Meeting.

Public Utility Regulatory Policies Act (PURPA) (R.18-07-017)
On June 10, the CPUC issued D.22-06-003, a Decision Adopting Provisions in the New Qualifying Facility (QF) Standard Offer Contract (SOC) for Storage-Paired PURPA QFs. The Decision addresses issues regarding QFs that consist of small power production facilities paired with storage configurations, consistent with PURPA.

Additional proceedings tracked, but where there has been little or no recent activity:
- R.13-09-011: Demand Response
- R.18-04-019: Climate Change Adaptation
- R.21-02-014: COVID-19 Debt (closed)

Clean Transportation Advocacy
Advanced Clean Cars (ACC)
The Federal Reset
On May 12, in response to the US-EPA issuing a revised waiver reinstituting California’s authority (previously revoked under the Trump Administration) to require automobile manufacturers to meet vehicle pollution emissions standards more stringent than those set by the Federal government, 17 states sued the EPA over its decision to restore California’s waiver. The suit, led by Ohio, essentially argues that California’s Clean Air Act waiver violates the Constitution, because EPA’s enforcement is not treating all states equally. The 17 Republican Attorneys General participating in the suit claim that California’s authority is unfair to their states’ residents because it raises the costs of manufacturing the passenger vehicles they may purchase. Several national science and environmental advocacy groups (including some CEERT affiliates) and a coalition of 20 states and three cities have separately filed motions to intervene in defense of EPA’s reinstatement of the waiver that allows California – and the now 18 states qualifying under Section 177 of the Clean Air Act – to set their own protective clean car standards.

The Ohio-led suit follows the Supreme Court’s June 30 ruling on West Virginia v. EPA, overturning the EPA’s authority to impose the 2015 Clean Power Plan, which, while never implemented, would have set system-wide power generation requirements to reduce each state’s GHGs from power generation. In her dissent, Justice Kagan cited a 2007 Supreme Court ruling on Massachusetts v. EPA that recognized GHGs as “air pollutants” under the Clean Air Act and holds that states can sue EPA if it fails to regulate them. While West Virginia v. EPA does not explicitly overturn Massachusetts v. EPA, legal opinion is mixed on how the use of the Supreme Court’s “major questions doctrine” in West Virginia v. EPA might affect a decision on Ohio v. EPA, especially if the Ohio suit reaches the Supreme Court. Stay tuned.

There is still no news on when the US-EPA will issue a Notice of Proposed Rulemaking on federal emissions standards for 2027 and later model year passenger cars and trucks. Much of this set of regulations is expected to be modeled on California’s updated Advanced Clean Cars (ACCII) regulations.
California’s Work
On June 9, CARB held a hearing on Staff’s initial proposal for the next phase of the ACC II regulations beginning with model year 2026 passenger vehicles and trucks. CEERT and our allies in the Advanced Clean Cars/ACC Coalition of NGOs were pleased to see that Staff – partly in response to the Coalition’s advocacy – had upwardly revised the minimum stringency of their zero-emission vehicle (ZEV) sales compliance ramp from their October 2021 proposal. However, we remained concerned that CARB’s proposed target ramps for ZEV sales risked the state falling behind ZEV sales in other jurisdictions that have historically followed California’s lead but are now leading California.

This concern was reinforced when, on June 8, the European Parliament approved requiring all new cars and vans sold to be zero-emissions by 2035. This is consistent with Europe reducing its overall GHG emissions 55% by 2035 in order to achieve 2050 net-zero emissions. With 2021 as a baseline, carmakers will need to cut their average fleet emissions by 15% in 2025, 55% in 2030, and 100% in 2035, while also eliminating incentives for non-ZEVs. (Under ACC II, Plug-in Hybrid Electric Vehicles (PHEVs) will be allowed to earn partial credits toward an automaker’s ZEV compliance, but PHEVs will not qualify toward ZEV compliance under the European regulations). The EU Environment Ministers have approved the package and the final law will result from ongoing negotiations between each of the EU member governments and the EU parliament.

CEERT therefore advocated along with our ACC Coalition partners that CARB strengthen its proposed interim ZEV sales targets in the ACC II rule from 68% to at least 75% new sales by 2030. (Staff’s proposed 68% ZEV requirement for 2030 fell below their own “Slow Phase” trajectory of 77-78% in 2030.) CEERT expects a 75% interim sales target would provide more assurance that overall ZEV sales requirements can meet 100% ZEV sales by 2035 (which the IEA’s Net Zero Emissions by 2050 Roadmap indicates will be necessary to halt further global warming), and can come closer to meeting the CARB Staff’s more ideal emission reduction targets in the Mobile Source Strategy.

CEERT and our ACC Coalition allies continued to advocate that the regulations include mandatory community equity provisions that would incentivize automakers to deploy more ZEVs in communities disproportionately burdened by air pollution from transportation. Staff included voluntary provisions in their proposed regulations, but automakers might well ignore them. CEERT and the Coalition vigorously expressed to the CARB Board our continuing concerns about the inclusion of stronger equity provisions. The Board shared those concerns, and asked Staff to look for ways to improve the equity provisions, but not necessarily to include mandatory requirements. In addition, the Board did not increase the interim 2030 sales targets as CEERT and the Coalition requested, and they remain at 68% of sales.

On July 12, as part of their 15-day revisions, Staff issued minor revisions to the still-voluntary equity requirements and other issues in response to stakeholders’ concerns. CEERT and the ACC Coalition submitted comments, urging CARB to incorporate requirements that Staff continue working with environmental justice and equity groups on strategies and agreements to increase the number of new and used ZEVs available to low-income and disadvantaged communities, and to require annual reporting on automaker participation and the impact of the ACC II voluntary equity program.

A Continent Uniting
CEERT continues to work with Canadian NGOs to encourage their federal government to have a stringent ZEV policy in place by 2023. The Canadian government is conducting an ongoing consultation process on establishing the implementation framework for its ZEV mandate.

Clean Truck Regulations
Advanced Clean Fleet Regulation
CARB Staff are working on the Advanced Clean Fleet Regulation (ACF Rule) to complement the ACT and Low-NOx Omnibus Rules, reduce truck pollution, and prime the market for state, public and private fleets to transition to 100% zero-emission medium- and heavy-duty trucks (ZETs). CEERT and our ally organizations in the ACT/ACF Coalition continue to advocate for the earliest, widest, and most ambitious adoption of ZETs while maximizing benefits for disadvantaged and low-income communities.

Staff’s current ACF proposal still falls short of the objectives in the Governor’s Executive Order, which calls for a 100% zero-emission truck fleet by 2045. Staff’s proposal could allow nearly 50% of the 2045 truck population to remain combustion-powered. We are advocating that ACF deliver the most benefits to communities historically disproportionally burdened by air pollution from transportation. Adopting this approach would move the 100% ZET sales requirement from 2040 to 2036, and lower the size of high-priority fleets that must transition to ZETs from 50 or more trucks to 10 or more trucks (as long as they have gross revenues of $50 million or more). Adopting these changes would yield earlier and greater reductions in nitrogen oxides, fine particulates, and GHGs, and avoid thousands of additional deaths and hospitalizations. We are preparing detailed comments on ways that Staff could improve the regulation.

Staff will release their draft package of ACF regulations in September for possible adoption in October.

On July 27 the Northeast States for Coordinated Air Use Management released the Multi-State Medium- and Heavy-Duty Zero-Emission Vehicle Action Plan. The Action Plan covers 17 states, the District of Columbia, and the province of Quebec, which collectively represent 43% of the population, nearly half of the U.S. economy, and 36% of the nation’s medium- and heavy-duty vehicles. The plan sets goals of 30% of new truck and bus sales being zero-emission by 2030 and 100% by 2050.

Federal Clean Truck Regulations
In April and May the US-EPA heard testimony on its proposed rule to establish updated criteria emission standards for medium and heavy duty trucks. As noted in our previous Quarterly Report, CEERT advocates that the EPA adopt a more stringent version of Option 1 that adheres loosely to what California has done with its Low-NOx Omnibus Rule. The EPA should align the regulation’s implementation timeline for industry compliance closer to California’s, thereby avoiding a 4-year lag, and set a target of achieving 90% aggregate NOx emission reductions by 2045 through the use of ZETs. The EPA should also adopt California’s updated approach to testing and certification for trucks with internal combustion engines that more closely aligns with real-world driving and use. This should include certification under low engine loads and low speeds frequently encountered near ports and warehouse districts (accounting for more than 50% of truck NOx emissions), which directly impact already overburdened local communities.

After considering extensive input, the EPA is expected to issue a final criteria-emission rule in late 2022. The latest understanding is that in the spring of 2023 EPA will also issue an NPRM for Phase III of the Federal Truck GHG emissions standards (which we hope will include a plan for transitioning all trucks to zero emissions by 2045-50).

Clean Trucks in Canada
Canada is still developing its new emissions standards for trucks. CEERT continues to support Canadian NGOs in advocating that their government leverage the work California has already done and that it design sales mandate targets that can rapidly align with those already set by California and the signatories to the Multi-State Medium- and Heavy-Duty Zero-Emission Vehicle Initiative.

Clean Transportation Investments
On June 27, with a $97 billion surplus in hand, Governor Newsom signed the record-setting $308 billion 2022-2023 State Budget approved by the state legislature on June 16. The 2022-23 Budget retains the $6.1 billion for ZEVs proposed in January and reviewed in our previous Quarterly Report,
in addition to the previous year’s budgeted $3.9 billion in ZEV funding. These amounts could be enhanced by an additional $13.8 billion directed to “… transportation programs and projects that align with climate goals, advance public health and equity, and improve access to opportunity.”

The CEC has not yet issued a revised Staff Draft of its 2022-2023 Investment Plan Update for the Clean Transportation Program (CTP) since its April 12 CTP Advisory Committee meeting. A revised draft incorporating the additional funding appropriated for the CTP in the 2022-2023 state budget will be released before the next CTP Advisory Committee on October 6.