

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: December 8, 2022

Please find attached Keyes & Fox's November 2022 Regulatory Memorandum dated November 30, 2022, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated November 30, 2022.

Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (VCE) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox LLP
Tim Lindl, Partner, Keyes & Fox LLP
Jason Hoyle, Principal Analyst, EQ Research, LLC

Subject: Monthly Regulatory Update

Date: November 30, 2022

Keyes & Fox LLP and EQ Research LLC are pleased to provide VCE's Board of Directors with this monthly informational memo describing key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC) over the past month.

IRP Rulemaking

Background: This proceeding governs the biennial Integrated Resource Plan (IRP) process, including load serving entity (LSE) procurement requirements, the establishment of a variety of state- and LSE-level load and procurement forecasts, greenhouse gas reduction targets, and ongoing reliability obligations.

Recent Developments: No recent developments this past month.

Analysis: The staff paper ([Staff Options Paper](#)) provides four potential options to replacing the need for individual LSE mid-term reliability procurement obligations such as those ordered in recent years (i.e., [D.19-11-016](#) and [D.21-06-035](#)) with ongoing, long-term, enforceable obligations for each LSE to procure its share of reliability and GHG-reduction requirements, and also proposing interim procurement options. The adjustment to reliability procurement being contemplated would result in reliability procurement occurring on a continual basis rather than the discrete time-quantity obligations currently used.

Next Steps: Comments in response to the LSEs' IRP filings are due December 2. Comments on the Staff Options Paper are now due December 12 and replies are due January 9, 2023.

Additional Information: ALJ [Ruling & Attachment](#) (Oct. 7, 2022); ALJ [Ruling & Reliable and Clean Power Procurement Program: Staff Options Paper](#) (Sep. 8, 2022); [2022 Incremental Procurement Compliance Filing](#) (Aug. 1, 2022); Docket No. [R.20-05-003](#).

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, aspects of the new Voluntary Allocation/Market Offer (VAMO) process, and other tariffs for the purchase of renewable energy.

Recent Developments: On November 9, the CPUC issued a [Proposed Decision](#) adopting, with modifications, Draft 2022 RPS Procurement Plans. The Proposed Decision requires no modifications to VCE's Draft 2022 RPS Plan and, in several review categories, recognized VCE's RPS Plan as being in the top tier of all 2022 Draft RPS plans. On November 18, the CPUC issued [D.22-11-021](#) approving LSE-accepted Voluntary Allocations and modifying the Market Offer process proposals to sell excess renewable resources under [D.21-05-030](#).

Analysis: [D.22-11-021](#) makes resources made available through the Market Offer (i.e., those resources remaining after the Voluntary Allocation process) somewhat more favorable to LSEs by increasing access to long-term contracts and removing the requirement for 10% incremental slices, but still requires procurement of slices of the available IOU portfolio.

Next Steps: Tier 2 Advice Letters from the IOUs with proposed changes to the Market Offer process and protocols, their revised timeline for the Market Offer process, and any necessary changes to their Market Offer pro forma contracts are due December 19. The Proposed Decision on RPS Procurement Plans is expected to be heard at the December 15 CPUC meeting. Final 2022 RPS Plans are due in Q1 2023 for Retail Sellers that were required to update their Draft 2022 RPS Plans.

Additional Information: [D.22-11-021](#) (Nov. 18, 2022); [Proposed Decision](#) on RPS Plans (Nov. 9, 2022); [Ruling](#) identifying RPS Plan requirements (Apr. 11, 2022); Docket No. [R.18-07-003](#).

RA Rulemaking (2023-2024)

Background: This proceeding considers resource adequacy (RA) requirements for LSEs and introduced the Central Procurement Entity (CPE). The proceeding is divided into an implementation track and a reform track.

Recent Developments: On November 4, PG&E submitted supplemental [Advice Letter 6706-E-A](#) supplementing its CPE annual compliance report with additional information on the CPE's failure to fulfill its 2023 Local RA procurement obligations. On November 9, the CPUC issued a [Proposed Decision](#) that would deny CalCCA's [Petition for Modification](#) (filed September 30) of [D.22-03-034](#) on System RA procurement requirements for 2023. On November 15, PG&E filed a [Notice of Availability](#) for the final Report on Proposals from Reform Track 2 Workstreams 1-3 that presents the results of the RA reform workshops.

Analysis: CalCCA's [Petition](#) requested the CPUC modify both the RA procurement timelines and penalty waivers due to the PG&E CPE's failure to fulfill its RA procurement obligations for the upcoming year. The Proposed Decision on CalCCA's Petition would provide no immediate relief from LSE RA procurement obligations aside from the additional months already provided in [D.22-03-034](#), but did raise the possibility that the issues put forth in the Petition could be addressed in the future through a more developed process. RA Reform Workstreams 1-3 pertain to development of proposals to modify mechanisms for RA resource counting, measurement, and planning; current reform proposals will likely be implemented on a trial basis during a test year in 2024 before being evaluated and implemented for compliance purposes.

Next Steps: Comments on final proposals from the RA Reform Workstreams 1-3 are due December 1 and reply comments on final proposals are due December 12. The Proposed Decision on CalCCA's [Petition for Modification](#) may be heard as soon as the December 15 CPUC meeting.

Additional Information: [Proposed Decision](#) on CalCCA Petition (Nov. 9, 2022); PG&E [Advice Letter 6706-E-A](#) (Nov. 4, 2022); CalCCA [Petition](#) (Sep. 30, 2022); [Ruling](#) on Motion to Shorten Time (Sep. 20, 2022); [Motion to Shorten Time / Joint Motion for Clarification](#) (Sep. 16, 2022); [Amended Scoping Memo and Ruling](#) (Sep. 2, 2022); Docket No. [R.21-10-002](#).

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. [D.20-03-027](#) established the Building Initiative for Low-Emissions Development and the Technology and Equipment for Clean Heating program. [D.21-11-002](#) adopted guiding principles for layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification. [D.22-09-026](#) eliminated gas line extension allowances and subsidies for all customers, in all classes by July 1, 2023.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: There is no current procedural schedule for this docket.

Additional Information: [D.22-09-026](#) (Sep. 20, 2022); [Scoping Memo](#) (Mar. 22, 2022); [D.21-11-002](#) ([Appendices A-E](#)) Decision on Building Decarb Phase II (Nov. 9, 2021); [D.20-03-027](#) Establishing Building Decarbonization Pilot Programs (Apr. 6, 2020); [OIR](#) (Feb. 8, 2019); Docket No. [R.19-01-011](#).

Transportation Electrification

Background: This rulemaking implements transportation electrification (TE) programs, tariffs, and policies and seeks to develop a comprehensive framework to guide the Commission's role in the electrification of California's transportation sector. A group of Joint CCAs are advocating for authority to design and implement transportation electrification programs utilizing ratepayer funds.

Recent Developments: On November 21, the CPUC issued [D.22-11-040](#) which adopts a third-party administered statewide behind-the-meter charging infrastructure rebate program jointly funded by the electric utilities (i.e., PG&E, SDG&E, SCE, Liberty Utilities, Bear Valley Electric, and PacifiCorp). The Decision focuses investments on charging infrastructure for medium and heavy-duty vehicles, multi-unit dwellings and disadvantaged communities. The Decision approved up to \$25 million in ratepayer funding for locally-tailored, equity-focused TE pilots to be administered by CCAs and community-based organizations.

Analysis: The Decision responded to CCA comments advocating for CCA-administered, locally-tailored TE programs with a focus on hard-to-reach and disadvantaged customers. The decision does not provide CCAs with authority to design and allocate ratepayer-funded TE incentive programs via advice letter, and instead creates a competitive process for pilot funding to be reviewed and shortlisted by IOUs and selected by the Commission. Pilot funding and administration will be through limited-scope contracts with the IOUs. The Decision also permits CCAs to provide marketing, education and outreach services pertaining to the statewide rebate program as subcontractors to the third-party statewide program administrator.

Next Steps: The Program Administrator will be selected during the first quarter of 2023.

Additional Information: [D.22-11-040](#) (Nov. 21, 2022); PG&E's [Advice Letter 6259-E](#) (Oct. 13, 2022); [Ruling](#) entering [Staff Proposal](#) on Transportation Electrification Framework to record (Feb. 25, 2022); Docket No. [R.18-12-006](#).

Commercial EV Real-Time Pricing Pilot

Background: This proceeding approved PG&E's proposed commercial EV rate pilot featuring day-ahead hourly real-time pricing. This pilot includes real-time pricing for both imports from and exports to the grid by commercial EVs.

Recent Developments: On November 14, PG&E filed a [Petition for Modification](#) of [D.21-11-017](#) ([Appendix B](#)) requesting the CPUC provide flexibility in budget amounts, authorize costs for billing system changes and program management, modify dated for filing advice letters for additional funds for development of tools identified in the Decision, and authorize an additional \$515,000 for increased measurement and evaluation work.

Analysis: PG&E's requests result from differences in the scope and scale of its original pilot proposal and the broader Commission-ordered program. As an innovative real-time pricing pilot for EVs, a thorough measurement and evaluation process will help inform future EV- and real-time pricing-related activities.

Next Steps: Opt-in enrollment for the real-time pricing export compensation pilot begins October 1, 2023. The proceeding was previously closed but reopened to address PG&E's Petition.

Additional Information: PG&E [Petition for Modification](#) (Nov. 14, 2022); [D.22-10-024](#) ([Export Compensation Settlement](#)) (Oct. 26, 2022); PG&E [Proposal](#) (Mar. 24, 2022); [Corrected MGCC Study](#) (Mar. 17, 2022); [Application & Testimony](#) (Oct. 23, 2020); Docket No. [A.20-10-011](#).

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and may also modify, consolidate, or eliminate existing dynamic rate pilots. VCE is a party to this proceeding as its scope relates to the AgFIT Pilot.

Recent Developments: On November 2, the Assigned Commissioner issued a [Scoping Memo and Ruling](#) organizing the proceeding into phases and establishing two tracks for the current Phase 1. The Commission intends to complete Phase 1 by November 2, 2024 (i.e., within 24 months). Phase 1-Track A will establish an income-graduated fixed charge for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61) (AB 205). Phase 1-Track B will streamline and expedite the adoption of demand flexibility rates for large investor-owned electric utilities by creating new demand flexibility-based rate design principles and guidance. In response to comments by VCE, Track B will also consider the expansion of existing dynamic rates pilots such as AgFIT. The Scoping Memo also includes a Staff Proposal on demand flexibility principles for comment.

Analysis: This proceeding will implement income-graduated fixed charge reform required by AB 205 and the development of principles to guide future dynamic rates and other demand flexibility measures. This proceeding may evaluate the results of VCE's AgFIT pilot and explore expansion of the pilot capacity cap and application to other LSE territories.

Next Steps: Comments on the Scoping Memo and Staff Proposal are due December 2, and reply comments are due January 4. A Ruling with staff guidance for parties' Track A proposals is expected in December 2022.

Additional Information: [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [VCE and Polaris Ex Parte Notice](#) (Oct. 10, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

Demand Response Programs (2023-2027)

Background: This proceeding addresses the IOUs' Demand Response (DR) Portfolio Applications required under [D.17-12-003](#) for the years 2023-2027.

Recent Developments: On November 4, the CPUC issued a [Proposed Decision](#) that would approve the IOU's demand response programs, pilots, and budgets for the 2023 Bridge Year. The decision would generally keep the DR programs the same, delaying PG&E's proposed Capacity Bidding Program RA-related changes and proposed electronic enrollment process changes until Phase 2, but allowing PG&E's Capacity Bidding Program hours to align with CAISO Availability Assessment Hours, and change Capacity Bidding Program hours to 4 pm – 9 pm from 1 pm – 9 pm.

Analysis: 2023 Bridge Year funding plays an important role in maintaining DR program continuity and providing market stability for customer-participants and third-party providers while the future nature and level of DR programs from 2024-2027 will be decided in Phase 2.

Next Steps: A Proposed Decision on the Phase 1 Demand Response Auction Mechanism is expected in December. The Proposed Decision on the 2023 Bridge Year is on the agenda for the December 1 Commission meeting.

Additional Information: [Proposed Decision](#) (Nov. 4, 2022); [Ruling](#) (Sep. 22, 2022); Assigned Commissioner's [Scoping Memo and Ruling](#) and DRAM Evaluation report (Jul. 5, 2022); [Ruling](#) consolidating Applications (May 25, 2022); PG&E [Application](#) (May 2, 2022); Docket No. [A.22-05-002](#).

PG&E Asset Transfer

Background: This proceeding addresses PG&E's Application to transfer its non-nuclear generating assets to a new subsidiary, Pacific Generation, and sell up to 49.9% of its equity interest to third-party investors.

Recent Developments: Protests/responses to the Application were filed on November 4, PG&E filed a reply on November 14, and a November 15 ALJ [Ruling](#) scheduled a prehearing conference for December 2. CalCCA's protest focused on the following key concerns with the proposed transaction: (1) the potential for ratepayer harm, (2) the potential for significant regulatory and ratemaking impacts, (3) the potential impact on the scheduling and dispatching of resources, (4) the regulatory hurdles facing the proposal, (5) the potential market structure implications for all LSEs, and (6) the need for conditions for approval if the proposed transaction moves forward.

Analysis: This Application may impact CCAs in PG&E's service territory in a few key ways. First, it could significantly impact PG&E's approach to and the overall structure of ongoing Commission proceedings and regulatory processes, including the Energy Resource Recovery Account proceedings, the Voluntary Allocation and Market Offer process, and the resource adequacy proceeding. Second, the proposed transaction could result in various ratepayer impacts, including the rate impacts of: the new debt contemplated by the proposed structure PG&E's proposed use of the associated proceeds (e.g., for capital investments versus paying dividends), PG&E and Pacific Generation having two different costs of capital, and PG&E's dispatch behavior changes as a result of the transaction (which could impact all California ratepayers).

Next Steps: A prehearing conference is scheduled for December 2.

Additional Information: ALJ [Ruling](#) on prehearing conference (Nov. 15, 2022); PG&E [Application](#) (Sep. 28, 2022); Docket No. [A.22-09-018](#).

PCIA Rulemaking

Background: The Power Charge Indifference Adjustment (PCIA) is a nonbypassable charge levied on electric bills of customers who have departed from IOU service, such as CCA customers, to compensate IOUs for resources procured on behalf of former customers prior to their departure. The new Voluntary Allocation/Market Offer process was authorized in [D.21-05-030](#). Phase 2 issues related to PCIA data access and voluntary allocations in market-price benchmark (MPB) calculations were resolved in [D.22-07-008](#). Currently, the proceeding is evaluating the calculation of the MPB charges.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: On December 1, the joint CCA proposal for PCIA data access is due.

Additional Information: [Ruling](#) Requesting Comments and Staff Proposal for Long-Term RPS Transactions (Aug. 4, 2022); [D.22-01-023](#) on Phase 2 (Jan. 27, 2021); [D.18-09-013](#) Track 1 Decision approving PG&E Settlement Agreement (Sep. 20, 2018); Docket No. [R.17-06-026](#).

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including the functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for 2023-2026. Phase 2 GRC proceedings determine cost allocation among customer classes (e.g., Residential) and rate design issues. The proceeding is divided into two tracks. Track 1 addresses most matters, including PG&E's requested revenue requirement together with safety and environmental and social justice issues. Track 2 addresses the narrower matters of the reasonableness of the 2019-2021 actual costs recorded in the named memorandum accounts and balancing accounts and, to the extent relevant, safety and environmental and social justice.

Recent Developments: Parties submitted opening briefs on November 4 (with opening briefs on depreciation issues submitted November 10). PG&E's opening brief opposed the Joint CCAs' vintaging proposals, arguing (1) the proposed vintaging framework is inconsistent with the case-by-case re-vintaging approach endorsed by the Commission, and (2) asset end of life extension assumptions reflected in PG&E depreciation studies should not trigger re-vintaging.

Analysis: The resolution of the Joint CCAs' issues will impact how certain generation-related costs in PG&E's current and future applications will be vintaged for purposes of PCIA cost recovery. It will also impact how the costs associated with energy storage projects are functionalized.

Next Steps: The deadline for proposing settlements is December 2. In Track 1, reply briefs are due December 9, and a Proposed Decision is expected in Q2 2023. In Track 2, evidentiary hearings will be held January 23-27, 2023, and a Proposed Decision is expected in Q2 2023.

Additional Information: ALJ [Ruling](#) (Oct. 21, 2022); PG&E's [Amended Application](#) (Mar. 10, 2022); PG&E [Affordability Metrics Report](#) (Feb. 23, 2022); [PG&E Application](#) (Jun. 30, 2021); Docket No. [A.21-06-021](#).

PG&E ERRA Forecast (2023)

Background: Annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable customer charges for the upcoming year as well as fuel and purchased power costs associated with serving bundled customers that a utility may recover in rates.

Recent Developments: On November 15, PG&E submitted [Advice Letter 6761-E](#) Preliminary Annual Electric True-Up (AET). PG&E will submit a final AET Tier 1 advice letter in late December to reflect revenue changes adopted by the CPUC by the end of 2022 with updated balancing account balance forecasts. On November 22, PG&E filed a separate application notifying the Commission that its ERRA balance was more than four percent undercollected (surpassing the “trigger” amount), but did not request any change in rates, and instead, requested permission to dispose of its year-end balances through the final decision in its 2023 ERRA Forecast application. On November 28, the ALJ issued a Proposed Decision that would reject PG&E’s proposal to impose an unlawful “rate floor” on PCIA rates and would support CalCCA’s position that customers with negative PCIA rates based on a negative forecast indifference amount should receive a credit.

Analysis: This proceeding will determine PG&E’s rates for 2023 based on its revenue requirement forecast. PG&E’s updated forecasted rates for CCA customers decline 13.1% to \$0.12704/kWh based on a \$936.2 million revenue requirement reduction.

Next Steps: The procedural schedule is condensed to meet the deadline for the final 2022 Commission Meeting and allow for new rates to be effective January 1, 2023. The Proposed Decision is on the agenda for the December 15 Commission meeting.

Additional Information: [Proposed Decision](#) (Nov. 28, 2022); PG&E [Advice Letter 6761-E](#) (Nov. 15, 2022); PG&E [Updated Forecast](#) (Oct. 17, 2022); [Scoping Memo](#) (Aug. 4, 2022); [Application](#) (May 31, 2022); Docket No. [A.22-05-029](#).

PG&E 2019 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility’s compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries. Phase 1 of the proceeding was resolved with issuance of [D.21-07-013](#). Phase 2 is ongoing and is addressing issues related to the 2019 Public Safety Power Shutoff (PSPS) events.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: The Commission is expected to establish a common accounting methodology for Public Safety Power Shutoff events in Q4 2022.

Additional Information: [D.22-07-009](#) extending statutory deadline (Jul. 18, 2022); [Ruling](#) amending schedule (Apr. 6, 2022); [Joint Case Management Statement](#) (Feb. 25, 2022); [D.21-07-013](#) resolving Phase 1 (Jul. 16, 2021); PG&E’s [Application](#) and [Testimony](#) (Feb. 28, 2020); Docket No. [A.20-02-009](#).

PG&E 2020 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility’s compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries. Phase 1 of this proceeding concluded in April 2022 with issuance of [D.22-04-041](#) approving a settlement agreement. Phase 2 issues related to unrealized sales and revenues resulting from PG&E’s Public Safety Power Shutoff events in 2020 has yet to begin.

Recent Developments: No recent developments in the past month.

Analysis: N/A.

Next Steps: Phase 2 will not begin until after the Commission resolves issues related to the establishment of a common accounting methodology for Public Safety Power Shutoff events in Phase 2 of the 2019 ERRA Compliance proceeding, which is expected in Q4 of 2022.

Additional Information: [D.22-08-009](#) extending statutory deadline (Aug. 11, 2022); [Scoping Memo and Ruling](#) (Jun. 21, 2021); [Application](#) (Mar. 1, 2021); Docket No. [A.21-03-008](#).

PG&E 2021 ERRA Compliance

Background: The annual ERRA Compliance proceeding reviews the utility’s compliance with CPUC-approved standards for generation-procurement and cost recovery activity occurring in the prior year, such as energy resource contract administration, least-cost dispatch, fuel procurement, and balancing account entries.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: PG&E's rebuttal testimony is due December 9, a status conference is scheduled for January 6, 2023, and, if no settlement is reached by January 11, 2023 evidentiary hearings will be held on January 17-19, 2023 followed by Opening Briefs on February 17, 2023 and a target date for a Proposed Decision of May-June 2023.

Additional Information: Assigned Commissioner's [Scoping Memo and Ruling](#) (Aug. 9, 2022); PG&E 2021 ERRA Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

Utility Safety Culture Assessments

Background: This rulemaking will define safety culture concepts and determine how the safety culture of PG&E and other utilities in California will be assessed and evaluated. The CPUC's Office of Energy Infrastructure Safety will conduct annual wildfire safety-specific assessments of investor-owned utilities as required by AB 1054, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901. Currently, this proceeding is focused on developing the rules, policies, and procedures for these safety culture assessments.

Recent Developments: On November 17, the CPUC voted to approve [Resolution SPD-3](#) which adopts the CPUC's Office of Energy Infrastructure Safety proposals for performance metrics and requirements for the 2023 Wildfire Mitigation Plans.

Analysis: Development of the guidelines and performance metrics in the Resolution provides a framework for safety assessments and evaluation and could impact VCE and its customers to the extent it succeeds or fails to influence PG&E's safety culture and hence the safety of VCE customers. The Resolution could also impact the rates VCE customers pay to PG&E to mitigate or address safety issues.

Next Steps: A proposed decision on the Staff Proposal (Safety Culture Concept Paper attached to the September 13 [Ruling](#)) is expected in late 2022.

Additional Information: [Draft Resolution SPD-3](#) (Sep. 16, 2022); ALJ [Ruling](#) (Sep. 13, 2022); [Scoping Ruling](#) with procedural schedule (April 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

Provider of Last Resort Rulemaking

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (PG&E currently serves in this role for VCE's territory). Phase 1 of this proceeding will address POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned customer migration to the POLR. Phase 2 will build on the Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.

Recent Developments: On November 10, PG&E submitted [Advice Letter 6758-E](#) on CCA Financial Security Requirements (FSR) that describes the data sources and values used to calculate the FSR for each CCA in PG&E's service territory. The specific FSR requirement for individual CCAs is provided confidentially to each CCA. PG&E continues to use the RA values from the CPUC's 2019 RA Report as approved for FSR calculations a year ago in [Resolution E-5170](#), but recommends the Commission adopt the [updated RA Market Price Benchmark](#) value.

Analysis: If the Commission adopts the updated FSR values as PG&E recommends, the Local RA market price benchmark will increase to \$6.93/kW-month, \$1.89/kW-month or 37.5% more than the value currently used, and the System RA market price benchmark will increase to \$7.39/kW-month, \$2.42/kW-month or 48.7% more than the value currently used.

Next Steps: A staff proposal on FSR requirements was expected in August but is delayed.

Additional Information: PG&E [Advice Letter 6758-E](#) (Nov. 10, 2022); PG&E [Advice Letter 6589-E-B](#) and Disposition Letter (Jul. 7, 2022); [Scoping Memo and Ruling](#) (Sep. 16, 2021); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

Microgrids

Background: This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), regarding the commercialization of microgrids for distribution customers of the large IOUs. The initial three tracks have concluded, and Track 4 and Track 5 address the establishment of a Microgrid Incentive Program, potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.

Recent Developments: On November 7, the CPUC issued a Disposition Letter accepting [PG&E Advice Letter 6730-E](#) effective as of November 7 which approves PG&E's Community Microgrid Enablement Tariff (CMET) modifications that indefinitely extend the availability of PG&E's tariff beyond December 31, removes the requirement for a single islanding point, and enables parallel work on the interconnection study and microgrid islanding study.

Analysis: The CMET is currently the only tariff allowing PG&E customers to develop front-of-the-meter multi-customer community microgrids, and approval of these changes will ensure its continued availability while the CPUC evaluates details of the Microgrid Incentive Program design to determine what information is considered in evaluating microgrid opportunities and how the incentives will be allocated.

Next Steps: In Track 4, an ALJ Ruling providing an Energy Division Staff Proposal for a Microgrid Multi-Property Tariff is expected. In Track 5, a staff proposal on Definitions, Metrics, Tools, and Methods and Informing Grid Planning is expected in late 2022. An ALJ Ruling establishing 2023 scheduling & activities is expected in Q1 2023.

Additional Information: [Disposition Letter/Advice Letter 6730-E](#) (Nov. 7, 2022); [Disposition Letter](#) for PG&E [Advice Letter 6486-E](#) (Oct. 13, 2022); ALJ [Ruling Requesting Comments](#) on attached Staff Proposal for Microgrid Incentive Program (Jul. 6, 2022); [Scoping Memo](#) (Dec. 17, 2021); Docket No. [R.19-09-009](#).

Investigation into PG&E Organization, Culture, and Governance

Background: This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety. Currently, the proceeding serves as a vehicle to monitor the progress of PG&E in improving its safety culture, and to address any relevant issues that arise, with the consultant NorthStar continuing in its monitoring role of PG&E.

Recent Developments: On November 4, the CPUC issued [D.22-11-012](#) extending the statutory deadline by one year to November 8, 2023 to provide the Commission sufficient time to review comments and reply comments to the September 16 Ruling. The September 16 [Ruling](#) requested comments on the Final Report on consultant NorthStar's assessment of PG&E's safety culture and implementation of recommendations. The report includes 65 recommendations for PG&E, five of which are classified as critical. The critical recommendations include developing an implementation plan for NorthStar's recommendations, clearly defining supervisory requirements, expediting completion of safety leadership training for crew leads and foremen, developing a comprehensive safety strategy, and improved coordination between business lines and corporate safety office.

Analysis: The implementation of safety recommendations directly impacts PG&E workers as well as all utility customers in its territory. Catastrophic wildfires threaten lives and property, and the power shutoff events designed to prevent wildfires are both disruptive and potentially harmful to consumers' health when people are exposed to high temperatures and dry conditions, particularly when shutoffs occur without advance notice. The safety threats from power disruptions present opportunities for CCAs to further engage their customers with information, incentives, and other programs focused on distributed generation and other resilience strategies.

Next Steps: The CPUC will consider the final report in a future decision.

Additional Information: [D.22-11-012](#) extending statutory deadline (Nov. 4, 2022); ALJ [Ruling](#) and final NorthStar Report (Sep. 16, 2022); [Letter](#) from President Batjer to PG&E on Fast Trip issues (Oct. 25, 2021); [Letter](#) from President Batjer to PG&E (Aug. 18, 2021); [Resolution M-4852](#) (Apr. 15, 2021); [Letter](#) from President Batjer to PG&E (Nov. 24, 2020); [Ruling](#) on proposals to improve PG&E safety culture (Jun. 18, 2019); [Scoping Memo](#) (Dec. 21, 2018); Docket No. [I.15-08-019](#).

Other Dockets

The following table identifies other tracked dockets that are closed or inactive.

Docket	Name	Status
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group. Town Hall Report Q3 (Oct. 28, 2022)
R.21-03-001	Wildfire Fund NBC (2022-2023) Rulemaking	A Proposed Decision scheduled to be heard at the December 1 CPUC meeting would set the 2023 Wildfire NBC at \$5.30/MWh (\$0.00537/kWh) effective as of January 1, 2023. The 2023 Wildfire NBC is \$1.22/MWh, or 18.7%, less than the current 2022 Wildfire NBC of \$6.52/MWh. This reduction is mostly due to the fund having completed recovery of all prior period under-collections. The Wildfire NBC is set at a level sufficient to fund an annual \$902.4 million revenue requirement.
R.20-11-003	Ensuring Summer 2021 Reliability	D.22-06-005 closed the proceeding.
A.19-11-019	PG&E 2020 Phase 2 GRC	D.22-08-002 closed the docket; all current activity is now covered under the Commercial EV Real-Time Pricing docket.
A.21-06-001	PG&E 2020 ERRAs Forecast	D.22-02-002 closed the proceeding, and the Rehearing Request (filed March 14, 2022) was denied by D.22-11-019 issued on November 7.
R.19-03-009	Direct Access Rulemaking	D.21-06-033 closed the proceeding, but an Application for Rehearing (July 29, 2021) remains outstanding.