

# VALLEY CLEAN ENERGY ALLIANCE

## Staff Report – Item 8

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To: Valley Clean Energy Alliance Board of Directors

From: Mitch Sears, Interim General Manager

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: September 12, 2019

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Please find attached Keyes & Fox's August 2019 Regulatory Memorandum dated September 6, 2019, 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 September 6, 2019

# Valley Clean Energy Alliance

## Regulatory Monitoring Report

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

From: Tim Lindl, Partner, Keyes & Fox LLP  
Sheridan Pauker, Partner, Keyes & Fox, LLP  
Ben Inskeep, Sr. Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: September 6, 2019

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### Summary

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).

In summary, this month’s report includes regulatory updates on the following priority issues:

- **New Proceeding: Investigation into PG&E Violations Related to Wildfires:** The CPUC opened this investigation into potential PG&E violations related to 2017 wildfires, and Commissioner Rechtschaffen issued a Scoping Memo and Ruling establishing a scope and procedural schedule.
- **New Proceeding: Wildfire Fund Non-Bypassable Charge (AB 1054):** The CPUC opened this rulemaking to implement AB 1054 and possibly add a new non-bypassable charge to fund the Wildfire Fund. SCE, SDG&E, and PG&E notified the CPUC of their intent to participate in the Wildfire Fund. Commissioner Rechtschaffen issued a Scoping Memo and Ruling, and parties filed opening and reply comments.
- **2018 Rate Design Window:** The CPUC issued D.19-07-004 in Phase IIB pertaining to SCE’s and PG&E’s respective proposals for the implementation of default time-of-use (TOU) rates for residential customers, as well as some other related rate proposals. In Phase III, evidentiary hearings were held.
- **Renewables Portfolio Standard Rulemaking:** Retail sellers including VCE filed their 2018 Renewable Portfolio Standard (RPS) Compliance Reports. The CPUC issued D.19-08-007 taking RPS enforcement actions against two LSEs, Gexa Energy and Liberty Power Holdings, for failing to comply with RPS requirements and denying their respective requests for waivers of penalties.
- **Resource Adequacy Rulemaking:** CalCCA and other parties signed a settlement agreement regarding central buyer issues and moved for the CPUC to approve it. With respect to the two outstanding petitions for modification (PFM) of the Track 2 RA Decision (D.19-02-022), on August 8, 2019, the CPUC issued D.19-08-005, denying the PFM filed by Shell Energy North and the judges issued a Proposed Decision that would deny a PFM filed by the Alliance for Retail Energy Markets.

- **Integrated Resource Planning Rulemaking:** In July and August, respectively, parties filed comments and reply comments in response to a Ruling establishing the procurement track of the IRP docket.
- **Wildfire Cost Recovery Methodology Rulemaking:** PG&E filed an Application for Rehearing of the CPUC's recent decision establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much wildfire liability costs utilities can afford to pay (D.19-06-027). D.19-06-027 closed this proceeding.
- **Utility Wildfire Mitigation Plans Rulemaking:** The electric utilities made compliance filings providing responses on six categories of information, parties filed comments and reply comments on the Phase 2 ruling, and a prehearing conference was held.
- **Investigation into PG&E's Organization, Culture and Governance:** PG&E filed a report providing information on the safety training and experience of members of PG&E and PG&E Corporation's respective Boards of Directors. In July and August 2019, parties filed comments and reply comments, respectively, on a series of proposals for improving PG&E's safety culture.
- **Power Charge Indifference Adjustment (PCIA) Rulemaking:** The judge issued a Ruling denying a motion by Protect Our Communities for an evidentiary hearing on Working Group One's benchmark proposal. Working Group Two (Prepayment) leaders filed a status report. Parties filed comments and reply comments, and Protect Our Communities filed a Motion requesting an evidentiary hearing, with respect to a Working Group One (Benchmark True-Up and Other Benchmarking Issues) report on issues 8-12. Parties provided informal comments on the Working Group Three (Portfolio Optimization) Workshop 2.
- **PG&E's 2020 Energy Resource Recovery Account Forecast:** PG&E served supplemental testimony to update the ERRRA Application revenue requirements, which includes increases to the PCIA revenue requirement forecast it initially provided in June. A prehearing conference was held, and Commissioner Guzman Aceves subsequently issued a Scoping Memo and Ruling. PG&E requested a 45-day extension of time from September 1, 2019, to October 15, 2019, to submit its 2019 Annual Electric True-Up (AET) Advice Letter.
- **PG&E's 2018 Energy Resource Recovery Account Compliance:** The evidentiary hearing was canceled and PG&E, Public Advocates Office, and the Joint CCAs (EBCE, PCE, and SVCE) gave notice of a settlement conference, held on August 29, 2019.
- **PG&E's Phase 1 General Rate Case:** Nine public participation hearings were held in July and August across PG&E's service territory. Intervenors filed testimony, and TURN filed a motion requesting that the CPUC direct PG&E to take certain steps in this case following its filing of its Chapter 11 reorganization plan in the Bankruptcy Court. Parties, including the Joint CCAs, filed replies in support of TURN's motion.
- **Other Regulatory Developments:**
  - **Workshop on CCA Implementation of Green Tariffs:** The CPUC has [scheduled](#) a public workshop on September 16, 2019, on CCA implementation of Disadvantaged Communities Green Tariff and Community Solar Green Tariff programs.
  - **Joint Agency Workshop on SB 100 Report:** The Energy Commission released a [Notice](#) of Joint Agency Workshop on the SB 100 Report scheduled for September 5, 2019. Written comments are due September 19, 2019.

## Investigation into PG&E Violations Related to Wildfires

On June 27, 2019, the CPUC issued an Order Instituting Investigation into potential PG&E violations related to 2017 wildfires. On August 23, 2019, Commissioner Rechtschaffen issued a Scoping Memo and Ruling establishing a scope and procedural schedule for this investigation.

- **Background:** The CPUC opened this formal investigation to determine whether PG&E violated any laws, rules, or other applicable requirements pertaining to the maintenance and operation of electric facilities involved in igniting fires in its service territory in 2017. The CPUC's Safety and Enforcement Division (SED) issued a Fire Report on June 13, 2019 that found deficiencies in PG&E's vegetation management practices and procedures and equipment operations in severe conditions. CAL FIRE also found that PG&E's electrical facilities ignited all but one of the 15 fires addressed in this investigation.
- **Details:** This investigation addresses 15 of the 17 fire incidents from the October 2017 Fire Siege investigated by SED and will determine whether PG&E's practices have been unsafe and in violation of the law. This investigation orders PG&E to take immediate corrective actions to come into compliance with CPUC requirements. The scope of the proceeding will include violations of law by PG&E with respect to the 2017 wildfires, and possibly also the 2018 Camp Fire, what penalties should be assessed, what remedies or corrective actions should occur, and what if any systemic issues contributed to the ignition of the wildfires. PG&E and SED have begun bilateral settlement discussions.
- **Analysis:** This investigation could result in sanctions against PG&E and require additional corrective actions to mitigate future wildfire risk, potentially impacting the quality of service experienced by VCE customers and costs paid by VCE and other distribution customers. Monetary penalties would ultimately be handled in the Bankruptcy Court.
- **Next Steps:** SED's response to PG&E's Attachment B Report, as well as a SED and PG&E joint party status report, are due on September 27, 2019. Opening and reply briefs, respectively, are due September 30, 2019, and October 15, 2019. A SED motion to include Lobo Fire, McCourtney Fire, and Camp Fire is due October 1, 2019. Intervenor responses to the joint party status report are due October 3, 2019, with a status conference scheduled for October 4, 2019. There will be no hearings.
- **Additional Information:** [Scoping Memo and Ruling](#) (August 23, 2019); [Order Instituting Investigation](#) (June 27, 2019); Docket No. [I.19-06-015](#).

## Wildfire Fund Non-Bypassable Charge (AB 1054)

On August 2, 2019, the CPUC issued an Order Instituting Rulemaking, opening this proceeding to implement AB 1054 and possibly add a new non-bypassable charge to fund the Wildfire Fund. SCE, SDG&E, and PG&E have notified the CPUC of their intent to participate in the Wildfire Fund, PacifiCorp stated it will not participate, and Bear Valley Electric Service and Liberty Utilities/CalPeco have not yet made a final decision on their participation. On August 14, 2019, Commissioner Rechtschaffen issued a Scoping Memo and Ruling, which was subsequently supplemented with two additional rulings on August 21 and 23, respectively, requesting parties respond to additional specific information in their comments. Parties filed opening and reply comments, respectively, on August 29, 2019, and September 6, 2019.

- **Background:** This rulemaking implements AB 1054 and will consider extending a non-bypassable charge (NBC) on ratepayers to fund the Wildfire Fund.
- **Details:** The Scoping Memo and Ruling establishes the scope of this rulemaking and a procedural schedule. The scope of this proceeding is limited to consideration of whether the CPUC should authorize ratepayer funding of the Wildfire Fund established by AB 1054, enacted in July 2019, via the continuation of an existing non-bypassable charge (Department of Water Resources bond charge) that would otherwise expire by the end of 2021. In particular, it will examine whether it is reasonable to impose the Wildfire Fund non-bypassable charge on PG&E customers if PG&E is deemed ineligible to participate in the Wildfire Fund.
- **Analysis:** This proceeding could establish a new non-bypassable charge on VCE customers to fund the Wildfire Fund under AB 1054.

- **Next Steps:** The large IOUs are required to make the initial, shareholder-funded contribution to the Wildfire Fund by September 10, 2019. A proposed decision is anticipated by September 24, 2019, and a CPUC decision by October 24, 2019.
- **Additional Information:** [Scoping Memo and Ruling](#) (August 14, 2019); [Order Instituting Rulemaking](#) (August 2, 2019); Docket No. [R.19-07-017](#). See also [AB 1054](#).

## 2018 Rate Design Window (RDW)

On July 19, 2019, the CPUC issued D.19-07-004 in Phase IIB pertaining to SCE's and PG&E's respective proposals for the implementation of default TOU rates for residential customers, as well as some other related rate proposals. In Phase III, evidentiary hearings were held August 5-16, 2019.

- **Background:** The IOUs' RDW applications have been consolidated into one proceeding. This proceeding is divided into three phases, with the second phase further bifurcated. A May 2018 [Phase I Decision](#) granted PG&E approval to begin transitioning eligible residential customers to TOU rates beginning in October 2020. A December 2018 [Phase IIA Decision](#) addressed PG&E's restructuring of the CARE discounts into a single line item percentage discount to the customer's total bill. The July 2019 [Phase IIB Decision](#), described below, concludes the second phase of this proceeding. The proceeding is now focused on [Phase III](#), which considers the IOUs' proposals for fixed charges and/or minimum bills.
- **Details:** For both PG&E and SCE the start date of customer migration to TOU rate is set to begin October 2020 and continue in batches over a period of up to 18 months (potentially less). The Phase IIB Decision provides that a CCA wishing to have its customers defaulted to TOU generation rates are directed to notify the IOU **by October 2019** of its intentions in order to facilitate a smooth transition and allow the IOU sufficient time to finalize its own transition plan.

The Decision conditionally accepted the E-TOU-C design (a tiered two-period design with a 5 p.m. to 8 p.m. peak period, with seasonal differentiation in rates but not peak periods), its designation as the default TOU rate, and the price differentials, but directs that it be modified to provide TOU-based price differentiation for the distribution component. The distribution differentiation must be included in the adopted fixed price differentials. During the Summer, the differential must be at least 1 cent/kWh but may be up to roughly 5.1 cents/kWh (based on marginal distribution costs), and must be set at 0.23 cents/kWh during the winter. PG&E must propose a revised E-TOU-C price differential in its next Phase 2 rate case, anticipated to be filed in November 2019, in order to allow other parties and the CPUC to consider a higher price differential.

Among numerous other determinations, the Decision also:

- Accepted PG&E's proposal to eliminate the existing E-TOU-A rate, which has a 3 p.m. to 8 p.m. weekday peak period, in June 2020.
- Accepted PG&E's revised E-TOU-B proposal, which allows customers to enroll in the existing E-TOU-B rate (4 p.m. through 9 p.m. peak period) through May 2020. All customers, including net metering customers are allowed to remain on the rate until October 2025.
- Rejected PG&E's proposal to increase its minimum bill for at least some rate schedules from \$10 to \$15 per month.
- For CCA customers, allows utilities to provide a proxy rate comparison tool using their generation rates but does not obligate them to provide a tool using CCA rates. Rate comparison tool costs will be recovered from all customers through distribution rates, with the exception that any costs incurred to model CCA-specific rates are to be borne by the CCA. Note that one-year bill protection (a condition of default TOU) applies to IOUs but not CCAs.

- **Analysis:** This proceeding will impact the timing, details, and implementation of residential TOU rates for bundled PG&E customers as well as VCE customers via rate design changes to the distribution component of customer bills. It could affect the level of VCE's rates compared to PG&E's, and to the extent VCE mirrors PG&E's residential rate design, lead to changes in the way VCE structures its residential rates. CCAs are not obligated to default their customers to TOU generation rates, but regardless of whether a CCA offers TOU generation rates, CCA customers will be subject to default TOU distribution rates.
- **Next Steps:** Phase III briefs and reply briefs, respectively, are due September 13, 2019, and October 4, 2019, with a Proposed Decision expected in Q1 2020. CCAs wishing to transition to default TOU generation rates should notify the applicable IOU by October 1, 2019. PG&E's Phase 2 rate case is anticipated to be filed on November 22, 2019.
- **Additional Information:** [D.19-07-004](#) in Phase IIB (July 19, 2019); PG&E Phase III [Revised Testimony](#) on fixed charges (April 12, 2019, and March 29, 2019); [D.18-12-004](#) on Phase IIA Issues (December 21, 2018); [Ruling](#) clarifying scope (July 31, 2018); [D.18-05-011](#) (Phase I) on the timing of a transition to default TOU rates (May 17, 2018); [Amended Scoping Memo](#) (April 10, 2018); PG&E Rate Design Window Application & Testimony (December 20, 2017); Docket No. [A.17-12-011](#) (consolidated).

## Renewables Portfolio Standard (RPS) Rulemaking

On July 19, 2019, and August 2, 2019, respectively, parties filed comments and reply comments on the RPS Procurement Plans previously filed by retail sellers. On August 1, 2019, retail sellers including VCE filed their 2018 RPS Compliance Reports. On August 7, 2019, the CPUC issued D.19-08-007 taking RPS enforcement actions against two LSEs, Gexa Energy and Liberty Power Holdings, for failing to comply with RPS requirements and denying their respective requests for waivers of penalties. On August 8, 2019, the judge issued a Proposed Decision (PD) on 2018 RPS Procurement Plans filed by six new CCAs ("RPS Plans PD"), not including VCE. On August 23, 2019, the judge issued a PD that would adopt modeling requirements for IOUs to determine Effective Load Carrying Capability (ELCC) values that would be used in RPS program bid ranking and selection ("ELCC PD"). Several LSEs filed motions to update their 2019 RPS Procurement Plans by the August 23, 2019, deadline.

- **Background:** In February 2019, the CPUC issued D.19-02-007, approving RPS Procurement Plans filed in 2018 by retail sellers, including VCE. VCE filed its 2019 RPS Procurement Plan on June 21, 2019. Remaining issues to be addressed in this proceeding are threefold: (1) implementing existing and new statutory requirements (e.g., SB 100) that are mandated or may be mandated during the course of this proceeding; (2) continuing and completing specific tasks identified in R.15-02-020 (the now-closed previous RPS docket), but not completed prior to the issuance of this new Order Instituting Rulemaking (OIR); and (3) continuing, monitoring, reviewing, and improving elements of the RPS program that have previously been put in place, including identifying additional program elements that could be developed.
- **Details:** D.19-08-007 imposes a penalty of \$431,014 on Liberty Power and \$1,725,461 on Gexa Energy related to violations of the 2011-2013 RPS compliance period. Both penalties are the maximum fine as determined by the standard \$50/REC penalty for compliance shortfalls. Of note, Gexa's penalty is associated with a shortfall in long-term contracted RECs, which resulted in *all* of its RECs being disallowed.

The RPS Plans PD addresses the RPS Procurement Plans filed by new CCAs that have all been approved to begin operation but are not expected to serve load until 2020. The PD accepts the 2018 plans (filed in April and May 2019) as final but identifies a series of deficiencies in the plans and directs the CCAs to update their draft 2019 plans to address these deficiencies.

The ELCC PD would require IOUs to use the Strategic Energy Risk Valuation Model (SERVM) to determine marginal ELCC values and conduct an annual loss of load expectation (LOLE) study, which calculates the expected number of days annually for which the available generation capacity is insufficient to serve the demand at least once per day. For the 2020 procurement

cycle, IOUs would model the resource portfolio from the 2017-2018 IRP's Preferred System Plan with a study year of 2022, 2026, and 2030. The PD would direct the IOUs to conduct a joint ELCC study utilizing the adopted modeling requirements for use in RPS procurement in 2020 and to continue to update the joint ELCC study annually. If the PD is adopted, PG&E, SCE and SDG&E must jointly file their ELCC study results with their final 2019 RPS Procurement Plans, and the IOUs must update the modeling annually in their RPS Procurement Plans or file a Tier 2 Advice Letter by April 30 of each year.

- **Analysis:** D.19-08-007, as well as the RPS Plans PD, if adopted, reinforces the CPUC's increasing scrutiny of CCAs and their compliance obligations, and the potentially large penalties associated with non-compliance. If adopted, the ELCC PD could impact utilities' valuation of various renewable and renewable-paired storage resources for their RPS procurements.

Remaining issues to be addressed in this proceeding could also impact RPS compliance obligations and above-market costs for the PCIA calculation. For instance, the April 2019 Ruling proposed a process that would allow LSEs like VCE to forgo filing a separate RPS Procurement Plan in 2020 by using its 2020 IRP filing instead.

- **Next Steps:** With respect to the RPS Plans PD, comments and reply comments have already been filed, and the PD may be considered for adoption, at earliest, at the CPUC's September 12 meeting. Comments and reply comments, respectively, on the ELCC PD are due September 12, 2019, and September 17, 2019, and the ELCC PD may be heard, at the earliest, at the CPUC's September 26, 2019, Business Meeting. According to the updated scoping ruling, a PD and decision on 2019 RPS Procurement Plans is anticipated for Q4 2019.
- **Additional Information:** [Proposed Decision](#) on ELCC (August 23, 2019); [Proposed Decision](#) on RPS Plans (August 8, 2019); [D.19-08-007](#) on RPS enforcement actions (August 7, 2019); [D.19-06-023](#) on implementing SB 100 (May 22, 2019); [Ruling](#) extending procedural schedule (May 7, 2019); [Ruling](#) identifying issues, schedule and 2019 RPS Procurement Plan requirements (April 19, 2019); [PG&E Final, Conforming 2018 RPS Procurement Plan](#) (March 15, 2019); [D.19-02-007](#) (February 28, 2019); [Scoping Ruling](#) (November 9, 2018); Docket No. [R.18-07-003](#).

## Resource Adequacy (RA) Rulemaking

On August 1, 2019, PG&E filed Advice Letter (AL) 5607-E, reducing prices by at least 10% on three power purchase agreements (PPAs) arising from PG&E's 2016 PV Solicitation and two capacity agreements with energy storage providers arising from an RFO. On August 9, 2019, CalCCA and other parties issued a Notice of Settlement Conference, which was held on August 20, 2019, and the Track 2 workshop process was deemed complete. With respect to the two outstanding petitions for modification (PFM) of the Track 2 RA Decision (D.19-02-022), on August 8, 2019, the CPUC issued D.19-08-005, denying the PFM filed by Shell Energy North America. On August 27, 2019, the judges issued a Proposed Decision (PD) that would deny a PFM filed by the Alliance for Retail Energy Markets (AREM). On August 30, 2019, parties including CalCCA filed a joint motion requesting adoption of a settlement agreement. On September 3, 2019, Commissioner Randolph issued a Ruling that provides Energy Division's Resource Adequacy State of the Market report.

- **Background:** This proceeding has three tracks, and is currently focused on remaining central buyer issues in Track 2. [Track 1](#) addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program and is closed. In [Track 2](#), the CPUC adopted multi-year Local RA requirements and declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019). As ordered by D.19-02-022, parties are holding workshops and filing informal comments in 2019 to further address the development of a Local RA central buyer mechanism, with the CPUC indicating it would act by late 2019 if parties did not come to a consensus. The settlement agreement attempts to resolve these issues, other than the identity of the central buyer.

In [Track 3](#), D.19-06-026 (filed on July 15, 2019) adopted CAISO's recommended 2020-2022 Local Capacity Requirements and CAISO's 2020 Flexible Capacity Requirements and made no

changes to the System capacity requirements. It established an IOU load data sharing requirement, whereby each non-IOU LSE (e.g., CCAs) would annually request data by January 15 and the IOU would be required to provide it by March 1. It also adopted a “Binding Load Forecast” process such that an LSE’s initial load forecast (with CEC load migration and plausibility adjustments based on certain threshold amounts and revisions taken into account) becoming a binding obligation of that LSE, regardless of additional changes in an LSE’s implementation to new customers. In addition, the Decision made a number of changes to the RA penalty structure and waiver process. It also allowed load migration to be the only reason for differences between initial and final year ahead load forecasts. Finally, the Decision eliminated the Path 26 constraint and directed the Energy Division to convene a working group on counting methodologies for hydro and use-limited fossil resources with the expectation that the group will submit a proposal into the RA proceeding in early 2020.

- **Details:** The Settlement Agreement, filed by CalCCA among other parties (but not PG&E), would create an RA Central Procurement Entity (“RA-CPE”), unidentified in the Settlement Agreement, to procure residual collective RA for all CPUC-jurisdictional LSEs that is not met by individual LSEs. Individual LSEs may choose to procure their share of the collective RA requirement, or they may allow the RA-CPE to procure their share on default. Costs will be allocated ex post based on cost causation principles. It would eliminate the need for monthly RA showings by the LSEs. Procurement conducted by the RA-CPE will be done via an annual RFO. The settlement would expand the three-year forward procurement requirement beyond just local RA to include system and flexible RA, and would increase the three-year forward procurement requirement for local RA from 50% to 75%.

D.19-08-005 denied the PFM filed by Shell Energy North America that requested changes to the Track 2 Decision, D.19-02-022, which adopted multi-year local RA requirements for the 2020 RA year, as well as a number of corresponding modifications to the RA program. Shell requested changes to two components of the Decision: (a) the establishment of multi-year (3-year) RA requirements, and (b) RA reporting by the Energy Division of LSE-specific resources. The Decision rejects the PFM on the basis that the PFM was simply an attempt to re-litigate issues that were raised and considered in the Decision.

The August 27 PD would deny AREM’s PFM, in which it requested that the CPUC modify a determination the CPUC made to disaggregate one local area (the “PG&E Other” area) into six separate local areas (D.19-02-022). AREM contended that the disaggregation creates complexities and potential harm to LSEs with RA contracts executed prior to the effective date of the decision because those purchases may not match the new disaggregated local requirements and some RA contracts do not specify individual facilities (i.e., an LSE may not even know in which new local area a contract may qualify). The PFM therefore requested a series of modifications to ensure that existing contracts can be fully utilized for RA compliance for the duration of the contract term. The PD would clarify that D.19-02-022 does require LSEs to meet the local RA requirement for the now-disaggregated PG&E Other area beginning in the 2020 RA compliance year. In denying the PFM, the PD asserted that the CPUC was aware of the existing multi-year local RA contracts raised in AREM’s petition and considered the potential effect of its decision on existing contracts.

- **Analysis:** This proceeding affects VCE’s Local RA compliance obligations beginning in 2020, for the first time requiring procurement over a three-year period instead of an annual period. The settlement agreement, if approved by the CPUC, would resolve central buyer issues other than the identity of the central buyer. Moving to a central procurement entity as proposed in the settlement agreement would impact VCE’s RA procurement and compliance, including eliminating the need for monthly RA showings and associated penalties and/or waiver requests from individual LSEs. VCE could choose to procure its share of RA or allow that to be done by the central buyer and pay for its share of such procurement.
- **Next Steps:** Comments and reply comments, respectively, on the Settlement Agreement are due September 29, 2019, and October 14, 2019. Comments and reply comments, respectively, on the PD are due September 12, 2019, and September 17, 2019, and the CPUC may consider



adopting the PD, at the earliest, at its September 26, 2019, Business Meeting. A final decision regarding the central buyer is anticipated for Q4 2019.

- **Additional Information:** [Ruling](#) issuing RA State of the Market (September 3, 2019); [Joint Motion](#) to adopt a settlement agreement for a residual central procurement entity (August 30, 2019); [Proposed Decision](#) denying AReM PFM (August 27, 2019); [D.19-08-005](#) denying Shell PFM (August 8, 2019); [AL 5607-E](#) reducing PG&E PPA prices (August 1, 2019); [D.19-06-026](#) adopting local and flexible capacity requirements (July 5, 2019); [AReM Petition for Modification](#) (May 24, 2019); [Final Flexible Capacity Needs Assessment](#) (May 15, 2019); [Final Local Capacity Technical Analysis](#) (May 1, 2019); [Shell Energy Petition for Modification](#) of D.19-02-022 (March 18, 2019); [D.19-02-022](#) (March 4, 2019); Docket No. [R.17-09-020](#).

## Integrated Resource Planning (IRP) Rulemaking

In July and August, respectively, parties filed comments and reply comments in response to a Ruling establishing the procurement track of the IRP docket. On August 16, 2019, VCE made a separate filing providing the contractual status and the development status of each resource.

- **Background:** In the CPUC's IRP process, it adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement. VCE submitted its IRP on August 1, 2018, and its next IRP filing is due May 1, 2020.

In May 2019, the CPUC issued D.19-04-040, which rejected an aggregation of each of the LSEs' IRPs (the Hybrid Conforming Portfolio) as the statewide PSP, adopting instead a modified version of the Reference System Plan adopted in D.18-02-018 as its PSP. D.19-04-040 opened a new "procurement track" of the proceeding to determine how LSEs are to procure resources to satisfy the PSP by 2030. Specifically, the decision clarified that the priorities for this track will be to (1) develop mechanisms for a "backstop" procurement in the event an LSE or LSEs fail to procure resources identified in their IRPs, and (2) address procurement that may require collective action.

The June 2019 Ruling kicking off the procurement track prioritized procurement by resource type/attribute, as follows: (1) near to medium-term integration and reliability (high priority, defined later as needed in 2019-2024); (2) renewables (medium priority); and (3) long-term reliability (low priority). Notably, the Ruling proposes to require LSEs to procure their proportionate shares of 2,000 MW of new peak capacity statewide from resources on-line by August 1, 2021. The Ruling recommends a series of solutions for meeting 2021 RA needs, including additional renewables procurement; additional storage and demand response procurement; extending once-through-cooling closure timelines until new procurement is authorized or online; and authorizing procurement of existing mothballed or potentially departing units. The May 2020 IRP filings by LSEs would have to address how an LSE would meet the requirement to procure their share of this additional 2,000 MW, including appropriate documentation (e.g., completed CAISO interconnection study, complete environmental review). In addition, the Ruling also proposed that SCE be required to solicit 500 MW from existing resources that do not have a contract beyond 2021 for contract terms of 2-5 years, with costs spread across all LSEs with RA obligations (not only those in SCE's territory), including VCE, via the Cost Allocation Mechanism non-bypassable charge.

**Details:** As discussed in our last memo, the June 2019 Ruling kicking off the procurement track prioritized procurement by resource type/attribute, as follows: (1) near to medium-term integration and reliability (high priority, defined later as needed in 2019-2024); (2) renewables (medium priority); and (3) long-term reliability (low priority). Notably, the Ruling proposes to require LSEs to procure their proportionate shares of 2,000 MW of new peak capacity statewide from resources on-line by August 1, 2021. That determination is based on a Staff analysis of resource availability, which has not been subject to vetting by parties, that found that by 2021 there could be a shortage in System RA whereby bilateral RA market could be relying on up to 8,800 MW of imports to meet system peak (double the historic use of imports for system resources and almost as much as is actually available). The increased need for imports stems from the closure of once-

through cooling (OTC) units in 2020, a shift in the peak from August to September, retirements, and proposed reductions in the August effective capacity values for both solar and wind. The Ruling recommends a series of solutions for meeting 2021 RA needs, including additional renewables procurement; additional storage and demand response procurement; extending once-through-cooling closure timelines until new procurement is authorized or online; and authorizing procurement of existing mothballed or potentially departing units. The May 2020 IRP filings by LSEs would have to address how an LSE would meet the requirement to procure their share of this additional 2,000 MW, including appropriate documentation (e.g., completed CAISO interconnection study, complete environmental review). In addition, the Ruling also proposed that SCE be required to solicit 500 MW from existing resources that do not have a contract beyond 2021 for contract terms of 2-5 years, with costs spread across all LSEs with RA obligations (not only those in SCE's territory), including VCE, via the Cost Allocation Mechanism non-bypassable charge.

- **Analysis:** The procurement track of this proceeding could potentially diminish VCE's authority and control over its resource procurement decisions, although the scope of centralized procurement is now limited to establishing a procurement backstop mechanism and procurement of resources requiring collective action.

In addition to this procurement track, this proceeding is focused on addressing other issues that will be relevant to VCE's 2020 IRP filing. VCE will be required to disclose additional contractual and development status of its resource choices in its 2020 IRP filing, as well a section describing its plans to address the retirement of the Diablo Canyon Generation Plant and the characteristics of its energy output, including flexible baseload and/or firm low-emission energy.

- **Next Steps:** While concrete deadlines have not yet been established, the June Ruling anticipated workshops in August, followed by an opportunity to file additional comments in Fall 2019, with a proposed decision issued by late Fall 2019. The CPUC is also expected to issue a new Order Instituting Rulemaking on the 2019-2020 IRP cycle in 2019.
- **Additional Information:** [Ruling](#) (June 20, 2019); [D.19-04-040](#) on 2018 IRPs and 2020 IRP requirements (May 1, 2019); Docket No. [R.16-02-007](#).

## Wildfire Cost Recovery Methodology Rulemaking

On August 7, 2019, PG&E filed an Application for Rehearing of the CPUC's recent decision establishing criteria and a methodology for wildfire cost recovery, which has been referred to as a "Stress Test" for determining how much of wildfire liability costs that utilities can afford to pay (D.19-06-027). D.19-06-027 closed this proceeding.

- **Background:** SB 901 requires the CPUC to determine, when considering cost recovery associated with 2017 California wildfires, that the utility's rates and charges are "just and reasonable." In addition, and notwithstanding this basic rule, the CPUC must "consider the electrical corporation's financial status and determine the maximum amount the corporation can pay without harming ratepayers or materially impacting its ability to provide adequate and safe service."

D.19-06-027 found that the Stress Test cannot be applied to a utility that has filed for Chapter 11 bankruptcy protection (i.e., PG&E) because under those circumstances the CPUC cannot determine essential components of the utility's financial status. In that instance, a reorganization plan will inevitably address all pre-petition debts, include 2017 wildfire costs, as part of the bankruptcy process. The framework proposed for adoption in the PD is based on an April 2019 Staff Proposal, with some modifications. The framework requires a utility to pay the greatest amount of costs while maintaining an investment grade rating. It also requires utilities to propose ratepayer protection measures in Stress Test applications and establishes two options for doing so.

- **Details:** PG&E’s application for rehearing challenges the CPUC’s prohibition on applying the Stress Test to utilities like itself that have filed for Chapter 11 bankruptcy. PG&E’s rationale is that SB 901 requires the CPUC to determine that the stress test methodology to be applied to all IOUs. Several parties filed responses to PG&E’s application for rehearing disagreeing with PG&E.
- **Analysis:** This proceeding established the methodology the CPUC will use to determine, in a separate proceeding, the specific costs that the IOUs (other than PG&E) may recover associated with 2017 or future wildfires.
- **Next Steps:** The only matter remaining to be resolved in this proceeding is PG&E’s application for rehearing. This proceeding is otherwise closed.
- **Additional Information:** [PG&E Application for Rehearing](#) (August 7, 2019) [D.19-06-027](#) (adopted June 27, 2019); [Assigned Commissioner’s Ruling](#) releasing Staff Proposal (April 5, 2019); [Scoping Memo and Ruling](#) (March 29, 2019); [Order Instituting Rulemaking](#) (January 18, 2019); Docket No. [R.19-01-006](#). See also [SB 901](#), enacted September 21, 2018.

## Utility Wildfire Mitigation Plans Rulemaking

In July 2019, electric utilities made compliance filings providing responses on six categories of information as directed in D.19-05-036, and August 2019, parties filed comments and reply comments on the Phase 2 ruling (“Ruling”). On, August 8, 2019, the CPUC approved PG&E’s [AL 5555-E](#), establishing a Wildfire Plan Memorandum Account. On August 28, 2019, a prehearing conference was held.

- **Background:** This proceeding implements electric utility Wildfire Mitigation Plans pursuant to SB 901 (2018). PG&E’s Wildfire Mitigation Plan, approved with modifications in June 2019 (D.19-05-037), provided an expanded use by PG&E of its Public Safety Power Shutoff (PSPS) program to prevent wildfires from occurring during extreme weather events and dry vegetation conditions, with the number of electric customer premises potentially impacted by PSPS events increasing year-over-year from 570,000 to 5.4 million. The CPUC’s separate 2019 Guidance Decision (D.19-05-036), addressing issues that are common to all of the Wildfire Mitigation Plans, ordered all IOUs to collect data and file reports on this year’s Wildfire Mitigation Plans, initiated a process to establish metrics to evaluate the Wildfire Mitigation Plans, and established a process for 2020 Wildfire Mitigation Plans. It rejected as incorrect the IOUs’ assertion that substantial compliance with their Wildfire Mitigation Plans ensures cost recovery, finding that cost recovery issues are reserved for consideration in the IOUs’ General Rate Cases. D.19-05-036 directed CPUC’s Safety and Enforcement Division to initiate a process beginning in Fall 2019 to work with all stakeholders to develop a common template for tracking key metrics.

Phase 2 will kick off the process contemplated in SB 901 for evaluation of the effectiveness of the current Wildfire Mitigation Plans. The Ruling requested comments on Phase 2 and provided further detail on topics planned to be addressed, including specifying the goals of the forthcoming workshops to be conducted on the CPUC’s Safety and Enforcement Division, which will include establishing metrics, with corresponding templates, to evaluate the effectiveness of Wildfire Mitigation Plans; a process for conducting review of the next WMP filings; and discussing additional languages to use when utilities conduct related outreach to customers.

- **Details:** N/A.
- **Analysis:** PG&E’s Wildfire Mitigation Plan established its management approach to preventing wildfires in the future and included provisions impacting the quality of service experienced by VCE customers (e.g., PG&E’s procedures for de-energizing electrical lines) and costs paid by VCE customers (e.g., PG&E’s expenditures related to maintaining its transmission and distribution systems are paid by all distribution customers, including VCE customers). While wildfire plans can influence the approach and investments made by utilities like PG&E to mitigate

the risk of catastrophic wildfires, cost recovery issues are generally outside the scope and will be separately addressed through utility GRCs.

- **Next Steps:** Parties are awaiting the issuance of a scope and schedule for Phase 2 following the August 28, 2019, prehearing conference. The CPUC's Safety and Enforcement Division is authorized to convene workshops, tentatively scheduled for September 17, 18, and 19, 2019, for the purpose of initiating the 2020 Wildfire Mitigation Plan process.
- **Additional Information:** [AL 5555-E](#) establishing Wildfire Plan Memorandum Account (August 8, 2019); [Ruling](#) launching Phase 2 of proceeding (June 14, 2019); [D.19-05-037](#) PG&E-specific decision on 2019 Wildfire Mitigation Plan (June 4, 2019); [D.19-05-036](#) Guidance Decision on 2019 Wildfire Mitigation Plans (June 3, 2019); [PG&E Second Amendment to Wildfire Mitigation Plan](#) (April 25, 2019); [PG&E Wildfire Mitigation Plan](#) (February 6, 2019); [Order Instituting Rulemaking](#) (October 25, 2018); Docket No. [R.18-10-007](#).

## Investigation into PG&E's Organization, Culture and Governance (Safety OII)

On July 3, 2019, PG&E filed a report with the CPUC in response to D.19-06-008, providing information on the safety training and experience of members of PG&E's and PG&E Corporation's respective Boards of Directors. On July 19 and August 2, 2019, parties filed comments and reply comments, respectively, on a series of proposals for improving PG&E's safety culture provided in a June Ruling.

- **Background:** On December 21, 2019, the CPUC issued a Scoping Memo opening the next phase of an ongoing investigation into whether PG&E's organizational culture and governance prioritize safety. This current phase of the proceeding is considering alternatives to current management and operational structures for providing electric and natural gas in Northern California.

In June 2019, D.19-06-008 ordered PG&E to report on the safety experience and qualifications of the PG&E Board of Directors and establishes an advisory panel on corporate governance. The brief Decision required PG&E to provide a variety of information on each PG&E and PG&E Corporation Board member involving safety training, related work experience, previous positions held, and current professional commitments.

- **Details:** N/A.
- **Analysis:** This proceeding could have a range of possible impacts on CCAs within PG&E's territory and their customers, given the broad issues under investigation pertaining to PG&E's corporate structure and governance.
- **Next Steps:** TBD.
- **Additional Information:** [Ruling](#) on proposals to improve PG&E safety culture (June 18, 2019); [D.19-06-008](#) directing PG&E to report on safety experience and qualifications of board members (June 18, 2019); [Scoping Memo](#) (December 21, 2019); Docket No. [I.15-08-019](#).

## PCIA Rulemaking

On July 17, 2019, the judge issued a Ruling denying a motion by Protect Our Communities for an evidentiary hearing on Working Group One's benchmark proposal. On July 26, 2019, Working Group Two (Prepayment) leaders filed a status report. On July 19, 2019, and July 26, 2019, respectively, parties filed comments and reply comments, and on August 2, 2019, Protect Our Communities filed a Motion requesting an evidentiary hearing, with respect to a Working Group One (Benchmark True-Up and Other Benchmarking Issues) report on issues 8-12. On August 9, 2019, parties provided informal comments on the Working Group Three (Portfolio Optimization) Workshop 2. On August 28, 2019, PG&E requested a 45-day extension of time from September 1, 2019, to October 15, 2019, to submit its 2019 Annual Electric

True-Up (AET) Advice Letter. On August 30, 2019, PG&E filed Advice Letter (AL) 5624-E on the PCIA Undercollection Balancing Account and trigger mechanism.

- **Background:** D.18-10-019 was issued on October 19, 2018, in Phase 1 of this proceeding and left the current PCIA in place, maintained the current brown power index, and adopted revised inputs to the benchmarks used to calculate the PCIA for energy RPS-eligible resources and resource adequacy capacity.

A Phase 2 Scoping Memo and Ruling relies primarily on a working group process to further develop a number of PCIA-related proposals. It provides that three types of issues are within the Phase 2 scope: (1) issues with the highest priority: Benchmark True-Up and Other Benchmarking Issues; (2) issues to be resolved in early 2020: Prepayment; and (3) issues to be resolved by mid-2020: Portfolio Optimization and Cost Reduction, Allocation and Auction.

- **Details:** The deadline has passed for the Commission to rule on high-priority Phase 2 PCIA issues in September, meaning the decision will need to be made on either October 10 or October 24. This leaves little time for implementation of that decision in the 2020 ERRA Forecast proceeding, in which the November Update is due the first week of November.

AL 5624-E would establish the PCIA Undercollection Balancing Account to track departing load customers' undercollected PCIA obligation that accrues if the PCIA system average rate increase is capped at the 0.5 cent per kWh by vintage. PG&E proposes to determine whether the 0.5 cent per kWh PCIA cap has been reached using the system average PCIA rate by vintage. If the system average PCIA rate by vintage increases more than 0.5 cent per kWh, then all PCIA rates for that vintage would be capped, and the capped PCIA rates by customer class would be determined based on the revenue allocation among classes.

- **Analysis:** PG&E's implementation of the PCIA trigger mechanism via AL 5624-E would mean that some customer classes could pay an increase that is slightly more than 0.5 cent per kWh and some customer classes could pay slightly less than the 0.5 cent per kWh increase. Phase 2 of this proceeding could further affect the PCIA paid by VCE's customers in future (post-2019) years, as well as other important PCIA issues that could impact CCAs such as prepayment.
- **Next Steps:** Protests of AL 5624-E are due September 19, 2019, with PG&E otherwise requesting an effective date of September 30, 2019. A Proposed Decision (PD) on the Brown Power, RPS and RA true-ups is anticipated in September 2019, with a separate PD issued later Fall 2019 on other Working Group One issues. Working Group Two's next scheduled filing will be its report on consensus and non-consensus items; no additional workshops have been scheduled. A Working Group Three progress report is due September 26, 2019. Parties may request evidentiary hearings by filing a motion within ten working days of a working group report being filed.
- **Additional Information:** [AL 5624-E](#) establishing PCIA Undercollection Balancing Account and Trigger Mechanism (August 30, 2019). [Ruling](#) denying Protect Our Communities' motion for evidentiary hearing (July 17, 2019); [Working Group One Report](#) on Brown Power, RPS and RA True-Up (May 31, 2019); [Phase 2 Scoping Memo and Ruling](#) (February 1, 2019); [D.18-10-019](#) Track 2 Decisions adopting the Alternate Proposed Decision (October 19, 2018); [D.18-09-013](#) Track 1 Decision approving PG&E Settlement Agreement (September 20, 2018); Docket No. [R.17-06-026](#).

## PG&E's 2020 Energy Resource and Recovery Account Forecast

On July 29, 2019, PG&E served supplemental testimony (the "July Supplement") to update the ERRA Application revenue requirements, which includes increases to the PCIA revenue requirement forecast it initially provided in June. On August 15, 2019, a prehearing conference was held, and on August 22, 2019, Commissioner Guzman Aceves issued a Scoping Memo and Ruling.

- **Background:** Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the PCIA and other non-bypassable charges for the following year, as well as fuel

and purchased power costs associated with serving bundled customers that utilities may recover in rates.

- **Details:** The Ruling establishes the scope and procedural schedule for this proceeding.

In its July Supplement, PG&E does not apply a cap to PCIA rates, instead indicating it would do so via an advice letter (see description of AL 5624-E in the PCIA Rulemaking section above). PG&E will reflect its proposed application of the PCIA rate cap or a CPUC approved PCIA rate cap in the PCIA rates presented as part of PG&E's November Update. PG&E's July Supplement showed an increase in several of its forecasted costs, as follows:

- Increasing the 2020 ERRA revenue requirement from \$2.908 billion to \$3.184 billion.
  - Increasing the PCIA from \$2.549 billion to \$2.996 billion.
  - Increasing the Competition Transition Charge (CTC) from \$62.2 million to \$81.5 million.
  - Increasing the Cost Allocation Mechanism from \$147.4 million to \$147.8 million.
  - Maintaining the Tree Mortality Non-Bypassable Charge at \$92.6 million.
  - Maintaining the utility-owned generation revenue requirement forecast at \$2.368 billion.
- **Analysis:** This proceeding will establish the amount of the PCIA for VCE's 2020 rates and the level of PG&E's generation rates for bundled customers. The PCIA revenue requirement detailed above is now shared between bundled and unbundled customers. PG&E's requested increase in the PCIA revenue requirement for unbundled customers only for this year is approximately \$650 million, an increase of over two-thirds of the final revenue requirement for unbundled customers from last year.
  - **Next Steps:** Intervenor testimony is due September 10, 2019, rebuttal testimony is due September 24, 2019, and evidentiary hearings are scheduled for September 30 through October 2, 2019. Opening and reply briefs, respectively, are due October 21, 2019, and October 31, 2019. In November 2019, PG&E will update its 2020 ERRA Forecast revenue requirements, forecasted end of year balancing account balances, and electric sales forecast, after which parties will have 10 days to file comments. A proposed decision is anticipated by December 2, 2019, with comments and reply comments, respectively, due 10 and 15 days thereafter, followed by a final decision on December 19, 2019.
  - **Additional Information:** [Scoping Memo and Ruling](#) (August 22, 2019); [Application](#) (June 3, 2019); [Testimony](#) available on PG&E's regulatory webpage (June 3, 2019); Docket No. [A.19-06-001](#).

## PG&E's 2018 Energy Resource and Recovery Account Compliance

In August 2019, the evidentiary hearing was canceled and PG&E, Public Advocates Office, and the Joint CCAs (EBCE, PCE, and SVCE) gave notice of a settlement conference, held on August 29, 2019.

- **Background:** ERRA compliance review proceedings review the utility's compliance in the preceding year regarding energy resource contract administration, least-cost dispatch, fuel procurement, and the ERRA balancing account. In its application, PG&E requested that the CPUC find that it 2018 PG&E complied with its CPUC-approved Bundled Procurement Plan (BPP) in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, and least-cost dispatch of electric generation resources, as well as that it managed its utility-owned generation (UOG) facilities reasonably. PG&E also requested recovery of \$4.7 million for Diablo Canyon seismic study costs.
- **Details:** N/A.

- **Analysis:** This proceeding will address whether PG&E correctly calculated and accounted for the actual costs it incurred in 2018 and whether it managed its portfolio of contracts and UOG in a reasonable manner.
- **Next Steps:** Parties have reached a settlement in this proceeding. A Proposed Decision was scheduled for Q1 2020 but may come sooner.
- **Additional Information:** [Scoping Memo and Ruling](#) (June 3, 2019); [Notice of Prehearing Conference](#) (April 17, 2019); [Response](#) of EBCE and PCE (April 5, 2019); [Resolution](#) categorizing proceeding as ratesetting (March 14, 2019); [PG&E Application](#) (February 28, 2019); Docket No. [A.19-02-018](#).

## PG&E Phase I General Rate Case (GRC)

Nine public participation hearings were held in July and August across PG&E's service territory. On July 26, 2019, intervenors filed testimony. On July 29, 2019, TURN filed a motion requesting that the CPUC direct PG&E to take certain steps in this case following its filing of its Chapter 11 reorganization plan in the Bankruptcy Court. Parties, including the Joint CCAs, filed replies in support of TURN's motion.

- **Background:** PG&E's three-year GRC covers the 2020-2022 period. For 2020, it has requested an additional \$1.058 billion (from \$8.518 billion to \$9.576 billion), or a 12.4% increase over its 2019 authorized revenue requirement, comprised of increases related to its gas distribution (\$2.097 billion total, or a \$134 million increase), electric distribution (\$5.113 billion total, or a \$749 million increase), and generation (\$2.366 billion total, or a \$175 million increase) services. If approved, it would increase a typical monthly residential electric (500 kWh) and natural gas (34 therms) customer bill by \$10.57, or 6.4%, comprised of an electric bill increase of \$8.73 and a gas bill increase of \$1.84. For 2021 and 2022, PG&E requested total increases of \$454 million and \$486 million, respectively. PGE's GRC does not include a request for cost recovery related to 2017 and 2018 wildfire liabilities.

Overall, more than half of PG&E's proposed increase in this GRC is directly related to wildfire prevention, risk reduction, and additional safety enhancements. Specifically, PG&E proposes expanding its integrated wildfire mitigation strategy, the Community Wildfire Safety Program, which PG&E established following the October 2017 North Bay wildfires to mitigate wildfire threats, with plans to spend an incremental \$5 billion between 2018-2022. PG&E is also requesting a two-way balancing account for insurance premiums and other financial-risk transfer instruments, under which it would be permitted to recover up to \$2 billion in insurance costs.

Significantly, PG&E is proposing to shift substantial hydroelectric generation costs into a non-bypassable charge, arguing that its hydro facilities provide benefits beyond electricity generation. PG&E proposes to shift costs associated with these alleged public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable charge (e.g., the Electric Public Purpose Programs charge). Examples of current and future costs that would be recovered through the non-bypassable charge include, but are not limited to: (1) protection of the natural habitat of fish, wildlife, and plants; (2) outdoor public recreation; (3) protection of historic resources; (4) compliance with conservation easements on the watershed lands; (5) post-decommissioning activities that are a result of FERC orders. PG&E estimates that the unrecovered historic costs that it would shift to the non-bypassable electric charge are \$83.1 million for fish and wildlife and recreation values, plus tens of millions in forecasted future costs, with new license compliance (~\$59 million in 2021-2022) expected as the largest subcategory of future expenses.

- **Details:** TURN's motion requests the CPUC direct PG&E to file its Chapter 11 reorganization plan in this proceeding within one business day of it filing the plan in Bankruptcy Court. Furthermore, TURN requests that PG&E then schedule a prehearing conference to discuss the procedural and substantive implications of its reorganization plan on this proceeding. PG&E has requested the CPUC deny TURN's motion, asserting it is unnecessary and premature.

- **Analysis:** PG&E's GRC proposals include shifting substantial costs associated with its hydroelectric generation from its generation rates (applicable only to its bundled customers) into a non-bypassable charge affecting all of its distribution customers, including VCE customers, which would negatively affect the competitiveness of VCE's rates relative to PG&E's.
- **Next Steps:** An evidentiary hearing is scheduled to begin September 23, 2019. A proposed GRC Phase 1 decision is targeted for Q1 2020. PG&E will propose its cost allocation and rate design in its 2020 GRC Phase 2 proceeding, which PG&E plans to file by November 22, 2019.
- **Additional Information:** [Ruling](#) setting public participation hearings (May 7, 2019); [Scoping Memo and Ruling](#) (March 8, 2019); [Joint CCAs' Protest](#) (January 17, 2019); [Application](#) and [PG&E GRC Website](#) (December 13, 2018); Docket No. [A.18-12-009](#).

## Other Regulatory Developments

- **Workshop on CCA Implementation of Green Tariffs:** The CPUC has [scheduled](#) a public workshop on September 16, 2019, on CCA implementation of Disadvantaged Communities Green Tariff (DAC-GT) and Community Solar Green Tariff (CSGT) programs. Under D.18-06-027, CCAs can develop and implement their own DAC-GT and/or CSGT programs. In order to access GHG allowance revenues or public purpose program funds to support a DAC-GT or CSGT program, the CCA tariff must abide by all rules and requirements adopted D.18-06-027. CCA programs receiving funds will be implemented by a Tier 3 advice letter. The workshop will include a discussion of potential solutions to CCA implementation issues so that barriers and potential conflicts can be addressed prior to when the CCAs submit their DAC-GT and/or CSGT implementation advice letters.
- **Joint Agency Workshop on SB 100 Report:** On August 22, 2019, the CEC released a [Notice](#) of Joint Agency Workshop on the SB 100 Report scheduled for September 5, 2019. The interagency principals for the SB 100 report, Chair Hochschild, Chair Nichols, and Commissioner Randolph, will provide opening comments, including SB 100 alignment with other state efforts, such as economy-wide decarbonization, integrated resource planning, and promoting a safe, reliable, and equitable energy future for all Californians. Staff from the three agencies will present additional context for the report process, including CARB's Climate Change Scoping Plan, the CPUC's integrated resource planning, and an update on where California is today in the transition to a clean electric grid. Written comments are due September 19, 2019.