

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Valley Clean Energy Alliance Board of Directors
From: Mitch Sears, Interim General Manager
Subject: Regulatory Monitoring Report – Keyes & Fox
Date: August 13, 2020

Please find attached Keyes & Fox's July 2020 Regulatory Memorandum dated August 5, 2020, 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 August 5, 2020

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
Ben Inskeep, Principal Analyst, EQ Research, LLC

Subject: Regulatory Update

Date: August 5, 2020

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). A Glossary of Acronyms used is provided at the end of this memo.

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

- **New: PG&E 2021 Erra Forecast:** PG&E filed its 2021 Erra Forecast application, which proposes a capped PCIA rate of \$0.03670/kWh (system-average) for 2017 PCIA vintage customers, which applies to most VCE customers. PG&E filed supplemental testimony making corrections to its initial application and testimony, and the ALJ issued a Notice scheduling a prehearing conference. The Application indicates PG&E will file an expedited PCIA Undercollection Balancing Account (PUBA) trigger application later this year, which has the potential to significantly increase the PCIA.
- **PCIA Rulemaking:** The ALJ issued a Proposed Decision adopting a framework for prepayment agreements for PCIA obligations, on which parties filed comments and replies. The CPUC issued D.20-06-032, denying a Petition for Modification of a 2018 decision that would have impacted certain SCE and SDG&E customers only.
- **Investigation into PG&E’s Organization, Culture and Governance:** The ALJ issued a Ruling on the case status, proposing options for how the CPUC could proceed in this proceeding and requesting comments. Comments on the Ruling were filed August 4, 2020.
- **RA Rulemaking (2019-2020):** The CPUC issued D.20-06-028 on the Track 1 RA Import issues. Western Power Trading Forum filed an Application for Rehearing of D.20-06-002, the Track 2 Decision creating a multi-year central procurement regime for local RA capacity. The Working Group that was established by D.20-06-002 held a workshop on local capacity requirement reduction compensation mechanisms and existing contracts, which followed a round of informal stakeholder comments on these topics. The ALJ issued a Proposed Decision that would deny three separate Petitions for Modification (PFMs), including a CalCCA PFM that requested extending the RA waiver process from *local RA* only to *system RA* and *flexible RA* as well.
- **RA Rulemaking (2021-2022):** The Assigned Commissioner issued an Amended Scoping Memo and Ruling for Track 3. The Energy Division held a workshop on 2021 RA templates (*i.e.*, RA

compliance filing requirements applicable to VCE) and Guides and provided draft versions of the RA templates and Guide to stakeholders.

- **2020 IRP Rulemaking:** Parties filed reply comments on the Order Initiating Rulemaking and/or comments in response to the June 15, 2020, Ruling proposing changes to the IRP cycle and proceeding schedule. A prehearing conference was held. Comments and/or proposals were filed on backstop procurement and cost allocation mechanisms in response to a June 5, 2020 ALJ Ruling. Parties filed reply comments in response to the June 15, 2020, ALJ Ruling. Stakeholders filed comments on Draft Resolution E-5080, which proposes to initiate an IRP Citation Program for non-compliance with IRP requirements. VCE's 2020 IRP is due September 1, 2020.
- **2016 IRP Rulemaking:** The CPUC issued D.20-07-009, denying CESA's Petition for Modification of D.19-11-016. The CPUC issued Draft Resolution E-5100, which would approve PG&E's proposed energy storage procurement and interim cost recovery mechanism relating to its additional system RA procurement obligations mandated under D.19-11-016.
- **RPS Rulemaking:** VCE submitted its Draft 2020 RPS Procurement Plan on July 6, 2020. Parties including VCE filed comments on 2020 RPS Procurement Plans and on a proposal to extend the RPS Citation Program to cover RPS Procurement Plans. VCE also submitted its 2019 RPS Compliance Report on August 3, 2020, demonstrating that VCE is on track to achieve full compliance with all RPS requirements for the 2017-2020 RPS Compliance Period. Comments and reply comments on the June 26 Ruling on ReMAT were filed.
- **PG&E's 2019 ERRA Compliance:** Intervenor testimony and replies were filed on July 10, 2020, and July 22, 2020, respectively. The Joint CCAs' testimony identifies \$175.4 million in net reductions to the 2019 PABA balance that should be made, excluding interest. The Joint CCAs argue this amount should be credited back to customers. PG&E has acknowledged through Prepared Testimony and the discovery process that \$40.8 million of these adjustments are necessary. When combined with its Supplemental Testimony, PG&E has agreed to \$110.0 million in reductions to the ending 2019 PABA balance in total, leaving approximately \$65.3 million (plus interest) in adjustments in contention between PG&E and the Joint CCAs.
- **Wildfire Fund Non-Bypassable Charge (AB 1054):** Parties filed comments and reply comments on the Proposed Decision, and the CPUC issued D.20-07-014 approving servicing orders to be executed between the California Department of Water Resources (DWR) and the large IOUs. The ALJ issued a Ruling requesting comments on proposed Wildfire Fund Non-Bypassable Charges of \$0.00580/kWh take effect October 1, 2020, and \$0.00579/kWh to take effect January 1, 2021. Comments on the Ruling were due August 4, 2020.
- **PG&E's Phase 1 GRC:** No updates this month.
- **PG&E's Phase 2 GRC:** The ALJ issued a Ruling granting a request to extend the procedural schedule for testimony, rebuttal testimony, and hearings.
- **PG&E Regionalization Plan:** No significant updates this month. On June 30, 2020, PG&E filed its regionalization proposal, which describes how it plans to reorganize operations into new regions. Responses or protests are due August 5, 2020.
- **Investigation of PG&E Bankruptcy Plan:** The ALJ issued a Ruling indicating this proceeding will likely be closed soon and requesting comments on how to proceed with remaining issues in I.15-08-019 (PG&E Safety Culture) that were not addressed in this proceeding.
- **Investigation into PG&E Violations Related to Wildfires:** No updates this month. On June 8, 2020, Thomas Del Monte and the Wild Tree Foundation filed applications for rehearing of D.20-05-019, which approved penalties on PG&E for its role in igniting the 2017-2018 wildfires.
- **Direct Access Rulemaking:** No updates this month. Previously, the ALJ informed parties that the release of Energy Division's recommendation as to whether to expand Direct Access has been delayed.

- **Wildfire Cost Recovery Methodology Rulemaking:** No updates this month. (An August PG&E Application for Rehearing remains pending regarding D.19-06-027, 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.)

New: PG&E 2021 ERRA Forecast

On July 1, 2020, PG&E filed its 2021 ERRA Forecast application, which proposes capped PCIA rates of \$0.03115/kWh (system-average 2021 vintage) and \$0.03670/kWh (system-average for 2017 PCIA vintage, which applies to most VCE customers). PG&E filed supplemental testimony on July 17, 2020, making corrections to its initial application and testimony. On July 29, 2020, the ALJ issued a Notice scheduling a prehearing conference.

- **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:** PG&E proposes a total 2021 revenue requirement of \$2.758 billion, comprised of the following components: (1) CAM, \$266 million; (2) PCIA, \$2.803 billion; (3) Ongoing Competitive Transition Charge, \$20 million; (4) Tree Mortality Non-Bypassable Charge, \$73 million; (5) ERRA, \$1.841 billion; (6) PUBA, \$277 million; and *less* (7) Utility-owned generation costs of \$2.522 billion. The Application indicates PG&E will file an expedited PUBA (*i.e.*, an interest-bearing balancing account that is used in the event that the 0.5-cent PCIA cap is reached that tracks obligations that accrue for departing load customers) trigger application later this year, which has the potential to significantly increase the PCIA. PG&E is requesting that any year-end PUBA balance not disposed of via such an expedited application process be included in the PCIA revenue requirement for recovery as part of its November Update via a separate rate adder. However, that rate adder would still be subject to the \$0.005/kWh cap, meaning it would not be amortized via 2021 rates but would count towards a possible PUBA trigger application in early 2022.

The PCIA rate for most VCE residential customers (*i.e.*, 2017 vintage) would be \$0.03846/kWh, although PG&E will update this figure in November. PG&E's application does not contain any details regarding the impacts of the COVID pandemic, and its June 2020 monthly report indicates a PABA undercollection that is already twice the amount the utility forecasts for year-end. Both of these factors indicate the November Update will include a dramatic increase in CCA customers' PCIA-related obligations.

- **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. PG&E is proposing another increase to its PCIA to \$0.0367/kWh for the 2017 vintage. In comparison, the last ERRA Forecast proceeding established a capped rate of \$0.0317/kWh for the 2017 vintage, an increase from the previous rate of \$0.0267/kWh.
- **Next Steps:** Protests or responses to PG&E's application are due August 5, and replies are due August 15. A prehearing conference is scheduled for August 13, 2020, which is expected to be followed by a scoping memo and ruling to establish the scope and schedule of this proceeding. PG&E's November Update will include updates to the PCIA benchmarks for forecasting and true-up purposes.
- **Additional Information:** Notice of Prehearing Conference (July 29, 2020); [PG&E Supplemental Testimony](#) correcting errors in Application (July 17, 2020); [Application](#) (July 1, 2020); Docket No. [A.20-07-002](#).

PCIA Rulemaking

On June 30, 2020, the ALJ issued a Proposed Decision adopting a framework for prepayment agreements for PCIA obligations. Parties filed comments and replies, respectively, on July 20, 2020, and July 27, 2020. On July 3, 2020, the CPUC issued D.20-06-032, denying a Petition for Modification of a 2018 decision that would have impacted certain SCE and SDG&E customers only.

- **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.

Phase 2 relies primarily on a working group process to further develop a number of PCIA-related proposals. Three workgroups examined three issues: (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.

The CPUC has not yet issued Proposed Decisions regarding Working Group 2 or 3.

D.20-06-032 rejects a joint PFM, finding insufficient justification for the PFM's request that the CPUC modify D.18-07-009 to provide a four-year phase-out of the exemption from paying the PCIA previously provided for CCA customers in the service territories of SDG&E and SCE who receive a Medical Baseline allowance from either utility. (PG&E had phased the PCIA exemption out for medical baseline customers pursuant to a settlement agreement.)

Details: The PD on prepayment would (1) adopt the consensus framework of PCIA prepayment agreements; (2) adopt the consensus guiding principles, except for one principle regarding partial payments; (3) adopt evaluation criteria for prepayment agreements; (4) not adopt any proposed prepayment concepts; and (5) clarify that risk should be incorporated into the prepayment calculations by using mutually acceptable terms and conditions that adequately mitigate the risks identified by Working Group Two. IOUs would be directed to file a Tier 2 advice letter within 60 days to establish protocols to administer prepayment requests and negotiations.

CalCCA responded with comments that criticized aspects of the PD, asserting the PD would significantly hamper the possibility of the prepayment being used. CalCCA expressed concern with provisions that would give the IOUs the authority to propose tailored terms that must be met by the CCA to enter into prepayment negotiations, including authority to determine a CCA's financial fitness, as well as the adoption of a risk premium, which CalCCA argued violates the PCIA indifference principle.

- **Analysis:** The PD on prepayment, if adopted, would make successful prepayments very difficult by giving utilities significant control over the process and requiring the prepayment include a risk premium. The PD denying the Joint Petition for Modification, if adopted, would not impact VCE customers.
- **Next Steps:** The PD on prepayment may be heard, at the earliest, at the CPUC's August 6, 2020 Business Meeting. A proposed decision regarding Working Group 3 is expected in Q3 2020.
- **Additional Information:** [D.20-06-032](#) denying PFM of D.18-07-009 (July 3, 2020); [Proposed Decision](#) on prepayment (June 30, 2020); [UCAN Motion](#) for evidentiary hearing (April 3, 2020); [POC Motion](#) for evidentiary hearing (April 3, 2020); [D.20-03-019](#) on departing load forecast and presentation of the PCIA (April 6, 2020); [Ruling](#) modifying procedural schedule for working group 3 (January 22, 2020); [D.20-01-030](#) denying rehearing of D.18-10-019 as modified (January 21, 2020); [D.19-10-001](#) (October 17, 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](#).

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

On July 15, 2020, the ALJ issued a Ruling on the case status, proposing options for how the CPUC could proceed in this proceeding and requesting comments. Comments on the Ruling were due August 4, 2020.

- **Background:** On December 21, 2018, 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:** The Ruling describes the issues that are potentially still in scope for this proceeding, which include a broad array of issues identified in the December 21, 2018 Scoping Memo, as modified by D.20-05-053 approving PG&E's reorganization plan, plus the ongoing work of NorthStar, the consultant monitoring PG&E. However, the Ruling observes that "it is not clear as a practical matter how many of those issues can be or should be addressed at this time," given PG&E is now implementing its reorganization plan and has filed its application for regional restructuring. The Ruling proposes five options for how the CPUC could proceed in this proceeding:
 - Keep the proceeding open and proceed to address a manageable subset of the potential issues, with NorthStar continuing in a monitoring role.
 - Keep the proceeding open as a vehicle to monitor PG&E's progress and address issues that arise, with NorthStar continuing in a monitoring role. Issues could be raised in the proceeding by parties or the Commission.
 - Keep the proceeding open for NorthStar to continue in a monitoring role and for the Commission to address issues identified by staff or NorthStar. Parties could not raise issues to be addressed in the proceeding, but would have the opportunity to address issues raised by the Commission.
 - Close the proceeding and open a more narrowly focused proceeding on specific short-term issues. The Commission could open additional new proceedings in the future to address the same or related issues as presented in I.15-08-019. NorthStar may continue in a monitoring role.
 - Close the proceeding. The Commission could open additional new proceedings in the future to address the same or related issues as presented in I.15-08-019. NorthStar may continue in a monitoring role.

Among the comments filed on the Ruling:

- CalCCA argued that this proceeding should address whether PG&E should be a "wires-only company" and whether PG&E's holding company structure should be revoked. In addition, it recommended the CPUC take action now to create a plan to ensure continuity of gas and electric service should PG&E's CPCN be revoked in the future.
- Direct Access Customer Coalition strongly recommended that the CPUC move forward with examining and acting upon the conversion of PG&E to a "wires-only" company.

- Silicon Valley Clean Energy advocated for addressing whether a distribution system operator model should replace PG&E. In the alternative, it argues this proceeding should adopt needed structural reform of PG&E's distribution grid that has been deferred from other proceedings.
- Mussey Grade Road Alliance argued that should PG&E's equipment and service areas be considered for reassignment to municipal utilities, the CPUC must ensure that it will not compromise wildfire safety, and that any successor entity approved by the CPUC should have a demonstrated capability to handle wildfire safety issues.
- **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. Numerous issues proposed in the PG&E Bankruptcy OII, including municipalization and PG&E asset sales, were deferred and stated to be more properly within the scope of this proceeding. However, the July 15, 2020 Ruling did not mention CCA proposals to purchase PG&E electric distribution assets or suggest this issue would explicitly be considered going forward, and party comments on the Ruling did not specifically advocate that these proposals be addressed.
- **Next Steps:** Reply comments on the Ruling are due August 13, 2020.
- **Additional Information:** [Ruling](#) on case status (July 15, 2020); [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, 2018); Docket No. [1.15-08-019](#).

RA Rulemaking (2019-2020)

On July 6, 2020, the CPUC issued D.20-06-028 on the Track 1 RA Import issues. On July 17, 2020, Western Power Trading Forum filed an Application for Rehearing of D.20-06-002, the Track 2 Decision creating a multi-year central procurement regime for local RA capacity. On July 27, 2020, the Working Group that was established by D.20-06-002 held a workshop on local capacity requirement reduction compensation mechanisms and existing contracts, which followed a round of informal stakeholder comments on these topics that were filed on July 20, 2020. On July 30, 2020, the ALJ issued a Proposed Decision denying three separate Petitions for Modification (PFMs), including a CalCCA PFM that requested extending the RA waiver process from *local RA* only to *system RA* and *flexible RA* as well.

- **Background:** This proceeding had three tracks, which have now concluded. [Track 1](#) addressed 2019 local and flexible RA capacity obligations and several near-term refinements to the RA program. D.19-10-020 purported to affirm existing RA rules regarding imports, but adopted a distinction in the import RA compliance requirements for resource-specific and non-resource specific contracts and required, for the first time, that non-resource-specific resources self-schedule (i.e., bid as a price taker) in the CAISO energy market.

In [Track 2](#), the CPUC previously adopted multi-year Local RA requirements and initially declined to adopt a central buyer mechanism (D.19-02-022 issued March 4, 2019).

The second [Track 2](#) Decision, D.20-06-002, adopted implementation details for the central procurement of multi-year local RA procurement to begin for the 2023 compliance year in the PG&E and SCE (but not SDG&E) distribution service areas, including identifying PG&E and SCE as the central procurement entities for their respective distribution service areas and adopting a hybrid central procurement framework. The Decision rejected a settlement agreement between CalCCA and seven other parties that would have created a residual central buyer structure (and did not specify the identity of the central buyer) and a multi-year requirements for system and flexible RA. Under D.20-06-002, if an LSE procures its own local resource, it may (1) sell the capacity to the CPE, (2) utilize the resource for its own system and flexible RA needs (but not for local RA), or (3) voluntarily show the resource to meet its own system and flexible RA needs, and reduce the amount of local RA the CPE will need to procure for the amount of time the LSE has

agreed to show the resource. Under option (3), by showing the resource to the CPE, the LSE does not receive one-for-one credit for shown local resources. A competitive solicitation (RFO) process will be used by the CPEs to procure RA products. Costs incurred by the CPE will be allocated ex post based on load share, using the CAM mechanism. D.20-06-002 also established a Working Group (co-led by CalCCA) to address: (a) the development of an local capacity requirements reduction crediting mechanism, (b) existing local capacity resource contracts (including gas), and (c) incorporating qualitative and possible quantitative criteria into the RFO evaluation process to ensure that gas resources are not selected based only on modest cost differences.

In Track 3, D.19-06-026 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) will annually request data by January 15 and the IOU will 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.

On February 11, 2020, a group of clean energy and energy storage parties filed a PFM of D.20-01-004, which addressed the qualifying capacity value of hybrid resources, seeking a revision to the definition of "Hybrid Resource."

- **Details:** The purpose of the July 27 Workshop was to develop and assess proposals regarding (1) a local capacity requirement (LCR) reduction compensation mechanism and (2) treatment of existing local RA contracts in light of the hybrid central procurement structure adopted for local RA procurement beginning in 2021. The LCR reduction compensation mechanism relates to the establishment of a possible premium that would compensate LSEs for procuring local RA, subject to various limitations articulated in D.20-06-002, such as it cannot be a one-to-one credit or apply to fossil fuels.

WPTF's Application for Rehearing requests rehearing and reconsideration of the rejected settlement agreement between WPTF, CalCCA, and other parties, arguing that D.20-06-002 will discourage the procurement of local resources by individual LSEs, discriminates against natural gas resources while increasing the need for CAISO backstop procurement, may undermine reliability by making it more difficult to integrate renewables with the larger western grid, and creates a "sale for resale" procurement construct that could place it under FERC's jurisdiction as a wholesale, rather than a retail, transaction.

D.20-06-028 adopted revisions to the RA import rules based on Energy Division's proposal, with modifications. The RA Imports issue stems from concerns that LSEs might be relying on RA resources and contracts that could not or would not actually deliver energy when it was most needed (i.e., speculative supply). The Decision resolves a stay of D.19-10-021 that purported clarify RA import rules and differentiates between source-specific contracts (i.e., those associated with a specific resource) and non-resource-specific contracts.

- **Analysis:** D.20-06-002 established a central procurement entity and mostly resolved the central buyer issues, although several details are being refined through a Working Group. Moving to a central procurement entity beginning for the 2023 RA compliance year will impact VCE's local RA procurement and compliance, including affecting VCE's three-year local RA requirements as part of the transition to the central procurement framework. Eventually, it will eliminate the need for monthly local RA showings and associated penalties and/or waiver requests from individual LSEs, but it also eliminates VCE's autonomy with regard to local RA procurement and places it in the hands of PG&E.

The Track 1 Decision on RA imports will primarily impact LSEs relying on RA imports to meet their RA obligations by increasing the difficulty of procuring such RA in the future.

The PD would deny PG&E's PFM of Decision D.19-02-022, CalCCA's PFM of D.19-06-026, and Joint Parties' PFM of D.20-01-004 as moot, given subsequent CPUC decisions in the RA

proceedings that addressed the various issues raised by the PFMs. Of note, the PD would deny CalCCA's PFM that requested extending the existing local RA waiver process to system RA and flexible RA. The PD states that CPUC already denied CalCCA's proposal in D.20-06-031 on Track 2 Issues, which stated agreement with parties that the system and flexible RA waivers process needs further development and study due to "significant, unresolved issues" involved with allowing waivers, including potential market power issues (e.g., withholding capacity) and leaning on other LSEs.

- **Next Steps:** The only issues remaining to be addressed in this proceeding are outstanding petitions for modification. Comments on the PD are due August 19, 2020, replies are due August 24, 2020, and the PD may be adopted, at earliest, at the September 10, 2020 CPUC meeting. Remaining RA issues will be addressed in the successor RA rulemaking, R.19-11-009. Informal reply comments are due to the Workshop Co-Leads on August 17, 2020, the draft Working Group Report will be circulated on August 19, 2020, comments on the draft report are due August 26, 2020, and the Working Group report is due September 1, 2020 (to be addressed in R.19-11-009).
- **Additional Information:** WPTF [Application for Rehearing](#) of D.20-06-002 (July 17, 2020); [D.20-06-028](#) on Track 1 RA Imports (approved June 25, 2020); [D.20-06-002](#) establishing a central procurement mechanisms for local RA (June 17, 2020); [D.20-03-016](#) granting limited rehearing of D.19-10-021 (March 12, 2020); [PFM](#) of D.20-01-004 (February 11, 2020); [D.20-01-004](#) on qualifying capacity value of hybrid resources (January 17, 2020); [D.19-12-064](#) granting motion for stay of D.19-10-021 (December 23, 2019); [Petition for Modification](#) of D.19-06-026 by CalCCA (October 30, 2019); [D.19-10-021](#) affirming RA import rules (October 17, 2019); [PG&E PFM](#) regarding PG&E Other disaggregation (September 11, 2019); [Joint Motion](#) to adopt a settlement agreement for a residual central procurement entity (August 30, 2019); [D.19-06-026](#) adopting local and flexible capacity requirements (July 5, 2019); Docket No. [R.17-09-020](#).

RA Rulemaking (2021-2022)

On July 7, 2020, the Assigned Commissioner issued an Amended Scoping Memo and Ruling for Track 3. On July 30, 2020, the Energy Division held a workshop on 2021 RA templates (*i.e.*, RA compliance filing requirements applicable to VCE) and Guides and provided draft versions of the RA templates and Guide to stakeholders.

- **Background:** Per the Scoping Memo, this proceeding is divided into 4 tracks:
 1. Track 1, *completed via D.20-06-028*.
 2. Track 2, *completed via D.20-06-031*. D.20-06-031 approved system and flexible RA requirements for 2021, local RA requirements for 2021-2023, and near-term refinements to the RA program, effective beginning with the 2021 compliance year. Notably, among other changes to the "Maximum Cumulative Capacity" (MCC) bucket system, it adopted a new requirement that would limit the use of in-front-of-the-meter wind and solar resources, DR resources, and other non-dispatchable resources to 43.9% of an LSE's RA capacity, with the remainder required to come from 24-hour dispatchable resources. The Decision also adopts several revisions to RA counting conventions based on working group activities and reports, including to hydro and hybrid resources. The Decision revised RA penalties, previously \$6.66/kW-month for all months, by increasing them to \$8.88/kW-month for May-October and decreasing them to \$4.44/kW-month for November-April. It declined to establish a system or flexible RA waiver process. It also declined to reaggregate the "Other" local area, and instead adopted a policy providing that an LSE has fulfilled its local RA obligations in the six local areas if it meets certain requirements. Finally, the Decision also directed that a local RA working group be established to address the CAISO's updated criteria and other methodological aspects, issues involving the timing of local capacity requirement studies and stakeholder opportunity for review, and how to harmonize CAISO and CPUC resource accounting

rules. It also authorized the Energy Division to facilitate a working group to pursue a review of the 15% planning reserve margin.

3. Track 3 is examining the broader RA capacity structure to address energy attributes and hourly capacity requirements, given the increasing penetration of use-limited resources, greater reliance on preferred resources, rolling off of a significant amount of long-term tolling contracts held by utilities, and material increases in energy and capacity prices experienced in California over the past years.
 4. Track 4 will consider the 2022 program year requirements for System and Flexible RA, and the 2022-2024 Local RA requirements.
- **Details:** The Amended Scoping Memo and Ruling divides Track 3 into Track 3.A and Track 3.B, which will proceed in parallel, and establishes the schedule for each track. Track 3.A issues will include the following topics: (1) evaluation of CAISO's updated LCR reliability criteria; (2) evaluation of an LCR reduction compensation mechanism; (3) consideration of the CPE's Competitive Neutrality Rules; (4) NQC for BTM hybrid resources; and (4) other time-sensitive issues.

Track 3.B will focus on an examination of the broader RA capacity structure to address energy attributes and hourly capacity requirements, given the increasing penetration of use-limited resources, greater reliance on preferred resources, rolling off of a significant amount of long-term tolling contracts held by utilities, and material increases in energy and capacity prices experienced in California over the past years. Other structural changes or refinements to the RA program identified during Track 1 or Track 2 will also be considered, including: (1) incentives for load-serving entities that are deficient in year-ahead RA filings, as discussed in D.20-06-031; (2) multi-year system and flexible RA requirements, as stated in D.20-06-002; and (3) refinements to the MCC buckets adopted in D.20-06-031.

- **Analysis:** Regulatory developments under consideration in this proceeding that may impact VCE's capacity procurement obligations and RA compliance filing requirements include the consideration of hourly capacity requirements in light of the increasing penetration of use-limited resources; modifications to maximum cumulative capacity buckets and whether the RA program should *cap* use-limited and preferred resources such as wind and solar; the potential expansion of multi-year local forward RA to system or flexible resources; RA penalties and waivers; counting conventions for hydro, hybrid resources, and DR resources; and Marginal ELCC counting conventions for solar, wind and hybrid resources.
- **Next Steps:** In Track 3.A, a working group meeting hosted by Energy Division and the Sierra Club on the CAISO Local Capacity Requirements study is scheduled to meet August 13, 2020, as directed by D.20-06-031. The Working Group reports and proposals are due September 1; comments on Joint Agency workshop, working group reports and proposals are due September 11; reply comments are due September 18; and a Proposed Decision is anticipated in Q4 2020.

In Track 3.B, initial Track 3 proposals and comments on process are due August 7; potential working group meetings are anticipated for August-September; workshop(s) on Energy Division and party proposals will take place in late September-October; final Track 3 proposals are due October 15, 2020; Comments on workshop and all proposals are due November 6, 2020; reply comments are due November 20, 2020; and a Proposed Decision is anticipated Q1 2021.

The schedule and scope of issues for Track 4 will be established in a later Scoping Memo.

- **Additional Information:** [Amended Scoping Memo](#) on Track 3 (July 7, 2020); [D.20-06-031](#) on local and flexible RA requirements and RA program refinements (June 30, 2020); [Ruling](#) suspending Track 3 schedule (June 23, 2020); [2021 Final Flexible Capacity Needs Assessment](#) (May 15, 2020); [2021 Final Local Capacity Technical Study](#) (May 1, 2020); [Scoping Memo and Ruling](#) (January 22, 2020); [Order Instituting Rulemaking](#) (November 13, 2019); Docket No. [R.19-11-009](#).

2020 IRP Rulemaking

Parties filed reply comments on the Order Initiating Rulemaking and/or comments in response to the June 15, 2020, Ruling proposing changes to the IRP cycle and proceeding schedule on July 6, 2020. A prehearing conference was held July 14, 2020. Comments and/or proposals were filed July 22, 2020, on backstop procurement and cost allocation mechanisms in response to a June 5, 2020 ALJ Ruling. On July 24, 2020, parties filed reply comments in response to the June 15, 2020, ALJ Ruling. On July 27, 2020, stakeholders filed comments on Draft Resolution E-5080, which proposes to initiate an IRP Citation Program for non-compliance with IRP requirements. VCE's 2020 IRP is due September 1, 2020.

- **Background:** In the CPUC's IRP process, the Reference System Portfolio (RSP) is essentially a proposed statewide IRP portfolio that sets a statewide benchmark for later IRPs filed by individual LSEs. The CPUC ultimately adopts a Preferred System Portfolio (PSP) after LSEs submit individual IRPs to be used in statewide planning and future procurement.

The OIR's preliminary scope defines a Planning Track and a Procurement Track. The Planning Track includes all of the work associated with developing the RSP and the PSP. The individual issues within this track include modeling, scenario selection, inputs and assumptions, GHG benchmarks, load forecasting issues, and filing requirements for individual LSE IRPs. The OIR states that it is now necessary to move beyond planning through 2030 and begin to move the planning horizon through at least 2035 in preparation for the 2045 goals established by SB 100 (e.g., a zero-carbon electricity sector).

The Procurement Track will focus on the evaluation of whether LSE procurements are necessary to protect reliability or achieve statutory goals. This evaluation will take place primarily at the system level, while local reliability issues continue to be addressed in RA proceedings. However, the OIR notes that there is the potential for overlap between the IRP and RA proceedings, such as the potential applicability of a central procurement model to system-level reliability issues. The OIR states that the Procurement Track will also include:

- Consideration of cost allocation issues arising out of procurement directives.
 - Procurement issues associated with long lead-time resources, such as long duration storage, offshore wind, out of state renewables; other resources that add resource diversity, such as geothermal; and resources that may require involvement of multiple LSEs to be viable.
 - The development of new resource types, such as hybrid resources and hydrogen-fueled resources.
 - Consideration of utilities' bundled procurement plans, including any changes necessary to the currently approved plans.
- **Details:** In comments filed on Draft Resolution E-5080, CalCCA recommended that the IRP citation program be limited to *knowing* violations of *unambiguous* requirements, noting, for instance that the IRP requirements, as implemented by the Energy Division through extensive prescriptive requirements and use of specified templates, have repeatedly been changed or clarified since first implemented, with some compliance issues pertaining to the LSEs' individual IRPs still remaining unclear to this day. CalCCA also recommended providing LSEs a 20-day cure period in which deficiencies could be corrected without penalty, among other recommendations to improve the process and outcomes of an IRP citation program.

As reported last month, the ALJ's June 5 Ruling on backstop procurement and cost allocation proposed "trigger points" and associated milestones to arrive at a determination of whether backstop procurement will be conducted for the procurement required by D.19-11-016. An LSE would need to meet each of these milestones in order to avoid backstop procurement taking place on its behalf. Compliance would be determined on a resource-specific basis, allowing for instances of partial compliance (e.g., some projects meet the targets but others do not).

Also reported last month, the ALJ's June 15 Ruling requested comments on a new version of the proposed schedule and sequencing of activities in the proceeding and scheduled a prehearing conference. The Ruling proposed a three-year cycle for the IRP process, instead of the current structure of conducting each cycle every two years. The proposed schedule provided for activities on four parallel work streams related to the development of the Reference System Portfolio, the Preferred System Portfolio, the Procurement Track, and the Transmission Planning Process. There would be opportunities for new procurement requirements at least twice during every three-year cycle, beginning with a Q1 2021 Ruling proposing resource procurement, followed by the issuance of a PD/Decision in Q2 2021 ordering additional procurement. Q1 2021 would also include the issuance of a PD finalizing a procurement framework. If the need determination is triggered in Q2 2021 via a Ruling, the CPUC would issue a PD ordering resource procurement, either stand-alone or combined with PSP PD, in Q3 2021.

- **Analysis:** This proceeding impacts VCE's compliance requirements, including its IRP filing, as well as issues that could impact VCE's autonomy over its procurement decisions and cost recovery of related procurement directives. The June 15, 2020 Ruling proposes changes to the IRP cycle that could change the frequency of IRP filings to once every three years and provide the CPUC two opportunities per three-year cycle to order additional procurement.
- **Next Steps:** Reply comments are due August 7, 2020, on backstop procurement and cost allocation mechanisms. VCE's IRP is due September 1, 2020.
- **Additional Information:** [Ruling](#) on IRP cycle and schedule (June 15, 2020); [Ruling](#) on backstop procurement and cost allocation mechanisms (June 5, 2020); [Order Instituting Rulemaking](#) (May 14, 2020); Dock No. [R.20-05-003](#).

2016 IRP Rulemaking

On July 21, 2020, the CPUC issued D.20-07-009, denying CESA's Petition for Modification of D.19-11-016. On July 22, 2020, the CPUC issued Draft Resolution E-5100 that would approve PG&E's proposed energy storage procurement and interim cost recovery mechanism relating to its additional system RA procurement obligations mandated under D.19-11-016.

- **Background:** In the CPUC's IRP process, the RSP is essentially a proposed statewide IRP portfolio that sets a statewide benchmark for later IRPs filed by individual LSEs. The CPUC ultimately adopts a Preferred System Portfolio (PSP) to be used in statewide planning and future procurement.

D.19-11-016 directed VCE to procure 6.3 MW, 9.4 MW, and 12.6 MW of additional resources, to be online by line by August 1, 2021, August 1, 2022, and August 1, 2023, respectively. In addition, D.20-03-028 established a 2019-2020 RSP based on a GHG target for the electric sector for 2030 of 46 million metric tons (MMT), while also requiring LSEs to file an IRP scenario based on a more aggressive 38 MMT target in their IRPs due September 1, 2020.

CalCCA's PFM of D.19-11-016 requested that (1) the CPUC clarify that the QC value of an LSE's incremental procurement of hybrid resources will be determined using the permanent calculation methodology that will be adopted in R.19-11-009, and (2) the CPUC direct implementation of a cost recovery mechanism for IOU backstop procurement of system RA that requires IOUs to bill the backstopped LSE directly, rather than the LSE's customers, for procurement caused by the LSE's default to IOU backstop service.

- **Details:** D.20-07-009 denied CESA's PFM, but committed to processing the IOU filings for additional system RA contracts for 2021 as quickly as possible, including using all appropriate means of expediting Tier 3 advice letters, and encouraged IOUs to file their Tier 3 advice letters expeditiously and to request expedited treatment when it does not expect any controversy. For reference, CESA's PFM of D.19-11-016, filed April 1, 2020, requested that the CPUC allow IOUs to submit Tier 2 advice letters for expedited 30-day approval for any incremental resource contracts executed to meet the 2021 compliance requirements and to come online by the August

1, 2021, deadline. In contrast, D.19-11-016 had directed IOUs to use the *Tier 3* advice letter process, which requires a Commissioner-level approval (typically a four to six-month process).

In a related matter, Draft Resolution E-5100 would approve PG&E's seven energy storage contracts that PG&E procured to comply with the additional system RA mandated by the CPUC in D.19-11-016. It also would approve an interim cost recovery methodology proposed by PG&E that would be in place until the CPUC adopts a Modified CAM. PG&E would begin recovering the procurement costs and administrative costs associated with its *bundled* customers through generation rates in 2021 and would track costs in a new memorandum account for costs associated with procurement on behalf of CCAs and ESPs that opted out of their D.19-11-016 requirements (*i.e.*, this is not applicable to VCE, and VCE rates would not be impacted).

- **Analysis:** PG&E's procurement approval through Draft Resolution E-5100 would not impact VCE customers or VCE compliance obligations. CalCCA's PFM, if granted, would use the permanent hybrid counting methodology to be established in R.19-11-019, which CalCCA suggested is likely to be "less conservative and more accurate," instead of an interim methodology recently adopted, which Energy Division has interpreted as applying for compliance with D.19-11-016. CalCCA's PFM would also allow CCAs to recover backstop costs through their generation rates rather than having the IOU directly recover such costs through a non-bypassable charge on CCA customers.
- **Next Steps:** Comments on Draft Resolution E-5100 are due August 11, 2020. The proceeding is now closed, except to consider pending intervenor compensation claims and CalCCA's PFM. All other IRP issues will be addressed through R.20-05-003. VCE's IRP is due on September 1, 2020.
- **Additional Information:** [Draft Resolution E-5100](#) on PG&E storage contracts (July 22, 2020); [D.20-06-025](#) dismissing GenOn Holdings Application for Rehearing (June 22, 2020); [Ruling](#) correcting LSE load forecasts (May 20, 2020); [Proposed Decision](#) denying CESA's Petition for Modification (June 3, 2020); PG&E's [Advice 5826-E](#) (May 18, 2020); CalCCA PFM of [D.19-11-016](#) (May 14, 2020); [Ruling](#) establishing LSE load forecasts (April 15, 2020); [D.20-03-028](#) on RSP and 2020 IRP filing requirements (April 6, 2020); [CESA's PFM](#) of D.19-11-016 (April 1, 2020); [List of Baseline Resources](#) (December 2, 2019); [D.19-11-016](#) (November 13, 2019); [Ruling](#) initiating procurement track (June 20, 2019); [D.19-04-040](#) on 2018 IRPs and 2020 IRP requirements (May 1, 2019); Docket No. [R.16-02-007](#).

RPS Rulemaking

VCE submitted its Draft 2020 RPS Procurement Plan on July 6, 2020. On July 10, 2020, the ALJ issued a Ruling that extended procedural deadlines related to the review of retail sellers' RPS Procurement Plans. Comments and reply comments on the June 26 Ruling on ReMAT were filed July 21, 2020, and July 28, 2020, respectively. On July 24, 2020, the ALJs issued a Proposed Decision revising the Bioenergy Market Adjusting Tariff (BioMAT) program. On July 29, 2020, parties filed comments on Draft 2020 RPS Procurement Plans and on a proposal to extend the RPS Citation Program to cover RPS Procurement Plans. VCE signed onto comments by Joint CCAs on the RPS Citation Program proposal. VCE also submitted its 2019 RPS Compliance Report on August 3, 2020, demonstrating that VCE is on track to achieve full compliance with all RPS requirements for the 2017-2020 RPS Compliance Period.

- **Background:** This proceeding addresses ongoing RPS issues. On February 27, 2020, the ALJ issued a Ruling requesting comments on a Staff Proposal making changes to confidentiality rules regarding the RPS program. Among other proposals, the Energy Division has proposed to make CCAs' RPS procurement contract terms (e.g., price, quantity, resource type, location, etc.) publicly available 30 days after deliveries begin. The contract price would also be publicly available six months after a contract is signed (if that occurs sooner than 30 days after deliveries begin).

On May 6, 2020, the ACR on RPS Procurement Plan requirements was issued, directing LSEs to complete the applicable templates and abide by the requirements established by statute and prior Decisions. The Ruling specifically notes that D.19-02-007 directed CCAs and ESPs to "include

more granular information regarding planning" in their filings in order to demonstrate that they will comply with the RPS requirements, including large increases in the long-term procurement requirements beginning in the 2021-2024 compliance period. The Ruling included numerous substantive additions to the narrative filing requirements. Finally, it requested comments on the merits of developing a staff proposal to expand the RPS citation program to include penalties for late Draft RPS Procurement Plans and late deficient Final RPS Procurement Plans.

On June 26, 2020, the ALJ issued a Ruling requesting comments on a Staff Proposal to make modifications to and re-open the ReMAT program. The ReMAT program is a feed-in tariff that requires California utilities to procure an aggregate 750 MW of small renewables (493.6 MW allocated to the large IOUs, who have collectively procured 255.7 MW to date), but the program has been on hold since December 2017 due to a court order. The Ruling provides Staff recommendations to ReMAT that would eliminate the adjusting pricing mechanism, the bimonthly program periods and program period caps, and instead adopt administratively determined prices by product category with a time-of-delivery adjustment. The Staff Proposal additionally proposes that the CPUC annually update the prices by resolution to account for the most recent pricing information so that prices reflect market prices.

- **Details:** The PD would adopt the staff proposal, with modifications, revising California's BioMAT program. BioMAT procurement costs would be allocated through a non-bypassable charge to all customers in each investor-owned utility's service territory. However, the PD would not adopt a provision of the staff proposal, which was supported by Joint CCAs and would have allowed non-IOU LSEs (such as CCAs) to enter into BioMAT contracts and recover non-IOU LSEs' costs through the IOU's non-bypassable charge for the BioMAT program.
- **Analysis:** The ACR on RPS Procurement Plans added substantial new requirements to VCE's filing requirements, including requiring new table summaries of information, more detailed and robust analysis and explanations of VCE's renewables portfolio strategy, and specific information on VCE's forthcoming IRP, making VCE's 2020 RPS Procurement Plan a heavier lift than in prior years. As a result of certain new requirements, VCE must file a motion to update its Draft 2020 RPS Procurement Plan on August 12, 2020. Based on the ACR, a forthcoming Energy Division staff proposal appears likely to seek to apply further penalties to retail sellers that do not comply with Commission orders in their RPS filings, including potentially applying such penalties to Draft RPS Plans.

The PD revising the BioMAT program, if adopted, could impact VCE customer rates, as the program and associated cost recovery through a non-bypassable charge would be extended through 2025, but would not allow VCE to directly enter into BioMAT contracts.

The reopening of the ReMAT program could impact VCE by reopening a program that could compete with VCE with respect to the procurement of small-scale renewable energy facilities.

The pending Staff Proposal on RPS confidentiality rules include provisions that, if adopted, would result in VCE being required to provide more transparency on various RPS information, such as RPS PPA pricing and other contract information.

Other issues to be addressed in this proceeding could further impact future RPS compliance obligations, such as potentially allowing LSEs like VCE to forgo filing a separate RPS Procurement Plan in 2022 by using its 2022 IRP filing instead.

- **Next Steps:** Reply comments on the 2020 RPS Procurement Plans and Motions requesting an evidentiary hearing are due August 5, 2020. Motions to update 2020 RPS Procurement Plans are due August 12, 2020. A PD/Decision on the 2020 RPS Procurement Plans is anticipated in Q4 2020, after which retail sellers may file "Final" 2020 RPS Procurement Plans (also expected in Q4).

Comments and replies are due August 13, 2020, and August 18, 2020, on the BioMAT PD.

In 2020, the Energy Division is developing a proposal on integrating the IRP and RPS Procurement Plan filings, but the possibility of combining these filings will not occur prior to 2022, per D.19-12-042.

- **Additional Information:** [Proposed Decision](#) on BioMAT (July 24, 2020); [Ruling](#) extending procedural schedule on RPS Procurement Plan review (July 10, 2020); [Ruling](#) on re-opening ReMAT (June 26, 2020); [Ruling](#) denying Joint Motion to modify ACR (June 24, 2020) [Joint Motion](#) for Partial Modification of ACR (June 5, 2020) Assigned Commissioner [Ruling \(ACR\)](#) establishing 2020 RPS Procurement Plan requirements (May 6, 2020); [CalCCA Comments](#) on RPS confidentiality (March 30, 2020); [Ruling](#) requesting comments on BioMAT (March 10, 2020); [D.20-02-040](#) correcting D.19-12-042 on 2019 RPS Procurement Plans (February 21, 2020); [Ruling](#) on RPS confidentiality and transparency issues (February 27, 2020); [D.19-12-042](#) on 2019 RPS Procurement Plans (December 30, 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); [D.19-02-007](#) (February 28, 2019); [Scoping Ruling](#) (November 9, 2018); Docket No. [R.18-07-003](#).

PG&E's 2019 ERRA Compliance

Intervenor testimony and replies were filed on July 10, 2020, and July 22, 2020, respectively. The Joint CCAs' testimony identifies \$175.4 million in net reductions to the 2019 PABA balance that should be made, excluding interest, of which approximately \$65.3 million (plus interest) in adjustments remains in contention between PG&E and the Joint CCAs.

- **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 PABA balancing account (which determines the true up values for the PCIA each year). In its 2019 ERRA compliance application, PG&E requested that the CPUC find that its PABA entries for 2019 were accurate, it complied with its Bundled Procurement Plan in 2019 in the areas of fuel procurement, administration of power purchase contracts, greenhouse gas compliance instrument procurement, RA sales, and least-cost dispatch of electric generation resources. PG&E also requests that the CPUC find that during the record period PG&E managed its utility-owned generation facilities reasonably. Finally, PG&E requests cost recovery of revenue requirements totaling about \$4.0 million for Diablo Canyon seismic study costs.

PG&E's supplemental testimony (1) described PG&E's PSPS Program and when it was used in 2019; (2) provided an accounting of the 2019 PSPS events, including a description of how balancing accounts forecast in PG&E's annual ERRA Forecast proceeding and reviewed in the 2019 ERRA Compliance Review proceeding may have been impacted and; (3) described the difference between load forecasting for ratemaking purposes and load forecasting for PSPS events.

Details: The Joint CCAs' testimony identifies \$175.4 million in net reductions to the 2019 PABA balance that should be made, excluding interest. The Joint CCAs argue this amount should be credited back to customers. PG&E has acknowledged through Prepared Testimony and the discovery process that \$40.8 million of these adjustments are necessary. When combined with its Supplemental Testimony, PG&E has agreed to \$110.0 million in reductions to the ending 2019 PABA balance in total, leaving approximately \$65.3 million (plus interest) in adjustments in contention between PG&E and the Joint CCAs.

- **Analysis:** This proceeding addresses PG&E's balancing accounts, including the PABA, providing a venue for a detailed review of the billed revenues and net CAISO revenues PG&E recorded during 2019. It also determines whether PG&E managed its portfolio of contracts and UOG in a reasonable manner. Both issues could impact the level of the PCIA in 2021.
- **Next Steps:** Rebuttal testimony is due August 21, 2020. A status report of settlement discussions is due September 14, 2020, in advance of evidentiary hearings scheduled for September 21-25, 2020. Opening and reply briefs, respectively, are due October 19, 2020, and November 9, 2020.

- **Additional Information:** [Scoping Memo and Ruling](#) (June 19, 2020); PG&E's [Application](#) and [Testimony](#) (February 28, 2020); Docket No. [A.20-02-009](#).

Wildfire Fund Non-Bypassable Charge (AB 1054)

Comments and reply comments on the Proposed Decision were filed July 2, 2020, and July 7, 2020, respectively. On July 24, 2020, the CPUC issued D.20-07-014 approving servicing orders to be executed between the California Department of Water Resources (DWR) and the large IOUs. On July 3, 2020, the ALJ issued a Ruling requesting comment on proposed Wildfire Fund Non-Bypassable Charges (NBC) of \$0.00580/kWh take effect October 1, 2020, and \$0.00579/kWh to take effect January 1, 2021. Comments on the Ruling were due August 4, 2020.

- **Background:** This rulemaking implemented AB 1054 and extended a non-bypassable charge on ratepayers to fund the Wildfire Fund. The scope of this proceeding was 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 have otherwise expired by the end of 2021. On August 26, 2019, the Bankruptcy Court tentatively granted PG&E's request to participate in the Wildfire Fund.

D.19-10-056, issued in October 2019, approved the establishment of a non-bypassable charge on IOU customers to provide revenue for the newly established state Wildfire Fund pursuant to 2019 AB 1054. The charge will only be assessed on customers of utilities that participate in the Wildfire Fund (i.e., PG&E, SCE, and SDG&E), and will expire at the end of 2035. The Decision also provides that once a large IOU commits to Wildfire Fund participation, it may not later revoke its participation. The annual revenue requirement for the charge among the large IOUs will total \$902.4 million, allocated at \$404.6 million for PG&E, \$408.2 million for SCE, and \$89.6 million for SDG&E. (There is a June 30, 2020, deadline for PG&E to satisfactorily complete its insolvency proceeding under AB 1054, and therefore become eligible to participate in the Wildfire Fund.) The Wildfire Fund NBC will be collected on a \$/kWh basis, with the revenue requirement allocated based on each class's share of energy sales. Residential CARE and medical baseline customers are exempt. The Wildfire Fund NBC cannot take effect until the DWR Bond charge sunsets, which may take place as early as the second half of 2020.

- **Details:** D.20-07-014 approves Servicing Orders that would allow the large IOUs to remit to DWR the proceeds of the Wildfire Fund NBC and allow for the large IOUs to act as agents for DWR, thereby facilitating the implementation of the Wildfire Fund NBC previously approved in this proceeding.

The ALJ Ruling requested comments on proposed Wildfire Fund Non-Bypassable Charges (NBC) of \$0.00580/kWh take effect October 1, 2020, and \$0.00579/kWh to take effect January 1, 2021, based on an attached memo by the DWR supporting the calculations of the new charges.

- **Analysis:** This proceeding establishes a new non-bypassable charge on VCE customers beginning October 1, 2020, to fund the Wildfire Fund under AB 1054. The DWR Bond Charge would end c. September 21, 2020. D.19-10-056 kept the proceeding open to later consider the annual revenue requirement and sales forecast for the Wildfire Fund non-bypassable charge in 2020.
- **Next Steps:** Reply comments are due August 11, 2020. The Wildfire Fund NBC is set to go into effect on October 1, 2020.
- **Additional Information:** [D.20-07-014](#) approving servicing orders (July 24, 2020); [Ruling](#) on Wildfire NBC implementation (July 3, 2020); [D.20-02-070](#) denying Application for Rehearing (March 2, 2020); [D.19-10-056](#) approving a non-bypassable charge (October 24, 2019); [Scoping Memo and Ruling](#) (August 14, 2019); [Order Instituting Rulemaking](#) (August 2, 2019); Docket No. [R.19-07-017](#). See also [AB 1054](#).

PG&E's Phase 1 GRC

No updates this month.

- 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.

The Settlement Agreement, filed December 30, 2019, would result in an increase in PG&E's 2020 revenue requirement of \$575 million (*i.e.*, \$483 million lower than PG&E's original request), with additional increases of \$318 million, or 3.5% in 2021, and \$367 million, or 3.9%, in 2022. The Settlement Agreement would result in PG&E withdrawing its proposal for a non-bypassable charge related to its hydroelectric facilities. It would require PG&E to develop new and enhanced reporting to provide increased visibility into the work it performed. It also provides for PG&E's ability to purchase insurance coverage up to \$1.4 billion to protect against wildfire risk and other liabilities, reflected in PG&E's forecast as a cost of \$307 million. The consolidated 2020 electric and gas bill impact would be 3.4%.

- Details:** N/A.
- Analysis:** PG&E's GRC proposals included 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. However, that proposal would be withdrawn if the Settlement Agreement is approved. The remaining CCA-related issues in the case include the Joint CCAs' recommendations that the Commission:
 - Revise the allocation of certain customer-service costs since unbundled customers use those services far less than bundled customers.
 - Ensure CCAs can connect clean generation to PG&E's temporary microgrids during PSPS events.
 - Revise the settlement's exorbitant decommissioning costs for PG&E's PCIA-eligible facilities.
 - Revise the settlement to ensure grid modernization data is accessible to CCAs to ensure a level playing field in the provision of grid services.
- Next Steps:** The ALJs will issue a proposed decision.
- Additional Information:** [E-mail Ruling](#) granting in part PG&E's Motion for Official Notice and Joint CCAs Motion to file sur-reply (June 5, 2020); Joint CCAs' [PG&E Motion](#) for Official Notice of Facts (January 27, 2020); [Joint Motion](#) for Settlement Agreement (January 14, 2020); [E-Mail Ruling](#) modifying procedural schedule (December 2, 2019); [E-Mail Ruling](#) suspending briefing deadlines (November 25, 2019); [D.19-11-014](#) (November 14, 2019); [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](#).

PG&E's Phase 2 GRC

On July 14, 2020, the ALJ issued a Ruling granting a request to extend the procedural schedule for testimony, rebuttal testimony, and hearings.

- **Background:** PG&E's 2020 Phase 2 General Rate Case (GRC) addresses marginal cost, revenue allocation and rate design issues covering the next three years. PG&E's pending Phase 1 GRC (filed in December 2018 via a separate proceeding) will set the revenue requirement that will carry through to the rates ultimately adopted in this proceeding.

In this proceeding, PG&E seeks modifications to its rates for distribution, generation, and its public purpose program (PPP) non-bypassable charge. PG&E proposes to implement a plan to move all customer classes to their full cost of service over a six-year period (the first three years of which are covered by this GRC Phase 2) via incremental annual steps. PG&E proposes to use marginal costs for purposes of revenue allocation and to adjust distribution one-sixth of the way to full cost of service each year over a six-year transition period.

Of note, PG&E is proposing changes to the DA/CCA event-based fees that were not updated in the 2017 Phase 2 GRC proceeding. In addition, PG&E proposes to remove the PCIA revenue from bundled generation revenue and allocate that cost separately to bundled customers, collecting the PCIA from bundled customers on a non-time differentiated, per-kWh basis (i.e., the same way it is collected from DA/CCA customers). PG&E will continue to display the PCIA with other generation charges on customer bills, but will unbundle the PCIA as part of unbundled charges in each rate schedule.

PG&E's final EUS plan describes how the IOUs' study will identify the essential usage of electricity for the IOUs' residential customers. The EUS will determine what constitutes essential usage for residential customers (e.g., cooking, lighting, space conditioning) in the different IOU service territories and climate zones. The apparent use case is that essential service be reflected in the Tier I baseline quantities.

- **Details:** The procedural extension was necessary to allow Cal Advocates adequate time to complete its ongoing analyses and discovery to reflect corrections PG&E recently provided in responding to certain Cal Advocates data requests regarding PG&E's proposed marginal costs of service.
- **Analysis:** This proceeding may not impact the transparency between a bundled and unbundled customer's bills because of the Working Group 1 proposed decision discussed in the PCIA docket below. However, it will affect the allocation of PG&E's revenues requirements among VCE's different rate classes. It will also affect distribution and PPP charges paid by VCE customers to PG&E. Further, PG&E includes a cost-of-service study the purpose of which is to establish the groundwork for separating net metering customers into a separate customer class in the utility's next rate case. If PG&E's proposed CCA fee revisions are adopted, it will increase the cost VCE pays to PG&E for various services.
- **Next Steps:** Cal Advocates' testimony is due October 23, 2020. Intervenor testimony is due November 20, 2020. Rebuttal testimony is due February 15, 2021. An evidentiary hearing is tentatively scheduled for March 1-12, 2021. A CPUC decision is anticipated for September 2021.
- **Additional Information:** [Ruling](#) extending procedural schedule (July 13, 2020); [Exhibit \(PG&E-5\)](#) (May 15, 2020); [Scoping Memo and Ruling](#) (February 10, 2020); [Application](#), [Exhibit \(PG&E-1\): Overview and Policy](#), [Exhibit \(PG&E-2\): Cost of Service](#), [Exhibit \(PG&E-3\): Revenue Allocation, Rate Design and Rate Programs](#), and [Exhibit \(PG&E-4\): Appendices](#) (November 22, 2019); Docket No. [A.19-11-019](#).

PG&E Regionalization Plan

No significant updates this month. On June 30, 2020, PG&E filed its regionalization proposal, which describes how it plans to reorganize operations into new regions. Responses or protests are due August 5, 2020.

- **Background:** PG&E was directed to file a regionalization proposal as a condition of CPUC approval of its Plan of Reorganization in I.19-09-016.
- **Details:** PG&E proposes to divide its service area into five new regions: North Coast, Sierra, Bay Area, Central Coast, and Central Valley. The regional boundaries will align with county boundaries. **Yolo County would be part of PG&E Region 1 (North Coast)**, grouped together with the following counties: Colusa, Glenn, Humboldt, Lake, Mendocino, Napa, Sacramento, Solano, Sonoma, and Trinity. PG&E will appoint a Regional Vice President by June 2021 to lead each region, along with Regional Safety Directors to lead its safety efforts in each region. The new regions will include five functional groups that report to the Regional Vice President encompassing various functions including: (1) Customer Field Operations, (2) Local Electric Maintenance and Construction, (3) Local Gas M&C, (4) Regional Planning and Coordination, and (5) Community and Customer Engagement. Other functions will remain centralized, such as electric and gas operations, risk management, enterprise health and safety, the majority of existing Customer Care and regulatory and external affairs, supply, power generation, human resources, finance, and general counsel. PG&E will propose in a separate proceeding the enterprise-level safety and operational metrics it is developing that could also be considered to evaluate the effectiveness of its regionalization implementation. PG&E proposes a phased implementation, with progress establishing all regions in 2021, although some functions would not be fully shifted until 2022. PG&E also proposes to establish a Regional Plan Memorandum Account to record any incremental costs PG&E may incur in connection with development and implementation of regionalization.
- **Analysis:** PG&E's regionalization plan could impact PG&E's responsiveness and management of local government relations and local and regional issues, such as safety, that directly impact VCE customers beginning in 2021. As part of Region 1, VCE would be grouped with several coastal and northern counties.
- **Next Steps:** Protests or responses to PG&E's application are due August 5, and replies are due August 15. A prehearing conference and scoping memo and ruling are expected to then be issued to establish the scope and schedule of this proceeding. PG&E must engage its Regional Vice Presidents and Regional Safety Directors by June 1, 2021.
- **Additional Information:** [Application](#) (June 30, 2020); [A.20-06-011](#).

Investigation of PG&E Bankruptcy Plan

On July 15, 2020, the ALJ issued a Ruling indicating this proceeding will likely be closed soon and requesting comments on how to proceed with remaining issues in I.15-08-019 (PG&E Safety Culture) that were not addressed in this proceeding.

- **Background:** This case addressed regulatory review and approval of PG&E's bankruptcy plan, in particular whether the plan meets the AB 1054 Wildfire Fund requirements, which imposes a June 30, 2020 deadline. Under AB 1054, in order for PG&E to be eligible to participate in the Wildfire Fund, its plan must be "neutral, on average, to ratepayers." This proceeding considered the ratemaking implications of the proposed plan and settlement agreement, whether the plan satisfactorily resolves claims for monetary fines or penalties for PG&E's pre-petition conduct, whether to approve the governance structure of the utility and the appropriate disposition of potential changes to PG&E's corporate structure and authorization to operate, whether to make

any other approvals related to the confirmation and implementation of the plan, and any other findings necessary to approve a proposed settlement, including but not limited to whether doing so is in the public interest.

D.20-05-053 approved the financial elements of PG&E's reorganization plan, including:

- \$13.5 billion Fire Victim Trust. The reorganization plan also specifies that the Fire Victim Trust would be funded through \$6.75 billion in cash, and \$6.75 billion in stock of reorganized PG&E Corp.
- \$11 billion settlement with insurance claim holders and companies.
- Reinstatement of \$9.575 billion in existing, prepetition PG&E-funded debt claims.
- Refinancing of \$11.85 billion in existing, prepetition PG&E debt with newly issued debt.
- Payment in full of general unsecured claims and certain other liabilities, with interest at the legal rate.
- A \$7.5 billion post-emergence 30-year securitization transaction.

D.20-05-053 also approved, with modifications, numerous proposals put forth by CPUC President Batjer for providing more oversight of PG&E along with management and operational changes at PG&E. The Decision did not address the Joint CCAs' recommendation that the CPUC develop a plan to phase out PG&E's retail electric generation service to customers or CCA requests that the CPUC require PG&E to undertake asset sales, instead determining that the PG&E Safety Culture proceeding (I.15-08-019) is the more appropriate forum for these issues. The Decision also rejected the Joint CCAs' request to revoke PG&E's existing holding company structure. Among other determinations, the Decision:

- Requires that PG&E implement regional restructuring, resulting in local PG&E operating regions led by an officer of the utility that reports directly to the CEO. PG&E is required to file an application for regionalization by June 30, 2020.
- Requires PG&E to have a separate Chief Risk Officer (CRO) and Chief Safety Officer (CSO). It establishes an Independent Safety Monitor that would functionally act in the same capacity as the federal court monitor after the termination of the federal monitor. The details on implementing the Independent Safety Monitor would be determined in the future.
- Clarifies and expands the authority of the Safety and Nuclear Oversight (SNO) Committees of PG&E's boards of directors (e.g., the SNO Committees would have oversight over PG&E's Wildfire Mitigation Plan and PSPS program, among others).
- Provides for the establishment of additional requirements applicable to the boards of directors of PG&E and PG&E Corp., but allows their membership to remain largely the same.
- Finds that PG&E may not seek cost recovery for 2017/2018 wildfire claims except via the proposed securitization.
- Declines to adopt a safety-based earnings adjustment mechanism, but it will continue to be considered in the future, either in the PG&E Safety Culture proceeding (I.15-08-019) or another proceeding.
- Requires PG&E to reimburse the CPUC for, and bar cost recovery on, various costs the CPUC incurred for outside expertise in relation to the Chapter 11 bankruptcy cases.
- Adopt an Enhanced Oversight and Enforcement process for PG&E, revised and detailed in Appendix A, designed to provide a clear roadmap for how the CPUC will closely monitor PG&E's performance. The proposal specifies various steps that PG&E could progress through if repeatedly found to be non-compliant, with the last step being a review and possible revocation of its certificate of public convenience and necessity.

- **Details:** The Ruling confirmed that this proceeding will be closed in the near future, absent a compelling reason to keep it open. The Ruling requested party comments on how to proceed in proceeding I.15-08-019, which is described in more detail above.
- **Analysis:** The Decision in this proceeding provided the CPUC's approval for allowing PG&E to emerge from bankruptcy under PG&E's reorganization plan, with some additional changes required to its operations, management, and oversight, although key aspects of requirements related to regionalization and the independent monitor remain to be determined in the future. The Decision excluded consideration of municipalization issues and did not address VCE's bid to PG&E to purchase the transmission and distribution assets of PG&E as part of PG&E's restructuring, along with other proposals for more significant reforms of PG&E's structure and operations.
- **Next Steps:** This proceeding is expected to be closed soon, with remaining issues to be addressed in the PG&E Safety Culture proceeding (I.15-08-019).
- **Additional Information:** [Ruling](#) (July 15, 2020); [D.20-05-053](#) (June 1, 2020); [PG&E Motion](#) for official notice and [Plan of Reorganization](#) (March 24, 2020); [Order Instituting Investigation](#) (October 4, 2019); Docket No. [I.19-09-016](#).

Investigation into PG&E Violations Related to Wildfires

No updates this month. On June 8, 2020, Thomas Del Monte and the Wild Tree Foundation filed applications for rehearing of D.20-05-019, which approved penalties on PG&E for its role in igniting the 2017-2018 wildfires.

- **Background:** The scope of the proceeding included violations of law by PG&E with respect to the 2017 and 2018 wildfires, including the 2017 Tubbs Fire and 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. 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 fires addressed in this investigation. This investigation ordered PG&E to take immediate corrective actions to come into compliance with CPUC requirements.

The terms of the Settlement Agreement between PG&E, SED, the CPUC's Office of the Safety Advocate, and CUE would have resulted in \$1.675 billion in PG&E penalties. Specifically, PG&E would not have been permitted seek rate recovery of wildfire-related expenses and capital expenditures totaling \$1.625 billion. In addition, PG&E would have been required to spend \$50 million in shareholder-provided settlement funds on specified System Enhancement Initiatives.

The Presiding Officer's Decision provided for penalties on PG&E totaling \$2.137 billion. The total included an increase of \$198 million in the disallowances for wildfire-related expenditures that was provided in the Settlement Agreement. It also increased PG&E's System Enhancement Initiatives and corrective actions by \$64 million and added a \$200 million fine payable to the General Fund. In total, these changes increased PG&E's penalties by \$462 million relative to the Settlement Agreement. The Presiding Officer's Decision also required any tax savings associated with the shareholder payments under the settlement agreement, as modified by this decision, to be returned to the benefit of ratepayers.

D.20-05-019 approved with modifications the Settlement Agreement, as provided in Commissioner Rechtschaffen's "Decision Different." It approved penalties totaling \$2.137 billion, however the \$200 million fine payable to the General Fund is permanently suspended, resulting in an effective penalty total of \$1.937 billion. In addition, the decision required any tax savings associated with the shareholder obligations for *operating expenses* under the Settlement Agreement (but not tax savings associated with capital expenditures, in order to avoid any potential legal conflict with IRS normalization rules) to be returned to the benefit of ratepayers in

PG&E's next GRC. Finally, the decision rejected PG&E's attempt to classify the \$200 million fine as a Fire Victim Claim or Fire Claim.

- **Details:** The Wild Tree Foundation and Thomas Del Monte each filed Applications for Rehearing (attached) of D.20-05-019, which approved penalties on PG&E for its role in igniting the 2017-2018 wildfires. The Applications for Rehearing both challenge the permanent suspension of the \$200 million fine imposed on PG&E, as well as other aspects of the settlement that was approved with modifications.
- **Analysis:** D.20-05-019 resulted in the largest penalty in CPUC history. It required additional spending by PG&E to mitigate future wildfire risk, potentially positively impacting the quality of service experienced by VCE customers. The decision did not hinder PG&E's reorganization plan from moving forward, whereas PG&E had argued that provisions in the original Presiding Officer's Decision could have imperiled the plan.
- **Next Steps:** The applications for rehearing are the only remaining items in this proceeding.
- **Additional Information:** [Thomas Del Monte Application for Rehearing](#) (June 8, 2020); [Wild Tree Foundation Application for Rehearing](#) (June 8, 2020); [D.20-05-019](#) (May 8, 2020); [Decision Different](#) of Commissioner Rechtschaffen (April 20, 2020); [Motion](#) by Commissioner Rechtschaffen (March 27, 2020); [Presiding Officer's Decision](#) approving the settlement agreement with modifications (February 27, 2020); [Joint Motion for Approval of Settlement Agreement](#) (December 17, 2019); [Amended Scoping Memo and Ruling](#) (October 28, 2019); GO 95 [Rule 31.1](#); GO 95 [Rule 35](#); GO 95 [Rule 38](#); [Order Instituting Investigation](#) (June 27, 2019); Docket No. [I.19-06-015](#).

Direct Access Rulemaking

No update this month. On March 24, 2020, the ALJ informed parties that the release of Energy Division's report has been delayed. The procedural schedule will be updated accordingly following its release.

- **Background:** Phase 1 issues were resolved on May 30, 2019. For Phase 2 of this proceeding, the CPUC will address the SB 237 mandate requiring the CPUC to, by June 1, 2020, provide recommendations to the Legislature on "implementing a further direct transactions reopening schedule, including, but not limited to, the phase-in period over which further direct transactions shall occur for all remaining nonresidential customer accounts in each electrical corporation's service territory." The Commission is required to make certain findings regarding the consistency of its recommendation with state climate, air pollution, reliability and cost-shifting policies.
- **Details:** The Energy Division held a workshop on January 8, 2020, and accepted post-workshop informal comments and reply comments on January 21, 2020 and January 27, 2020, respectively.
- **Analysis:** This proceeding will impact the CPUC's recommendations to the Legislature regarding the potential future expansion of DA in California, including a potential lifting of the existing cap on nonresidential DA transactions altogether. Further expansion of DA in California could result in non-residential customer departures from VCE and make it more difficult for VCE to forecast load and conduct resource planning. CalCCA has argued that further expansion of nonresidential DA is likely to adversely impact attainment of the state's environmental and reliability goals, and will result in cost-shifting to both bundled and CCA customers.
- **Next Steps:** A report containing the Energy Division's draft recommendations to the Legislature will be published in the future, which will be followed by a ruling updating the procedural schedule. There will be an opportunity for comments on the report, followed by a proposed decision.
- **Additional Information:** [Amended Scoping Memo and Ruling](#) adding issues and a schedule for Phase 2 (December 19, 2019); Docket No. [R.19-03-009](#); see also [SB 237](#).

Wildfire Cost Recovery Methodology Rulemaking

No updates this month. An August 7, 2019, PG&E Application for Rehearing remains pending regarding 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).

- **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.

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.

- **Details:** N/A.
- **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](#) (July 8, 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.

Glossary of Acronyms

AB	Assembly Bill
AET	Annual Electric True-up
ALJ	Administrative Law Judge
BioMAT	Bioenergy Market Adjusting Tariff
BTM	Behind the Meter
CAISO	California Independent System Operator
CAM	Cost Allocation Mechanism
CARB	California Air Resources Board

CEC	California Energy Commission
CPE	Central Procurement Entity
CPUC	California Public Utilities Commission
CPCN	Certificate of Public Convenience and Necessity
CTC	Competition Transition Charge
DA	Direct Access
DWR	California Department of Water Resources
GRC	General Rate Case
ELCC	Effective Load Carrying Capacity
ERRA	Energy Resource and Recovery Account
EUS	Essential Usage Study
IEPR	Integrated Energy Policy Report
IFOM	In Front of the Meter
IRP	Integrated Resource Plan
IOU	Investor-Owned Utility
ITC	Investment Tax Credit
LSE	Load-Serving Entity
MCC	Maximum Cumulative Capacity
OII	Order Instituting Investigation
OIR	Order Instituting Rulemaking
PABA	Portfolio Allocation Balancing Account
PD	Proposed Decision
PG&E	Pacific Gas & Electric
PFM	Petition for Modification
PCIA	Power Charge Indifference Adjustment
PSPS	Public Safety Power Shutoff
PUBA	PCIA Undercollection Balancing Account
QC	Qualifying Capacity
RA	Resource Adequacy
RDW	Rate Design Window
RPS	Renewables Portfolio Standard
SCE	Southern California Edison
SED	Safety and Enforcement Division (CPUC)
SDG&E	San Diego Gas & Electric
TCJA	Tax Cuts and Jobs Act of 2017
TOU	Time of Use
TURN	The Utility Reform Network

UOG Utility-Owned Generation
WMP Wildfire Mitigation Plan
WSD Wildfire Safety Division (CPUC)