

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 8

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: November 10, 2022

Please find attached Keyes & Fox's October 2022 Regulatory Memorandum dated November 2, 2022, an informational summary of the key California regulatory and compliance-related updates from the California Public Utilities Commission (CPUC).

Attachment: Keyes & Fox Regulatory Memorandum dated November 2, 2022.

Valley Clean Energy Alliance

Regulatory Monitoring Report

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

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

Subject: Monthly Regulatory Update

Date: November 2, 2022

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

IRP Rulemaking

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

Recent Developments: On September 8, the ALJ issued a ruling seeking comments on a staff paper ([Staff Options Paper](#)) on four potential options for replacing the need for individual mid-term reliability procurement orders as have been issued in recent years (i.e. [D.19-11-016](#) and [D.21-06-035](#)) with ongoing, long-term, enforceable obligations for each LSE to procure its share of reliability and GHG-reduction requirements, and also proposing interim procurement options. VCE filed its 2022 Integrated Resource Plan (IRP) in this docket on November 1. On October 7, the ALJ issued a [Ruling \(Attachment – Busbar mapping\)](#) inviting comments on proposed electricity resource portfolios for use in the CAISO's 2023-2024 Transmission Planning Process (TPP). The Ruling proposes to accelerate the recent approach of the prior cycle's sensitivity portfolio typically serving as the base case portfolio in the following TPP cycle and recommends using the most aggressive portfolio currently being analyzed in the 2022-2023 TPP for purposes of assessing transmission needs in the 2023-2024 TPP. Opening comments on the October 7 Ruling were filed on October 31.

Analysis: The recommended accelerated approach to the TPP would result in more rapid development of transmission capability necessary for offshore wind and other renewable energy facilities, and likely increase the availability of new generation resources over the next decade.

Next Steps: Reply comments on proposed electricity resource portfolios for the 2023-24 TPP are due November 10. Comments in response to the LSEs' IRP filings are due December 2. Comments on the Staff Options Paper are now due December 12 and replies are due January 9, 2023.

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

RPS Rulemaking

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

Recent Developments: No new developments this past month. On September 29, the ALJs submitted a [Proposed Decision](#) that would approve Voluntary Allocations and modify the Market Offer process to require investor-owned utilities (IOUs) to offer 100% of their remaining PCIA-eligible short-term contracts and 35% of PCIA-eligible long-term contracts in the Market Offer. CalCCA generally supported the Proposed Decision but argued against the right of IOUs to establish bid floors for Market Offers and for changes to reduce delay in the issuance of the solicitation and to enable sales to take place in the first quarter of 2023. In response to IOU comments, CalCCA opposed an SDG&E proposal to allow IOU staff involved in preparing IOU bids to participate in bid evaluations in a potentially anti-competitive manner, as well as certain contractual language proposed by the IOUs.

Analysis: The proposed modifications to the Market Offer process would increase the quantity of short- and long-term resources made available to LSEs for purchase following the Voluntary Allocation process and facilitate LSEs' ability

to meet unexpected procurement needs. If the Proposed Decision to establish bid floors is approved, this could reduce the volume of RPS resources sold through Market Offers and increase the PCIA.

Next Steps: The Proposed Decision is on the agenda for the November 3 Commission meeting. A Proposed Decision on LSEs' draft RPS Procurement Plans is expected in Q4 2022, and final 2022 RPS Plans are due in Q1 2023.

Additional Information: [Proposed Decision](#) (Sep. 29, 2022); [Ruling](#) identifying RPS Plan requirements (Apr. 11, 2022); Docket No. [R.18-07-003](#).

RA Rulemaking (2023-2024)

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

Recent Developments: On September 30, CalCCA filed an [Emergency Petition](#) requesting the CPUC modify both the RA procurement timelines and penalty waivers. Responses to CalCCA's Petition were filed by seven parties, with the Independent Energy Producers Association supporting a suspension of the January-March month-ahead RA obligations but opposing the remaining requests; Shell Energy North America supporting the Petition's requested relief; and the Western Power Trading Forum, California Independent System Operator, PG&E, Alliance for Retail Energy Markets/Regents of the University of California, and SCE generally opposing the requested relief. The Petition remains pending and CalCCA held an ex parte meeting with Interim Chief of Staff and Legal Advisor to President Reynolds Anand Durvasula on October 19. On October 31, VCE filed its year-ahead system RA and flexible RA showings.

Analysis: Multiple responses to CalCCA's Petition acknowledged the PG&E CPE's failure to meet its local RA procurement obligations and the resulting uncertainty faced by LSEs regarding the amount of system RA they will be provided when the CPE's obligation is fulfilled. The CAISO's response raised the possibility that the requested waivers and other relief could have unintended consequences and result in additional backstop procurement and associated costs beyond the level expected by CalCCA. PG&E's and SCE's responses cited procedural evidentiary rule violations and recommended the matter be addressed in a future phase of the proceeding. The responses generally reflected doubt regarding the effectiveness, efficiency, and efficacy of the current CPE structure which places LSEs in a position of either relying on CPE procurement or risk potential penalties and incur additional costs from over-procuring system RA.

Next Steps: Final proposals from the RA Reform workstreams 1-3 will be filed on November 15, comments on final proposals are due December 1, and reply comments on final proposals are due December 12. CalCCA's Petition and the joint motion of Central Coast Community Energy and Peninsula Clean Energy remain pending.

Additional Information: [Emergency Petition](#) (Sep. 30, 2022); [Ruling](#) on Motion to Shorten Time (Sep. 20, 2022); [Motion to Shorten Time / Joint Motion for Clarification](#) (Sep. 16, 2022); [Amended Scoping Memo and Ruling](#) (Sep. 2, 2022); Docket No. [R.21-10-002](#).

Building Decarbonization

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

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

Transportation Electrification

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

Recent Developments: On October 13, the CPUC's Energy Division issued a [disposition letter](#) approving vehicle-grid integration pilot programs under SB 676 (Ch. 484, Stats. 2019) proposed in PG&E's [AL 6259-E](#). On October 14, the CPUC issued a [Proposed Decision](#) on the CPUC's long-term TE policy framework focused on a five-year \$1 billion third-party administered statewide behind-the-meter rebate program for EV charging equipment focused on medium-

duty/heavy-duty vehicles and charging for multi-unit dwellings, with a significant focus on disadvantaged communities. The Proposed Decision would allow CCAs to subcontract with the statewide program administrator to administer marketing, education and outreach programs relating to the rebate program, and provides IOUs the sole authority to provide technical advice on the rebates to customers. The Proposed Decision would establish a competitive IOU-administered RFO for ratepayer-funded CCA or community-based organization pilot programs focused on disadvantaged communities and customer segments, with a cap of \$4 million per pilot and a total budget of \$25 million.

Analysis: The Proposed Decision does not provide CCAs with authority to design and allocate ratepayer-funded TE incentive programs via advice letter, and instead creates a competitive process for select 2-year pilots funded through contracts with the IOUs.

Next Steps: Comments on the Proposed Decision are due November 3, reply comments are due November 8, and the matter may be heard as soon as the November 17 Commission meeting.

Additional Information: [Proposed Decision](#) (Oct. 14, 2022); PG&E's [AL 6259-E](#) (Oct. 13, 2022); [Ruling](#) entering [Staff Proposal](#) on Transportation Electrification Framework to record (Feb. 25, 2022); Docket No. [R.18-12-006](#).

Commercial EV Real-Time Pricing Pilot

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

Recent Developments: On October 26, the CPUC issued [D.22-10-024](#) adopting the uncontested settlement and establishing export compensation rules for PG&E's bundled non-net metering customers who are eligible for the RTP rate approved in [D.21-11-017](#) on an opt-in basis and closing the proceeding. Eligibility for participation in the export compensation pilot by unbundled customers will be determined by the customers' retail generation electricity provider (i.e. whether the CCA participates in the pilot).

Analysis: This decision will increase the use of real-time pricing and encourage EV charging during times with lower electric demand. It also provides compensation for behind-the-meter PV exports for non-net metering customers with EVs. VCE will determine whether its customers are eligible to participate in the program.

Next Steps: Opt-in enrollment for the real-time pricing export compensation pilot begins October 1, 2023, otherwise the proceeding is closed.

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

Demand Flexibility

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

Recent Developments: On October 7, VCE and Polaris Energy Services held an ex parte meeting with advisors to CPUC President Reynolds and Commissioner Rechtschaffen to discuss their proposal to create a priority track of the proceeding to examine expansion of opt-in real-time pricing for agricultural customers in the near term.

Analysis: This proceeding will implement income-graduated fixed charge reform required by AB 205 and the development of principles to guide future dynamic rates and other demand flexibility measures. This proceeding may evaluate the results of VCE's AgFIT pilot and could explore expansion of the pilot to other LSE territories. The ALJ's proposed scope and schedule would mean that implementation of additional dynamic rates and pilots would not be likely to occur for several years.

Next Steps: A scoping memo is expected which will establish the initial scope and schedule for this proceeding.

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

Demand Response Programs (2023-2027)

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

Recent Developments: On October 7, parties filed opening comments on an Energy Division staff proposal to utilize \$750,000 for Demand Response research in the 2023 Bridge Year. If approved, the 2023 research funding will be used to update a series of Demand Response Potential Studies produced by the Berkely National Lab in anticipation of the next Integrated Resource Planning cycle. On October 28 parties filed opening briefs on the Energy Division proposal along with reply briefs on the Demand Response Auction Mechanism.

Analysis: The Demand Response Auction Mechanism is one approach to bringing new third-party demand response providers and their customers into the capacity market for resource adequacy by allowing auction-based prices to be established outside the competitive wholesale market. Results from 2015-2017 contracts were mixed both in

performance and pricing competitiveness, but demand response demonstrated its effectiveness this past summer during times of grid stress. Demand response enables utility customers to serve as virtual capacity during peak demand times and offers the potential for electric providers like VCE to leverage their customer relationships as a grid resource.

Next Steps: Reply briefs on the Energy Division proposal are due on November 10, and a Proposed Decision on the Phase 1 Demand Response Auction Mechanism is expected in December. A Proposed Decision on Phase 1 Bridge Funding Applications is expected in November.

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

PG&E Asset Transfer

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

Recent Developments: The Commission preliminarily categorized this proceeding as ratesetting.

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

Next Steps: Motions to Intervene in the docket and issuance of a procedural schedule are the next steps.

Additional Information: PG&E [Application](#) (Sep. 28, 2022); Docket No. [A.22-09-018](#).

PCIA Rulemaking

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Reply comments on the August Ruling are due November 18. A November workshop will address staff proposals on GHG-free resources and long-term fixed-price RPS resources. On December 1, the joint CCA proposal for PCIA data access is due.

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

PG&E 2023 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including the functionalization of costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for 2023-2026. Phase 2 GRC proceedings determine cost allocation (i.e., assigning costs to customer classes, such as Residential) and rate design issues. PG&E will file its next Phase 2 GRC application by September 30, 2024. The proceeding is divided into two tracks. Track 1 addresses most matters, including PG&E's requested revenue requirement together with safety and environmental and social justice issues. Track 2 addresses the narrower matters of the reasonableness of the 2019-2021 actual costs recorded in the named memorandum accounts and balancing accounts and, to the extent relevant, safety and environmental and social justice.

Recent Developments: On October 7, PG&E, The Utility Reform Network, and the Public Advocates Office filed a joint motion for the expedited approval of a settlement agreement resolving disputed issues regarding the structure and funding of excess wildfire liability insurance. On October 21, the ALJ issued a Ruling granting an extension of time to propose settlements (until December 2). The Joint CCAs had an ex parte meeting on October 11 with advisors from

President Reynolds and Commissioner Reynolds' offices, during which the Joint CCAs discussed their vintaging proposals in the docket.

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

Next Steps: The deadline for proposing settlements is December 2, 2022. In Track 1, opening briefs are due November 4, and a Proposed Decision is expected in Q2 2023. In Track 2, intervenor opening testimony is due November 14, followed by evidentiary hearings on January 23-27, 2023, and a Proposed Decision is expected in Q2 2023.

Additional Information: ALJ [Ruling](#) (Oct. 21, 2022); [Joint Motion for Approval of Settlement](#) (Oct. 7, 2022); PG&E's [Amended Application](#) (Mar. 10, 2022); PG&E [Affordability Metrics Report](#) (Feb. 23, 2022); [PG&E Application](#) (Jun. 30, 2021); 2023 Cost of Capital Docket No. [A.22-04-008](#); Docket No. [A.21-06-021](#).

PG&E ERRA Forecast (2023)

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

Recent Developments: On October 17, PG&E filed its October Update to its forecast that uses the 2023 Forecast Market Price Benchmarks and 2022 Final Market Price Benchmarks. The updated 2023 ERRA Forecast Application requested a net 2023 revenue requirement of \$1.996 billion, a 2.25% increase over the original request.

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

Next Steps: The procedural schedule is condensed to meet the deadline for the final 2022 Commission Meeting and allow for new rates to be effective January 1, 2023. A Proposed Decision is expected November 29 in time for the matter to be heard at the December 15 Commission meeting.

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

PG&E 2019 ERRA Compliance

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

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

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

PG&E 2020 ERRA Compliance

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

Recent Developments: No recent developments in the past month.

Analysis: N/A.

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

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

PG&E 2021 ERRA Compliance

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

Recent Developments: On October 31, intervenors ([CalCCA](#), Alliance for Nuclear Responsibility, and the [Public Advocates Office](#)) filed direct testimony.

Analysis: N/A

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

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

PG&E Regionalization Plan

Background: The CPUC directed PG&E to develop a regionalization plan in [D.20-05-051](#) as part of its post-bankruptcy reorganization. That plan creates five regions (VCE is located in Region 2 - North Valley & Sierra), each of which includes region-focused staff from five functional areas such as maintenance and construction, planning, and customer engagement. PG&E is required by [D.22-06-028](#) to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group.

Recent Developments: On October 19, the CPUC issued a Disposition Letter accepting PG&E [AL 6705-E / 4654-G](#) on the required update on the status of its regionalization implementation activities. PG&E's first Regionalization Stakeholder Group meeting was held on October 20. On October 28, PG&E submitted its [Town Hall Report](#) for the third quarter.

Analysis: PG&E's AL 6705-E updates stakeholders on planned and undertaken regionalization activities, including 1) organizational changes being made, 2) new, increased, or decreased operations because of the Regionalization effort, 3) a timeline, and 4) impacts on improving utility safety.

Next Steps: PG&E is required to submit a report on its quarterly townhall meetings in each region within 45 days following the end of each quarter, otherwise the proceeding is closed.

Additional Information: [Town Hall Report Q3](#) (Oct. 28, 2022); PG&E [AL 6705-E / 4654-G \(Disposition Letter\)](#) (Sep. 22, 2022); PG&E [Presentation to Regionalization Stakeholder Group](#) (Aug. 25, 2022); [D.22-06-028](#) on Regionalization (Jun. 24, 2022); [PG&E Updated Regionalization Proposal](#) (Feb. 26, 2021); [Application](#) (Jun. 30, 2020); [A.20-06-011](#).

Utility Safety Culture Assessments

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

Recent Developments: [Draft Resolution SPD-3](#) (issued September 16) Adopting Performance Metrics and Retaining Existing Requirements for the 2023 Wildfire Mitigation Plans of Electrical Corporations was held over from the October 20 Commission meeting until the November 3 meeting. If approved by the Commission, the Resolution will adopt the proposals of the CPUC's Office of Energy Infrastructure Safety for performance metrics and requirements for the 2023 Wildfire Mitigation Plans of electrical corporations.

Analysis: Development of the guidelines and performance metrics proposed in the Draft Resolution will provide a framework for safety assessments and evaluation. It could impact VCE and its customers to the extent it succeeds or fails to influence PG&E's safety culture and hence the safety of VCE customers. The Draft Resolution could also impact the rates VCE customers pay to PG&E to mitigate or address safety issues (e.g., wildfires caused by PG&E transmission equipment, explosions from PG&E natural gas infrastructure, etc.).

Next Steps: The Commission is scheduled to vote on the Draft Resolution at its November 3 meeting.

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

Provider of Last Resort Rulemaking

Background: A Provider of Last Resort (POLR) is the utility or other entity that has the obligation to serve all customers (e.g., PG&E is currently the POLR for VCE's territory). Phase 1 of this proceeding will address POLR service requirements, cost recovery, and options to maintain GHG emission reductions in the event of an unplanned

customer migration to the POLR. Phase 2 will build on the Phase 1 to set the requirements and application process for non-IOU entities to serve as the POLR. Phase 3 will address specific issues not resolved in Phase 1 or 2.

Recent Developments: No recent developments in the past month.

Analysis: N/A

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

Additional Information: PG&E [AL 6589-E-B](#) and Disposition Letter (Jul. 7, 2022); [POLR webpage](#) with workshop content; [Scoping Memo and Ruling](#) (Sep. 16, 2021); [Order Instituting Rulemaking](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

Microgrids

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

Recent Developments: The CPUC issued a Disposition Letter approving PG&E [AL 6486-E](#) in which PG&E informed the Commission it was not seeking authority to reserve temporary generation for the purpose of energizing safe-to-energize substation load subject to Public Safety Power Shutoff (PSPS) outages in 2022.

Analysis: The CPUC is evaluating details of the Microgrid Incentive Program design that will determine what information is considered in evaluating microgrid opportunities and how the incentives will be allocated.

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

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

Investigation into PG&E Organization, Culture, and Governance

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

Recent Developments: On September 16, the ALJ issued a [Ruling](#) requesting comments on the Final Report on consultant NorthStar's assessment of PG&E's safety culture and implementation of recommendations. The report includes 65 recommendations for PG&E, five of which are classified as critical. The critical recommendations include developing an implementation plan for NorthStar's recommendations, clearly defining supervisory requirements, expediting completion of safety leadership training for crew leads and foremen, developing a comprehensive safety strategy, and improved coordination between business lines and corporate safety office.

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

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

Additional Information: ALJ [Ruling](#) and final NorthStar Report (Sep. 16, 2022); [Letter](#) from President Batjer to PG&E on Fast Trip issues (Oct. 25, 2021); [Letter](#) from President Batjer to PG&E (Aug. 18, 2021); [Resolution M-4852](#) (Apr. 15, 2021); [Letter](#) from President Batjer to PG&E (Nov. 24, 2020); [Ruling](#) updating case status (Sep. 4, 2020); [Ruling](#) on case status (Jul. 15, 2020); [Ruling](#) on proposals to improve PG&E safety culture (Jun. 18, 2019); [D.19-06-008](#) directing PG&E to report on safety experience and qualifications of board members (Jun. 18, 2019); [Scoping Memo](#) (Dec. 21, 2018); Docket No. [I.15-08-019](#).

Other Dockets

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

Docket	Name	Status
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R.21-03-001	Wildfire Fund NBC (2022-2023) Rulemaking	A Proposed Decision scheduled to be heard at the December 1 CPUC meeting would set the 2023 Wildfire NBC at \$5.30/MWh (\$0.00537/kWh) effective as of January 1, 2023. The 2023 Wildfire NBC is \$1.22/MWh, or 18.7%, less than the current 2022 Wildfire NBC of \$6.52/MWh. This reduction is mostly due to the fund having completed recovery of all prior period under-collections. The Wildfire NBC is set at a level sufficient to fund an annual \$902.4 million revenue requirement.
R.20-11-003	Ensuring Summer 2021 Reliability	D.22-06-005 closed the proceeding.
A.19-11-019	PG&E 2020 Phase 2 GRC	D.22-08-002 closed the docket; all current activity is now covered under the Commercial EV Real-Time Pricing docket. PG&E AL 6690-E electric home tariffs
A.21-06-001	PG&E 2020 ERRRA Forecast	D.22-02-002 closed the proceeding, although there is a pending Rehearing Request (filed March 14, 2022).
R.19-03-009	Direct Access Rulemaking	D.21-06-033 closed the proceeding, but a Petition for Rehearing (July 29, 2021) remains outstanding.