

## VALLEY CLEAN ENERGY ALLIANCE

### Staff Report – Item 8

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To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: January 11, 2024

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Please find attached Keyes & Fox’s December 2023 Regulatory Memorandum dated January 3, 2024 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 January 3, 2024.

# Valley Clean Energy Alliance

## Regulatory Monitoring Report

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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: January 3, 2024

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

### RPS Rulemaking

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

**Recent Developments:** On December 21, the CPUC issued [D.23-12-008](#) on Draft 2023 RPS Procurement Plans that accepts VCE's Updated Draft 2023 RPS Procurement Plan, filed in August, as a final version without any changes or corrections.

**Analysis:** Since VCE's Updated Draft 2023 RPS Procurement Plan was not identified as requiring any corrections or modifications in the Decision, no revised final version needs to be filed.

**Next Steps:** A successor RPS docket is expected to be opened in the next few months.

**Additional Information:** [D.23-12-008](#) (Dec. 21, 2023); ALJ [Ruling](#) (Nov. 29, 2023); [D.23-10-006](#) (Oct. 18, 2023); PG&E [VAMO Report](#) (Sep. 28, 2023); VCE [Updated Draft 2023 RPS Procurement Plan](#) (Aug. 29, 2023); VCE's [Amended Final 2022 RPS Procurement Plan](#) (May 2, 2023); [Scoping Memo](#) (Apr. 6, 2022); Docket No. [R.18-07-003](#).

### Demand Flexibility

**Background:** This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and the proceeding may also modify, consolidate, or eliminate existing dynamic rate pilots. VCE is a party to this proceeding as its scope relates to VCE's AgFIT dynamic rates Pilot. Phase 1-Track A will establish an income-graduated fixed charge for residential rates for all investor-owned electric utilities in accordance with Assembly Bill 205 (Stats. 2022, ch. 61). Phase 1-Track B first adopted rate design and demand flexibility principles and is now considering broad expansion of VCE's AgFIT Pilot.

**Recent Developments:** On December 15, the CPUC issued a [Proposed Decision](#) that would expand the AgFIT and other pilot programs. On December 18, the ALJ issued a [Ruling](#) on implementation budget and timing issues regarding Track A income-graduated fixed charges. The Ruling directs the IOUs to file additional information about the proposed budgets for implementing the first income-graduated fixed charges and invites party comments on the timing of implementation of the first income-graduated fixed charges. On January 2, PG&E submitted the mid-term [evaluation](#) of VCE's Agricultural Pumping Dynamic Rate Pilot as required under D. 21-12-015.

**Analysis:** The Proposed Decision would expand the AgFIT pilot to extend customer participation in the pilot through the end of December 2027 throughout PG&E's distribution territory and without a participation cap, but includes new eligibility criteria that could restrict the expansions. VCE would retain authority to manage the expanded pilot for its agricultural customers, and the Proposed Decision would provide funding for a portion of the administrative costs estimated by VCE. PG&E would manage the expanded pilot outside of VCE territory and within VCE territory with respect to end uses other than agriculture. In Track A, the gradual move towards IGFCs will provide additional time for consideration and analysis prior to full implementation of this novel approach to aligning the structure of retail electric rates with utility cost structures while recognizing the importance of access to affordable electricity and ensuring that the changes to rate structures does not disproportionately harm large numbers of ratepayers. The ALJ Ruling requested comment on issues related to potentially delayed implementation and the resulting potential impacts on meeting state electrification goals.

**Next Steps:** Comments on the Proposed Decision are due January 5 and reply comments are due January 12. The Proposed Decision may be heard as early as the January 25 Commission meeting. Party comments on the timing of

implementation of the first income-graduated fixed charges are due January 24 and reply comments are due February 12. In Track A, a proposed decision on income-graduated fixed charges is expected in March or April of 2024.

**Additional Information:** Mid-term [Evaluation](#) of AgFIT Pilot (Jan. 2, 2024); ALJ [Ruling](#) (Dec. 18, 2023); [Proposed Decision](#) (Dec. 15, 2023); VCE [Pilot Budget Information](#) (Oct. 13, 2023); ALJ [Ruling](#) (Aug. 25, 2023); ALJ [Ruling](#) (Aug. 22, 2023); ALJ [Ruling & Staff Proposal](#) (Aug. 15, 2023); [D.23-04-040](#) on electric rate design principles (May 3, 2023); [D.23-04-008](#) (Apr. 14, 2023); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [OIR](#) (Jul. 22, 2022); Docket No. [R.22-07-005](#).

## 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 (GHG) reduction targets, and ongoing reliability obligations.

**Recent Developments:** On December 19, the CPUC issued [D.23-12-014](#) granting the [Petition for Modification](#) (PFM) of [D.22-05-015](#) (MCAM decision) filed jointly by San Diego Clean Power and Clean Energy Alliance on October 28, 2022. The Decision allows LSEs to purchase additional resource adequacy capacity with the same provisions as detailed in [D.22-05-015](#) for load being served based on the 2023 resource adequacy year-ahead load forecast rather than the actual load being served at the time [D.22-05-015](#) was issued, beginning for the 2025 resource adequacy showings and continuing through the life of the contracts. On December 19, PG&E submitted [AL 7105-E](#) in support of its recommendation to not hold another Voluntary Allocation and Market Offer (VAMO) process for its RPS-eligible resources.

**Analysis:** The Decision increases the amount of RA capacity available for purchase from IOUs and should provide some reduction in the RA supply/demand imbalance, as well as lower total RA costs for LSEs with customers that departed CCA service after 2019. PG&E's recommendation to not hold another VAMO process will not significantly impact VCE's procurement.

**Next Steps:** A proposed decision on the May 30 Petition for Modification regarding long lead-time resource compliance deadlines is expected soon. A staff proposal on the Reliable and Clean Power Procurement Plan was expected to be released during the third quarter but has been delayed. The final PSP portfolio and other procurement obligations will be finalized in early 2024 for LSE use in preparing 2024 IRP filings. VCE's next IRP will be due in November 2024.

**Additional Information:** PG&E [AL 7105-E](#) (Dec. 19, 2023); [D.23-12-014](#) (Dec. 19, 2023); ALJ [Ruling](#) and [Supporting Material](#) (Oct. 5, 2023); [Scoping Memo and Ruling](#) (Aug. 21, 2023); [Joint Expedited Petition for Modification](#) (Aug. 9, 2023); [Petition for Modification](#) (May 30, 2023); [D.23-02-040](#) on Procurement (Feb. 28, 2023); ALJ [Ruling & Reliable and Clean Power Procurement Program: Staff Options Paper](#) (Sep. 8, 2022); [D.22-05-015](#) (May 23, 2022); [D.21-06-035](#) (Jun. 30, 2021); [Scoping Memo](#) (Sep. 24, 2020); Docket No. [R.20-05-003](#).

## RA Rulemaking (2025-2026)

**Background:** This proceeding considers resource adequacy (RA) requirements for LSEs and will address the 2025 and 2026 RA compliance years, local RA procurement obligations for the 2025-2028 compliance years, and further development of the 24-hour Slice-of-Day (SOD) framework.

**Recent Developments:** On December 18, the Assigned Commissioner issued a [Scoping Memo and Ruling](#) in the 2025-2026 RA proceeding. The proceeding will focus on implementing RA program reforms and further refining the RA program, and the proceeding is divided into three tracks. Track 1 will focus on priority issues including RA capacity requirements, SOD framework implementation, and RA compliance and penalties. Track 2 is focused on Central Procurement Entity framework issues, including potential structural modifications, and Track 3 is focused on remaining RA capacity issues.

**Analysis:** The 2024 RA year is the final year of the current RA system and the test year for the SOD RA system that will formally begin with the 2025 RA year. The proceeding begins with consideration of priority issues necessary for the implementation of the SOD framework for the 2025 RA year which are expected to be finalized by June 2024. The compressed timeframe will leave only a limited amount of preparatory time for any needed changes to contracts or other resource procurement, but among the priority issues are potential modifications to RA compliance requirements and penalties. Other topics to be explored include potential modifications to the Loss of Load Expectation Study and Planning Reserve Margin, potential modifications to the SOD framework, and potential modifications to the RA penalty structure, among other issues.

**Next Steps:** Party proposals on the Loss of Load Expectation Study and the SOD framework, as well as Track 1 issues (including proposals related to penalties and/or compliance) are due January 19. An Energy Division staff report on the SOD Framework is due February 1 and will be followed by a workshop on February 14 and revised SOD framework proposals are due February 23. Comments on proposals are due March 8 and reply comments are due March 22. Track 2 begins with an Energy Division report on the CPE framework expected in the first quarter of 2023.

**Additional Information:** [Scoping Memo and Ruling](#) (Dec. 18, 2023); Cal CCA [Opening Comments](#) on OIR (Nov. 8, 2023); ALJ [Ruling](#) (Oct. 27, 2023); [OIR](#) (Oct. 16, 2023); Docket No. [R.23-10-011](#).

## RA Rulemaking (2023-2024)

**Background:** This proceeding considers resource adequacy (RA) requirements in years 2023-2024 for LSEs and introduced the Central Procurement Entity (CPE) to ensure grid reliability and sufficient capacity. The proceeding is divided into an implementation track and a reform track.

**Recent Developments:** [D.23-12-038](#), issued December 18, denied CalCCA's and the Joint Parties' motions for rehearing of D.23-06-029, which prohibited any CCA or electric service provider (ESP) with a deficiency of greater than 1 percent of its System RA requirement on a month ahead RA filing during the previous two calendar years from expanding its operations or taking on any new customers for the following year.

**Analysis:** No significant changes were made to the RA templates or filing guide for the 2024 RA year.

**Next Steps:** D.23-06-029 closed the proceeding, but it was reopened to address the Petitions for Modification and Applications for Rehearing.

**Additional Information:** [D.23-12-038](#) (Dec. 18, 2023); CLECA [Petition for Rehearing](#) (Aug. 24, 2023); Demand Response providers' [Application for Rehearing](#), [Joint Motion for Rehearing](#), [Motion for Partial Stay](#) (Aug. 4, 2023); CalCCA [Application for Rehearing](#) of D.23-06-029 (Jul. 26, 2023); [D.23-06-029](#) (Jul. 5, 2023); [D.23-04-010](#) on Reform Track Phase 2 (Apr. 7, 2023); [D.22-12-028](#) (Dec. 19, 2022); [Amended Scoping Memo and Ruling](#) (Sep. 2, 2022); Docket No. [R.21-10-002](#).

## Microgrids

**Background:** This proceeding was opened to implement the requirements of SB 1339 (Stern, 2018), requiring 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 (MIP), potential contributions that microgrids can make to mitigating capacity shortages in the near-term, the development of a multi-property microgrid framework, and examination of the value of resiliency from microgrids.

**Recent Developments:** On December 15, some parties submitted their community multiproperty microgrid tariff proposals. The Microgrid Resources Coalition [proposal](#) recommends modifications that support commercialization of microgrids such as allowing multi-property microgrids to use their own internal distribution system, providing compensation to customers of the microgrid for their investment, and increased opportunities for microgrids to sell services to the grid at competitive prices. The Green Power Institute [proposal](#) also focuses on commercialization of microgrids, recommending an internal sales option and a "resilience avoided cost" option as compensation mechanisms. The Clean Coalition [proposal](#) recommends adoption of the Resilient Energy Subscription approach which allows any facility within the footprint of a Community Microgrid to pay a simple (\$/kWh) fee on top of its normal electricity tariff for guaranteed daily delivery of locally generated renewable energy during grid outages, ensuring unparalleled energy resilience. On December 26, PG&E submitted supplemental [AL 7042-E-A](#) proposing modifications to its Community Microgrid Enablement Tariff and Pro Forma of Microgrid Operating Agreement (MOA). PG&E submitted this supplement Advice Letter with the form of the MIP Grant Agreement, separate from the MOA, to address both the payment of MIP incentives and allowances to eligible projects and the MIP-specific remedies that will apply in the event that a MIP project fails to meet performance requirements.

**Analysis:** Among the modifications proposed in PG&E's supplemental advice letter are the addition of a requirement for a local or tribal government countersigner to the grant agreement, a series of incentive payments based on completion of performance steps, and conditions for linking performance across the grant agreement and the MOA. These modifications were proposed in an effort to protect and limit ratepayer exposure in the event of a microgrid non-performance event.

**Next Steps:** Protests to PG&E's supplemental advice letter are due January 15. Opening comments on other stakeholders' multi-property tariff proposals are due January 12 and reply comments are due January 26. Energy Division will host a public workshop on stakeholders' tariff proposals in March 2024. The Joint Application for Rehearing is pending.

**Additional Information:** PG&E [AL 7042-E-A](#) (Dec. 26, 2023); Microgrid Resources Coalition [proposal](#), Green Power Institute [proposal](#), Clean Coalition [proposal](#) (Dec. 15, 2023); ALJ [Ruling](#) (Nov. 7, 2023); Joint Parties' [Motion](#) (Oct. 31, 2023); ALJ [Ruling](#) (Oct. 23, 2023); PG&E [MIP Handbook](#) (Oct. 12, 2023); PG&E [AL 7042-E](#) (Oct. 11, 2023); IOUs' updated [Tariff](#) (Oct. 9, 2023); CPUC [letter](#) (Sep. 5, 2023); ALJ [Ruling](#) (Aug. 8, 2023); [Scoping Memo and Ruling](#) (Jul. 18, 2023); [Draft Resolution M-4868](#) (Jun. 9, 2023); [Joint Application for Rehearing](#) (May 15, 2023); [D.23-04-034](#) on Microgrid Incentive Program Implementation (Apr. 14, 2023); [Scoping Memo](#) (Dec. 17, 2021); Docket No. [R.19-09-009](#).

## PG&E 2023 Phase 1 GRC

**Background:** Phase 1 General Rate Case (GRC) proceedings set PG&E's revenue requirement, including functionalizing costs into categories such as electric distribution or generation, and impact the costs recovered through rates from customers (e.g., bundled, unbundled, or both) for a set period (in this case, 2023-2026).

**Recent Developments:** On December 22, the Assigned Commissioner issued a [Third Amended Scoping Memo and Ruling](#) that amends the [Second Amended Scoping Memo and Ruling](#) (issued October 10) in PG&E's Phase 1 general rate

case. This ruling adjusts the scope and schedule of Phase 2 of the proceeding to include requirements of SB 410 related to the establishment of an electric vehicle-related energization ratemaking mechanism.

**Analysis:** The expanded portion of this scope will determine aspects of the energization ratemaking mechanism such as whether there should be an annual cap and how such a cap should be determined, approaches to implementation of related auditor requirements, and what costs were not already included in PG&E's 2023 general rate case forecasts.

**Next Steps:** Intervenor testimony is due January 30, a pre-hearing conference is expected in early February, and a proposed decision is expected late in the second quarter of 2024.

**Additional Information:** [Third Amended Scoping Memo and Ruling](#) (Dec. 22, 2023); [D.23-11-069 / Appendices](#) (Nov. 17, 2023); [Second Amended Scoping Memo and Ruling](#) (Oct. 10, 2023); [Illustrative rates](#) (Sep. 27, 2023); [Scoping Memo and Ruling](#) (Sep. 5, 2023); PG&E's [Amended Application](#) (Mar. 10, 2022); [PG&E Application](#) (Jun. 30, 2021); Docket No. [A.21-06-021](#).

## PG&E 2024 ERRA Forecast

**Background:** The annual Energy Resource and Recovery Account (ERRA) forecast proceedings establish the amount of the Power Charge Indifference Adjustment (PCIA) and other nonbypassable charges (NBCs) for the following year, as well as fuel and purchased power costs associated with serving bundled customers that utilities may recover in rates.

**Recent Developments:** On December 18, the ALJ issued a [Ruling](#) setting a pre-hearing conference on Track 2 issues related to "Fixed Generation Costs"—the definition of which is itself subject to disagreement—on January 9, 2024. On December 19, the CPUC issued [D.23-12-022](#) on PG&E's 2024 ERRA Forecast.

**Analysis:** The Decision adopts a 12-month revenue requirement of \$2,711,285,000. For CCA customers, residential rates will decrease by \$0.0042/kWh, or -2.1%; CARE rates will decrease by \$0.0060/kWh, or -7.4%; and Non-CARE rates will decrease by \$0.0037/kWh, or -1.7%. The Proposed Decision also authorizes PG&E to recover the 2023 Incremental ERRA Trigger undercollection over a six-month period. On the CCAs' issues, the Commission approved PG&E's proposal to apply excess Renewable Energy Credits from prior years towards its forecast 2024 Minimum Retained RPS shortfall; charge bundled customers for those RECs at the 2024 RPS Adder; and credit PABA vintage for those RECs at the 2024 RPS adder and approved the application of prior year excess RECs on a first-in first-out basis beginning with RECs generated in 2018.

**Next Steps:** A pre-hearing conference on the outstanding issue of "Fixed Generation Costs" in Track 2 is scheduled for January 9.

**Additional Information:** [D.23-12-022](#) (Dec. 19, 2023); ALJ [Ruling](#) (Dec. 18, 2023); ALJ [Ruling](#) (Nov. 20, 2023); PG&E [AL 7066-E](#) (Nov. 15, 2023); PG&E [October Update](#) (Oct. 16, 2023); ALJ [Ruling](#) (Oct. 9, 2023); [Market Price Benchmarks](#) (Oct. 2, 2023); [Scoping Ruling and Memo](#) (Sep. 15, 2023); ERRA Trigger PG&E [Reply to Protest](#) (Aug. 15, 2023); ERRA Trigger CalCCA [Protest](#) (Aug. 10, 2023); [Scoping Memo and Ruling](#) (Aug. 3, 2023); ALJ [Ruling](#) (Aug. 1, 2023); ERRA Trigger [Application](#) (Jul. 28, 2023); CalCCA [Protest](#) (Jun. 16, 2023); PG&E 2024 ERRA Forecast [Application](#) (May 15, 2023); Docket No. [A.23-05-012](#).

## 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 (PSPS) events in 2020 are under consideration.

**Recent Developments:** On December 19, the CPUC issued [D.23-12-019](#) closing the proceeding without addressing Phase Two issues, finding that the Phase 2 issues related to recovery of uncollected revenue during PSPS events are nearly identical to the 2019 ERRA proceeding.

**Analysis:** N/A

**Next Steps:** N/A

**Additional Information:** [D.23-12-019](#) (Dec. 19, 2023); ALJ [Ruling](#) (Oct. 10, 2023); [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:** Opening briefs were filed December 7 and reply briefs were filed December 21.

**Analysis:** N/A

**Next Steps:** A proposed decision is expected by early 2024.

**Additional Information:** ALJ [Ruling](#) (Nov. 9, 2023); ALJ [Ruling](#) (Sep. 27, 2023); [ALJ Ruling](#) on schedule (Jan. 6, 2023); Assigned Commissioner's [Scoping Memo and Ruling](#) (Aug. 9, 2022); PG&E 2021 ERRR Compliance [Application](#) (Feb. 28, 2022); Docket No. [A.22-02-015](#).

## PG&E 2022 ERRR Compliance

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

**Recent Developments:** No recent development in the past month.

**Analysis:** N/A

**Next Steps:** A status conference is scheduled for January 11 and the evidentiary hearing is scheduled for January 24-25.

**Additional Information:** ALJ [Ruling](#) (Sep. 25, 2023); [Scoping Memo and Ruling](#) (Jun. 2, 2023); PG&E 2022 ERRR Compliance [Application](#) and [Notice of Availability](#) (Feb. 28, 2023); Docket No. [A.23-02-018](#).

## Transportation Electrification

**Background:** This rulemaking implements transportation electrification (TE) programs, tariffs, and policies. [D.22-11-040](#) established a \$1 billion rebate program for behind-the-meter EV charging equipment, focused on medium-duty/heavy-duty vehicles and disadvantaged communities and a \$25 million pilot program for innovative, equity-focused TE programs administered by CCAs and community-based organizations.

**Recent Developments:** On December 13, the ALJ issued a [Ruling](#) suspending the deadline for the IOUs' submission of the Joint Tier 2 Advice Letter updating the IOUs' average service energization timeline target, as ordered in Resolution E-5247. Further information on the new deadline will be provided in January. Responses to the Petition for Modification (filed November 17) were submitted on December 18. On December 20, the CPUC issued the [OIR](#) establishing R.23-12-008 Rulemaking Regarding TE Policy Infrastructure 2024 (described below) and closing R.18-12-006.

**Analysis:** The PFM's request to use the SAPC would preserve price signals by allocating costs to customer classes using the same percentage change rather than a fixed price amount, thereby maintaining proportionality of costs among customer classes.

**Next Steps:** The program administrator contract was delayed pending the clarification on contracting requirements provided in D.23-11-009. The Vehicle-Grid Integration Forum is delayed until the first quarter of 2024. The successor proceeding is R.23-12-008.

**Additional Information:** ALJ [Ruling](#) (Dec. 13, 2023); [Petition for Modification](#) (Nov. 17, 2023); PG&E [AL 7071-E](#) (Nov. 17, 2023); PG&E [AL 7064-E](#) (Nov. 10, 2023); [D.23-11-009](#) (Nov. 9, 2023); IOUs [Workshop Report](#) (Oct. 31, 2023); [ALJ Ruling](#) (Oct. 24, 2023); PG&E [Semi-Annual Report](#) (Sep. 15, 2023); [Resolution E-5257](#) (Sep. 6, 2023); SCE's [Motion for Clarification](#) (Jun. 7, 2023); SCE's [Petition for Modification](#) (May 25, 2023); VCE's [Annual Vehicle-Grid Integration Report](#) (Mar. 15, 2023); [D.22-11-040](#) (Nov. 21, 2022); [Scoping Memo and Ruling](#) (May 2, 2019); Docket No. [R.18-12-006](#).

## NEW EV Rates & Infrastructure

**Background:** This rulemaking is the successor to [R.18-12-006](#) and will focus on issues related to 1) timely energization of electric vehicle (EV) charging, 2) transportation electrification grid planning to support charging infrastructure deployment, 3) deployment of behind-the-meter (BTM) charging infrastructure to support state goals, 4) vehicle-grid integration (VGI), and 5) ongoing transportation electrification policy development and collaboration.

**Recent Developments:** On December 20, the CPUC issued the [OIR](#) establishing a preliminary scope for R.23-12-008 Rulemaking Regarding TE Policy Infrastructure 2024 and closing R.18-12-006. On December 27, the ALJ issued a [Ruling](#) requesting comments on the joint IOU data assessments ([Attachment 1](#), [Attachment 2](#)) pursuant to D.22-11-040.

**Analysis:** This new proceeding will build on the transportation electrification efforts implemented in R.18-12-006, support continued implementation of the state's transportation electrification goals, and further integrate transportation into electric resource and grid planning.

**Next Steps:** Comments on the preliminary scope of the OIR are due January 19 and reply comments are due February 5. Comments on the joint IOU data assessments are due February 2 and reply comments are due February 16.

**Additional Information:** ALJ [Ruling](#) (Dec. 27, 2023); [OIR](#) (Dec. 20, 2023); Docket No. [R.18-12-006](#).

## 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 December 20, the CPUC issued [D.23-12-005](#) on Phase 2 Demand Response (DR) Programs, Pilots, and Budgets for the years 2024-2027. The Decision does not address remaining Demand Response Auction Mechanism (DRAM) issues. The Decision finds that PG&E's proposed programs are cost effective and approves

a \$633 revenue requirement to be recovered through distribution rates for its increase in demand response programs from 495 MW in 2022 to over 1,000 MW in 2027. The Decision also directs PG&E to share enrollment information of Community Choice Aggregator (CCA) customers directly enrolled in PG&E's Emergency Load Reduction Pilot (ELRP) sub-groups A.1 and A.6 with the CCAs requesting such information for their customers.

**Analysis:** The Decision ensures the cost-effectiveness of DR program portfolios, clarifies issues with customer participation in two simultaneous DR programs, allows more responsive programs by permitting funding shifts among programs within an IOU's program portfolio, and supports continued DR program development, including CCAs' use of PG&E customer enrollment in these programs for planning. These changes will help ensure that the DR program becomes increasingly effective as experience is gained and will increase the overall value of DR as a dependable resource.

**Next Steps:** A proposed decision on the DRAM is expected in January 2024.

**Additional Information:** [D.23-12-005](#) (Dec. 20, 2023); ALJ [Ruling](#) (Aug. 24, 2023); [D.23-01-006](#) (Jan. 13, 2023); [Scoping Memo and Ruling](#) (Dec. 19, 2022); [D.22-12-009](#) (Dec. 6, 2022); [Ruling](#) consolidating Applications (May 25, 2022); PG&E [Application](#) (May 2, 2022); Docket No. [A.22-05-002](#).

## 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. The current Phase 3B will consider building decarbonization efforts regarding the reasonableness of modifying or ending electric line extension allowances, refunds, and discounts for "mixed-fuel" new construction (i.e., building projects that use gas and/or propane in addition to electricity).

**Recent Developments:** On December 21, the CPUC issued [D.23-12-037](#) resolving outstanding Phase 3B issues in an effort to reduce GHG emissions associated with energy use in buildings by eliminating electric line subsidies for all mixed-fuel new construction.

**Analysis:** The Decision removes incentives for the future use of fossil fuels in new construction and supports the transition to increased electricity use in lieu of new fossil fuel use in buildings.

**Next Steps:** The Proposed Decision is scheduled to be heard at the December 14 Commission meeting.

**Additional Information:** [D.23-12-037](#) (Dec. 21, 2023); [Amended Scoping Memo and Ruling](#) (Jul. 26, 2023); [D.23-02-005](#) (Feb. 3, 2023); [D.21-11-002](#) ([Appendices A-E](#)) Decision on Building Decarbonization 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](#).

## 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:** No recent developments in the past month.

**Analysis:** N/A

**Next Steps:** A proposed decision was expected by the end of 2023 but is delayed.

**Additional Information:** PG&E Response to [Pit River Tribe](#) and [Potter Valley Tribe](#) (Nov. 9, 2023); Motions for Party Status of [Potter Valley Tribe](#) and [Pit River Tribe](#) (Nov. 9, 2023); PG&E [Notice](#) (Jun. 8, 2023); ALJ [Ruling](#) (Mar. 30, 2023); [Scoping Memo and Ruling](#) (Jan. 20, 2023); PG&E [Application](#) (Sep. 28, 2022); Docket No. [A.22-09-018](#).

## Provider of Last Resort Rulemaking

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

**Recent Developments:** No recent developments in the past month.

**Analysis:** N/A

**Next Steps:** A proposed decision on CCA financial security requirement calculations was expected in October 2023 but has been delayed.

**Additional Information:** [Amended Scoping Ruling and Memo](#) (Jun. 19, 2023); [Joint Case Management Statement – Appendix](#) (May 26, 2023); PG&E [AL 6939-E](#) (May 10, 2023); [ALJ Ruling](#) and [Staff Proposal](#) (Jan. 6, 2023); [OIR](#) (Mar. 25, 2021); Docket No. [R.21-03-011](#).

## 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, and an independent third-party evaluator will conduct safety culture assessments every five years per SB 901.

**Recent Developments:** No recent developments in the past month.

**Analysis:** N/A

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

**Additional Information:** ALJ [Ruling](#) (May 8, 2023); [Draft Resolution SPD-3](#) (Sep. 16, 2022); ALJ [Ruling](#) (Sep. 13, 2022); [Scoping Ruling](#) with procedural schedule (Apr. 28, 2022); [Order Instituting Rulemaking](#) (Oct. 7, 2021); Docket No. [R.21-10-001](#).

## Wildfire Fund NBC 2024-2026

**Background:** This rulemaking will set the Wildfire Fund nonbypassable (NBC) charge for the years 2024 through 2026. This charge was established by Assembly Bill 1054 (Stats. 2019, ch. 79), and is a per-kilowatt-hour charge set annually based on the Fund's revenue requirement request from the Department of Water Resources (DWR).

**Recent Developments:** No recent developments in the past month.

**Analysis:** N/A

**Next Steps:** The next 90-day Notice for the 2025 Wildfire NBC is expected in September 2024.

**Additional Information:** [D.23-11-090](#) (Dec. 4, 2023); [Revised Proposed Decision](#) (Nov. 22, 2023); ALJ [Ruling](#) and [90-day Notice](#) (Sep. 8, 2023); [Scoping Memo and Ruling](#) (May 22, 2023); [Order Instituting Rulemaking](#) (Mar. 21, 2023); Docket No. [R.23-03-007](#).

## Other Dockets

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

Docket	Name	Status
<a href="#">R.17-06-026</a>	PCIA Rulemaking	The proceeding was closed by <a href="#">D.23-06-006</a> , but SCE filed a <a href="#">Petition for Modification</a> of D.23-06-006 on September 12 requesting clarification on certain points regarding the valuation of previously banked RECs.
<a href="#">I.15-08-019</a>	Investigation into PG&E Organization, Culture, and Governance	This proceeding was opened as part of an investigation into whether PG&E's organizational culture and governance prioritize safety, and currently serves to monitor the progress of PG&E in improving its safety culture. On May 19, the CPUC issued <a href="#">D.23-05-009</a> adopting the Safety Policy Division's <a href="#">Modified Staff Report</a> and closing the proceeding.
<a href="#">A.20-06-011</a>	PG&E Regionalization Plan	<a href="#">D.22-06-028</a> closed the proceeding. PG&E will continue to convene quarterly "town hall" meetings in each region and conduct broader meetings with the Regionalization Stakeholder Group.
<a href="#">A.20-10-011</a>	Commercial EV Real-Time Pricing Pilot	Opt-in enrollment for the real-time pricing export compensation pilot now begins in February 2024. <a href="#">D.23-07-003</a> closed the proceeding.