

## 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: October 13, 2022

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Please find attached Keyes & Fox's September 2022 Regulatory Memorandum dated October 5, 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 October 5, 2022.

## 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: October 5, 2022

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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 process. Included within that umbrella are load serving entity (LSE) planning requirements, the establishment of a variety of state- and LSE-level forecasts, and ongoing reliability and other procurement obligations.

**Recent Developments:** On September 8, the ALJ issued a [Ruling](#) seeking comments on the “[Reliable and Clean Power Procurement Program: Staff Options Paper](#)” and comments on near-term actions the Commission could take to encourage immediate additional electricity procurement between now and 2026 or beyond.

**Analysis:** The CPUC is exploring replacing the current approach of assigning LSEs procurement requirements via individual orders with an ongoing reliability procurement obligation that would improve LSEs' ability to plan future procurement activities.

**Next Steps:** Comments on the staff paper are due November 7 and replies are due November 28. VCE's next IRP is due November 1.

**Additional Information:** ALJ [Ruling](#) (September 8, 2022); [2022 Incremental Procurement Compliance Filing](#) (August 1, 2022); Docket No. [R.20-05-003](#).

### RPS Rulemaking

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

**Recent Developments:** On 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. This matter may be heard no earlier than the November 3 Commission meeting.

**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.

**Next Steps:** Comments on the Proposed Decision are due October 19, and reply comments are due October 24. 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](#) (September 29, 2022); [Ruling](#) identifying RPS Plan requirements (April 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).

**Recent Developments:** On September 20, the ALJ issued a [Ruling](#) granting the [Motion to Shorten Time](#) for submission of responses to the [Joint Motion for Clarification of Impact of Central Procurement Entity Structure on System](#)

[Resource Adequacy Obligations](#). On September 30, CalCCA filed an [Emergency Petition](#) requesting the CPUC modify both the RA procurement timelines and penalty waivers.

**Analysis:** Both motions address 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. LSEs are now in a position to either face potential penalties or incur additional costs from over-procuring system RA.

**Next Steps:** Responses to CalCCA's Motion are due October 11. On October 31, VCE must file its year-ahead system and flexible RA showings.

**Additional Information:** [Emergency Petition](#) (September 30, 2022); [Ruling](#) on Motion to Shorten Time (September 20, 2022); [Motion to Shorten Time / Joint Motion for Clarification](#) (September 16, 2022); [Amended Scoping Memo and Ruling](#) (September 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 (BUILD Program) and the Technology and Equipment for Clean Heating (TECH Initiative). [D.21-11-002](#) adopted guiding principles for the layering building decarbonization incentives, adopted incentives to help wildfire victims rebuild all-electric, and directed the IOUs to study bill impacts from electrification.

**Recent Developments:** On September 20, the Commission issued [D.22-09-026](#) eliminating gas line extension allowances and subsidies for all customers, in all classes by July 1, 2023.

**Analysis:** This historic decision eliminates century-old ratepayer subsidies for new customers to connect to IOU natural gas lines. The CPUC found that the allowances perpetuated reliance on gas to supply appliances and were likely to become a stranded asset in the future. This decision applies to new applications for gas line extensions submitted on or after July 1, 2023 and will further increase rates of building electrification in VCE's service area.

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

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

## Transportation Electrification

**Background:** This rulemaking implements transportation electrification 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 recent Assigned Commissioner's Ruling proposed a \$1 billion statewide rebate program for behind-the-meter charging infrastructure rebates, prioritizing medium and heavy-duty vehicles and disadvantaged communities. A group of Joint CCAs are advocating for authority to design and implement transportation electrification programs utilizing ratepayer funds.

**Recent Developments:** On September 26, the CPUC's Energy Division issued a [disposition letter](#) approving PG&E's AL 6606-E-B regarding PG&E's Empower Electric Vehicle (EV) Charger Incentive and Education Program which provides low-to-moderate income residential customers with an up to \$500 rebate for Level 2 EV chargers and low-income customers with a rebate of up to \$2,000 for panel upgrades.

**Analysis:** The disposition letter approved PG&E's data collection, reporting and metrics, and will support increased EV adoption.

**Next Steps:** A Proposed Decision on the Assigned Commissioner's Ruling regarding the revised transportation electrification framework and statewide rebate program was expected for Q3 2022 but has been delayed. Following the decision, the IOUs would be required to file advice letters and issue an RFP for third-party administrators.

**Additional Information:** [Energy Division Disposition](#) approving PG&E's AL 6606-E-B (Sept. 26, 2022); [Ruling](#) entering [Staff Proposal](#) on Transportation Electrification Framework to record (February 25, 2022); Docket No. [R.18-12-006](#).

## Commercial EV Real-Time Pricing Pilot

**Background:** This proceeding approved PG&E's proposed commercial electric vehicle 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. Opt-in enrollment for the real-time pricing export compensation pilot began October 1, 2023. Eligibility for participation in the export compensation pilot by unbundled customers will be determined by the customers' electricity provider, i.e. CCAs like VCE.

**Recent Developments:** On September 15, the ALJ issued a [Proposed Decision](#) (Attachment - [Export Compensation Settlement](#)) that would adopt an uncontested settlement establishing export compensation rules for DAHRTP-CEV customers and close the proceeding.

**Analysis:** The decision would 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.

**Next Steps:** The Proposed Decision is scheduled for consideration at the October 20 Commission meeting. If approved, the Proposed Decision would close the proceeding.

**Additional Information:** [Proposed Decision](#) (September 15, 2022); PG&E [Proposal](#) for export compensation for non-NEM customers (March 24, 2022); [Corrected MGCC Study](#) (March 17, 2022); [Application](#) & [Testimony](#) (October 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 September 1, the Administrative Law Judge proposed that the proceeding first address implementation of AB 205 (2022) by reforming fixed charges on an income-graduated basis. At the September 16 prehearing conference, numerous parties argued the CPUC should act more quickly to implement further dynamic rates to address urgent grid reliability issues. In a statement filed on September 27, VCE along with Central Coast Community Energy argued that the Commission should create a priority track to examine near-term load shift opportunities in the agricultural sector via dynamic rates.

**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.

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

**Additional Information:** [OIR](#) (July 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 September 22, the ALJ issued a [Ruling](#) denying motions for an evidentiary hearing and entering the Energy Division staff proposal to utilize \$750,000 for Demand Response research in the 2023 Bridge Year into the record for comment. Comments on the staff proposal are due October 7 and reply comments are due October 14.

**Analysis:** The proposed DR research funding would inform planning and policies that address the needs of the evolving California grid and support the continued development of ratepayer-funded DR programs which could become an important resource for lowering costs in VCE's future portfolio.

**Next Steps:** Opening briefs on the Energy Division proposal are due on October 28, reply briefs are due 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 October.

**Additional Information:** [Ruling](#) (Sept. 22, 2022); Assigned Commissioner's [Scoping Memo and Ruling](#) and Demand Response Auction Mechanism Evaluation report by Nexant (July 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:** On September 28, PG&E filed an [Application](#) requesting CPUC approval to transfer its non-nuclear generating assets to a new subsidiary and sell a minority equity stake in the subsidiary in order to raise capital without diluting its common stock and return to an investment-grade credit rating.

**Analysis:** The proposed asset spin-off has the potential to reduce electric rates passed through to VCE customers by returning PG&E to an investment-grade credit rating and lowering its cost of capital. It would also support PG&E's ability to make capital investment to improve safety and service to VCE's customers.

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

**Additional Information:** PG&E [Application](#) (September 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 investor-owned utility service, such as CCA customers, for the intended purpose of compensating utilities 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 MPB calculations were resolved in [D.22-07-008](#). Currently, the proceeding is evaluating the calculation of the market-price benchmark charges.

**Recent Developments:** On September 12, the ALJ issued a [Ruling](#) requesting comments on the [Staff Proposal](#) for allocation of GHG-free resources, issues related to data access and review, and the utilities' joint proposal on modifications to the energy index for MPB calculations.

**Analysis:** The staff proposal explores options for expanding LSE access to and documentation of GHG-free PCIA resources. This effort could increase the documented GHG-free power content of VCE's allocated PCIA resources and provide further clarity on VCE's progress towards its internal goals.

**Next Steps:** Comments on the Ruling are due October 7 and reply comments 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 (August 4, 2022); [D.22-01-023](#) on Phase 2 (approved January 27, 2021); [D.18-09-013](#) Track 1 Decision approving PG&E Settlement Agreement (September 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. On August 25, 2021, the CPUC Executive Director granted PG&E's request to delay filing its next Phase 2 GRC application until 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:** There are no developments in the past month to report from this proceeding.

**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:** 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:** PG&E's [Amended Application](#) (March 10, 2022); PG&E [Affordability Metrics Report](#) (February 23, 2022); [PG&E Application](#) (June 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. PG&E's 2023 ERRA Forecast Application requested a net 2023 revenue requirement of \$1.952 billion, but this amount is expected to change when PG&E files its Fall Update on October 17.

**Recent Developments:** PG&E filed rebuttal testimony on September 28. The only major contested issue remaining in this case is PG&E's approach towards determining PCIA rates where the Indifference Amount falls below zero (portfolio value greater than costs). PG&E will file its October Update to its forecast on October 17, 2022. That update will use the 2023 Forecast Market Price Benchmarks and 2022 Final Market Price Benchmarks, published by the Energy Division on September 30, 2022.

**Analysis:** This proceeding will determine PG&E's rates for 2023 based on its revenue requirement forecast. While final forecast figures will not be available until October, PG&E's Application forecasted rates for CCA customers to decline 3.6% from \$0.14287/kWh to \$0.13779/kWh based on a \$250.26 million revenue requirement reduction. Specific procurement costs that are expected to change in the Fall Update include those related to reliability under D.19-11-

016 and D.21-06-035, Central Procurement Entity (CPE) administration and procurement, Voluntary Allocation/Market Offer (VAMO) process pending Commission decisions in R.18-07-003.

**Next Steps:** A joint report on the need for hearings is expected to be submitted by October 6. The procedural schedule is condensed in an attempt to meet the deadline for the final 2022 Commission Meeting and allow for new rates to be effective January 1, 2023. PG&E's Update is due on October 17, and a Proposed Decision is expected November 29 in time for the matter to be heard at the December 15 Commission meeting.

**Additional Information:** [Scoping Memo](#) (August 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:** There are no developments in the past month to report from this proceeding.

**Analysis:** Phase 2 of the proceeding is assessing whether PG&E should be required to return its revenue requirement associated with unrealized sales associated with its 2019 PSPS events, and the methodology and inputs for calculating such a disallowance. VCE's customers could benefit from such a CPUC-determined disallowance, e.g., via a bill credit or reduced PG&E charges. The Phase 2 determination will also impact the 2020 and 2021 ERRa Compliance proceedings.

**Next Steps:** A prehearing conference is scheduled for October 19.

**Additional Information:** [D.22-07-009](#) extending statutory deadline (July 18, 2022); [April 6, 2022 Ruling]; [Joint Case Management Statement](#) (February 25, 2022); [D.21-07-013](#) resolving Phase 1 (July 16, 2021); PG&E's [Application](#) and [Testimony](#) (February 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:** There are no developments in the past month to report from this proceeding.

**Analysis:** The results of Phase 2 will determine whether PG&E is allowed to recover revenue lost as a result of PSPS events in its rates, including those charged to CCA customers.

**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 (August 11, 2022); [Scoping Memo and Ruling](#) (June 21, 2021); [Application](#) (March 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:** There are no developments to report from this proceeding.

**Analysis:** The proceeding will determine the reasonableness and appropriateness of PG&E expenditures, including some Central Procurement Entity administration costs. Some uncertainty remains regarding the treatment of Public Safety Power Shutoff (PSPS) events during the year pending the Commission's determination on the utilities' proposed common methodology for calculating unrealized volumetric sales and unrealized revenues associated with PSPS events in the Phase II 2019 ERRa Compliance proceeding.

**Next Steps:** Intervenor testimony is due October 31, 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](#) (August 9, 2022); PG&E 2021 ERRa Compliance [Application](#) (February 28, 2022); Docket No. [A.22-02-015](#).

## PG&E Regionalization Plan

**Background:** PG&E was directed 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 September 22, PG&E filed its required update on the status of its regionalization implementation activities in [AL 6705-E / 4654-G](#).

**Analysis:** PG&E’s AL 6705-E updates stakeholder 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’s next Regionalization Stakeholder Group meeting is scheduled for October 20.

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, or by November 14.

**Additional Information:** PG&E [AL 6705-E / 4654-G](#) (September 22, 2022); PG&E [Presentation to Regionalization Stakeholder Group](#) (August 25, 2022); [D.22-06-028](#) on Regionalization (June 24, 2022); [PG&E Updated Regionalization Proposal](#) (February 26, 2021); [Application](#) (June 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:** On September 13, the ALJ issued a [Ruling](#) seeking comments on policy questions related to the development of safety culture assessments and distributing the Safety Culture Concept Paper 2 and Guiding Principles Proposal from the Safety Policy Division. Opening comments were due October 4.

On September 16, the Commission issued [Draft Resolution SPD-3](#) Adopting Performance Metrics and Retaining Existing Requirements for the 2023 Wildfire Mitigation Plans of Electrical Corporations. 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 if approved at the October 20 Commission meeting.

**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:** Reply comments on the September 13 Ruling are due October 18th. Comments on the Draft Resolution are due October 6. The Commission is scheduled to vote on the Draft Resolution at its October 20 meeting.

**Additional Information:** [Draft Resolution SPD-3](#) (September 16, 2022); ALJ [Ruling](#) (September 13, 2022); [Scoping Ruling](#) with procedural schedule (April 28, 2022); [Order Instituting Rulemaking](#) (October 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 outstanding issues not resolved in Phase 1 or 2.

**Recent Developments:** No updates.

**Analysis:** PG&E’s AL 6589-E-B describes the method and the inputs for determining the Financial Security Requirement (FSR) to be contributed by each CCA to cover the costs between the time a CCA’s customers transition to POLR service and when the POLR begins receiving revenue. The resource adequacy portion of each CCA’s FSR amount is determined in part by the trailing six months’ average of the CCA’s peak load. While the costs of meeting the FSR are unavoidable, the amount of the FSR can be influenced by efforts to reduce monthly peak load.

**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 (July 7, 2022); [POLR webpage](#) with workshop presentations and videos; [Scoping Memo and Ruling](#) (September 16, 2021); [Order Instituting Rulemaking](#) (March 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:** No updates this month.

**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, a late October 2022 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:** ALJ [Ruling Requesting Comments](#) on attached Staff Proposal for Microgrid Incentive Program (July 6, 2022); [Scoping Memo](#) (December 17, 2021); Docket No. [R.19-09-009](#).

## Other Dockets

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

Docket	Name	Status
<a href="#">R.21-03-001</a>	Wildfire Fund NBC (2022-2023) Rulemaking	The updated 2023 Wildfire NBC of \$5.37/MWh (\$0.00537/kWh) is scheduled to take effect as of January 1, 2023. The 2023 Wildfire NBC is \$1.15/MWh, or 17.6%, 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.
<a href="#">I.15-08-019</a>	Investigation into PG&E Organization, Culture and Governance	D.21-11-010 extended the statutory deadline until November 8, 2022 to allow for continued monitoring of PG&E's ongoing safety performance and to provide the Commission time to establish next steps for the proceeding.
<a href="#">R.20-11-003</a>	Ensuring Summer 2021 Reliability	D.22-06-005 closed the proceeding.
<a href="#">A.19-11-019</a>	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 href="#">A.21-06-001</a>	PG&E 2020 ERRA Forecast	D.22-02-002 closed the proceeding.
<a href="#">R.19-03-009</a>	Direct Access Rulemaking	D.21-06-033 closed the proceeding, but a Petition for Rehearing (July 29, 2021) remains outstanding.