

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 9

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: January 19, 2023

Please find attached Keyes & Fox's December 2022 Regulatory Memorandum dated January 11, 2023, 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 11, 2023.

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: January 11, 2023

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 December 7, the CPUC issued [Draft Comment Resolution E-5239](#) on PG&E [AL 6654-E](#) and [AL 6654-E-A](#) Plan to Implement the Modified Cost Allocation Mechanism (MCAM) established in D.19-11-016 and D.21-06-035 that would approve PG&E's plans for recovery of costs, estimated between \$3.5 and \$5 million, associated with MCAM procurement. This matter is scheduled to be heard at the January 12 Commission meeting. On December 12, comments were filed on the Staff Options Paper regarding changes to reliability procurement. On December 13, the CPUC issued [Draft Comment Resolution E-5252](#) on the Transmission Project Review Process effective January 1, 2024, and on January 6 an email ruling extended to deadline for comments on Draft Resolution E-5252 by 30 days until February 13.

Analysis: The staff paper ([Staff Options Paper](#)) provides four potential options to replacing the need for individual LSE mid-term reliability procurement obligations such as those ordered 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. The adjustment to reliability procurement being contemplated would result in reliability procurement occurring on a continual basis rather than the discrete time-quantity obligations currently used.

Next Steps: IRP procurement compliance filings for D.19-11-016 and D.21-06-035 are due on February 1, 2023. Comments on Draft Resolution E-5252 are due on February 13, 2023.

Additional Information: [Draft Comment Resolution E-5252](#) on the Transmission Project Review Process (Dec. 13, 2022); [Draft Comment Resolution E-5239](#) on PG&E [AL 6654-E](#) and [AL 6654-E-A](#) (Dec. 7, 2023); 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: On December 5, the CPUC provided Notice of the availability of draft Compliance Report Templates and supporting documents for the 2017-2020 Compliance Period on the [RPS compliance website](#). On December 6, the CPUC issued a disposition letter approving [PG&E AL 6754-E](#), effective November 7, on Energy Price Updates for November 2022 Eligible to Qualifying Facilities of 20 MW or less. On December 19, the CPUC issued [D.22-12-030](#) adopting Retail Sellers' draft 2022 RPS Procurement Plans, including VCE's.

Analysis: [D.22-11-021](#) makes resources made available through the Market Offer (i.e., those resources remaining after the Voluntary Allocation process) somewhat more favorable to LSEs by increasing access to long-term contracts and removing the requirement for 10% incremental slices, but still requires procurement of slices of the available IOU portfolio.

Next Steps: Final 2022 RPS Procurement Plans are due January 18, 2023.

Additional Information: [D.22-12-030](#) (Dec. 19, 2022); PG&E [AL 6794-E](#) (Dec. 19, 2022); [D.22-11-021](#) (Nov. 18, 2022); [Proposed Decision](#) on RPS Plans (Nov. 9, 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 December 15, PG&E submitted [substitute sheets](#) for [AL 6501-E](#) requesting a waiver of penalties for failure to meet April 2022 Local Resource Adequacy procurement obligations. On December 19, the CPUC issued [D.22-12-028](#) denying CalCCA's [Petition for Modification](#) (filed September 30) of D.22-03-034 on system RA procurement requirements for 2023. On December 21, the CPUC issued the second revised [disposition notice](#) for PG&E's supplemental [Advice Letter 6706-E-A](#) regarding the CPE's failure to fulfill its 2023 Local RA procurement obligations. On January 6, the CPUC released the updated Demand Response Load Impact Protocols ([LIP](#)) [Filing Guide V3.0](#) on the [CPUC Demand Response webpage](#).

Analysis: The decision on CalCCA's [Petition](#) provides no immediate relief from LSE RA procurement obligations aside from that already provided in [D.22-03-034](#), but does encourage LSEs to raise such issues in the next phase of the Implementation Track. RA Reform Workstreams 1-3 pertain to development of proposals to modify mechanisms for RA resource counting, measurement, and planning; current reform proposals will likely be implemented on a trial basis during a test year in 2024 before being evaluated and implemented for compliance purposes.

Next Steps: A proposed decision on Reform Track Phase 2 is expected in Q1 2023. Proposals on Implementation Track Phase 3 are due January 20, and a workshop on proposals is expected in early February 2023 followed by comments on the workshop proposals due February 17, 2023. The CAISO draft 2024 Local Capacity Requirements report is expected in April 2023.

Additional Information: ([LIP](#)) [Filing Guide V3.0](#) (Jan. 6, 2023); [D.22-12-028](#) (Dec. 19, 2022); PG&E [AL 6501-E](#) and [substitute sheets](#) (Dec. 15, 2022); [Notice of Availability](#) for final Report on RA Reform Workshop Proposals (Nov. 15, 2022); [Proposed Decision](#) on CalCCA Petition (Nov. 9, 2022); PG&E [Advice Letter 6706-E-A](#) ([disposition letter](#)) (Nov. 4, 2022); CalCCA [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.

Recent Developments: On December 23, the CPUC issued a [Proposed Decision](#) that would allocate \$50 million statewide to the Technology and Equipment for Clean Heating Initiative, including a 40% low-income carve-out, per AB 179.

Analysis: The Proposed Decision would add additional funding to the clean heating program, as required by statute.

Next Steps: Comments on the Proposed Decision are due January 12, 2023, reply comments are due January 17, 2023, and the Proposed Decision may be heard at the February 2 Commission meeting.

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. [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 5, PG&E submitted [AL 6778-E](#) on its EV submetering Implementation Plan. On December 14, the Rural County Representatives of California and several local governments and CCAs [submitted a letter](#) to CPUC President Reynolds requesting additional Commission action on PG&E's fast-trip power shutoffs. On December 16, the CPUC issued [Resolution E-5247](#) modifying the IOUs' proposed service energization timeline to align with OP 8 of Resolutions E-5167 and E-5168 by adopting a temporary average of 125-business days for all projects that go through the IOUs' EV Infrastructure Rule. On December 21, PG&E issued [AL 6797-E](#) providing

updated rate and bill impacts for the rebate program that proposes an annual revenue requirement of \$84.61 million during the years 2025-2029.

Analysis: The EV submetering and grid-integration efforts are proceeding as PG&E provides additional technical detail and program clarifications. These programs may be available for CCA customers, and as additional aspects of the metering and interconnection protocols become available CCAs have the opportunity to establish the foundation for customers' enhanced use of grid-integrated EVs in anticipation of future incentive programs.

Next Steps: The Program Administrator for the rebate program will be selected during the first quarter of 2023.

Additional Information: PG&E [AL 6797-E](#) (Dec. 21, 2022); [Resolution E-5247](#) (Dec. 16, 2022); PG&E [AL 6778-E](#) (Dec. 5, 2022); [D.22-11-040](#) (Nov. 21, 2022); PG&E's [Advice Letter 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. This pilot includes real-time pricing for both imports from and exports to the grid by commercial EVs.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: Opt-in enrollment for the real-time pricing export compensation pilot begins October 1, 2023. The proceeding was previously closed but reopened to address PG&E's Petition.

Additional Information: PG&E [Petition for Modification](#) (Nov. 14, 2022); [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. 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 will first adopt demand flexibility principles and consider expansion of the AgFIT Pilot.

Recent Developments: Opening comments on the Phase 1 scope, including comments by CalCCA, PG&E and other parties supporting the expansion of AgFIT, were filed December 2. On December 9, the ALJ issued [Ruling Requesting Briefs](#) on statutory interpretation in Track A of the Demand Flexibility proceedings.

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. Expansion of the AgFIT Pilot capacity cap and application to other LSE territories was supported and opposed by several parties. Such expansion would likely unlock more load shifting in the agricultural sector, building upon the initial strong success of AgFIT.

Next Steps: Track A opening briefs are due February 13. A Track B proposed decision on electric rate design principles and demand flexibility design principles is expected in March 2023. A workshop on expanding existing pilots, including AgFIT, and an opportunity for the filing of post-workshop comments is expected in Q2 2023.

Additional Information: [Ruling Requesting Briefs](#) (Dec. 9, 2022); [Phase 1 Scoping Memo and Ruling](#) (Nov. 2, 2022); [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 December 6, the CPUC issued [D.22-12-009](#) approving the IOU's demand response (DR) programs, pilots, and budgets for the 2023 Bridge Year. On December 9, the CPUC issued a [Proposed Decision](#) that would approve the demand response auction mechanism (DRAM) pilot for pilot year 2024 deliveries, would approve and fund continued demand response research, and delay consideration of changes to the DRAM program until Phase 2. On December 19, the CPUC issued a [Scoping Memo and Ruling](#) defining the issues and schedule for Phase 2 of this proceeding. Phase 2 will address the 2024-2027 DR program proposals as well as the DRAM's future beyond 2024.

Analysis: 2023 Bridge Year funding plays an important role in maintaining DR program continuity and providing market stability for customer-participants and third-party providers while the future nature and level of DR programs from 2024-2027 will be decided in Phase 2. The proposed decision would provide continuity in the DR programs while maintaining research funding without making substantive changes.

Next Steps: In the DRAM portion of the proceeding, the Proposed Decision on DRAM pilots may be approved at the January 12 Commission meeting. Opening testimony is due May 31, opening briefs are due September 30, and a

proposed decision is expected in January 2024. In Phase 2, testimony is due between February 3 and April 28, opening briefs on Phase 2 are due July 21, and a proposed decision is expected in October 2023 for the 2024-2027 DR Program.

Additional Information: [Scoping Memo and Ruling](#) (Dec. 19, 2022); [Proposed Decision](#) (Dec. 9, 2022); [D.22-12-009](#) (Dec. 6, 2022); [Ruling](#) (Sep. 22, 2022); Assigned Commissioner's [Scoping Memo and Ruling](#) and DRAM Evaluation report (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: On December 9, PG&E filed a [statement](#) explaining the Commission decisions that may potentially be modified by a final decision in this proceeding (including the decisions that impose regulatory obligations on PG&E that, if the transaction is approved, will be jointly fulfilled by PG&E and Pacific Generation or transferred to Pacific Generation). On December 14, PG&E submitted a notice regarding two filings it submitted to FERC: an application seeking approval of the transfer of hydro licenses under Section 8 of the Federal Power Act, and an application seeking authorization for part of the proposed transaction under Section 203 of the Federal Power Act.

Analysis: PG&E's Section 203 Application at FERC will consider whether the transaction is consistent with the public interest. FERC's consideration of this question under Federal Power Act Section 203 is more circumscribed than the CPUC's scope of review in A.22-09-018, but this FERC docket is still a potential additional avenue for opponents to exert pressure on PG&E. On January 10, CalCCA moved to intervene and protest this Application at FERC, asking FERC to defer its analysis of the transaction until PG&E can provide all the requisite information regarding the second step of PG&E's proposed transaction: the minority interest sale.

Next Steps: A procedural schedule is expected to be issued soon.

Additional Information: ALJ [Ruling](#) on prehearing conference (Nov. 15, 2022); 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: On December 5, PG&E filed [AL 6779-E](#) providing its short-term market offer process, including a revised timeline and necessary changes to pro-forma agreements. On December 19, the IOUs submitted Advice Letters including a revised Market Offer Process to specify details regarding the IOUs' plans for a forthcoming market offer of long-term product later this year. The IOUs launched the short-term Market Offer to all market participants on January 9.

Analysis: The IOUs have not indicated the specific schedule for the long-term market offer, only that it will launch in February 2023. CalCCA filed protests on January 9 to require a specific timeline for long-term market offer completion and contract execution.

Next Steps: A proposed decision on long-term RPS transactions and MPB calculations and GHG-free resources is expected in early 2023.

Additional Information: PG&E [AL 6779-E](#) (Dec. 5, 2022); [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 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 2023-2026. Phase 2 GRC proceedings determine cost allocation among customer classes (e.g., Residential) and rate design issues. 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 December 9, the CPUC published a [Proposed Decision](#) ([Revised](#) January 10) that would approve the settlement regarding wildfire liability insurance coverage, establish a revenue requirement of \$400 million per year, for 2023 through 2026, for wildfire liability insurance coverage, and approve coverage which consists entirely of self-insurance for third-party wildfire claims of less than \$1 billion per year. On January 6, PG&E and the Public Advocates Office submitted a [Joint Motion](#) for approval of a Settlement of Track 2 issues.

Analysis: The decision on wildfire liability insurance coverage will impact electric service costs and allocate financial risks associated with wildfire events as a self-insurance liability to PG&E. With respect to the proposed Track 2 settlement, which concerns cost recovery of PG&E's recorded costs, the moving parties recommend that PG&E's total cost recovery for Track 2 memorandum and balancing accounts be established as \$183.353 million of expense recorded costs (a reduction of \$25.600 million to PG&E's total request of \$208.953 million) and \$126.666 million of capital recorded costs (a reduction of \$2.300 million to PG&E's total request of \$128.966 million).

Next Steps: The Proposed Decision (Dec. 9) is scheduled to be heard at the January 12 Commission meeting. In Track 1, a Proposed Decision is expected in Q2 2023. The Track 2 schedule is currently held in abeyance per an email ruling issued December 13.

Additional Information: [Proposed Decision](#) ([Revised](#)) (Dec. 9, 2022); ALJ [Ruling](#) (Oct. 21, 2022); PG&E's [Amended Application](#) (Mar. 10, 2022); PG&E [Affordability Metrics Report](#) (Feb. 23, 2022); [PG&E Application](#) (Jun. 30, 2021); 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 December 19, the CPUC issued [D.22-12-044](#) adopting PG&E's 2023 ERRA forecast and closing the proceeding. The total 2023 net revenue requirement for PG&E is \$1,995,957,000, which represents an increase of 0.9% for non-CARE bundled residential customers compared to current rates, or an increase of about \$1.55 per month for an average residential customer.

Analysis: The Decision rejects PG&E's proposal to establish a PCIA rate "floor" and requires PG&E to continue to flow through the PCIA adjustment whether positive or negative to all bundled and departed customers.

Next Steps: PG&E must file an advice letter implementing D.22-12-044 by January 18, 2023. PG&E is required to host a workshop on its sales forecast methodology no later than March 31, 2023 to examine and then incorporate into its 2024 ERRA sales forecast the continued impacts of COVID-19 on electricity sales.

Additional Information: [D.22-12-044](#) (Dec. 19, 2022); PG&E [Advice Letter 6761-E](#) (Nov. 15, 2022); 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: On December 19, the CPUC issued a [Proposed Decision](#) utility-initiated PSPS events in 2019 that would prohibit the Joint Utilities from adjusting future rates to collect any revenue shortfalls, recorded as undercollections in their respective balancing accounts, caused by PSPS events in 2019 – requiring utility shareholders to fund lost revenues from PSPS events, and also close the proceeding. The Proposed Decision would also adopt a methodology to calculate the estimated unrealized revenues the Joint Utilities incurred in 2019 or will incur during future PSPS events.

Analysis: This Proposed Decision would impose the costs of unrealized revenue resulting from PSPS events in 2019 on utility shareholders rather than ratepayers and establish an ongoing accounting methodology applicable to future PSPS events. The result would be lower costs for customers, greater incentives for utility management of infrastructure to prevent and avoid the need for PSPS events while maintaining service to customers, and resolution regarding the backlog of ERRA Compliance proceedings and associated cost recovery.

Next Steps: Reply comments on the Proposed Decision are due January 16, 2023, and it may be heard as early as the February 2 Commission meeting.

Additional Information: [Proposed Decision](#) (Dec. 19, 2022); [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 (PSPS) 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 PSPS 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 January 6, the ALJ issued a Ruling determining that an evidentiary hearing is not necessary and updating the procedural schedule.

Analysis: N/A

Next Steps: The deadline for completion of settlement talks is extended to January 25. Opening Briefs are now due February 27, 2023 and a target date for a Proposed Decision is Q3 2023.

Additional Information: [ALJ Ruling](#) on schedule (Jan. 6, 2023); 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](#).

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. Currently, this proceeding is focused on developing the rules, policies, and procedures for these safety culture assessments.

Recent Developments: No recent developments in the past month.

Analysis: N/A

Next Steps: A Proposed Decision on the Staff Proposal (Safety Culture Concept Paper attached to the September 13, 2022 [Ruling](#)) is expected.

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 (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: On January 6, the ALJ issued a Ruling entering the Staff Proposal addressing additional options and expanded POLR proposals for consideration in Phase 1 of this proceeding into the record and providing notice of workshops on the Staff Proposal.

Analysis: The Staff Proposal includes topics such as financial monitoring of CCAs, cost recovery associated with customers returning to POLR service, and the LSE deregistration process related to procurement requirements. These topics present potential financial review and monitoring standards for VCE as well as potential new costs related to providing POLR financial security.

Next Steps: Opening comments on the Staff Proposal and example FSR calculations are due March 21, 2023, and reply comments are due April 7, 2023. A workshop on topics covered in the Staff Proposal will be held on January 26, 2023, and a workshop for IOU's to walk-through examples of financial security requirement calculations will be held on March 7, 2023. A proposed decision is expected in Q3-Q4 2023.

Additional Information: [ALJ Ruling](#) and [Staff Proposal](#) (Jan. 6, 2023); PG&E [Advice Letter 6758-E](#) (Nov. 10, 2022); PG&E [Advice Letter 6589-E-B](#) and Disposition Letter (Jul. 7, 2022); [Scoping Memo and Ruling](#) (Sep. 16, 2021); [OIR](#) (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: On December 7, the CPUC issued [Draft Comment Resolution E-5242](#) on PG&E AL 6623-E for Remote Grids as a Sole Standard Service Offering for microgrids under 2 MW when certain wildfire-prevention requirements are met. On December 9, the CPUC issued [Resolution E-5230](#) on PG&E's, SCE's, and SDG&E's proposals to implement Limited Generation Profiles and allow inverters to be set using different export values at different times of the year.

Analysis: Resolution E-5230 provides for seasonal variation in maximum export value settings for inverters approved for non-export and limited-export use which will allow capable inverters to respond to grid conditions without triggering distribution grid upgrades.

Next Steps: Draft Comment Resolution E-5242 is scheduled to be heard at the January 12, 2023 Commission meeting. 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. An ALJ Ruling establishing 2023 scheduling & activities is expected in Q1 2023. Two half-day workshops on the use of limited-export inverters will be held before February 17, 2023.

Additional Information: [Resolution E-5230](#) (Dec.9, 2022); [Draft Comment Resolution E-5242](#) (Dec. 7, 2022); [Disposition Letter/Advice Letter 6730-E](#) (Nov. 7, 2022); [Disposition Letter](#) for PG&E [Advice Letter 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](#).

Other Dockets

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

Docket	Name	Status
I.15-08-019	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. The Final Report from consultant NorthStar will be considered in a future decision.
A.20-06-011	PG&E Regionalization Plan	D.22-06-028 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. Town Hall Report Q3 (Oct. 28, 2022)
R.21-03-001	Wildfire Fund NBC (2022-2023) Rulemaking	On December 6, the CPUC issued D.22-12-007 adopting a 2023 Wildfire NBC of \$5.30/MWh (\$0.00530/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.
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.
A.21-06-001	PG&E 2020 ERRRA Forecast	D.22-02-002 closed the proceeding, and the Rehearing Request (filed March 14, 2022) was denied by D.22-11-019 issued on November 7.
R.19-03-009	Direct Access Rulemaking	D.21-06-033 closed the proceeding, and on December 19 the CPUC issued D.22-12-058 denying the Application for Rehearing (July 29, 2021).