

Memorandum

To: ISO Board of Governors

From: Roger Collanton, Vice President, General Counsel, Chief Compliance Officer,
and Corporate Secretary

Date: July 13, 2022

Re: Regulatory update since last report dated May 4, 2022

This memorandum does not require ISO Board of Governors action.

Highlights

- *FERC issued a Notice of Proposed Rulemaking (NOPR): Transmission System Planning Performance Requirements for Extreme Weather*
- *FERC issued a NOPR: Improvements on Generator Interconnection Procedures and Agreements*
- *FERC approved the ISO's Order No. 2222 compliance filing, subject to further compliance requirements*
- *FERC approved numerous ISO tariff amendments: resource sufficiency evaluation enhancements, tariff revisions to accommodate central procurement entities, long-start/short-start clarifications, reliability demand response resource enhancements, and inertia penalty constraints*

Federal Energy Regulatory Commission

- **Central Procurement Entity (ER22-1604)**

On July 1, 2020, FERC accepted the ISO's April 8, 2022 tariff amendment to recognize the new role central procurement entities will play in California's resource adequacy program. The tariff amendment also adjusts how the ISO sets local capacity requirements in the monthly resource adequacy process for load-serving entities serving load in multiple transmission access charge areas.

- **Notice of Proposed Rulemaking: Transmission System Planning Performance Requirements for Extreme Weather (RM22-10)**

On June 16, 2022, FERC issued a NOPR proposing to direct NERC to develop modifications to Reliability Standard TPL-001-5.1 to require: (1) development of benchmark planning cases based on information such as major prior extreme heat and cold weather events or future meteorological projections; (2) planning for extreme heat or cold events using steady state and transient stability analyses expanded to cover a range of extreme weather scenarios, including the expected resource mix's availability

Regulatory Filings Through July 1, 2022

during extreme weather conditions and the broad area impacts of extreme weather; and (3) corrective action plans that include mitigation for any instances where performance requirements for extreme heat and cold events are not met.

- **Notice of Proposed Rulemaking: Improvements on Generator Interconnection Procedures and Agreements (RM22-14)**

On June 16, 2022, FERC issued a NOPR focused on expediting the process for connecting new electric generation facilities to the grid. The NOPR seeks to address significant backlogs in the interconnection queues by improving interconnection procedures, providing greater certainty, and preventing undue discrimination against new generation. The NOPR includes several areas of reforms to ensure that interconnection customers can access the grid in a reliable, efficient, transparent and timely manner: a first-ready, first-served cluster study process, improvements to interconnection queue processing speed, incorporating technological advancements into the interconnection process, and updating modeling and performance requirements for system reliability.

- **Notice of Proposed Rulemaking: One-Time Informational Reports on Extreme Weather Vulnerability Assessments Climate Change, Extreme Weather (RM22-16)**

On June 16, 2022, FEC issued a NOPR proposing to direct transmission providers to submit one-time informational reports on how they establish a scope for their extreme weather vulnerability assessments, develop inputs, identify vulnerabilities and determine exposure to extreme weather hazards, estimate the costs of inputs, and develop mitigation measures to address extreme weather risks.

- **Order No. 2222 - Distributed Energy Resource Aggregations (ER21-2455)**

On June 16, 2022, FERC accepted, with limited revisions and subject to a further compliance filing, the ISO's July 19, 2021 filing to comply with Order No. 2222 regarding the participation of distributed energy resource aggregations in the ISO's markets. Among other things, FERC directed further compliance associated with the coordination requirements of Order No. 2222, including the distribution utility review process.

- **Interconnection Process Enhancements (ER22-2018)**

On June 2, 2022, the ISO filed a tariff amendment to improve its generator interconnection process. The ISO proposed 12 distinct sets of revisions: (1) aligning the transmission plan deliverability allocation process with procurement, (2) requiring projects to demonstrate site exclusivity earlier and increasing the site exclusivity deposits and non-refundable portions, (3) enabling interconnection studies of new generation under an emergency state mandate, (4) simplifying the downsizing process, (5) enhancing the errors and omissions process to mitigate late changes, (6) clarifying Remedial Action Scheme classification, (7) clarifying interconnection request transfers from the participating transmission owners' wholesale distribution access tariff queues, (8) clarifying site and point of interconnection change processes, (9) allowing interconnection customers to make certain modifications to parked projects, (10)

Regulatory Filings Through July 1, 2022

clarifying the deadline for Appendix B data before Phase II studies, (11) expanding deliverability transfer opportunities, and (12) clarifying requirements to utilize third-party interconnection facilities.

- **Resource Sufficiency Evaluation (ER22-1278)**

On May 27, 2022, FERC accepted the ISO's March 11, 2022, tariff amendment to implement enhancements to improve performance of the resource sufficiency evaluation in the WEIM. The accepted tariff revisions included a proposal not to count ISO interchange schedules in the resource sufficiency evaluation when they are not supported by a transmission profile e-Tag equal to the Hour-Ahead Scheduling Process award by 40 minutes prior to the operating hour.

- **Capacity Procurement Mechanism – Offers Above Soft Offer Cap (ER20-1075)**

On May 23, 2022, the ISO submitted a filing to comply with FERC's April 22, 2022, order directing the ISO to remove the 20 percent adder from the calculation of a resource's compensation for offers above the capacity procurement mechanism soft offer cap.

- **Short Start/Long Start Tariff Amendment (ER22-1438)**

On May 23, 2022, FERC accepted the ISO's March 24, 2022, tariff amendment to revise the defined terms short start unit and long start unit to align with the ISO's existing market timelines and to make additional tariff revisions related to the revised definitions.

- **Reliability Demand Response Resource Enhancements (ER22-1431)**

On May 23, 2022, FERC accepted the ISO's March 23, 2022, tariff amendment to enhance reliability demand response resource (RDRR) bidding in the ISO's real-time markets. The ISO proposed to raise the RDRR real-time bid floor to 95 percent of the hard energy bid cap in the real-time market for hours when the ISO accepts energy bids above the soft-offer cap priced up to \$2,000/MWh.

- **Intertie Penalty Constraints (ER22-1246)**

On May 20, 2022, FERC accepted the ISO's March 10, 2022, tariff amendment to increase existing scheduling parameter values associated with intertie transmission constraint relaxation in both the residual unit commitment process and real-time market. This will ensure the ISO market reaches a solution that more accurately reflects actual supply available to the system to meet demand and mitigates the reliability risk of overscheduling on the interties during tight supply conditions.

Regulatory Filings Through July 1, 2022

- **Amendment No. 60 (ER22-963)**

On May 5, 2022, FERC approved an uncontested settlement agreement among the ISO, Pacific Gas & Electric and Southern California Edison, and among Cities of Anaheim, Azusa, Banning, Colton, Pasadena, and Riverside, California (“Six Cities”) resolving issues presented in the Six Cities’ petition for review pending before the U.S. Court of Appeals for the D.C. Circuit relating to Amendment 60. In Amendment No. 60, which dates back to 2004, the ISO proposed revisions to the methodology for allocating costs related to the must-offer obligation. Amendment No. 60 proceedings have an extensive history before FERC and have also been the subject of multiple petitions for review before the D.C. Circuit.

Non-Conforming Regulatory Agreements

- **Western Energy Imbalance Market Agreement – Avangrid Renewables, LLC (ER22-2227)**

On June 29, 2022 the ISO filed an agreement between the ISO and Avangrid Renewables, LLC for participation in the Western Energy Imbalance Market, with an anticipated April 2023 participation date.

- **Joint Owned Unit Pilot Agreement with Public Service Company of New Mexico and Tucson Electric Power (ER22-1394)**

On May 4, 2022, FERC accepted the ISO’s March 18, 2022, Amendment No. 1 to the Joint Owned Unit Pilot Agreement, which included targeted modifications to the technical requirements to the pilot program governed by the agreement.

California Public Utilities Commission and other State Agencies

- **Safe and Reliable Gas Systems (R.20-01-007)**

On June 9, 2022, the ISO filed comments on proposed decision. The ISO supported proposed decision with the understanding that important issues regarding gas infrastructure needs will be addressed later in the proceeding. The ISO also urged the Commission to take advantage of opportunities to coordinate and collaborate with the CEC and other parties.

On June 15, 2022, the ISO filed comments on the amended scoping memo Track 2a scoping questions. The ISO recommended the Commission align its efforts to perform long-term planning for safe and reliable natural gas systems with the planning processes administered by the ISO, other state regulatory agencies and local regulatory authorities, and with other Commission proceedings addressing gas and electric matters.

Resource Adequacy Program (R.21-10-002)

On May 9, 2022, the ISO filed comments on the proposed decision to strengthen the resource adequacy program, including the “24-hour slice approach” where each load

Regulatory Filings Through July 1, 2022

serving entity would have to demonstrate that it has enough capacity to satisfy its specific gross load profile, including planning reserve margin, in all 24 hours on the ISO's 'worst day' in that month. The comments recognize that additional work is needed to fully develop this approach. The ISO also provided a detailed letter to the Commission and administrative law judges assigned to this proceeding reiterating the ISO's commitment to work with the Commission and others in this effort.

On June 13, 2022, the ISO filed comments on the regional wind effective load carrying capability (ELCC) study results. The ISO noted that Commission adoption of regional wind ELCC values for resource adequacy year 2023 would require the ISO to change its internal processes to account for regional ELCC values. The ISO stated it cannot make system changes in time for resource adequacy year 2023, so it would work with the Energy Division staff to implement a manual process for 2023 to assign a new wind resource requesting Net Qualifying Capacity in the monthly resource adequacy process a regional ELCC value based on its geographic location.

On June 14, 2022, the ISO filed reply comments responding to comments regarding availability assessment hours, qualifying capacity values, deliverability, and hourly trading proposals.

- **Improve Distribution Level Interconnection Rules & Regulations - Electric Generators & Storage (R.11-09-011)**

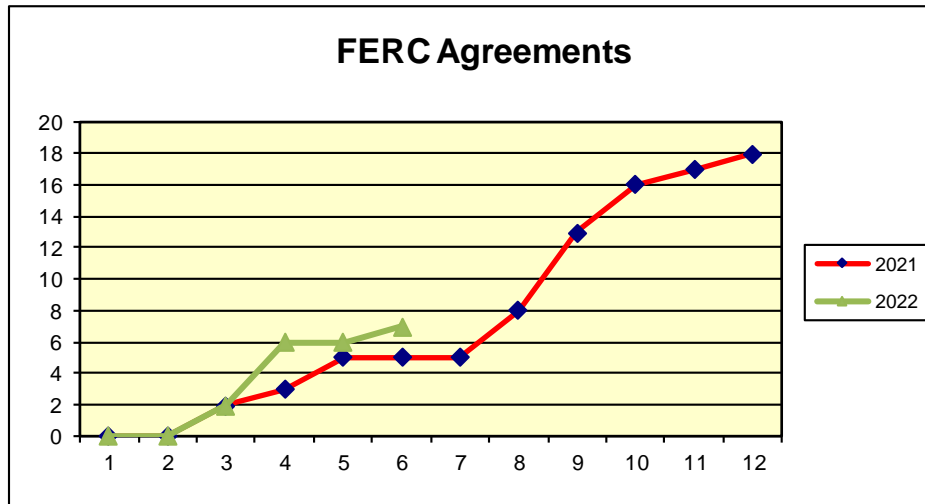
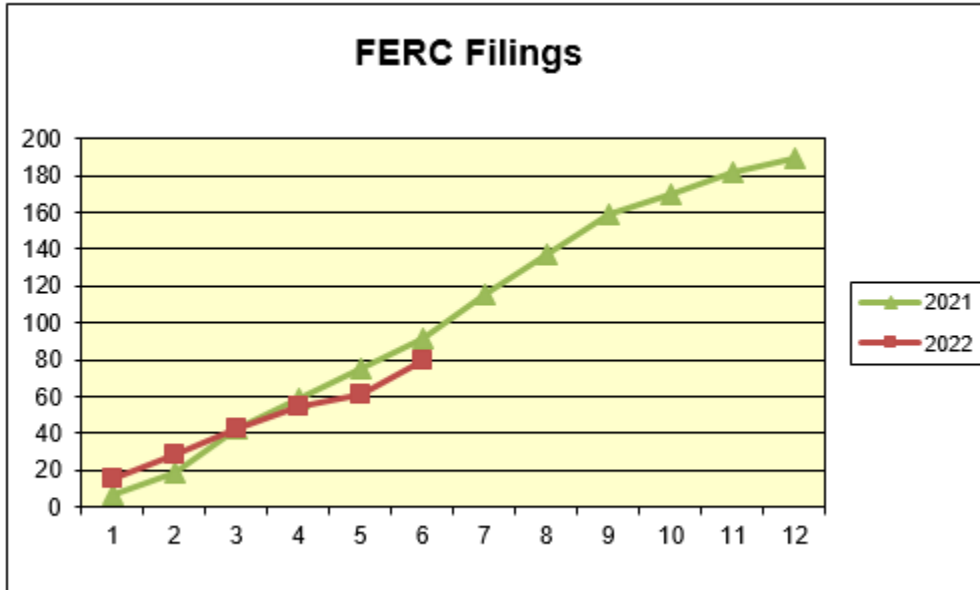
On May 26, 2022, the ISO filed comments in support of the proposed decision that (1) immediately suspends exporting net energy metering ("NEM") customers from interconnecting directly to the transmission grid using Rule 21, and (2) authorizes the Energy Division to facilitate a workshop to discuss the specific circumstances under which non-export facilities could create material operational challenges, including load masking, and how to address any such challenges.

On May 31, 2022, the ISO filed reply comments, agreeing with the vast majority of comments that the proposed decision is necessary and timely to ensure reliability.

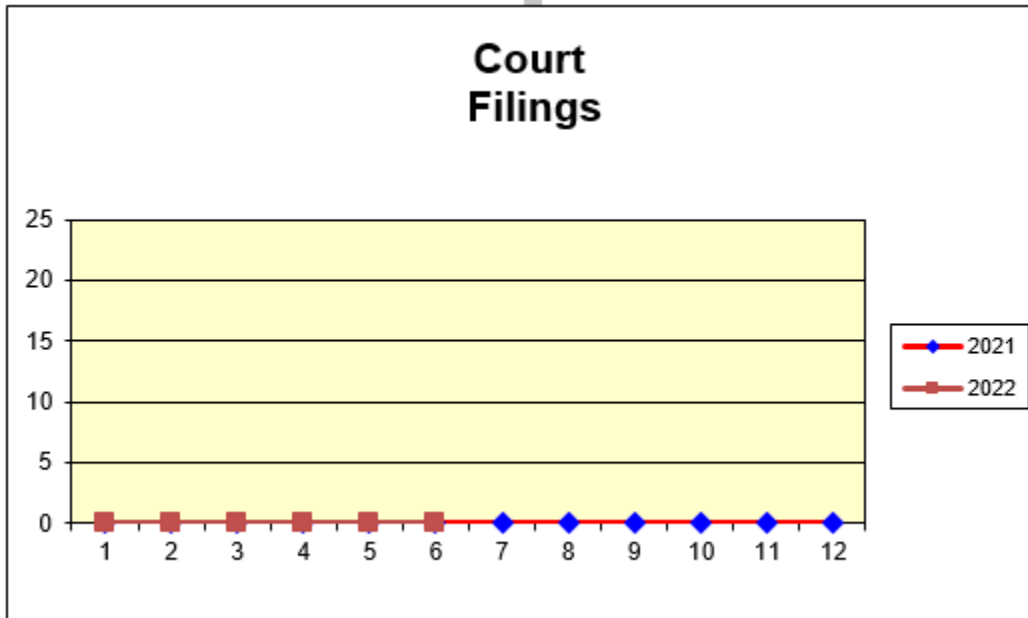
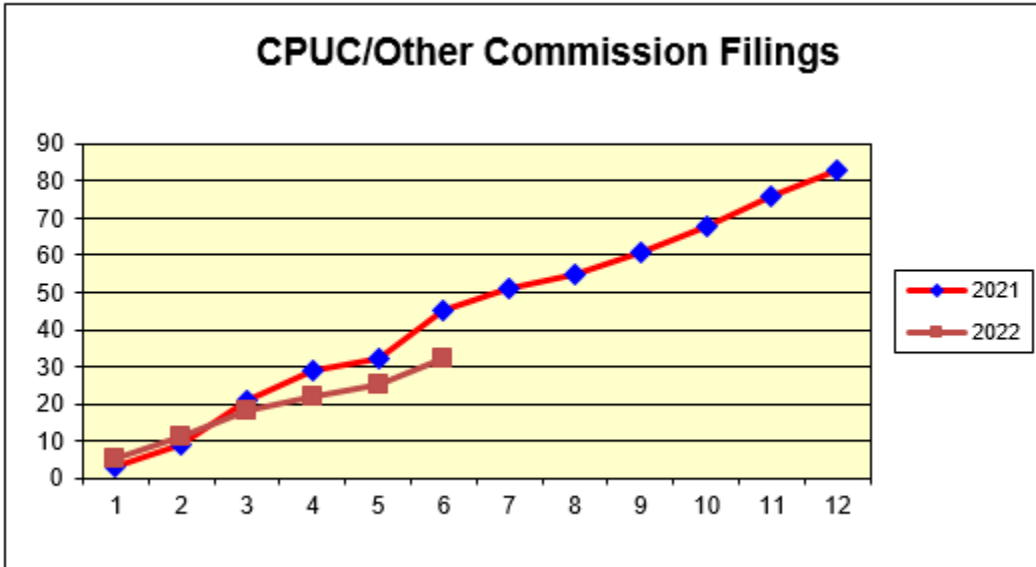
- **DCR Transmission, LLC - Ten West Link Project (A.16-10-012)**

On June 24, 2022, the Commission issued an order denying the Public Advocates Office's December 6, 2021 request for rehearing of the Commission's November 5, 2021 decision granting a certificate of public convenience and necessity for the proposed Ten West Link Project. The Ten West Link Project is a 125-mile, series-compensated 500 kilovolt (kV) transmission line with a conductor capacity of approximately 3200 megawatts (MW) between the Colorado River 500 kilovolt substation, owned by Southern California Edison Company, and Delaney 500 kilovolt substation, owned by Arizona Public Services Company.

Regulatory Filings Through July 1, 2022



Regulatory Filings Through July 1, 2022



Regulatory Filings Through July 1, 2022

