

# Memorandum

**To:** ISO Board of Governors

**From:** Stacey Crowley, Vice President, External Affairs

Anna McKenna, Vice President, Market Policy and Performance

**Date:** December 9, 2021

**Re: State, Regional, and Federal Affairs update**

---

*This memorandum does not require Board action.*

## STATE AFFAIRS

### Regulatory update

#### **Emergency Reliability Order Instituting Rulemaking Phase 2:**

In late 2020, the California Public Utilities Commission (CPUC) released an Order Instituting Rulemaking to set the scope for discussing emergency reliability actions for summer 2021. On December 2, the CPUC unanimously voted on a decision in phase 2 of this rulemaking to ensure reliability for summer 2022 and 2023. The decision authorized additional procurement to address peak and net peak needs. The decision declined to adopt the ISO's proposal to officially increase the planning reserve margin from 15% to 17.5% based on the ISO's analysis and to officially include a new resource adequacy requirement at the net peak. Instead, the decision authorized the investor-owned utilities to procure 2,000 to 3,000 MW of additional capacity pursuant to an unofficial but "effective" planning reserve margin that can be met with a combination of resources in and outside of the ISO's markets. The ISO does not have an automatic process to implement its backstop authority to enforce an "effective" planning reserve margin. For example, an effective planning reserve margin does not allow the ISO to engage in month-ahead resource adequacy deficiency procurement above the current official 15% planning reserve margin. The ISO's 2021 use of its significant event capacity procurement mechanism is based on specific events identified in 2021. Deficiencies in meeting an "effective" planning reserve margin would not necessarily constitute a triggering condition for the ISO to declare a significant event. Lastly, including emergency-contingent resources in the overall effective planning reserve margin procurement means that the ISO will need to initiate emergency triggers to access such resources.

## **Legislative update**

### **Legislature:**

The California Legislature adjourned for Interim Recess on September 10. New laws will take effect on January 1 and the Legislature will reconvene for Regular Session on January 3.

## **REGIONAL AFFAIRS**

### **EIM Governing Body:**

The EIM Governing Body met in executive session on November 22 and their next meeting is scheduled for December 15, as well as a joint session with the ISO Board of Governors on December 16. The EIM Governing Body is working to define the role of, and seeking a qualified candidate for, a market expert, as recommended by the Governance Review Committee and approved by both the ISO Board and EIM Governing Body earlier this year.

### **Body of State Regulators:**

Starting in October, the Body of State Regulators has a new Chair, Utah Commissioner Thad LeVar and Vice Chair, Nevada Commissioner Hayley Williamson. The group continues to have monthly calls and on November 5 invited the ISO to speak on the launch of the extended day-ahead market (EDAM). They also discussed their draft comments on the resource sufficiency enhancements stakeholder initiative. Their next call will be on December 10, to continue their discussion on their comments on the resource sufficiency enhancements stakeholder initiative, which they intend to file on or around December 14.

### **Regional Issues Forum:**

The Regional Issues Forum (RIF) Liaisons has selected a new leadership team. Vijay Satyal (Western Resource Advocates/Public Interest Sector) will step into the Chair role in February/March 2022, Josh Walter (Seattle City Light/EIM Entity Sector) is the new Vice-Chair, and Ian White (Shell Energy/IPP Sector) is the new Secretary. The RIF liaisons decided to move the December RIF meeting to January, 2022. They are planning on hosting the next RIF in person. There is a plan to host a RIF orientation for all the new liaisons on the morning before the RIF meeting in January.

## **FEDERAL AFFAIRS**

### **Administration:**

On November 24, the White House announced the creation of a new energy division within the Office of Science and Technology Policy, aimed at reaching national net-zero

emission goals by 2050. The new office will collaborate with climate and energy experts Administration-wide to develop a comprehensive clean energy plan.

### **Congress:**

On November 5, the House passed H.R.3684, the bipartisan “Infrastructure Investment and Jobs Act,” that was passed by the Senate in August. President Biden signed the bill into law on November 15 and named former New Orleans mayor Mitch Landrieu as White House Coordinator for the bill’s authorized programs. The law allocates \$65 billion to improve electric grid reliability and resiliency through grants to eligible recipients, including states and Indian tribes, private entities, public utilities, grid operators and others for programs aimed at reducing impacts from wildfires and other extreme events and increasing the ability to connect renewable and clean energy resources with customers. It makes available \$2.5 billion in loans for construction of new or enhanced projects on eligible transmission lines and allows the Department of Energy to serve as an “anchor tenant” for transmission capacity to help ensure project viability. It gives the Federal Energy Regulatory Commission (FERC) backstop authority to approve construction or modification of transmission facilities within identified National Interest Transmission Corridors that have been blocked or rejected by state commissions. The law also authorizes billions of dollars for electric vehicles and charging infrastructure; renewable energy, nuclear and hydropower development; and grid cybersecurity. Funds are to be disbursed in accordance with Administration priorities, including use of U.S. suppliers, creation of union jobs, and addressing climate change. At least 40% of the federal funds will be targeted to disadvantaged communities.

On November 16, the Senate approved by voice vote the nomination of Willie Phillips, Jr. to be a Commissioner at FERC, bringing the agency to its full complement of 5 members. Mr. Phillips has been Chair of the Washington, D.C. Public Utility Commission.

On November 17, Representative Jackie Speier (D-14th District – San Mateo) announced that she will retire at the end of this term, after 8 terms in office.

Also on November 17, Senators Martin Heinrich (D-NM), and Tina Smith (D-MN), and Representatives Paul Tonko (D-NY) and Kathy Castor (D-FL) announced formation of a Congressional Electrification Caucus that will focus on EV charging infrastructure, transmission development, and clean energy technologies, among other items.

On November 19, the House passed a manager’s amendment to H.R. 5376, the Democrats’ “Build Back Better” reconciliation package, which contains a number of new and extended tax incentives for clean energy technologies and electric vehicles, as well as approximately \$550 billion for climate programs. Timing and outcome of Senate action is uncertain. The reconciliation process allows legislation to pass by a simple majority in both House and Senate if certain budget and language criteria are met.