VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 7

To: Board of Directors

From: Keyes & Fox, Regulatory Consultant

Subject: Regulatory Monitoring Report – Keyes & Fox

Date: October 14, 2025

Please find attached Keyes & Fox's September 2025 Regulatory Memorandum dated October 1, 2025 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 1, 2025





Valley Clean Energy Alliance

Regulatory Monitoring Report

To: Valley Clean Energy Alliance (VCE) Board of Directors

From: Sheridan Pauker, Partner, Keyes & Fox LLP

Jason Hoyle, Director of Research, EQ Research, LLC

Subject: Monthly Regulatory Update

Date: October 1, 2025

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.

IRP Rulemaking (2025)

Background: This new 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, ongoing reliability obligations, and the Commission's oversight of the IOUs' bundled procurement plans. This proceeding continues the work of R.20-05-003 and will be the primary forum for most future CPUC work on the Reliable and Clean Power Procurement Program framework (RCPPP).

Recent Developments: On September 24, the CPUC issued <u>Draft Resolution E-5426</u> to replace the IRP Filing Citation Program established in <u>Resolution E-5080</u>. On September 30, an ALJ <u>Ruling</u> requested comments on the proposed Transmission Project Portfolio for 2026-2027 and the proposed statewide incremental procurement of 1,500 MW in each year from 2029 through 2032.

Analysis: The Draft Resolution slightly expands the Commission's enforcement and penalty authority to include any mandatory filing deadlines and reporting requirements in the procurement and planning tracks. The program authorizes the Commission to develop a tool to encourage compliance and discourage violations related to procurement reporting and filing deadlines. The Ruling's proposed incremental procurement is driven by a combination of accelerating load growth from data centers and electrification accompanied by delays and extension requests for procurement of long lead-time resources.

Next Steps: Comments on the Ruling are due October 22 and reply comments are due October 31. The Draft Resolution may be heard as early as the October 30 Commission meeting. Comments on the Draft Resolution are due October 14. A scoping memo and ruling and a ruling providing the requirements for the next IRP is expected soon.

Additional Information: Ruling (Sep. 30, 2025); Draft Resolution E-5426 (Sep. 24, 2025); Ruling on prehearing conference (Aug. 28, 2025); OIR (Jul. 2, 2025); Docket No. R.25-06-019.

IRP Rulemaking (2020)

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. This proceeding will consider a Staff Proposal on the RCPPP, and remaining work on the RCPPP will occur in the new IRP rulemaking, R.25-06-019.

Recent Developments: On September 18, the CPUC adopted <u>D.25-09-007</u> granting and expanding on SCE's Petition for Modification by eliminating the future use of "bridge" contracts for mid-term reliability procurement compliance.

Analysis: The Decision eliminates the use of short-term bridge contracts for long lead-time (LLT) and Diablo Canyon replacement resource procurement after the adoption of the Decision. The remaining procurement compliance options are use of a 10-year (i.e., long-term contract) contract for up to three years, demonstrating that month-ahead resource adequacy requirements are met for all months in which their procurement is delayed, and the existing "good faith efforts" demonstration. Bridge contracts that were used prior to September 18, 2025 are still valid as a means of showing alternative compliance for past procurement online date requirements.

Next Steps: Further guidance on compliance and enforcement related to the Decision, including but not limited to the "good faith efforts" showing requirements, will be provided in a Staff Proposal in the new IRP proceeding. Information about the 2025 IRP filing is expected soon.





Additional Information: D.25-09-007 (Sep. 26, 2025); RCPPP Staff Proposal and Summary Slides (Jul. 15, 2025); Proposed Decision (Aug. 13, 2025); ACPC Motion (Jul. 21, 2025); Amended Scoping Memo and Ruling (Correction/Clarification) (Apr. 18, 2024); Docket No. R.20-05-003.

Demand Flexibility

Background: This rulemaking was opened to update the CPUC's rate design principles and guidance for advancing demand flexibility, and to modify, consolidate, or eliminate existing dynamic rate pilots. Phase 1-Track A established an income-graduated fixed charge (IGFC) 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 then expanded VCE's AgFIT Pilot throughout PG&E distribution territory.

Recent Developments: September 29, SDG&E filed an <u>Application for Rehearing</u> of D.25-08-049 requesting the Decision be repealed and the proceeding re-opened for further development of the record, including consideration of the costs of implementing the required rate designs.

Analysis: SDG&E's request for rehearing is based in part on several scoped issues that were not addressed in D.25-08-049 which previously closed the proceeding. Specifically, scoping issue 4 addresses the systems and process by which bundled and unbundled customers will access dynamic electricity price information, how LSEs are authorized to provide access, how customers may optimize their pre-scheduled energy use, the costs of dynamic pricing access, and the management and oversight of the systems and processes enabling access to dynamic pricing. Additionally, scoping issues 5 and 6 address how the CPUC will support the implementation of amendments to the CEC's Load Management Standards and whether the Commission should expand any of the existing dynamic rate pilots as a near-term solution to benefit system reliability, respectively.

Next Steps: Responses to the Application for Rehearing are due October 14.

Additional Information: Application for Rehearing (Sep. 29, 2025); D.25-08-049 (Aug. 29. 2025); PG&E AL 7627-E (Jun. 27, 2025); PG&E AL 7592-E (May 7, 2025); Final Evaluation of VCE's AgFIT Pilot (Apr. 25, 2025); D.24-01-032 (Jan. 26, 2024); Phase 1 Scoping Memo and Ruling (Nov. 2, 2022); OIR (Jul. 22, 2022); Docket No. R.22-07-005.

PCIA/ERRA Reform

Background: This Rulemaking considers updates and reforms to the Energy Resource and Recovery Account (ERRA) and Power Charge Indifference Adjustment (PCIA) rules and processes with the objectives of improving existing rules, mitigating rate volatility, and ensuring indifference among bundled and departing customers. The proceeding includes an expedited Track 1 to revise the resource adequacy (RA) market-price benchmark (MPB) calculation methodology and for the revised methodology to be used in the October 2025 MPBs, and Track 2 will consider broader issues.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: The Decision's changes to the RA MPB will be implemented in the Fall Update this October. A scoping memo for Track 2 is expected.

Additional Information: Applications for Rehearing of <u>CalCCA</u> and <u>Ava/SJCE</u> (Jul. 30, 2025); <u>D.25-06-049</u> (Jun. 27, 2025); <u>Scoping Memo</u> (Apr. 8, 2025); ALJ <u>Ruling</u> (Mar. 21, 2025); <u>Ruling</u> & <u>Staff Report</u> on RA MPB (Feb. 26, 2025); <u>OIR</u> (Feb. 26, 2025); Docket No. <u>R.25-02-005</u>.

Climate Credit OIR

Background: This rulemaking will explore potential approaches to maximize the effectiveness at supporting customer affordability of cap-and-trade program proceeds returned to electric consumers via the state Climate Credit.

Recent Developments: Comments on the OIR were filed by 16 parties on September 26. Common themes in most comments included a focus on using climate credit funds to support affordability and incorporating the recently enacted AB 1207 which extends the State's cap-and-trade program through 2045 and includes provisions that adjust the allocations of proceeds and increase the amount of funds returned directly to electric ratepayers. CalCCA's comments recommended incorporating the provisions of AB 1207 and the development of a standardized tool or rubric to evaluate and compare bill impacts of party proposals.

Analysis: The incorporation of AB 1207 provisions will increase the amount of residential ratepayer climate credit refunds and provide those refunds in up to the four highest billed months of the year to maximize the affordability benefits.

Next Steps: Reply comments are due October 13.

Additional Information: OIR (Aug. 20, 2025); Docket No. R.25-07-013.

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. Track 3 is focused on remaining RA capacity issues, including what planning reserve margin (PRM) the Commission should require for LSE RA procurement obligations.

Recent Developments: The CPUC announced it will hold a public workshop on Unforced Capacity accreditation for storage and dispatchable thermal resources on November 3 and a public workshop on Long-Duration Energy Storage and Pumped Storage Hydro accreditation on November 4.

Analysis: N/A

Next Steps: Public workshops will be held on November 3 and 4.

Additional Information: Application for Rehearing (Jul. 28, 2025); 2023 RA Report (Aug. 21, 2025); D.25-06-048 (Jun. 27, 2025); CalCCA Analysis (Apr. 25, 2025); Scoping Memo and Ruling (Dec. 18, 2023); OIR (Oct. 16, 2023); Docket No. R.23-10-011.

PG&E 2027 Phase 1 GRC

Background: Phase 1 General Rate Case (GRC) proceedings determine PG&E's overall revenue requirement and classification of costs by function for a set period (in this case, 2027-2030).

Recent Developments: On September 25, an ALJ <u>Ruling</u> scheduled two virtual public participation hearings for October 22 and 23, and an in-person public hearing for November 7 in Fresno.

Analysis: N/A

Next Steps: Public hearings will be held in October and November 2025. Intervenor testimony is due in February 2026. **Additional Information:** Ruling (Sep. 25, 2025); Scoping Memo and Ruling (Jul. 31, 2025); Application (May 16, 2025); Docket No. A.25-05-009.

PG&E 2023 Phase 2 GRC

Background: Phase 2 General Rate Case (GRC) proceedings determine PG&E's marginal cost of service and revenue requirement allocation among customer classes for a set period (in this case, 2023-2026).

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: The schedule is suspended and PG&E is required to propose a modified schedule by October 1.

Additional Information: Ruling (Aug.18, 2025); Request for scoping amendment (Jun. 12, 2025); PG&E AL 7588-E (May 2, 2025); Scoping Memo (Mar. 21, 2025); Application (Sep. 30. 2024); Docket No. A.24-09-014.

PG&E 2026 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 non-bypassable 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: PG&E filed rebuttal testimony on September 23. That testimony substantially revises PG&E's proposed Resource Adequacy (RA) valuation methodology for PCIA ratemaking purposes. On September 24, the ALJ issued a Ruling scheduling an evidentiary hearing for October 7.

Analysis: N/A.

Next Steps: A Joint Case Management Statement is due September 30, an evidentiary hearing will be held on October 7, and the Fall Update will be submitted on October 15. As in past years, Energy Division is expected to release updated Market Price Benchmarks on October 1.

Additional Information: Ruling (Sep. 24, 2025); Scoping Memo and Ruling (Jul. 31, 2025); PG&E AL 7663-E (Jul. 30, 2025); PG&E 2026 ERRA Forecast Application (May 15, 2025); Docket No. A.25-05-011.

PG&E 2024 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: Intervenor testimony was filed September 15.

Analysis: N/A

Next Steps: A status conference on the need for evidentiary hearings is set for November 14, and briefs are due in early 2026.

Additional Information: Scoping Memo and Ruling (May 2, 2025); Joint Prehearing Conference Statement (Apr. 16, 2025); Ruling (Mar. 27, 2025); PG&E 2024 ERRA Compliance Application (Feb. 28, 2025); Docket No. A.25-02-013.





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 service area). Phase 1 of this proceeding concluded in April 2024 and addressed 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 builds on 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 September 19, CalCCA submitted the Joint CCAs' Financial Monitoring and Reporting Guidelines Advice Letter pursuant to Resolution E-5406 (VCE AL 24-E).

Analysis: The Advice Letter provides the final guidelines for CCA financial monitoring and reporting as set forth in Resolution E-5406.

Next Steps: A ruling on the need for legal briefs in Phase 2 is expected in 2025 and resolution of the Threshold Questions is expected 2025, after which the primary topic areas will be addressed.

Additional Information: Joint CCA AL (VCE <u>AL 24-E</u>) (Sep. 19, 2025); (<u>Final Resolution E-5406</u> (Jul. 29, 2025); ALJ <u>Ruling</u> (May 28, 2025); PG&E <u>AL 7596-E</u> and <u>7596-E-A</u> (May 12 & 28, 2025); <u>Scoping Memo and Ruling</u> (Oct. 24, 2024); ALJ <u>Ruling</u> (Aug. 6, 2024); <u>D.24-04-009</u> / <u>Appendix</u> (Apr. 22, 2024); <u>OIR</u> (Mar. 25, 2021); Docket No. <u>R.21-03-011</u>.

City and County of San Francisco Municipalization

Background: The City and County of San Francisco (SF or City) filed this Petition for a determination by the CPUC of just compensation for acquisition by the City of PG&E property (PG&E distribution system within SF transmission assets needed for operational control, a substation and related assets) pursuant to Public Utilities Code §1401-1421. Briefing was filed in August of 2022.

Recent Developments: On September 26, the CPUC issued a <u>Proposed Decision</u> establishing methods and standards for just compensation and valuation. The Proposed Decision would establish principles to assess just compensation but does not select a specific valuation method for PG&E's property, land, and rights and will leave the parties free to put forward their interpretation and valuation approach within the guidelines.

Analysis: The Proposed Decision would adopt Staff's proposed principles of just compensation, including finding that ratepayers remain "unharmed" and in the same financial position after the proposed acquisition, and maintaining the same level of "safety, reliability, wildfire mitigation, public benefits, etc." for PG&E's remaining customers. The Proposed Decision would also find that PG&E may be entitled to business and physical severance damages. If adopted, the Proposed Decision would require parties to submit appraisals using three separate valuation methods and show how their proposed just compensation award is consistent with law, precedent, is accurate and avoids double-counting.

Next Steps: The Proposed Decision may be heard as early as the October 30 Commission meeting. Comments on the Proposed Decision are due October 16 and reply comments are due October 21. The City's amended testimony is due in Q4 2025, followed by PG&E opening testimony in Q1 2026, City rebuttal testimony in Q2 2026, and hearings in Q3 2026. Briefs and reply briefs are due in 3Q 2026, and a decision on valuation is expected in Q1 2027.

Additional Information: Proposed Decision (Sep. 26, 2025); PG&E Motion to Enforce (Aug. 26, 2025); PG&E Motion to Compel (Aug. 21, 2025); Amended Scoping Memo (Jul. 1, 2025); Petition (Jul. 27, 2021); Docket No. P.21-07-012.

Distribution Interconnection Rules

Background: This rulemaking will review and refine distribution-level interconnection rules under Electric Rule 21, particularly those for distributed energy resources for PG&E, SCE, SDG&E and the small and multijurisdictional electric utilities.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: Comments on the OIR are due October 20 and reply comments are due November 10.

Additional Information: OIR (Jul. 25, 2025); Docket No. R.25-08-004.

PG&E Billing System Modernization

Background: This proceeding addresses PG&E's plan to upgrade its legacy billing system, some portions of which date back to the mid-1990s. PG&E proposed a three-stage upgrade that would ultimately be complete in Q4 2029 and cost an estimated \$761.3 million.

Recent Developments: On September 11, an ALJ <u>Ruling</u> rescheduled the evidentiary hearing to November 17-20 to allow additional time for continued settlement discussions.

Analysis: Issues related to CCA concerns such as bill presentation, improvements to billing data access and quality, CCA service fees, and others will be covered during the evidentiary hearings.

Next Steps: The evidentiary hearing will be held November 17-20. Opening briefs are due December 17 and reply briefs are due January 20. A proposed decision is expected in Q1 2026.





Additional Information: Ruling (Sep. 11, 2025); Joint Case Management Statement (Aug. 20, 2025); D.25-08-008 (Aug. 19, 2025); Joint CCA Testimony (Jun. 30, 2025); Scoping Memo (Mar. 27, 2025); Application (Oct. 23, 2024); Docket No. A.24-10-014.

RPS Rulemaking

Background: This proceeding addresses ongoing Renewables Portfolio Standard (RPS) requirements, including legislative mandates, and other matters related to the purchase of renewable energy. This proceeding is the forum for review of VCE's RPS Procurement Plan and RPS Compliance reports.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: A proposed decision on Draft RPS Plans is expected in Q4 2025.

Additional Information: VCE RPS Compliance Report (Aug.1, 2025); VCE 2025 Draft RPS Plan (Jun. 30, 2025); Ruling on 2025 RPS Plans (Apr. 17, 2025); Notice of RPS Plan Approval (Apr. 3, 2025); VCE Final 2024 RPS Procurement Plan (Jan. 22, 2025); D.24-12-035 (Dec. 24, 2024); Scoping Memo and Ruling (May 9, 2024); OIR (Feb. 1, 2024); Docket No. R.24-01-017.

PG&E 2026 Cost of Capital

Background: Cost of capital proceedings are held every three years to establish a utility's return on equity (ROE) and overall rate of return (ROR). The Commission established a uniform cost of capital mechanism for the large investor-owned utilities that includes a review 3-year cycle and provides for formula-based interim adjustments based on a bond market index.

Recent Developments: The evidentiary hearing was held in early September.

Analysis: N/A

Next Steps: Reply briefs are due October 3, and a proposed decision is expected in November.

2025); Docket No. A.25-03-010.

Building Decarbonization

Background: This proceeding explores reduction of greenhouse gas (GHG) emissions associated with energy use in buildings. The current Phase 4 will consider whether modifications to electric line extension rules would assist underresourced customers, electric baseline allowance modifications to encourage building decarbonization, and new programmatic approaches to building decarbonization.

Recent Developments: No recent developments.

Analysis: N/A Next Steps: N/A

Additional Information: PG&E <u>AL 7642-E</u> (Jul. 15, 2025); <u>D.25-06-034</u> (Jun. 20, 2025); PG&E <u>AL 5074-G/7615-E</u> (Jun. 5, 2025); Scoping Memo and Ruling (Jul. 1, 2024); OIR (Feb. 8, 2019); Docket No. R.19-01-011.

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 September 15, PG&E submitted its 2025 Mid-Term Report.

Analysis: N/A Next Steps: N/A

Additional Information: PG&E Mid-Term Report (Sep. 15, 2025); Joint Report on the CPUC's Submetering and Telematics Workshop (Jun. 16, 2025); Joint Report on the Vehicle-Grid Integration Workshop (Jun. 16, 2025); Scoping Memo and Ruling (Apr. 12, 2024); OIR (Dec. 20, 2023); Docket No. R.23-12-008.

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. Phase 1 of this proceeding focused on developing safety culture assessments for the large electric and natural gas IOUs, and Phase 2 will develop safety culture assessments for small multi-jurisdiction utilities (SMJUs) and the gas storage operators.





Recent Developments: No recent developments.

Analysis: N/A

Next Steps: PG&E's first third-party evaluation is scheduled for August 1, 2028. Annual reports are due August 1 of each year between third-party evaluations.

Additional Information: Scoping Memo and Ruling (Aug. 26, 2025); D.25-01-031 (Jan. 23, 2025); OIR (Oct. 7, 2021);

Docket No. R.21-10-001.

Docket No. <u>13.21-10-001.</u>

Diablo Canyon 2026 Rates & VPF

Background: During the period of extended operations for the Diablo Canyon Nuclear Plant, PG&E submits an annual application forecasting its costs, market revenues from CAISO, net costs allocated to ratepayers of each large IOU, and its plan for use of volumetric performance fees (VPFs) in the upcoming calendar year.

Recent Developments: Evidentiary hearings were held on September 9 – 10.

Analysis: N/A

Next Steps: Opening briefs are due October 1, and reply briefs are due October 22. A proposed decision is expected in O3

Additional Information: ALJ Ruling (Aug. 29, 2025); Scoping Ruling and Memo (Jul. 2, 2025); Application (Mar. 28, 2025); Docket No. A.25-03-015.

Disconnections and Reconnections

Background: This proceeding addresses approaches to the disconnection and reconnection of electric customers with a focus on improving energy access and cost containment.

Recent Developments: No recent developments.

Analysis: N/A

Next Steps: Heat-based disconnection threshold proposals must be implemented by May 1, 2026.

Additional Information: D.25-06-012 (Jun. 17, 2025); Phase 2 Scoping Memo (Jul. 15, 2022); OIR (Jul. 20, 2018);

Docket No. R.18-07-005.

Other Dockets

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

Docket	Name	Status
R.19-09-009	Microgrids	<u>D.24-11-004</u> adopting implementation rules for multi-property microgrid tariffs and closing the proceeding was issued November 18. Proceeding reopened for pending <u>Application for Rehearing</u> and <u>Petition for Modification</u> .
R.23-03-007	Wildfire Fund NBC 2024-2026	The 90-day Notice (Sep. 9) would set the 2026 Wildfire NBC at \$5.88/MWh - a slight decrease from the 2025 WF NBC charge of \$5.95/MWh.
<u>A.22-05-002</u>	Demand Response Programs (2023- 2027)	<u>D.24-04-006</u> , issued April 24, 2024, ended the Demand Response Auction Mechanism (DRAM) pilot programs of PG&E, SCE, and SDG&E and closed the proceeding. Proceeding reopened by <u>Petition for Modification</u> (PFM) (Feb. 2025), which would be denied by a <u>Proposed Decision</u> for Oct. 9 meeting.
A.21-06-021	PG&E 2023 Phase 1 GRC	This proceeding is inactive, but it remains open to provide further guidance on metrics relevant to auditor reports, to consider revising the energization cost recovery mechanism, and to establish reporting requirements for reviewing the reasonableness of PG&E's interim rate recovery in its next GRC.
A.22-02-015	PG&E 2021 ERRA Compliance	This proceeding was closed in June 2025 with issuance of <u>D.25-06-045</u> , but was reopened in response to an August 2025 <u>Application for Rehearing</u> .