

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding  
Microgrids Pursuant to Senate Bill 1339 and  
Resiliency Strategies.

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Rulemaking 19-09-009

**CLEAN COALITION OPENING COMMENTS IN RESPONSE TO PROPOSED DECISION  
ADOPTING A SUSPENSION OF THE STANDBY CHARGES FOR ELIGIBLE  
MICROGRID DISTRIBUTED TECHNOLOGIES**

/s/ BEN SCHWARTZ

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June 29, 2021

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**I. INTRODUCTION**

Pursuant to Rule 14.3 of the CPUC Rules of Practice and Procedure, the Clean Coalition respectfully submits these opening comments in response to the Proposed Decision Adopting a Suspension of the Standby Charges for Eligible Microgrid Distributed Technologies, issued in the above captioned proceeding on June 9, 2021. The Clean Coalition supports the proposed exemption and offers a series of reasons that the exemptions should be extended, if the intent of the Commission is to commercialize microgrids that provide a public good. While the utilities and other parties have made it clear that it is not proper to grant an exemption without first full calculating the benefits a microgrid can provide, it is worth noting that microgrids can provide a variety of benefits, the least of which is resilience. Although resilience is only necessary when a major grid outage takes place, reliability, frequency regulation, demand response, peak shaving, and load shaping are all key features a microgrid can provide to benefit the public. Even discharging energy during the true peak provides a greener mix of energy and reduces the need for reliance on the transmission system. Therefore, the proposed exemption is reasonable, as is a full exemption from nonbypassable charges for microgrids that export all of their energy during the evening peak.

**II. COMMENTS**

**A. It is unnecessarily complicated to require all renewable microgrids to complete third-party verification quarterly.**

The Clean Coalition supports a verification process to guarantee that any microgrid seeking exemptions from the capacity reservation charge portion of standby charges complies with SB 1339 and is not being paid to emit harmful pollutants. We also support mandated third-party verification to make the process as efficient as possible while minimizing the resources each IOU will need to expend. With that being said, requiring quarterly verification is unduly onerous to microgrid owners, particularly since not all microgrids rely on the same component technologies. A microgrid that

relies on natural gas generation or a fuel cell is exponentially more likely to have an issue with emissions when compared to a microgrid with resources that do not result in any emissions, namely solar PV and wind. This difference should be reflected in the re-verification timelines. The initial certification is absolutely necessary for all microgrids, the question becomes, at what point is recertification a waste of money? The Clean Coalition believes that once a solar microgrid, or any other microgrid with no emitting resources, is certified, re-recertification should only be required every two years, barring any circumstance where a new resource is deployed. There is a balance between holding microgrid owners accountable before allowing them to receive an exemption and creating an unreasonable standard; two years before re-certification is reasonable for microgrids that will meet compliance standards unless the resource makeup of the microgrid changes.

For microgrids with component resources that emit greenhouse gases — except for diesel generators, which are ineligible — quarterly re-certification is still an unnecessarily high standard and will require both time and money. Instead, a bi-annual or annual re-verification seems more reasonable, especially in addition to CARB-required emissions testing.

**B. Demand Charges should not increase due to higher imports prior to a Public Safety Power Shutoff or other planned outage.**

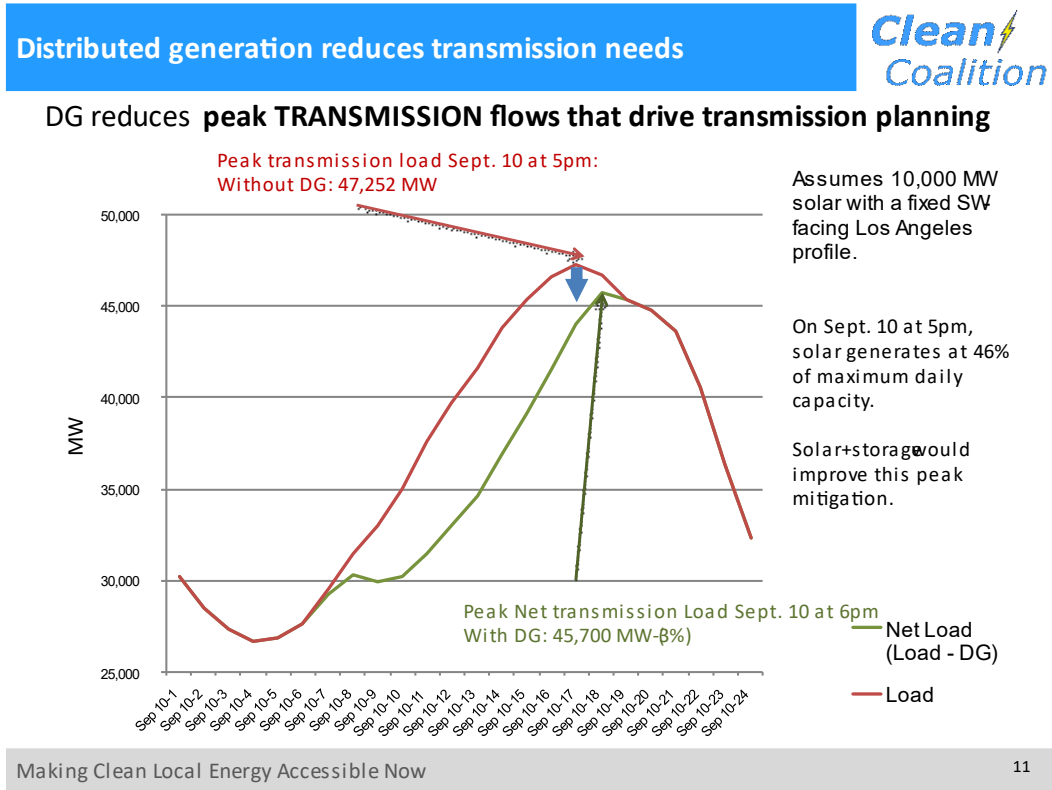
In D. 20-06-017, the Commission authorized energy storage systems to import prior to a PSPS event with the purpose of increasing local resilience. In accordance with the spirit of the Decision, microgrid and other energy storage owners should not be penalized for taking advantage of the new opportunity during this fire season and future fire seasons to come. Increased Facilities Related Demand Charges and Back-up Time related Demand Charges are reflected on a ratepayer bill throughout the year, meaning that even a small increase in demand will be felt for multiple billing cycles to come. Punishing a customer with higher demand charges for choosing to utilize energy storage rather than a less clean alternative — such as a diesel generator — is antithetical to the Track 1 Decision and should be clarified.

**C. Microgrids that only export during peak times should be fully exempt from nonbypassable charges.**

This PD should consider exemptions from charges holistically, including departing load charges.

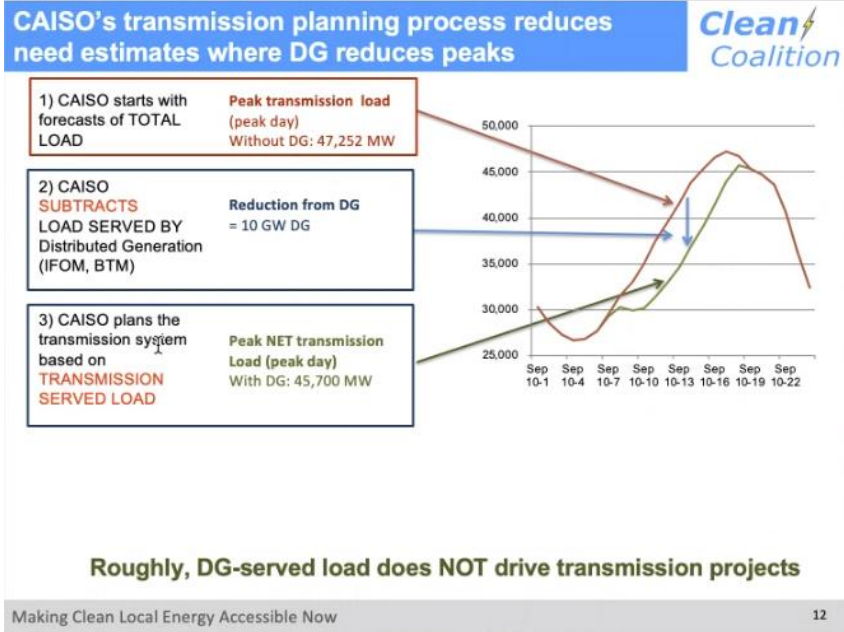
Exports of distributed generation, when coordinated, can both push back the evening peak and reduce

the peak.



As demonstrated by the slide above, distributed generation reduced the total peak by over 2,000 MW, while shifting the peak time back by a little over an hour. Currently, despite significant benefits to the grid, there is no monetary compensation, which incentivizes microgrid owners to smooth their load throughout the daily peak, 4-9 pm, rather than exporting all energy to benefit the grid. Therefore, the Clean Coalition advocates that all cost responsibility surcharges are exempt for microgrids that only export during the two hours of the critical peak.

In addition to reducing the peak, distributed generation exports also reduce reliance on the transmission system. This has two direct benefits. First, reduced transmission congestion allows for a more efficient flow of energy to locations where it is needed and allows infrastructure investments to last longer (with less wear and tear). Second, as demonstrated by the slide below, less reliance on the transmission system obviates the need for future transmission investments.



Currently nonbypassable charges average around 3 cents per kWh and with the addition of Transmission Access Charges (another 3 cents) that are being pushed for in the NEM 3.0 proceeding, microgrid owners could face charges that average 3 cents per kWh, which is a significant financial burden. This should be avoided if a microgrid owner exports at the proper time.

### III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these comments and reserves the right to respond.

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