

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

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

Rulemaking 19-09-009

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

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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 reply 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.

II. COMMENTS

The Clean Coalition supports an exemption from Capacity Reservation Charges for renewables-driven microgrids, although we advocate for a much broader exemption from nonbypassable charges for microgrids that export to the grid during the true peak, providing tangible benefits to the entire electrical grid in addition to any quantifiable resilience benefits. Unfortunately, the way that the PD was written — with a series of generalities about the value a microgrid provides and the potential cost shift a blanket exemption might cause — led fewer parties to focus on the barrier to the commercialization of microgrids that an exemption would overcome than those protesting the PD due to a lack of specifics. The PD states, “(1) there are no facts to support a blanket waiver or reduction of standby charges; and (2) any blanket waiver or reduction of standby charges will inevitably shift costs to nonparticipating customers in direct violation to Section 8371. Therefore, we reject a blanket waiver of standby charges.”¹ Both of these statements were made without any justification and have limited the entire debate on standby charges. At no point in this proceeding has a comprehensive study of the diverse values a microgrid can provide been considered. Moreover, this discussion is taking place well before the Value of Resilience (“VOR”) will officially be calculated in the proceeding, if it ever is. The Resiliency and Microgrids Working Group has acknowledged that it is within the realm of possibilities that a VOR will be too complicated to calculate; the inputs do not currently exist for the Commission to completely deny a

¹ Proposed Decision at 25

blanket exemption, even for microgrids that operate in a very specific pattern. More importantly, the PD suggests that there will be an inevitable cost shift to non-participants without providing a foundation for the claim. Nor has a full analysis been conducted on any existing microgrid projects. Without any evidence, parties have no opportunity to offer a substantive refutation. The comments of the Joint Utilities urge the Commission to reject the PD entirely due to the cost shift, which relies on the assumption that a cost shift cannot be escaped. But how can this truly be the case without an accurate calculation of both the costs to the ratepayers and benefits that a microgrid provides? In the opinion of the Clean Coalition this is akin to finding an answer before truly understanding the question. Therefore, we do not agree with the Joint Utilities' assertion, or the premise on which it is based. Exempting renewable microgrids from the CRC portion of standby charges is an important step forward and will help to commercialize the technology, but it is not enough, nor does it represent the findings of a Commission that has done its due diligence. The statutory deadline laid out in SB 1339 has passed and NFCRC requests that the Commission acknowledge as much in a final Decision. Therefore, there is no reason to rush this discussion and hastily require a final answer or a pilot program. Instead, the Commission should approve a revised PD with an asterisk noting that a full discussion to quantify all costs and benefits will take place within the near future.

III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments and urges the Commission to adopt a Decision that achieves a substantial improvement for all microgrids that benefit the grid rather than an incremental benefit that only applies to a small subset of microgrids. With that being said, we should take care to promote renewables-driven microgrids; this Decision is a great opportunity to make renewables even more financially attractive.

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