

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

Application of Sunnova Community Microgrids
California, LLC for a Certificate of Public
Convenience and Necessity to Construct and
Operate Public Utility Microgrids and to Establish
Rates for Service

Application 22-09-002

(Filed September 1, 2022)

**CLEAN COALITION RESPONSE TO APPLICATION OF SUNNOVA COMMUNITY
MICROGRIDS CALIFORNIA**

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October 10, 2022

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I. INTRODUCTION

Pursuant to Rule 2.6(c) of the California Public Utilities Commission (“the Commission”) Rules of Practice and Procedure, the Clean Coalition respectfully response to the *Application of Sunnova Community Microgrids California, LLC* (“Sunnova”) *for a Certificate of Public Convenience and Necessity to Construct and Operate Public Utility Microgrids and to Establish Rates for Service*, filed on September 1, 2022. In the application, Sunnova requests permission to begin deploying Community Microgrids at newly constructed communities and operate the Community Microgrid as a micro-utility. Each project would also have a dedicated substation, allowing imports from the transmission system, when necessary, although the majority of the energy will be produced by the microgrid. The proposed Community Microgrids would provide the highest level of service at an affordable rate, guaranteeing both reliability and resiliency.

We would like to applaud Sunnova for putting together such a thorough and well-researched application and request that the Commission approve it swiftly, in recognition of the value that Sunnova can provide. The business model that Sunnova proposes will help California take the next step toward the commercialization of Community Microgrids and making resilience considerations a part of the planning process for communities. Sunnova’s Community Microgrid solution aligns perfectly with the Commission’s DER Action Plan 2.0, which promotes a vision of a Commission that, “continuously explores new policies, technologies, business models, and ideas to advance distributed energy resources deployment in a manner that maximizes ratepayer and societal value and contributes to equity and affordability for all customers.”¹ The proposed Community Microgrid projects will produce clean energy at affordable rates and lessen strain on the transmission system, while maintaining reliable service and providing resilience through islanding. The need for resilience

¹ DER Action Plan 2.0 at Page 6

is at an all-time high in the state and continues to rise due to natural disasters, stresses from climate change, and increased reliance on electricity due to electrification. This makes it imperative for the Commission to encourage the deployment of Community Microgrids, which provide communities with an unparalleled trifecta of economic, environmental, and resilience benefits. We support the Sunnova application and urge the Commission to take note of the following:

- **The Sunnova application helps achieve the goals of Sb 1339 in a way that the current Microgrids proceeding cannot.**
- **The Community Microgrids will not constitute a cost-shift or a loss of sales to the investor-owned utilities.**
- **The application addresses some of the main concerns that have been raised with Community Microgrids in the past.**

II. DESCRIPTION OF PARTY

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources (“DER”) — such as local renewables, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

III. COMMENTS

A. The Sunnova application helps achieve the goals of Sb 1339 in a way that the current Microgrids proceeding cannot.

The Commission’s Microgrids proceeding (R. 19-09-009) was supposed to lead to a swift implementation of SB 1339, but that has not yet been the case for Community Microgrids (or any microgrid including front-of-meter assets). To date, the only Community Microgrids that have been deployed in the state are the result of grant-funded collaborations between multiple organizations. Within the proceeding, the Resiliency and Microgrids Working Group has stopped meeting, the process for designing a Community Microgrid tariff has not yet begun, the proceeding has deviated significantly from previously released timelines, and despite extensive effort on the part of all stakeholders, there is no set timeline for the implementation of the Microgrid Incentive Program. While all of those issues will resolve themselves over time based on the resources that the

Commission has available, the Sunnova application represents an immediate pathway forward for the deployment of Community Microgrids. New communities, constructed together separate from the existing distribution system, are a small subset of projects which are not being considered in the Microgrids proceeding and do not raise the same set of issues as other Community Microgrids might. The lion's share of debate has focused on microgrids that will connect to the existing utility distribution system. The phrase "micro-utility" has been briefly discussed, but only in a cursory fashion as a possible option to be considered in the future.

Perhaps at some point toward the end of the discussion about a Community Microgrid tariff (mid-late 2023) the topic of Community Microgrids deployed at new housing communities owned and operated by a micro-utility will come up. At that point, having lessons learned from existing projects would be beneficial for the regulatory process and the residents will be able to enjoy the trifecta of benefits of a Community Microgrid as soon as possible. Deploying Community Microgrids at newly constructed housing communities meets state goals for reliability, creating new housing stock, resilience — and electrification, all while maintaining affordable rates.

B. The Community Microgrids will not constitute a cost-shift or a loss of sales to the investor-owned utilities.

Sunnova's application specifically requests permission to deploy Community Microgrids at newly constructed, master-planned housing communities. The Community Microgrid and dedicated substation will be entirely financed by Sunnova, to avoid using the existing utility distribution system or causing a cost-shift to other ratepayers. Moreover, because the housing communities will be newly constructed, there is no existing load being transferred away from the distribution grid that could be construed as a loss of sales. Moreover, the affordable rates, offered at a comparable or lower price to utility service, will be subject to Commission regulation, ensuring that everything goes according to plan.

C. The application addresses some of the main concerns that have been raised with Community Microgrids in the past.

Whenever the subject of Community Microgrids — and more specifically, private ownership and/or operation of Community Microgrids — is raised, two very common questions raised in opposition are how the Community Microgrid operator will be liable and how the Community Microgrid will be operated in parallel with the grid. Sunnova's application answers both of these questions; as a micro-utility, the Commission will have regulatory jurisdiction and the Community Microgrids will only island up to the dedicated substation (not affecting the rest of the

grid).

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit this response. We request that the Commission acknowledge the value that the deployment of Community Microgrids can bring to communities and approve the Sunnova application.

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