

**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 ON PROPOSED DECISION ADOPTING
IMPLEMENTATION RULES FOR THE MICROGRID INCENTIVE PROGRAM**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the California Public Utilities Commission (“the Commission”) Rules of Practice and Procedure, the Clean Coalition respectfully submits these reply comments in response to the *Proposed Decision Adopting Implementation Rules For The Microgrid Incentive Program*, issued at the Commission on February 9, 2023. Clean Coalition supports the numerous changes requested by parties in opening comments that will better align the Microgrid Incentive Program (“MIP”) with the needs of disadvantaged vulnerable communities (“DVCs”). Maximizing the number of successfully deployed Community Microgrid projects necessitates providing DVCs with the tools in the form of up-front financial support, access to granular maps that show eligibility criteria, information about other funding options, and examples of what a strong application might look like based on Community Microgrid Enablement Program (“CMEP”) applicants. For DVCs to support the development of a MIP application—and allocate a portion of limited funding—it needs to be clear that the investment will result in a deployed Community Microgrid and that the unparalleled trifecta of environmental, economics, and resilience benefits will be realized by the broader community.

There is also a related concern of ensuring that it is possible—and likely—that a strong applicant will be able to complete the planning and procurement process of the MIP, resulting in the timely deployment of a Community Microgrid. As can be gleaned from the Community Microgrid Enablement Program (“CMEP”), even offering dual incentives of financing and technical assistance (from the utility) is not enough to draw sufficient developer interest when the evidence clearly shows that there are bottlenecks in the process preventing the deployment of projects. Most CMEP applicants were not able to get out of the planning process and few applicants were from DVCs. Granted, the MIP is different from the CMEP in several ways, but the propensity for failure is

evident, nonetheless. Multiple parties made this clear in opening comments.¹ The process outlined in the PD does not mitigate the likelihood of unforeseen delays associated with the planning or interconnection process, surprise project cost increases, and overambitious deadlines that will be difficult to for applicants to meet. Throughout this proceeding and others run by the Commission and California Energy Commission (“CEC”), local governments and companies experienced with renewables and microgrid deployments have made their needs clear. Developers look for opportunities that minimize risk while maximizing the potential for profit and DVCs are hesitant to allocate funds and/or partner with developers without the certainty that a strong application, if approved, will definitively result in a deployed project. Therefore, we believe that is the role of the Commission in this PD, to maximize the value of ratepayer money allocated to this program by addressing the known bottlenecks in the procurement process. The Commission acknowledges that Community Microgrids are complicated in the PD; reducing, or eliminating, the variables associated with resource deployment process will result in the greatest number of MIP-funded Community Microgrids—installed on time.

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. California Energy Storage Alliance (“CESA”)

Clean Coalition agrees with CESA that the Commission should specific a deadline for the Investor-Owned Utilities (“IOUs”) to open the first application window, given that two years

¹ Green Power Institute Opening Comments on PD at p. 2, I at Microgrid Equity Coalition Opening Comments on PD at p. 3-8, California Energy Storage Alliance Opening Comments on PD at p. 2

have passed since the Commission adopted D. 21-01-018.² Furthermore, since these Community Microgrid projects have multi-year planning horizons, the sooner that the program officially begins, the better. Ideally, we hope the Commission will amend the PD with a requirement that the first application window opens by Q4 2023. CESA also suggests that the scoring system should not be identified as “consensus,” given the number of amendments or other proposals offered by parties.³ Other parties agree in opening comments⁴; Clean Coalition notes the widespread support and we that the language in the PD be changed appropriately.

B. Microgrid Equity Coalition (“MEC”)

MEC makes several good points in opening comments, but due to space constraints Clean Coalition comments will focus on four. First, we appreciate that the PD includes a dispute resolution process and agree that ideally, it should be as amicable as possible. However, MEC makes an important point about the need for a specific dispute resolution process.⁵ In situations where the utility and applicant cannot compromise or come to a resolution, there should be a process that can ensure that the process moves forward in a timely manner.

Second, we agree, “that the 24-months COD from the date that the MOA is signed may not be sufficient for all projects,” and point specifically to the Commission’s determination that applicants should try to design projects that include as many ratepayers as possible, which will lead communities to identify the largest possible project.⁶ Large projects will take longer to complete than smaller Community Microgrids and are therefore, less likely to meet the 24-month requirement. We support changing the date to 36 months after the MOA is signed, though including an opportunity for an applicant to request a 12-month extension could also be sufficient.

Third, we concur that technical assistance grants are required prior the submission of an application. Since most municipalities have limited sustainability/energy staff, completing an application will require hiring a consultant to identify suitable sites and conduct a preliminary feasibility study, just to get the information required to put together an application (which is another cost in and of itself). We reiterate the request made in our opening comments that the Commission should approve \$100,000 in technical assistance grants, at least a portion of which should be made

² CESA Opening Comments on PD at p. 2

³ Ibid at p. 2-3

⁴ MEC Opening Comments on PD at p. 6-7, Center for Accessible Technology Opening comments on PD at p. 3

⁵ MEC Opening Comments on PD at p. 1-2

⁶ MEC Opening Comments on PD at p. 4

available prior to the submission of a MIP application.

Fourth, MEC underscores the importance of providing granular information to applicants to ensure DVCs utilize the program.⁷ The PD does approve a guidebook, which is a good step, but errs in not also approving a heat map. As explained in opening comments,⁸ providing granular data on each eligibility criteria is the only way that communities will have enough detail to plan for the deployment of a Community Microgrid on a facility-by-facility basis. Forcing potential applicants with limited resources to do extensive research just to determine eligibility is creating an unnecessary barrier to entry.

C. The Joint IOUs

Clean Coalition supports the proposal to extend the project timeline (from signed Microgrid Operations Agreement to the Commercial Operations Date) by up to 12 months. As discussed above, we ideally recommend increasing the amount to 36 months.

D. Green Power Institute (“GPI”)

GPI does a good job explaining why the proposed \$25,000 technical application grant is insufficient, proposing instead, “a two-step process of providing development grants, with the first at \$25,000, upon a finding of eligibility, and a second of \$75,000, upon a further finding of suitable progress in completing the required application.”⁹ Clean Coalition similarly proposed a grant totaling \$100,000 in opening comments and we appreciate that the two-step process built into GPI’s proposal acts as a safeguard of ratepayer funds. By itself, a \$25,000 grant is not enough for an interested community to identify sites for resilience projects and submit a complete MIP application, especially for DVCs that these grants are aimed at.

Clean Coalition also supports GPI’s request that the record reflect conclusions from *A Modern Cinderella Story*, which details DER programs in California over the past decade. The report is a perfect example of why the MIP should be amended based on lessons learned from prior programs, including PG&E’s CMEP. For example, GPI’s comments request a change to the proposed COD requirement, calling it a “poison pill” that will prevent 3rd parties from investing

⁷ Ibid at p. 10

⁸ Clean Coalition Opening Comments on PD at p. 6-8

⁹ GPI Opening Comments on PD at p. 2-3

significant funds in MIP projects.¹⁰ Without any certainties that dates in the MOA will be strictly adhered to by all involved parties, 24 months is not enough time for many Community Microgrid to go from planning/pre-construction to fully deployed. If the Commission insists on keeping the 24-month deadline (after the signed MOA), Clean Coalition supports adding an option for an extension of at least 12 months, though we view GPI’s proposal of 6-month extensions without limit with proof of “good cause,” as ideal.¹¹

E. Center for Accessible Technology (“CforAT”)

CforAT summarizes need for technical assistance grants up front to ensure that DVCs can overcome limited resources and participate in the MIP, noting, “This is a fundamental element of the MIP overall, and it should not be neglected.”¹² Clean Coalition concurs and urges the Commission to approve up-front technical assistance grants and increase the maximum amount to \$100,000.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments. We urge the Commission to amend the PD based on the suggestions listed above.

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¹⁰ Ibid at p. 7

¹¹ Ibid at p. 8

¹² CforAT Opening Comments on PD at p. 3