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 UTILITY-PROPOSED MULTI-PROPERTY MICROGRID TARIFFS

/s/ BEN SCHWARTZ
Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

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I. INTRODUCTION

Pursuant to Rule 6.2 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 *Assigned Commissioner's Scoping Memo and Ruling*, issued at the Commission on July 18, 2023, and *Administrative Law Judge* ("ALJ") Rizzo's *Email Ruling Modifying Page Limit for Opening Comments to 20 pages*, issued on October 13, 2023. The Clean Coalition appreciates the opportunity to submit these reply comments and reiterates the need for a Community Microgrid tariff with far greater (timeline/process, design, and cost) certainty than is included in the submission of the investor-owned utility Community Microgrid Enablement Tariff ("CMET"). We urge the Commission to adopt our proposal Resilient Energy Subscription ("RES"), which will financially enable the establishment, enhancement, and expansion of Community Microgrids designed to provide resilience to Critical Community Facilities ("CCFs"), benefitting both the residents within the footprint of the Community Microgrid as well as the broader community. There was overwhelming consensus in opening comments that the submitted tariffs are insufficient for achieving the statutory goal of widespread commercialization of microgrids, and that further work is needed. Parties, even those that that were broadly supportive, requested modifications to the tariffs submitted by the three investor-owned utilities ("IOUs").[1] Therefore, the Clean Coalition's reply comments will make the following assertions:

- GPI's updated CMET data shows the trouble with using the CMET as the base for a Community Microgrid tariff without delving into how the program has operated.
- Parties agree on the need for a more unified and streamlined interconnection process.

[1] Parties in opposition include Applied Medical Resources ("AMR"), Green Power Institute ("GPI"), Small Business Utility Advocates ("SBUA"), Sonoma Clean Power Authority & Peninsular Clean Energy Authority & Pioneer Community Energy, PearlX, the City of Long Beach [California], Sunnova Community Microgrids (CA, LLC), the Microgrid Resources Coalition ("MRC"), and The Climate Center ("TCC") & the Center for Biological Diversity ("CBD") & GPI & 350 Bay Area. Only Cal Advocates offered broad support, with proposed modifications.

- Allowing Community Microgrids to island for economic reasons will benefit the ratepayers, if enabled.
- Legal agreements (for economic optimization) and the ability to charge a fee, like RES, to recover deployment costs, will be required to fully enable the widespread deployment of Community Microgrids.
- The Commission should clarify that it is unable to move forward with master metering without a legislative solution.

II. DESCRIPTION OF PARTY

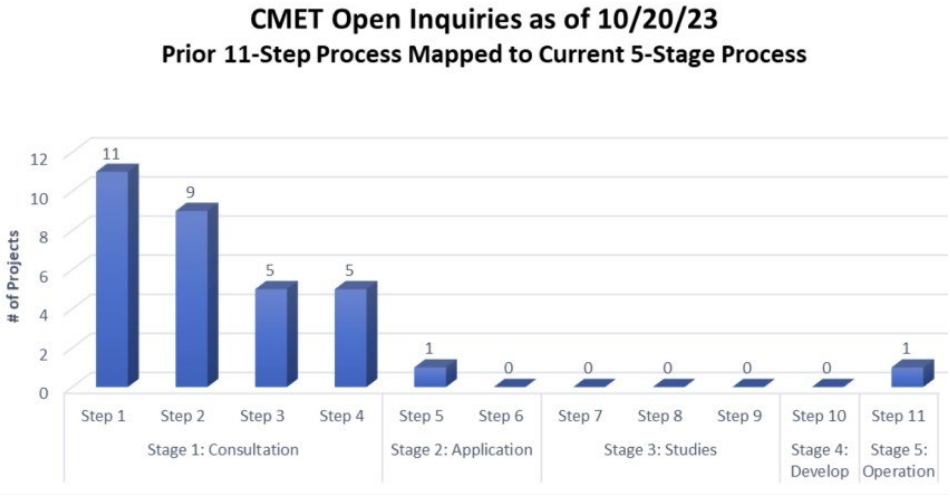
The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed 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. GPI's updated CMET data shows the trouble with using the CMET as the base for a Community Microgrid tariff without delving into how the program has operated.

In the Clean Coalition's opening comments, we explained why it is important to have information on the outcome of CMET applicants included in the proceeding record, prior to relying on the CMET as the foundation for the state's Community Microgrid tariff. The fact that the IOUs only submitted tariff language provides no insight into the procedure, either roadblocks or successes. The lack of data puts the Commission in a position to make an uninformed decision, without the lessons learned over the past three years. GPI presented more recent information about applicants using the CMET process, from October 20, 2023.[2] As can be seen below, despite a difference of seven months from the graphic included in the Clean Coalition's comments, no more projects are within five steps of completing the process than before.

[2] GPI Opening Comments, at p. 4.



PG&E information provided to GPI via October 2023 data request

The information on the record does not answer questions like: why are projects not moving forward, what is causing delays, or whether PG&E is receiving high quality and detailed information from applicants. Finally, it would be worthwhile to understand PG&E's conclusions on the success of the program. The lack of clarity makes it difficult for stakeholders to provide comprehensive comments and for the Commission to decide to move forward.

B. Parties agree on the need for a more unified and streamlined interconnection process.

An ideal Community Microgrid tariff should streamline the design process for Community Microgrids, which are comprised of a mix of front-of-meter ("FOM") and behind-the-meter ("BTM") resources as well as different facilities and meters. However, the IOU's proposed CMET requires all resources to go through an interconnection process prior to being studied in tandem for a Microgrid Islanding Study ("MIS"). This process maximizes inefficiency for the utility from an administrative standpoint, by adding significantly more bureaucracy than is necessary if the resources were studied in a more aggregate fashion. Under the CMET, a single Community Microgrid would likely result in at least four different applications, handled by different staff who function in silos. Similar to what the Clean Coalition suggested, it would be far more streamlined and efficient to adopt GPI's solution to create an option for a combined interconnection study for all Community Microgrid resources connected through the point of common coupling ("PCC").[3] This would be particularly beneficial given the difference in cost and timelines for FOM interconnections

[3] GPI Opening Comments, at p. 2.

as compared to BTM interconnections.

C. Allowing Community Microgrids to island for economic reasons will benefit the ratepayers, if enabled.

AMR rejects SCE's proposed tariffs by noting, "Entities will only invest in microgrids when it makes financial sense to do so. A microgrid owner must justify development costs balanced against planned savings from their use. If a microgrid is restricted to operating only when there is a distribution system outage, the owner cannot make financial plans regarding its use of the microgrid"[4] The Clean Coalition concurs with this sentiment; due to the absence of a standardized value of resilience in this proceeding, it is especially important to address economic considerations in Community Microgrid developments. Ignoring the full range of benefits that Community Microgrids can provide or creating purposefully limiting regulation is a recipe for an unsuccessful tariff and failing to meet the statutory requirements of SB 1339. As GPI explains, "Without a compensation mechanism included in the tariffs they will almost certainly be ineffective for all but a handful of projects that are able to obtain large grants."[5] Therefore, the Commission should consider all proposals that do not contain any compensation mechanism to be incomplete, especially considering that Community Microgrids can provide unique benefits when islanded.

In opening comments, the Clean Coalition discussed a CEC-grant funded project we are working on called the Berkeley Energy and Resilient Mixed-Use Showcase ("BERMUS") to underscore the need for master metering at multi-unit housing ("MUH") facilities to enable resilience, a sentiment that is echoed by PearlX.[6] BERMUS provides a relevant example of the benefits created by Community Microgrids through a requirement that it can perform in a GridOptimal manner, meaning that the facility will serve all loads using energy generated on-site during the daily 4-9p.m. peak period when the grid is constrained. Serving loads with on-site energy reduces the strain on the grid and lowers the amount of new infrastructure that is necessary, helping to lower electricity rates in the long term. The most streamlined way to enable GridOptimal performance is to allow Community Microgrids to island during blue-sky grid conditions. Since the peak is predictable, from 4-9p.m. every day, a standard agreement specifically listing terms and liability will be relatively simple to develop. The ratepayers will also benefit from considering

[4] AMR Opening Comments, at p. 8.
[5] GPI Opening Comments, at p. 2.
[6] PearlX Opening Comments, at p. 1.

opportunities for DER deferral during the resource evaluation. It has already been demonstrated to the state that each DER deferral project leads to multiple million dollars' worth of savings for the ratepayers.[7] As a result, we strongly oppose Cal Advocates' assertion that, "Utilities should not use a community microgrid to avoid necessary upkeep to the grid."[8] DER Deferral directly benefits the ratepayers and Cal Advocates does not provide evidence that increasing the amount of DER deferral might lead to negative outcomes. Beyond existing DER deferral pilots, grid services can come in the form of capacity as well as reactive power, frequency control, black start capabilities (for the broader grid), etc…. The Clean Coalition's proposed Resilient Energy Subscription ("RES") is a financing mechanism to compensate for the resilience side of the equation and is one example of a tariff addition that will help commercialize Community Microgrids without resulting in a cost shift. The result is that each facility will receive the level of resilience that is technically and financially viable, with the most critical loads at CCFs being covered by all paying customers within the footprint of the microgrid (not by non-participating ratepayers).

D. Legal agreements (for economic optimization) and the ability to charge a fee, like RES, to recover deployment costs, will be required to fully enable the widespread deployment of Community Microgrids.

Under the IOU's proposed tariffs there are only three types of applicants that will submit applications. First are applicants with funding from grants (either public or private). Second will be government-owned facilities deemed CCFs. Third will be applicants who already have the necessary capital and are more focused on the resilience need than economic considerations. In each case, the resilience value of the microgrid will be paid for by public funds or purely by economic savings from deploying solar+storage. The result is that the resilience, considered the main value offering of a microgrid, is essentially free (or $0/kWh). This precludes Community Microgrid development by the fourth category that includes most of California: locations that have the appetite for resilience but do not have the access to up-front investment-grade capital or grant writers. While the ability to leverage a fee, like the RES, on participating customers will be beneficial for the first three groups, it is absolutely necessary for incremental Community Microgrid deployments for the fourth group. Full commercialization requires consideration of all types of Community Microgrid deployments, rather than one standard process that restricts any alternatives.

[7] CONFIDENTIAL DER PAYMENTS REPORT OF SCE (U 338-e), at p. A-1 – A-3.
[8] Cal Advocates Opening Comments, at p. 3.

E. The Commission should clarify that it is unable to move forward with master metering without a legislative solution.

The Clean Coalition underscored the need for residential master metering to enable resilience at multi-unit housing ("MUH") facilities. In opening comments, PearlX also requested that the Commission create an option for MUH facilities.[9] Therefore, we request that the Commission acknowledge that residential master metering is not permitted and requires a specific legislative solution before further action can be taken.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments. We urge the Commission to require PG&E to provide detailed data on the CMET, adopt the RES proposal put forth in opening comments, streamline interconnection procedures, and acknowledge that fully enabling resilience at MUH facilities (residential master metering) requires a legislative solution.

/s/ BEN SCHWARTZ
Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
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[9] PearlX Opening Comments, at p. 1.