

**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 ON STAKEHOLDER PRO-FORMA  
STANDARD MICROGRID MULTI-PROPERTY 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](mailto: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 opening comments on Stakeholder Pro-Forma Community Microgrid tariffs in response to the *Assigned Commissioner’s and Administrative Law Judge’s (“ALJ”) Ruling Denying Joint Parties’ Motion to Amend Scoping Memo and Ruling for Track 5, and Modifying Track 5 Schedule of Activities*, issued at the Commission on October 23, 2023, the *Email Ruling Granting In Part, and Denying In Part, The Oct. 31, 2023 Motion Filed by the Center for Biological Diversity (“CBD”), Et Al.*, issued at the Commission on November 7, 2023, and the *Email Ruling Denying the December 22<sup>nd</sup>, 2023 Motion for CBD, Et. Al, To Amend the Track 5 Process & Schedule*, issued at the Commission on December 29, 2023. We appreciate the opportunity to comment on the other stakeholder pro-forma Community Microgrid tariffs submitted on December 15, 2023, and believe that each of the proposals contains important aspects either not exclusively covered in the CMET, or that would build upon shortcomings in the existing microgrid programs. Multiple parties note that there are multiple value streams and/or grid services provided by Community Microgrids that can be monetized, including avoiding usage of the existing transmission grid, reducing (transmission & distribution) line losses from local resources, reducing the need for new transmission infrastructure, community resilience, etc.....<sup>1</sup> For example, the Green Power Institute (“GPI”) notes that Green Mountain Power in Vermont has a program to sell batteries to ratepayers, promoting resilience, and also reducing the need for costly transmission infrastructure.<sup>2</sup> Depending on where a Community Microgrid is sited, there is also value in the form of wealth creation for equity communities, including increased deployments of local resources, wildfire mitigation, and opportunities for electrification, helping to

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<sup>1</sup> See comments from MRC at p. 11, and GPI at p. 12-13.

<sup>2</sup> GPI’s opening comments, at p. 14-15 and <https://www.nytimes.com/2023/10/09/business/energy-environment/green-mountain-home-batteries.html?smid=nytcare-ios-share&referringSource=articleShare>

achieve state climate and energy goals at a rate that would otherwise not be possible. While not considered bankable revenue streams, the state and the Commission have stressed the need to prioritize each of these issues.<sup>3</sup> Discussions of Community Microgrids should rise beyond viewing a microgrid as the aggregation of assets and consider the multiple value streams created by Community Microgrids for both the participating ratepayers and the broader grid. Creating a standard pathway for the deployment of Community Microgrids should also include opportunities to meet multiple needs at the same time, rather than unnecessarily limiting deployments by labeling them as only useful in outage situations.<sup>4</sup>

## **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. Green Power Institute (“GPI”)**

GPI raises an important point about the need to create a tariff capable of enabling the deployment of standard (“donkey”) Community Microgrids rather than relying on one-off (“unicorn”) Community Microgrids.<sup>5</sup> The most notable Community Microgrids deployed to date have been unique configurations, designed over the course of multiple years, and funded at least in part with grant dollars. For example, the Redwood Coast Airport Microgrid (“RCAM”), which remains the only project to successfully complete PG&E’s Community Microgrid Enablement Tariff (“CMET”) process, was developed starting in late 2016 (or early 2017) and included significant compensation from a California Energy Commission (“CEC”) EPIC grant. Rather than proving that

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<sup>3</sup> See the DER Action Plan 2.0, at p. 6, and ESJ Action Plan, Goals 1, 2, 4, 5, and 9.

<sup>4</sup> See the comments of PearlX, at p. 2.

<sup>5</sup> GREEN POWER INSTITUTE COMMENTS ON MULTIPROPERTY MICROGRID TARIFF AND PROPOSED MULTIPROPERTY MICROGRID TARIFF, at p. 3.

the CMET process is successful, RCAM led to the genesis of the CMET, with the thought that patterning a program off the deployment of one Community Microgrid would be sufficient to enable the deployment of others. However, the unique and groundbreaking nature of RCAM made it far less standard than what GPI has termed, “a donkey”. As the RCAM team explained in one of many Resiliency and Microgrids Working Group (“RMWG”) meetings—which are unfortunately not on the record of the proceeding and no official notes were taken—the missing piece of the financial puzzle that was not completed for RCAM was a determination of the value of resilience. Perhaps this explains the lack of success of the CMET; no other project has passed even step 5 of 11. This gets at two key issues, the lack of standardized financing options and the lack of standardized configurations/study options. As GPI points out on the financing portion, “Reserving the use of MPMs solely as emergency back-up power resources vastly increases the cost of outage mitigation. Furthermore, failing to utilize the MPMs as available resources will necessitate utility investment in redundant generation and delivery capacity, at ratepayer expense, when the MPM could already meet such needs.”<sup>6</sup> It is critical to note that resilience is an expanding need that will become more and more important over time. Meeting the state’s goals to electrify everything will increase our reliance on electricity significantly, vastly escalating the importance and value of resilience. Treating the financing of Community Microgrids as acceptable without a standard process and the need for resilience on a case-by-case basis is reactively thinking rather than proactively considering the growing/changing needs of ratepayers when it comes to electricity.

The Clean Coalition’s Resilient Energy Subscription (“RES”) addresses the first of the two topics (financing) by providing a bankable revenue stream to enable the establishment, enhancement, and expansion of Community Microgrids in a way that benefits the participants and the microgrid operator.<sup>7</sup> The second topic (the lack of a standardized study process) is best improved via increased applicant certainty, as highlighted in the Clean Coalition’s October 27, 2023 comments responding to the investor-owned utilities’ (“IOU”) filing of the CMET.<sup>8</sup> Because the IOU service territories are so expansive, a successful program should be standardized, replicable, and scalable. For example, under Rule 21 as well as for behind-the-meter (“BTM”) single-customer microgrids, there are template single-line diagrams available for customers to use, ensuring that each subsequent

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<sup>6</sup> *Ibid*, at p .4.

<sup>7</sup> Non-participating ratepayers also receive benefits through increased community resilience and the possibility that the footprint of the Community Microgrid will expand over time to include additional ratepayers.

<sup>8</sup> See the CLEAN COALITION COMMENTS ON UTILITY-PROPOSED MULTI-PROPERTY MICROGRID TARIFFS.

applicant does not attempt to proverbially re-invent the wheel and take up more time from utility engineers than is otherwise necessary. While Community Microgrids are generally more complex and unique than BTM microgrids, we agree with GPI that commercialization must include greater standardization, wherever possible.

There are a few aspects of standardization that the Clean Coalition wishes to highlight from GPI's comments. The first is the need to monetize coordinated elements of resources for everyday economic benefits, rather than solely relying on sales during grid outage scenarios. Resilience is a primary benefit of Community Microgrids, but participation in markets and programs during blue sky conditions will be essential to make sure the deployment is financially viable. Having an option to study resources in tandem during the interconnection process is a necessary step to enable resources to function in aggregate and could allow the Community Microgrid to seamlessly island under certain pre-determined blue-sky conditions.<sup>9</sup>

Second, GPI raises the important issue of oversizing in relation to resilience. The main program utilized for BTM deployments of DER, Net Energy Metering ("NEM"), is designed to net zero the on-site load with renewable generation, ensuring that self-consumption and electrification are possible, without rewarding those who want to deploy large generators to take advantage of the higher (than wholesale) compensation. While understandable, the requirement limits the possibility of full resilience at a site, particularly during long-duration outages. Ensuring resilience requires reserving a certain percentage of the state of charge of an energy storage device in case there is a grid outage, which conflicts to a certain extent with the economics of discharging the full state of charge during the daily peak period to maximize the value of the renewable energy generated for both the facility and the grid. Therefore, we concur with GPI's statements about the need to encourage oversizing of assets for ideal levels of resilience and believe that the issue merits further consideration in this proceeding.

### **B. Microgrid Resources Coalition ("MRC")**

At a high level, we support a cost-of-service ("COS") based method and believe that it is complementary to the approach used in the RES, which is also based on the COS for customers within the footprint of the Community Microgrid. We also see the merit in expanding the use of Rule 18 for private distribution infrastructure. The existing expansion of Rule 18 that was adopted for

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<sup>9</sup> See the Clean Coalition's SUBMISSION OF THE RESILIENT ENERGY SUBSCRIPTION INTO THE RECORD AS A DRAFT MICROGRID MULTI-PROPERTY TARIFF, at p. 18.

electricity sharing in grid outage scenarios between two critical community facilities operated by different government entities is not sufficient to meet the need for resilience across the state. Any expansion should include greater possibilities for master metering, including master metering and submetering (as explained via the Clean Coalition’s BERMUS example in our RES filing).<sup>10</sup> In addition, we concur with the need for interconnection reform when it comes to Community Microgrids and hope that any streamlining would also be applied by the utilities to their wholesale distribution access tariffs (“WDAT”).

### **C. Applied Medical Resources (“AMR”)**

AMR’s proposal addresses a unique use case where two properties are owned by the same customer and separated by a public street. The Clean Coalition is generally supportive of the proposal, particularly for non-export microgrids. With SCE’s acknowledgement that this type of microgrid would not violate PUC Section 218, we do not see a reason why there should not be a pathway to deployment.<sup>11</sup>

### **D. PearlX**

The Clean Coalition agrees with PearlX that, “Limiting the operation of a multi-property microgrid to only times when there is a utility outage minimizes the value of deploying distributed energy resources like solar and storage within the microgrid.”<sup>12</sup> As we have explained in our comments, while resilience is a central value stream for microgrids, the functionality of an aggregation of resources, like a virtual power plant (“VPP”) also provides significant value. There are also grid benefits from the allowing the microgrid to island during times when there is a threat to local or systemwide reliability; the islanded microgrid would functionally act like a demand response resource to the broader grid, while retaining the ability to serve loads within the footprint of the microgrid with renewable generation.

### **E. Sunnova Community Microgrids California, LLC (“Sunnova”)**

We support Sunnova’s proposal for third-party owned/operated Community Microgrids via micro-utilities in this proceeding. Given California’s urgent need for new housing and resilient energy systems, a dedicated Community Microgrid owner and operator is just the type of new paradigm that will unlock the dual benefits of resilience and electrification. Thus far, the

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<sup>10</sup> *Ibid.*, at p. 11.

<sup>11</sup> AMR’s Opening Comments, at p. 3.

<sup>12</sup> PearlX’s Opening Comments, at p. 1.

microgrids proceeding has not focused on new master metered communities, built separately from the existing distribution system. We also believe that Sunnova’s proposal provides additional information regarding the ways in which micro-utilities will be regulated by the Commission, ensuring that operations, contracts, billing, and consumer protection requirements will all be clearly laid out and enforceable. In addition, we agree with Sunnova that the existing 20 MW aggregate capacity size limit in the existing CMET is somewhat arbitrary and should be removed.<sup>13</sup> Based on the Clean Coalition’s understanding, the 20 MW size limit was a reasonable starting place at the time the CMEP was approved, given the relatively new status of Community Microgrids in the state. However, with the experience that the IOUs and other companies have had since then, we do not believe it is prudent to keep the same size limitation in place, which at this point is likely to be more of a constraint than a benefit to the ratepayers. We also agree that the requirement for the applicant to have constructed a similar type of microgrid should be removed, given that the small number of deployed Community Microgrids would lead to a limit that only allows a select few companies to move forward. Sunnova reasonable posits that resources should have the option to be aggregated during the interconnection study and requests an allowance for master metering if both the utility and Community Microgrid aggregator agree in the design process. The Clean Coalition agrees on both fronts.

#### IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these opening comments and we look forward to continuing the discussion and providing more information during the public workshop.

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

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<sup>13</sup> Sunnova’s Opening Comments, at p. 12.