

**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 COMMENTS ON PARTY RESPONSES TO ADMINISTRATIVE
LAW JUDGE'S RULING REQUESTING COMMENT ON RESPONDENTS AND
STAKEHOLDER PROPOSALS' ALIGNMENT WITH THE COMMISSION'S NINE
ENVIRONMENTAL AND SOCIAL JUSTICE ACTION PLAN GOALS**

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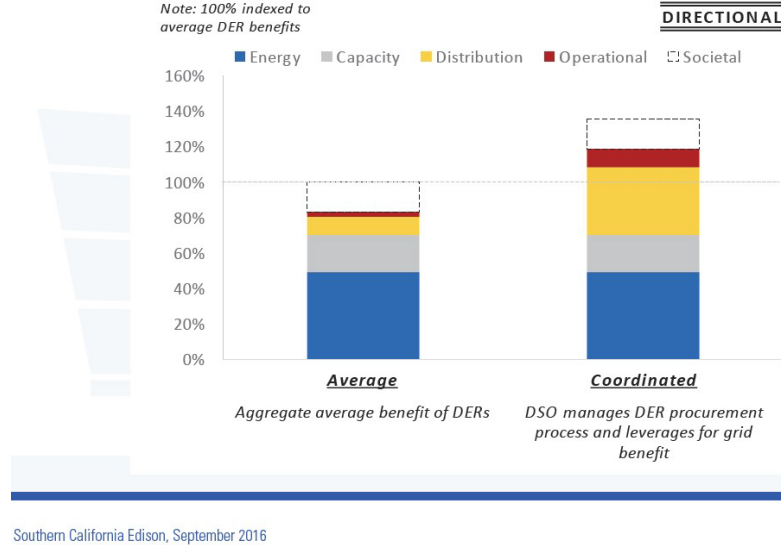
I. INTRODUCTION

Pursuant to Rule 6.2 of the California Public Utilities Commission (“the Commission”) Rules of Practice and Procedure, the Clean Coalition respectfully submits these comments on the party responses to the *Administrative Law Judge’s (“ALJ”) Ruling Requesting Comment on Respondents and Stakeholder Proposals’ Alignment with the Commission’s Nine Environmental and Social Justice (“ESJ”) Action Plan Goals*, and the *Email Ruling Ordering All Parties To Respond to March 27, 2024 ALJ Ruling Using the CPUC’s Environmental & Social Justice Action Plan Version 2.0* (“ESJ Action Plan 2.0”), both issued at the Commission on March 27, 2024.

Party responses showcase the myriad of benefits from Community Microgrids deployed in disadvantaged communities (“DACs”), and in doing so, make clear that the development of a **viable** pathway for standard/streamlined deployments aligns with the Commission’s ESJ Action Plan 2.0. Community Microgrids help communities leverage an unparalleled trifecta of economic, environmental, and resilience benefits. At the local level, planning for energy resilience is a catalyst that leads to the development of longer-term visions for affordability and electrification, making each deployment far more valuable than a technology used solely to provide backup power. The use of Advanced Distribution Management Systems (“ADMS”) and Distributed Energy Resources Management Systems (“DERMS”) increasing both the opportunity for load flexibility and the value of each DER within the footprint the microgrid, enabling optimal dispatch of resources and grid usage that significantly reduces reliance on the transmission grid. Based on SCE’s estimate, coordination of resources in a Community Microgrid can increase the value of each incremental resource by as much as 40%, a figure that only considers distribution and operational benefits and is far greater when factoring in societal benefits.

Figure 5: Impact of DSO coordination of DERs on benefits to grid

Note: 100% indexed to average DER benefits



For ESJ communities, Community Microgrids represent an opportunity to take a huge step forward rather than multiple small steps over time. The deployment process addresses issues including slow DER installation rates, an aging grid in need of upgrades, a lack of resilience, the desire for greater local investment, and the need for clean energy in one comprehensive process. Yet even more so than for non-ESJ communities, a degree of certainty about the outcome is required before making any substantial investment due to the lack of up-front resources and staff with technical capabilities needed to access clean energy solutions. Fewer resources means that ESJ communities often have a lower threshold for risk. Therefore, a Community Microgrid deployment pathway that is ‘successful’ must result in completed projects (and deployed in a timely manner) in order to promote significant interest from ESJ communities. Thus, the Clean Coalition agrees with parties that the status quo is not sufficient,¹ especially as it relates to the ability of ESJ communities to successfully deploy a Community Microgrid. To clarify, we are quite supportive of the Microgrid Incentive Program (“MIP”), which provides ratepayer funds to deploy Community Microgrids in DACs. The MIP is limited based on available funds (the allocated \$200 million) and should not be conflated with a standard tariff that provides a pathway to any potential applicant. As explained in previous comments, the Community Microgrid Enablement Tariff (“CMET”) has not led to any project deployments following the Redwood Coast Airport Microgrids (“RCAM”) and as constituted, it is unlikely for an applicant to progress from Step 1 to Step 11 in a standard/streamlined or timely

¹ Opening Comments of PearlX, at p. 2, Opening Comments of Microgrid Resources Coalition (“MRC”), at p. 2, Opening Comments of Sunnova Community Microgrids California (“Sunnova”), LLC, at p. 3, and Opening Comments of Applied Medical Resources (“AMR”), at p. 6.

manner. The CMET currently includes protocols for design, study, operation, and interconnection—some level of changes can improve each of these aspects—but does not address financing or compensation. The Clean Coalition’s Resilient Energy Subscription (“RES”) proposal addresses this critical hole while adding the possibility for scalable Community Microgrids and can therefore function individually or as a complement to other proposals. It is also worth noting that no party disputes that the RES aligns with the goals in the Commission’s ESJ Action Plan 2.0.

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 Clean Coalition seeks clarification on the Joint IOU’s description of a cost-shift, especially in the context of ESJ communities.

On page 7, the Joint IOUs discuss the RES proposal, noting that it is the only other proposal that does not, “include ratepayer-funded compensation to microgrid customers.”² We appreciate the acknowledgement and hope to receive the Joint IOU’s support moving forward. In a footnote on the same page, the Joint IOUs conclude that ratepayers funding, “the costs the utility incurs to set-up and administer the mechanism,” would constitute a cost-shift.³ It is unclear whether this refers to the cost of setting up the RES with the existing IOU billing systems and programs or the cost associated with setting up the subscriptions and administering the RES for a specific Community Microgrid project. In the case of the former, setting up the foundation for the RES has the potential to benefit any ratepayer in the IOU service territories, since all ratepayers will be eligible to deploy a Community Microgrid using the RES. Moreover, the issue is non-unique to the RES since there is a

² Opening Comments of the Joint IOUs, at p. 7.

³ *Ibid*, at footnote 13.

startup cost associated with each new tariff/program/process, including the CMET and the MIP. If the Joint IOUs are referring to the latter option, administration expenses will be included in the startup costs for the Community Microgrid (including capital expenditures, operations & maintenance, and an appropriate rate of return) to be recovered from RES subscribers. Importantly, the incremental cost of implementing the RES will decrease with each additional Community Microgrid that is deployed.

From a broader perspective, the Joint IOUs claim that any compensation to a microgrid above and beyond the normal compensation to component resources constitutes a cost-shift.⁴ Let’s consider a case where a Community Microgrid defers the need for a distribution upgrade—a very location-based situation—and reduces reliance on transmission infrastructure (which is the case for all Community Microgrids). Distribution deferral occurs at a lower cost than the traditional solution and a faster deferral deployment can also be valuable. Reduced transmission usage lowers grid congestion and increases optimal system outcomes.

Table 1: Representative Timelines for New Capacity Projects From PG&E

Scope of Capacity Project (PG&E)	Current Timeline (Years)
Distribution line work to increase capacity or reconfigure circuits	1-3
Add a new circuit from an existing substation	2-3
Add or replace a substation transformer at an existing substation	3-4
Build a new substation	5-7

Source: PG&E responses in High DER Proceeding. [Answers to Administrative Law Judge’s Ruling Seeking Additional Information on the Distribution Planning Process.](https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M505/K839/505839889.PDF)
[https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M505/K839/505839889.PDF.](https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M505/K839/505839889.PDF)

Since infrastructure costs are recovered from the rate base, these benefits created by the Community Microgrid deployment reduce costs for all ratepayers.⁵ *Since there is tangible value creation, is compensating a Community Microgrid for the services provided still a cost shift in the opinion of the Joint IOUs? If yes, is there still a cost shift if a resiliency-related infrastructure project is required, had the Community Microgrid not been deployed?* For ESJ communities where distribution circuits have not been upgraded at the same rate as other communities with higher rates of DER deployments and in instances of forecasted load growth, a Community Microgrid can be a valuable tool. However, categorizing compensation for additional value creation (such as resilience) beyond existing energy

⁴ *Ibid.*

⁵ In the case of reduced transmission, lower energy costs are realized, and the ratepayers will not have to foot such a high bill for congestion revenue rights.

programs/markets, as constituting a cost shift is exclusionary for ESJ communities. Given this rationale, a Community Microgrid is just a higher priced and more complicated DER; treating a Community Microgrid in this manner reduces accessibility in ESJ communities rather than increasing accessibility. The Clean Coalition continues to advocate for the creation of a standard value of resilience, given the importance of resilience as a central function of Community Microgrids, and we do not believe that ascertaining a value is a cost-shift just because no compensation currently exists.

Lastly, do the Joint IOUs believe there is a cost shift if up-front costs are covered initially by non-participating ratepayers and recovered over the lifespan of the Community Microgrid along with the appropriate rate of return from participating customers within the footprint of the microgrid? What if there are non-participating customers that do not receive facility-level resilience but benefit from having community-level resilience sustaining critical community facilities (“CCFs”)? As discussed above, ESJ communities often struggle with high barriers to entry, which is part of the reason that the Commission approved technical assistance grants as part of the MIP. Even having access to critical services at a CCF is a benefit from a Community Microgrid deployment to a certain extent. These questions are important for the Commission to consider in the context of ESJ communities, given the unique needs and the direction from the state to have just and equitable energy programs/tariffs.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these comments and advocates that the Commission should find the RES to be a valuable tool in supporting the deployment of Community Microgrids in ESJ communities.

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