

**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 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 reply 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. Parties have been generally supportive of the Resilient Energy Subscription (“RES”). Only the Joint investor-owned utilities (IOUs) and the Coalition of Utility Employees (“CUE”) raised issues. We address the Joint IOUs concern about cost shifting in these comments and note that CUE’s comments about the lack of high road jobs are non-unique to the RES.

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 RES will not create a cost shift.

The investor-owned utilities (“IOUs”) have been generally open to the Clean Coalition’s RES proposal, noting that the RES avoids cost shifting, and grouping the other proposals as creating a clear cost shift.¹ However, in opening comments, the Joint IOUs amend their position on the RES slightly, taking issue with use of the word “socializing,”² in the Clean Coalition’s initial response to argue that socializing any costs amongst non-participating ratepayers constitutes a cost shift. The analysis from the Joint IOUs misses the crucial word, “appropriately,” which tempers the meaning of the sentence and the overall context. The appropriate way to recover the cost-of-service under the RES is the RES fee that will be charged to each subscriber based on the selected allotment of renewables-driven backup power. As explained in our initial response, “The initial fee is based on the Community Microgrid costs – e.g., capital expenditures, operations & maintenance, a rate of return, and Tier 1 resilience for CCFs – and the cash inflows – energy sales to the utility, tax credits, grants, or program-related funding – although the RES fee will decrease over time as the microgrid is expanded and subscribers are added.”³ There is no cost shift because each participant is paying for the full amount of resilience they select. As a result, socializing refers to the idea of RES subscribers covering the cost of Tier 1 resilience at Critical Community Facilities (“CCFs”). At a fire station for example, the Tier 1 loads are the dispatch needed to keep emergency planning functional and the water pumps that ensure all the tracks are at full capacity. We addressed this concept this in our opening response as well, explaining, “The RES spreads costs out over time in a predictable manner in a monthly \$/kWh fee while appropriately socializing the costs of resilience at CCFs, promoting resilience that benefits the entire community and enabling individual residents to select & fund the level of resilience that they feel is appropriate for their needs.”⁴

The broader context is twofold. First, resilience at CCFs provides value to the entire local community and the greater region as well, going far beyond the direct benefit to the customers and

¹ Joint Utility Comments on Proposed Multi-Property Microgrid Tariff Alignment with the Commission’s Environmental and Social Justice Action Plan, at p. 7.

² “Clean Coalition states that ‘The RES [Resilient Energy Subscription] spreads costs out over time in a predictable manner in a monthly \$/kWh fee while appropriately socializing the costs of resilience at [Critical Community Facilities]...’” — Joint IOU Comments on Stakeholder Proposals’ Alignment with the Commission’s Environmental and Social Justice Action Plan, at p. 6.

³ Clean Coalition Response 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, at p. 2.

⁴ *Ibid*, at p. 6.

facilities within the footprint of a Community Microgrid utilizing the RES. A fire department that remains energized during an outage will have the tools to fight a fire far outside the bounds of a Community Microgrid or a fire originating at a location within the footprint of a Community Microgrid that may spread across a community if not dealt with in a timely manner meaning. Therefore, the resilience benefits from the Community Microgrid apply both to the participants and the non-participants. There is value in emergency preparedness and the ability to respond to an emergency in the moment, regardless of where in the community it emanates from. Comments from the Center for Biological Diversity (“CBD”) and the Climate Center (“TCC”) affirm this sentiment, describe resilience as requiring, “strengthening communities before, during, and after an event so that communities do not merely recover from climate shocks, but have opportunities to grow and thrive in the transition.”⁵ The RES enables scalable deployments, allowing an initial Community Microgrid to grow over time with the needs of a community for renewables-driven resilience, allowing non-participants to become subscribers as the footprint of the microgrid increases in size. Therefore, there is value to the community from an initial Community Microgrid deployment under the RES that serves CCFs as well as from the possibility of expansion. Not compensating this value to the ratepayers may constitute a cost-shift. The Clean Coalition raises this issue to clarify that the proceeding record is incomplete on this subject and notes that the Commission may find that covering the cost of Tier 1 loads at Tier 1 CCFs is appropriate for the value provided, especially in the context of ESJ communities.

Second, it has been established that ESJ communities are at a disadvantage to non-ESJ communities and thereby need more resources to assist with the deployment of Community Microgrids and DER. Based on past precedent and programs, including the Microgrid Incentive Program and the Community Microgrid Enablement Program, it is within the Commission’s power to deem it appropriate to provide additional funding options for CCFs in ESJ communities that are not available otherwise. This does not represent a cost shift inherently created by a Community Microgrid tariff, rather doing so is an investment in the future of ESJ communities.

Commercialization of Community Microgrids for ESJ communities requires recognizing the unique on-the-ground conditions that must be addressed; the Clean Coalition’s comments provide a number of options for doing so using the RES as a foundational framework. One of the benefits of the RES is flexibility, which allows the Commission to determine the most effective pathway forward for ESJ

⁵ Center for Biological Diversity and The Climate Center Opening Comment on Alignment of Multi-Property Microgrid Tariff Proposals with the Commission’s Environmental and Social Justice Action Plan, at p. 5.

communities and non-ESJ communities. Alternatively, using non-ratepayer funds such as public-private partnerships, grants, existing resilience-related allotments, or matching funds are also options.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments. We reiterate that the RES proposal meets the goals of the ESJ Action Plan 2.0 and will not create a cost shift.

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