

**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 REPLY COMMENTS ON PROPOSED DECISION ADOPTING  
IMPLEMENTATION RULES FOR MULTI-PROPERTY MICROGRID TARIFFS AND  
OTHER MATTERS**

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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 on the *Proposed Decision* (“PD”) *Adopting Implementation Rules for Multi-Property Microgrid Tariffs and Other Matters*, issued at the Commission on September 17, 2024. Eight parties take major issue with the PD in opening comments,<sup>1</sup> while the other three request substantive changes.<sup>2</sup> Sunnova explains that the PD is, “an abdication of the Commission’s statutory responsibility to advance the intention and initiative behind SB 1339,”<sup>3</sup> PearlX criticizes that it “defeats the legislative intent of Senate Bill 1339 and does not provide customers with energy autonomy,”<sup>4</sup> and GPI summarizes, “The PD adopts an essentially anti-empirical approach in approving the utilities’ community microgrid tariffs by failing to discuss the three-year track record of PG&E’s CMEP/CMET.”<sup>5</sup> The sentiment amongst parties who submitted a stakeholder proposal is apparent; the PD will not commercialize microgrids and demonstrates a clear lack of consideration of party proposals.

The Clean Coalition’s opening comments detail multiple instances where the PD overlooks our Resilient Energy Subscription (“RES”) proposal and fails to make conclusions based on the full record of the proceeding.<sup>6</sup> Despite calling it “novel”,<sup>7</sup> the PD improperly groups the RES with other proposals while ignoring the unique characteristics of the RES, dismisses the RES without a substantive discussion in some sections, does not address the RES in the context of Environmental

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<sup>1</sup> Parties requesting the PD be rejected include Green Power Institute (“GPI”), Microgrid Resources Coalition (“MRC”), PearlX, Applied Medical Resources Corporation (“AMR”), Sunnova Community Microgrids California LLC (“Sunnova”), Small Business Utility Advocates (“SBUA”), City of Long Beach, and Clean Coalition.

<sup>2</sup> Parties recommending changes include Cal Advocates, the Coalition of California Utility Employees (“CUE”) and the Joint IOUs (including Southern California Edison, Pacific Gas & Electric, and San Diego Gas & Electric).

<sup>3</sup> Sunnova Opening Comments on the Proposed Decision, at p. 3.

<sup>4</sup> PearlX Opening Comments on the Proposed Decision, at p. iii.

<sup>5</sup> GPI Opening Comments on the Proposed Decision, at p. 3.

<sup>6</sup> Clean Coalition Opening Comments on the Proposed Decision, at p. 4-6.

<sup>7</sup> PD, at p. 50.

and Social Justice (“ESJ”) Action Plan Goal 4 at all, and makes no mention of the RES in the Finding of Fact section.<sup>8</sup> AMR, PearlX, MRC, City of Long Beach, Sunnova, and GPI raise similar concerns about their proposals. Multiple parties also reference the lack of success of the CMET and express shock that the Commission is choosing to adopt it.<sup>9</sup> GPI notes that relying on front-of-meter DER programs to meet resilience ignores “the near-universal failure of these programs to spur significant DER development.”<sup>10</sup> PearlX describes the Commission’s reliance on existing programs to meet ESJ goals as “precarious”,<sup>11</sup> noting that cuts were proposed in the legislature this year for programs referenced in the PD. Clean Coalition does not agree with the PD’s conclusion that existing programs are sufficient to meet resilience needs for ESJ communities, but based on the premise that the PD is adopted, by the Commission’s own logic the end of a program like the MIP or funds drying up for SGIP would leave ESJ communities with no options for resilience.

In addition to strongly urging the Commission to reject the PD as failing to properly consider the RES, failing to meet the needs to ESJ communities, adopting a program that has not been successful, failing to properly consider party proposals in the context of the ESJ Action Plan, and lacking any consideration for the resilience needs of renters, Clean Coalition offers the following comments based on party proposals:

- Clean Coalition agrees with the Joint IOUs that the Commission should adopt the California Solar and Storage Association (“CALSSA”) proposal to permanently remove storage sizing limits to promote resilience.
- Clean Coalition supports GPI proposal to develop a Community Microgrid pre-application report, similar to the process adopted for Rule 21 interconnection.
- Clean Coalition agrees with GPI that the PD fails to consider arguments in favor of oversizing and should be amended to do so.
- Clean Coalition agrees with GPI that ensuring that a study deadline is binding is essential to promote microgrid deployments.
- Clean Coalition agrees with PearlX on the continuing need to value resilience.
- Clean Coalition agrees with MRC that the existing Rule 18/19 allowance is insufficient to meet the resilience needs to multi-meter facilities.

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<sup>8</sup> Goal 4 is to increase climate resilience in ESJ communities, which is inherently met through the deployment of Community Microgrids for resilience in ESJ communities.

<sup>9</sup> MRC at p. 2, AMR at p. 2-3, GPI at p. 9, and Sunnova at p. 6

<sup>10</sup> GPI Opening Comments on the Proposed Decision, at p. 9.

<sup>11</sup> PearlX Opening Comments on the Proposed Decision, at p.

## **II. COMMENTS**

### **A. The PD should be amended to adopt permanent removal of storage size limits.**

Removing storage sizing limits promotes the use of energy storage for resilience, in addition to time-shifting energy to export during peak conditions when it is the most valuable to the ratepayers. Clean Coalition agrees with the Joint IOUs that the PD errs in denying CALSSA's request, particularly considering that the pilot has revealed no adverse impact from removing the size limit.<sup>12</sup> In this case, support from the Joint IOUs should be accorded additional weight, since they are the entities responsible for implementing the requirements of D. 20-06-017 and interconnection of storage systems. The PD denies the petition as untimely, though sufficient evidence would not have been available for the Commission to make an informed decision had the petition been filed in a timely manner. With results of the pilot in hand, the Commission should amend the PD to approve the petition, based on the policy implications of extending the removal of storage size limits. Making the removal of size limits permanent now sends the signal to industry and consumers that the Commission is dedicated to increasing the number of storage deployments and enabling individuals to invest in resilience.

### **B. The PD should be amended to include a Community Microgrid pre-application report.**

One of the most impactful reforms implemented in the Rule 21 interconnection process has been the adoption of a pre-application report that a customer can request for a small fee. The pre-application report allows a prospective customer to ascertain accurate information about a specific location on the grid without going through the process of submitting a full application (that is likely to be withdrawn if all criteria are not met). This saves time and money for both the utility and the developer by enabling informed decision making in a process where uncertainty is the norm. Given the complexity of developing a Community Microgrid, any adopted program will be a failure if potential applicants with a real need for resilience are dissuaded from moving forward due to a lack of available information during the planning phase. A pre-application report is an important way to remove an up-front barrier and increase much-needed applicant certainty. We strongly agree with GPI and recommend that the PD be amended to include an option for a pre-application report.<sup>13</sup>

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<sup>12</sup> Joint IOU Opening Comments on the Proposed Decision, at p. 9.

<sup>13</sup> GPI Opening Comments on the Proposed Decision, at p. 10. GPI recommends. "a) a non-binding determination of whether the proposed project is likely to be an eligible MIP project; b) a non-binding MIP scoring estimate; c) an Interconnection Preapplication Report at no cost to the MIP applicant; and d) an explanation of whether an Anti-Islanding study is likely to be needed (for PG&E only)."

**C. The PD must be amended to address the need to oversize clean energy resources for resilience at Community Microgrid deployments.**

Enabling long-term resilience necessitates sufficient generation and storage capacity in proportion to the load served, which may require oversizing of resources. This is especially important for communities that experience extended outages of up to multiple days during a Public Safety Power Shutoff or other planned/unplanned outages.<sup>14</sup> Clean Coalition concurs with GPI that the Commission ought to amend the PD to include a discussion of the implications of oversizing resources deployed within the footprint of a Community Microgrid.<sup>15</sup> In the Microgrid Incentive Program a Community Microgrid design is required to provide 100% resilience over an extended period. Since no compensation for resilience exists, designing a microgrid includes balancing how the resource is operated to achieve a reasonable payback period while always maintaining sufficient capacity to provision resilience. This major roadblock in microgrid deployment can be solved by compensating for resilience and allowing oversizing. At present, the PD takes the tact of failing to address either, perpetuating an existing roadblock instead of addressing it.

**D. The PD should be amended to require a binding study estimate.**

Clean Coalition concurs with GPI on the importance of having a binding study deadline rather than an estimate. In the interconnection process, the different studies are often points where significant delays may occur, lengthening the wait and reducing certainty. Moving from a binding deadline to an estimate<sup>16</sup> is a step in the wrong direction which should be remedied. Since SCE did not request an estimate, the Commission need not arbitrarily add language to change the study timeline to an estimate.

**E. Clean Coalition continues to raise the importance of valuing resilience. Until the discussion of microgrids considers the benefits of resilience, it is unfinished.**

Since our opening comments on the OIR, Clean Coalition has advocated the importance of ascribing a standard value of resilience and the creation of a compensation mechanism to reflect that value. We have raised our Value of Resilience 123 (“VOR123”) methodology countless times—a which is included in the Track 2 Staff Proposal and is foundational to our RES proposal—and

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<sup>14</sup> Clean Coalition Opening Comments on Stakeholder Draft Multi-Property Microgrid Tariffs, at p. 4.

<sup>15</sup> GPI Opening Comments on the Proposed Decision, at p. 8.

<sup>16</sup> PD, at p. 67.

explained why anyone seeking to deploy a microgrid in California is disadvantaged by the lack of focus on resilience. Resilience is not clearly identified in the planning/investment process, no metrics have been adopted to measure it, and no valuation has been developed. Therefore, while the need for resilience is real and has been identified by the Commission as a priority, without ascribing any standard valuation methodology the implicit value is effectively set at zero and a core value offering of microgrids is ignored. After kicking the can down the road on valuing resilience—a process that was supposed to begin in Track 1—for five years the result is a PD that completely misses the mark on Community Microgrids. The PD fails to address any of the unique characteristics of Community Microgrids or the Community Microgrid development process needed to catalyze deployments and commercialize microgrids. This PD is a disservice to the ratepayers and makes it less likely that Californians will realize the trifecta of environmental, economic, and resilience benefits of Community Microgrids. PearlX summarizes this sentiment, arguing that, “Goal 4 of the Environmental and Social Justice (“ESJ”) Action Plan is to “increase climate resiliency in ESJ Communities,” yet the Proposed Decision wrongfully dismisses the resiliency value of stakeholder proposals on the false premise that resilience is unquantifiable.”<sup>17</sup>

### III. CONCLUSION

The Clean Coalition appreciates the opportunity to submit reply comments on the PD. We urge the Commission to pull the PD and make substantial changes rather than adopting a flawed CMET program that will not be successful as the Community Microgrid for all three IOUs and claiming the status quo is good enough for resilience at ESJ communities.

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<sup>17</sup> PearlX Opening Comments on Proposed Decision, at p. 5.

## Recommended changes to Finding of Fact

85. ~~In addition to untimely filing its petition,~~ CALSSA has ~~not~~ provided new evidence ~~or~~ and facts to show that modifying D.20-06-017 is reasonable based on three years of data from the pilot.

86. There is a reasonable ~~no~~ basis for modifying D.20-06-017

93. Oversizing of renewable resources is beneficial to enabling extended resilience and should be permitted.

94. Valuing resilience is important to the development of microgrids and will be the subject of a future proceeding.

95. A pre-application report will improve the application process by providing accurate information to a potential applicant needed to design a viable Community Microgrid.

## Recommended changes to Conclusions of Law

~~1. The multi-property microgrid tariff proposals of AMR, Clean Coalition, GPI, MRC, PearlX, and Sunnova should be rejected because each of the proposals fail to comply with numerous statutory requirements of the California Public Utilities Code and the Commission's regulatory authority established in the California Constitution.~~

~~2. Clean Coalition's proposal should not be adopted because it presents numerous cost concerns under Sections 451 and 8371.~~

22. The Commission should ~~deny~~ adopt CALSSA's petition for modification of D.20-06-17 ~~because it has not met its burden under Section 1708 and Rule 16.4.~~

21. The Joint IOUs proposal should be ~~adopted~~ denied because this tariff will not result in the deployment of Community Microgrids and is incapable of meeting resilience needs for ESJ communities. provide for: (1) ratepayer protections; (2) the statutory responsibility of providing safe, reliable service at just and reasonable rates without shifting costs between ratepayers; (3) is cost efficient; and (4) ensures worker safety is given the highest priority

23. The petition for modification of D.20-06-017 filed by CALSSA should be adopted for providing new evidence that allows the Commission to draw a conclusion on the viability of removing storage size limits ~~denied.~~

## Recommended Changes to Ordering Paragraphs

3.g. Microgrid Islanding Study: Step 2 Microgrid Islanding Study (MIS) Within 20 business days of submittal, SCE will review the MPMT Applicant's MPMT Application package and issue a Microgrid Islanding Study (MIS) Agreement. To proceed with the MPMT Application Process, the [multi-property microgrid tariff] Applicant must sign the MIS Agreement and pay a \$75,000 deposit fee to fund the estimated costs of the MIS. [Multi-Property Microgrid Tariff] Applicant is responsible for the

actual costs of the MIS. Once the MPMT Applicant signs the MIS Agreement and pays the deposit fee, SCE will commence the MIS; Step 3: Microgrid Islanding Study. After receiving the signed MIS Agreement and deposit fee, SCE ~~estimates it~~ will complete the MIS within 90 business days.