



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

01/04/21
03:11 PM

Order Instituting Rulemaking Regarding
Microgrids Pursuant to Senate Bill 1339
and Resiliency Strategies.

Rulemaking 19-09-009

**REPLY COMMENTS OF VOTE SOLAR AND THE CLIMATE CENTER
ON THE PROPOSED DECISION ADOPTING RATES, TARIFFS, AND RULES
FACILITATING THE COMMERCIALIZATION OF MICROGRIDS PURSUANT TO
SENATE BILL 1339 AND RESILIENCY STRATEGIES**

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January 4, 2021

**SUBJECT INDEX LISTING RECOMMENDED CHANGES
TO THE PROPOSED DECISION**

I. Introduction 1

II. Proposal 2 Should be Further Modified to Assure Ongoing Support for the
Development of Microgrids that Serve Critical Public Agency Facilities. 2

III. Proposal 4 Should be Further Modified to Assure Prioritization of Funding for
Projects that Most Effectively Meet the Needs of Critical Facilities that Serve
Environmental Justice Communities..... 2

IV. A Differentiated Microgrid Tariff is Needed to Ensure Long-Term Success of
Community Microgrids for Disadvantaged Communities. 4

V. Interpretation of Public Utilities Code Section 218 4

VI. Conclusion 5

TABLE OF AUTHORITIES

Statutes

Pub. Util. Code § 216 5

Pub. Util. Code § 218 4

Sen. Bill No. 1339 (2018-2018 Reg. Sess.)..... 5

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I. Introduction

Vote Solar and The Climate Center (referred to hereafter as the “Joint Parties”) respectfully submit these reply comments pursuant to Administrative Law Judge Rizzo’s Proposed Decision (PD) Adopting Rates, Tariffs, And Rules Facilitating The Commercialization Of Microgrids Pursuant To Senate Bill 1339 And Resiliency Strategies issued on December 7, 2020. Vote Solar is a 501(c)(3) non-profit organization, working to lower solar costs and expand solar access. Vote Solar advocates for state policies and programs needed to repower our electric grid with clean energy. The Climate Center is a California 501(c)(3) nonprofit organization founded in 2001 with a mission to deliver rapid greenhouse gas (GHG) reductions at scale, starting in California.

In our opening comments the Joint Parties advocated for measures that would prioritize the deployment of microgrids that serve low-income residents, people with access and functional needs, customers on medical baseline and electricity-dependent Medicare patients. We made specific recommendations intended to improve Proposals 2 and 4. We have reviewed the opening comments of the California Environmental Justice Alliance (CEJA), Grid Alternatives (GRID), the Joint CCAs, Sunrun Inc., and Southern California Edison (SCE). We have identified recommendations in each of these comments that would further improve upon our recommendations.

II. Proposal 2 Should be Further Modified to Assure Ongoing Support for the Development of Microgrids that Serve Critical Public Agency Facilities.

The Joint CCAs observed that the term “municipal corporation” had varying meanings in California law and recommended substituting the term “public agencies” to avoid ambiguity and to allow for critical facilities that are operated by state, county, local and tribal agencies to be eligible for microgrid development on adjoining parcels.¹ We concur with this recommendation.

The Joint CCAs also recommended that the Commission clarify that public agencies that operate critical facilities on adjoining parcels should be allowed to operate a microgrid in parallel with the distribution system during normal conditions.² The Joint CCAs argue that the prohibition on the operation of the microgrid serving adjoining parcels during blue sky conditions does not provide any clear public safety benefit. Absent any finding that public safety is compromised by parallel operation, the Joint Parties support amending the PD to allow Critical Facility Microgrids to exchange electricity between the two sites during blue sky conditions as long as both sites continue operating in parallel to the grid.

III. Proposal 4 Should be Further Modified to Assure Prioritization of Funding for Projects that Most Effectively Meet the Needs of Critical Facilities that Serve Environmental Justice Communities.

In our opening comments the Joint Parties strongly supported the Microgrid Incentive Program (MIP) as recommended in Proposal 4 of the PD. We advocated that further implementation details for this new program be expeditiously worked out in a formal working group.

Several parties have suggested that the term “critical facilities” should be revised. The California Environmental Justice Alliance observes that funding under the MIP is only available if a critical facility is part of the microgrid.³ They argue that an excessively narrow definition of the term “critical facilities” could severely limit the benefits of microgrids for disadvantaged communities. CEJA proposed using the term “critical community

¹ Opening Comments of the Joint CCAs, pages 2 and 3.

² Id., pages 5 and 6.

³ Opening Comments of the California Environmental Justice Alliance, page 4.

infrastructure” which is defined in federal legislation, H.R. 8628, the Energy Resilient Communities Act.⁴

GRID, in comments about the prioritization of critical facilities for MIP funding, expressed concern that some critical facilities, like wastewater treatment facilities, communication infrastructure, and hospitals, could capture the bulk of available funding to the detriment of critical facilities more targeted to serving disadvantaged communities and low income and other vulnerable populations.⁵ GRID has recommended that a scoring system for critical facilities be worked out through a public workshop process and/or a public working group.⁶

The Joint Parties believe that clarification of the definition of critical facilities and a scoring system for prioritizing eligibility among critical facilities can be best resolved through a working group process.

GRID has also recommended establishing a \$225 million initial budget for the MIP.⁷ They note that this amount was proposed in the Staff Proposal and then later reduced to \$200 million in the PD. The Joint Parties agree with GRID that the initial funding amount for the MIP should be \$225 million.

In our opening comments we noted that the recommendation to extend the commercial operational deadline for individual projects supported by the MIP to December 31, 2022 was a step in the right direction to assure the program’s successful implementation. We observed that the complexity of the program, the time to develop project proposals compliant with program criteria, coupled with the timeline to negotiate with counterparties, necessitates the need for more time. Other parties agreed with this assessment and advocated for a more flexible interpretation of the deadline for commercial operation.

⁴ Id., pages 4 and 5.

⁵ Opening Comments of Grid Alternatives, pages 5 and 6.

⁶ Id., page 6.

⁷ Id., pages 7 and 8.

SCE has argued that the MIP implementation timelines should be extended. SCE point out that time is needed to conduct microgrid islanding studies, develop operational requirements for project resources during islanded mode and evaluate interactions with Rule 2, Rule 21 and the Wholesale Distribution Access Tariff.⁸ SCE observes that completion of these tasks would make it unlikely that most microgrid projects could participate in the MIP.⁹ Instead, SCE recommends an operational deadline two years after project selection. The Joint Parties are supportive of this revision recommended by SCE.

IV. A Differentiated Microgrid Tariff is Needed to Ensure Long-Term Success of Community Microgrids for Disadvantaged Communities.

The Joint Parties did not comment on Proposal 3 since the recommendation in the PD seemed to be largely ministerial. However, CEJA and GRID in their opening comments advocated for a differentiated tariff that would provide a source of revenue that would incentivize the development of microgrids in disadvantaged communities.¹⁰ GRID suggests that a differentiated tariff could provide exemptions from certain cost responsibility surcharges. They argue that a differentiated tariff could encourage developers to invest in Environmental and Social Justice communities.¹¹

The Joint Parties are supportive of the approach recommended by CEJA and GRID and recommend that the issue of a differentiated microgrid tariff for disadvantaged communities be included as part of the charter for the Resilience and Microgrid Working Group.

V. Interpretation of Public Utilities Code Section 218

Google and Sunrun, Inc. have argued that the PD has mischaracterized party comments about the application of Public Utilities Code Section 218 and ignored Commission precedent that some entities that might meet the statutory definition of public

⁸ Opening Comments of Southern California Edison, page 3.

⁹ Ibid.

¹⁰ Opening Comments of the California Environmental Justice Alliance, pages 2 and 3.

¹¹ Opening Comments of Grid Alternatives, page 3.

utility under PUC Section 216 are not subject to Commission jurisdiction.¹² Sunrun has pointed to Commission precedent related to the regulation of entities that provide Electric Vehicle charging but are not treated as public utilities.¹³ Sunrun argues that certain categories of microgrid owners/operators such as condominiums and homeowner associations should not be subject to Commission regulation or only to a subset of reasonable but less onerous regulations.¹⁴

The Joint Parties agree with the Sunrun recommendation that the discussion section of the PD should be revised to remove mischaracterization of party comments like those found on page 30 including, “There is a fervent, but incorrect, assertion put forward that by the stroke of a pen, we can simply modify Section 218”. We also agree with the recommendation that the Resiliency and Microgrids Working Group should review the public dedication doctrine with the objective of defining use cases under which a microgrid would not be subject to the Commission’s jurisdiction.

VI. Conclusion

The Joint Parties appreciate the opportunity to offer these reply comments to the Proposed Decision adopting rates, tariffs, and rules facilitating the commercialization of microgrids pursuant to Senate Bill 1339 and resiliency strategies. We look forward to working with the Commission and other parties in Track 3 of the proceeding and in the Resiliency and Microgrids Working Group.

DATED: January 4, 2021

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¹² Opening Comments of Sunrun, Inc., pages 4-8.

¹³ Id. page 7.

¹⁴ Id. page 4.