

**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

**CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE, SIERRA CLUB, THE
CLIMATE CENTER, VOTE SOLAR AND MICROGRID RESOURCES COALITION
COMMENTS IN RESPONSE TO ALJ RULING**

Jina J. Kim
California Environmental Justice Alliance
6325 Pacific Boulevard, Suite 300
Huntington Park, CA 90255
Telephone: (323) 826-9771
Email: jkim@cbeocal.org

Katherine Ramsey
Nihal Shrinath
Sierra Club
2101 Webster Street, Suite 1300
Oakland, CA 94612
Telephone: (415) 977-5627
Email: katherine.ramsey@sierraclub.org

Stephanie Doyle
Vote Solar
360 22nd St., #730
Oakland, CA 94612
Telephone: (858) 245-1539
Email: Sdoyle@votesolar.org

Kurt Johnson
The Climate Center
1275 – 4th St. #191
Santa Rosa, CA 95404
Telephone: (970) 729-5051
Email: kurt@theclimatecenter.org

Allie Detrio
Senior Advisor
Microgrid Resources Coalition
1211 Connecticut Avenue NW, Suite 650
Washington, DC 20036-2701
Email: allie@reimagine-power.com

Dated August 5, 2022

TABLE OF CONTENTS

I. Overview	5
A. MIP Application Development Grants Need to be Provided to Disadvantaged Vulnerable Communities (“DVCs”) at the Beginning of the Process in Order to Submit Applications.	6
B. Scoring Needs to be Changed to Ensure Projects From Communities With Limited Financial Resources Are Not Disadvantaged.	6
C. Move Forward Without Delay.	7
II. Responses to Questions Raised in the Staff Paper	7
A. Proposal 1: Provide Additional Information, Maps, and/or Tools for Identifying Feasible Microgrid Projects	7
1. In addition to the IOU technical consultation, is the documentation described in Option 1 useful or redundant? Please discuss.	8
2. Should the IOUs be instructed to provide educational and informational material like Option 1? Please discuss.	8
3. In addition to the content proposed in Option 1, is there any other documentation that would be useful to prospective applicants? Please discuss.	9
4. Under Option 2, what are the other layers that might be most useful? Please discuss.	9
5. Would the maps or tools identified in Option 2 assist in identifying communities most impacted by grid outages as well as the communities that would take the longest to recover from grid outages? Please discuss.	9
6. Would maps or tools identified in Option 2 be helpful in identifying where microgrids may be effective mitigations for grid outages? Please discuss.	9
7. Are there other maps or tools that parties can identify that could be used in lieu of Option 3, to identify areas that are impacted by social burdens of grid outages? Please discuss.	10
8. Should the Commission instruct the IOUs to collaborate with Sandia National Labs in demonstrating the application of the tool described in Option 3, for evaluative and demonstration purposes only? Please explain.	10
B. Proposal 2: Specify Applicant Eligibility and Assess Long-term Project Financial Viability	10
1. Should the Commission adopt Option 1? Explain your answer.	10
2. Should the Commission direct the joint IOUs to modify the MIP Implementation Plan to require additional information to screen or restrict types of applicants?	11

3. If the Commission adopts Option 1, what other forms of documents are sufficient for justifying financial need?	11
4. Would adopting Option 1 impose significant barriers from participation of disadvantaged and vulnerable communities, tribal governments or local governments? Explain your answer.	11
5. Do the Joint IOUs have sufficient authority to implement Option 1?	12
6. Should the Joint IOUs evaluate the justification for financial need? Explain your answer.	12
7. Should some other entity or method be used to establish validity of financial need? Explain your answer.	12
8. If the Commission adopts Option 1, should the business plan be mandatory or optional?	12
9. How should the scoring be modified to accredit the MIP Applicant for an optional business plan?	13
10. How can ratepayers be shielded from the risk that ratepayer funds may be used for abandoned projects that may not have long-term financial viability to support recurring operations and maintenance expenses and periodic capital investment expenditures?	13
C. Proposal 3: Justify Critical Energy Resilience Need	13
1. Should the Commission adopt Option 1? Explain your answer.	13
2. If the Commission adopts Option 1, are there other forms of acceptable documents that will achieve the same goal?	14
3. If the Commission adopts Option 1, how many additional points should be added?..	15
4. Should Option 1 be implemented as a mandatory or optional scoring criterion? Explain your answer.	15
D. Proposal 4: Modify the Scoring Criteria	15
1. Should the Commission adopt Option 2? Explain your answer.	15
2. If the Commission adopts Option 1, how should the benefit categories, benefit points, and point caps be re-distributed?	15
E. Proposal 5: Leveraging Other Public and/or Private Funding Partnerships	17
1. Should the Commission adopt Option 3? Please discuss.	18
2. Should the IOUs or the CPUC provide a clearinghouse of available grant funding sources? Please discussion.	18

3. Is there a compendium or clearinghouse of available grant funding opportunities maintained by a local jurisdiction, state, or federal agency that could be publicized with the MIP webpage materials? Please discuss.	19
4. Are there additional programs and funding sources the MIP can leverage? Please discuss.	19
5. Is the documentation defined for demonstrating a good- faith effort necessary and sufficient? If not, what other recommendations should the Commission consider?	19
6. If the Commission adopts Option 3, should a sliding scale be used to determine how many additional points are needed to modify the scoring criteria for applicants who can demonstrate they leveraged other grant funding sources? Please discuss.	19
7. How many points should the Joint IOU scoring criteria award for the good-faith effort? Please discuss.	19
8. Should the scoring for good-faith effort be a sliding scale based on funding need? Please discuss.	19
9. If the Commission does not adopt Option 3, what tools can it or the IOUs use to advance leveraging alternative funding? Please discuss.	19
F. Proposal 6: Community Engagement for Project Solicitation	20
1. Should the Commission adopt Option 1? Please discuss.	20
2. What authority should the DACAG have in the event there is disagreement in ranking between the DACAG and the utility as program administrator? Please discuss.	21
3. If the Commission adopts Option 1, and should any disagreements arise between the DACAG and the program administrators, how should disagreements be reconciled? Please discuss. When describing your recommendation, frame the recommendation so it embodies a theme of consensus building.	21
G. Proposal 7: Dispute Resolution Between Applicant and Utilities	22
1. Should the Commission adopt Option 1 or Option 2? Please discuss. When answering, please discuss the benefits and drawbacks for both Option 1 and Option 2.....	22
H. Proposal 8: Leftover Funding	22
1. Should the Commission adopt Option 1?	22
I. Other Issues Not Addressed by Staff Proposal	23
1. Requiring Additional Information on Emissions Calculations.	23
2. Eligible Resources.	24
3. Emergency/Standby Generation that Is Already in Place.	24

4. Clarify the Costs Included in Administrative Costs.

25

III. Conclusion

25

**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

**CALIFORNIA ENVIRONMENTAL JUSTICE ALLIANCE, SIERRA CLUB, THE
CLIMATE CENTER, VOTE SOLAR AND MICROGRID RESOURCES COALITION
COMMENTS IN RESPONSE TO ALJ RULING**

Pursuant to the Administrative Law Judge’s Ruling Requesting Comment On The Microgrid Incentive Program Staff Proposal (“ALJ Ruling”), the California Environmental Justice Alliance (“CEJA”), Sierra Club, The Climate Center, Vote Solar, and the Microgrid Resources Coalition (collectively referred to as the “Microgrid Equity Coalition” or “MEC”)¹ respectfully submit these timely comments in response to the Staff Proposal for Microgrid Incentive Program Plan Implementation (“Staff Proposal”). Our comments are divided into overview comments flagging issues that were not adequately addressed in the Staff Proposal, followed by comments in response to specific questions asked in the Staff Proposal.

The Microgrid Equity Coalition participated in and presented community perspectives throughout the summer 2021 workshops leading up to the draft Microgrid Incentive Program (“MIP”) Implementation Plan, and in January of 2022, filed detailed opening and reply comments. Our primary goal throughout this engagement is ensuring that the MIP Implementation Plan would provide a full and fair opportunity for frontline and disadvantaged communities to participate. We share these comments as a coalition that includes experts in the communities that the Commission aims to serve with this program.

I. Overview

We appreciate the CPUC staff’s work that has gone into development of the proposed MIP Implementation Plan (“Implementation Plan”). However, we are disappointed that key points were not addressed in the recent Staff Proposal, including:

¹ The Microgrid Equity Coalition includes additional organizations that are not parties to the Microgrids proceeding but contributed extensively to the coalition’s recommendation for the MIP, including Reclaim Our Power: Utility Justice Campaign and the Community Alliance for Clean Energy.

A. MIP Application Development Grants Need to be Provided to Disadvantaged Vulnerable Communities (“DVCs”) at the Beginning of the Process in Order to Submit Applications.

The timing of funding as proposed in the original draft Implementation Plan posed a significant challenge because most, if not all, DVCs will likely not be able to self-fund the application process. In order to be workable, grants should be available at the initial phase of the Microgrid Incentives Program (“MIP”) so that DVCs can obtain the funding in time to retain technical representation. It is unclear why the draft Plan required interested applicants to submit a request for a grant at Step 2, undergo technical consultations and application development in Steps 3 through 5, and then receive funding to develop their application at Step 6, after the application has already been submitted. Instead, the MEC recommends that eligible applicants receive a grant at the beginning of the process—for the purpose of funding application development. The MEC recommends a simple process by which applicants can demonstrate that they meet a set of criteria that would qualify them for receipt of the Grant prior to application submission. Any applicant that can meet the eligibility requirements should automatically receive an Application Development Grant. Eligibility for receipt of an initial \$25K grant could be self-certified by applicants providing one page of information stating basic project summary information such as sponsor contact information, geographic location (e.g., census tract), and explanation regarding how the proposed project complies with MIP eligibility criteria.

Related, it is worth recalling that the Governor’s May Revise budget proposal includes \$30 million in Capacity Building Grants for frontline communities.² The very first policy recommendation in the June 2022 UCLA report, is “[d]irect Funding for community-based organizations to lead planning and outreach.”³

B. Scoring Needs to Be Changed to Ensure Projects From Communities with Limited Financial Resources Are Not Disadvantaged.

As we noted in our Jan. 14 filing, the utilities’ proposed scoring system, which awards higher scores to communities with greater means reinforces historical barriers that have

² California Governor Gavin Newsom, *May Revision to the Governor’s Budget*, (May 2022), p.62, <https://www.ebudget.ca.gov/budget/2022-23MR/#/BudgetSummary>.

³ *Community Scale Solar & Energy Resilience in California’s Disadvantaged Communities: Observations from a Collaboration between UCLA and Community-Based Organizations in Los Angeles County*, UCLA California Center for Sustainable Communities, (June 23, 2022), p.2, <https://docplayer.net/228464854-Community-scale-solar-energy-resilience-in-california-s-disadvantaged-communities.html>.

discriminated against less-resourced communities, reinforcing institutionalized racism.

In our review of nearly 100 community microgrids in California, almost none of the projects are managed by community-based organizations (“CBOs”), which have critical knowledge of the needs of disadvantaged communities. The MIP should aim to support community microgrids that meaningfully benefit people in disadvantaged communities—not just microgrids located in DVCs. CBOs have expertise and insight to their communities and are well-suited to ensure benefits flow to DVC residents. If this Program is to interrupt this exclusivity, then it has to be proactive in challenging this dynamic with a scoring process that advantages the project developers that have historically been disadvantaged. The MEC’s primary objective in creating its scoring proposal was to prioritize projects that benefit the most vulnerable communities.

C. Move Forward Without Delay.

Last, it is critical that the Commission move forward to define the MIP Implementation Plan. This program was designed and decided in early 2021, yet parties have spent months debating the implementation details. During this time, wildfires and public safety power shut offs persist, and vulnerable communities still lack funding to deploy needed community microgrids. There is no time left for delay. We implore the Commission to iron out these implementation details as soon as possible.

II. Responses to Questions Raised in the Staff Paper

A. Proposal 1: Provide Additional Information, Maps, and/or Tools for Identifying Feasible Microgrid Projects

The MEC appreciates the diligence of Staff in considering how to provide more information to prospective applicants in identifying feasible microgrid projects. However, while more tools and information are important, they are no replacement for detailed, personalized technical assistance. For most DVCs, the latter cannot be accessed without significant technical grants. In its overview of Proposal 1, Staff note that stakeholders have expressed concern that DVC applicants may first need technical assistance funding before applying for grant funding. Staff then go on to note that applicants may apply at the end of Stage 2 for a one-time application development grant.

It is unclear if Staff are suggesting that the one-time application development grant eliminates the concern that DVC applicants have raised about requiring funding to seek technical

expertise. However, such a suggestion would be a mischaracterization of what stakeholders, including the MEC, have commented before. The concern is not merely that DVC applicants need funding for technical expertise; the timing must also be right. One-time application development grants need to be disbursed before the end of Stage 2 for DVC applicants to effectively utilize them. Most CBOs are not in a financial position to gamble \$25,000 on a grant application that ultimately may not be successful. The practical result is that most CBOs will not be able to participate in the MIP. Proposal 1 therefore misses the mark on responding to the need for technical assistance grants upfront.

Rather than directly addressing the issue of adequate and accessible technical assistance, Staff instead presents three options for increasing information “to help give a better understanding to potential applicants.” The MEC advocates for all three Options, with Option 3 as a concurrent process that would not delay the implementation of the MIP, in addition to ensuring that technical assistance grants are available to applicants before they embark on the application process, rather than as a reimbursement.

1. In addition to the IOU technical consultation, is the documentation described in Option 1 useful or redundant? Please discuss.

The documentation described in Option 1 is useful and not redundant with the IOU technical consultation. Option 1 states that the documentation and guides “should also summarize the purpose, scope, and applicability of the program, including summaries of the MIP program guidelines, funding availability, eligibility and scoring criteria, and engagement best practices to give applicants a clear picture of what is covered under MIP,” and that the guides should be referenced in public outreach, indicating that this information would be important for prospective applicants before they reach an IOU technical consultation stage. Thus, Option 1 is an important addition to the IOU technical consultation. However, Option 1 is a very basic minimum for what information should be provided to prospective applicants.

2. Should the IOUs be instructed to provide educational and informational material like Option 1? Please discuss.

Yes. The educational and informational material described in Option 1 are necessary for interested applicants to fully understand the program and to begin identifying qualifying MIP projects. Please see the answer to Question 1 for more information.

3. In addition to the content proposed in Option 1, is there any other documentation that would be useful to prospective applicants? Please discuss.

Information on other grant programs and funding sources, like those mentioned in Proposal 5, would be helpful to DVCs, as would be clear deadlines on the one-stop shop website envisioned by the MEC.⁴

4. Under Option 2, what are the other layers that might be most useful? Please discuss.

Information such as socioeconomic status, disability, and other health-related factors, such as area-specific asthma rates, could be useful.

5. Would the maps or tools identified in Option 2 assist in identifying communities most impacted by grid outages as well as the communities that would take the longest to recover from grid outages? Please discuss.

The maps or tools identified in Option 2 likely would not assist in identifying the most impacted communities unless they can present information at a very granular level, such as the circuits (and the sections thereof) visibly identified for the severity of outage risk (frequency, duration, and impact on critical needs). Many communities already know that they need energy resilience and that they want a microgrid. These communities do not need a tool showing them their area is prone to outages. They need to know about feasibility on a much more localized level. The heat map would be helpful if it can compare two or three potential sites and rank them, or if it could tell a user that they should not site a microgrid in a particular location. Some communities may not be able to use maps without technical support to read and understand them in a way that is useful for microgrid planning, so providing maps without other support may be more overwhelming than helpful for an under-resourced user.

6. Would maps or tools identified in Option 2 be helpful in identifying where microgrids may be effective mitigations for grid outages? Please discuss.

The maps or tools identified in Option 2 would likely be helpful in identifying where microgrids may be effective mitigations for grid outages, as the map would include information on various metrics for reliability issues. However, as noted above in the answer to Question 5, the map's usefulness may depend on its granularity. A more high-level map would assist with

⁴ California Alliance For Community Energy, California Environmental Justice Alliance, Grid Alternatives, Sierra Club, The Climate Center, And Vote Solar Comments On Proposed Microgrid Incentive Program Implementation Plan (Jan. 14, 2022), p. 7.

eligibility and scoring, but as aforementioned, likely would not be able to provide a detailed assessment for planning. For microgrid potential, maps would need to first show the electric connection between any candidate facilities to be served by a microgrid, and secondly indicate barriers to grid sectionalizing and isolation for islanded operation. Such barriers may include excessive upgrade costs and excessive loads existing between priority facility loads.

7. Are there other maps or tools that parties can identify that could be used in lieu of Option 3, to identify areas that are impacted by social burdens of grid outages? Please discuss.

CalEnviroScreen may be useful, in addition to maps of DVC and income group, medically dependent customers, and critical facilities.

8. Should the Commission instruct the IOUs to collaborate with Sandia National Labs in demonstrating the application of the tool described in Option 3, for evaluative and demonstration purposes only? Please explain.

Yes. ReNCAT is very important to develop, as it appears to be the only tool under development that will assess the social burden of outages. Additionally, the Commission should support incorporating ReNCAT into programs like the MIP. However, the development of ReNCAT should not delay the implementation of the MIP.

B. Proposal 2: Specify Applicant Eligibility and Assess Long-term Project Financial Viability

1. Should the Commission adopt Option 1? Explain your answer.

No, the Commission should not adopt Option 1. The MEC noted that the MIP has multiple objectives and we advocated during the workshop process that the Implementation Plan allow for flexibility regarding eligibility requirements in order to encourage a broad range of project applications. In addition, the MEC recommended that the utilities use a scoring system that ensures incentives go to projects that deliver benefits to communities where they are most needed. The Implementation Plan defined Community Eligibility and Technical Eligibility. Adding additional eligibility requirements at this time will create additional burdens for communities and may restrict applicants from participating in the MIP unnecessarily. Community Eligibility requirements already require that the project show outage vulnerability as well as location in a DVC or a community that serves a DVC. As a result, beneficiaries of projects are likely to have financial limitations.

The MEC recommended additional eligibility requirements that were not addressed in the Implementation Plan. We recommended that projects make emergency services generally

available; demonstrate community support; demonstrate that project beneficiaries include at least one vulnerable population; and that projects pay workers a prevailing wage. These requirements would advance the Commission’s objective of assuring the benefits of microgrids equitably support disadvantaged and vulnerable populations.

Long-term “financial viability” will likely prove complex and contentious to evaluate and may be unrelated or inversely related to need, reducing the equity of distribution of benefits. CPUC policy and IOU practices should aim to efficiently utilize all distributed resources and offer programs and tariffs to enable maximum ease and degree of participation. Applicants should not be penalized for lack of any such tariffs or barriers to participation.

2. Should the Commission direct the joint IOUs to modify the MIP Implementation Plan to require additional information to screen or restrict types of applicants?

No. The Commission should not direct the IOUs to modify the MIP Implementation Plan to require additional information that would restrict applicant participation in the program. If the Commission wishes to modify the MIP for eligibility, they should consider the MEC’s recommendations that were left out of the MIP Implementation Plan which include the following:

- Project makes emergency services generally available;
- Demonstration of community support;
- Project beneficiaries include at least one vulnerable population (as defined below);
- Enhanced resilience, meaning it provides at least one type of emergency service, very broadly defined;
- Air emissions lower than equivalent grid power; and
- Pay workers a prevailing wage.

3. If the Commission adopts Option 1, what other forms of documents are sufficient for justifying financial need?

The Commission should not adopt Option 1 and should not require applicants to provide documents showing financial need.

4. Would adopting Option 1 impose significant barriers from participation of disadvantaged and vulnerable communities, tribal governments or local governments? Explain your answer.

Yes. Providing documentation of financial viability is an additional hurdle for many

communities and applicants. It should not be a requirement of eligibility to apply to the program. Submitting a financial statement or affidavit regarding the “unavailability of unassigned sources of capital investment budget” could be a difficult document to prove, and would demand more resources for the planning and implementing of an application. The application should focus on describing the communities that would benefit from the program and the degree of benefit, as described in MEC’s previously proposed scoring and weighting formulas. Ratepayers should be assured through other eligibility requirements and scoring criteria that grant funding is going to communities who will receive the needed benefits from the project.

5. Do the Joint IOUs have sufficient authority to implement Option 1?

The Joint IOUs should not be asked to make judgements about the long-term financial viability of projects.

6. Should the Joint IOUs evaluate the justification for financial need? Explain your answer.

If the Commission adopts Option 1, the joint IOUs should not evaluate the long-term financial viability of projects. Another entity selected by the Commission staff or DACAG should be engaged to prevent bias. Evaluating financial need is not an area of expertise for the IOUs.

7. Should some other entity or method be used to establish validity of financial need? Explain your answer.

The Commission should not adopt Option 1. However, if the Commission elects to do so, a third party should be selected for reviewing financial need. Engaging the DACAG in the process of reviewing financial need could help eliminate bias. As demonstrated in ReNCAT, need is proportional to social burden and a simple financial formulation fails to assess the disproportionate impact of financial loss or gain across income levels, or access to financial resources.

8. If the Commission adopts Option 1, should the business plan be mandatory or optional?

Although the MEC does not support adopting Option 1, if the Commission adopts Option 1, the business plan should be optional and not impact the scoring criteria. However, assistance or guidance in identifying and planning for business opportunities would be welcome, helpful, and effective in demonstrating replicable practices.

9. How should the scoring be modified to accredit the MIP Applicant for an optional business plan?

The scoring should not be modified to account for a business plan provided by the applicant.

10. How can ratepayers be shielded from the risk that ratepayer funds may be used for abandoned projects that may not have long-term financial viability to support recurring operations and maintenance expenses and periodic capital investment expenditures?

Financial viability and long-term viability of a project depend on the regulatory framework designed by the Commission, such as the creation of a new microgrid tariff. A differentiated tariff structure is needed to address historical inequities for developing clean energy resources in DVCs and would improve the financial viability of a project long term. A microgrid tariff would also assure ratepayers that projects will have financial support for ongoing operating costs and maintenance. Even without a microgrid tariff, ratepayers can still be assured that projects are chosen based on robust scoring criteria and have been thoroughly screened and aided by technical support through the IOUs to provide reliable electrical service that has otherwise been unavailable in areas of the highest need. If the IOUs had a lower cost alternative to provide reliable critical service, it should have already been implemented and negated the demonstrated need for a microgrid.

C. Proposal 3: Justify Critical Energy Resilience Need

1. Should the Commission adopt Option 1? Explain your answer.

No, the Commission should not adopt Option 1. The current Implementation Plan currently accounts for vulnerability to outages as part of community eligibility, including that projects meet the requirements in A and B and/or C. Adding more documentation to show Critical Energy Resilience Need would add an additional burden on applicants when this information should already be accounted for in eligibility and scoring criteria of projects.

The MEC recommended that the IOUs evaluate circuit performance from the past two to five years in order to provide a more comprehensive view of outages. Circuits that have received upgrades during this period and demonstrated improved reliability should be excluded from eligibility. We also recommend expanding this requirement to the worst 2% of circuits as these circuits clearly reflect need for improvement, especially where they serve important Community Resilience Services. MEC's recommendation would more accurately capture critical resilience

needs rather than requiring applicants to provide documentation that projects increase electricity reliability.

Additionally, MEC has stated that communities will be aware of which facilities are needed in the community to increase resilience. To make sure that MIP projects actually benefit the vulnerable populations within their communities, the MEC recommended that the MIP Implementation Plan incorporate a list of generally accepted critical community services, including provision of emergency shelter, emergency cooling or heating, emergency medical support, food and/or water distribution or services (i.e., food banks, or prepared foods); emergency coordination services; general electricity availability, etc. In addition to this, the MEC recommended that the Implementation Plan should allow project applications to describe any additional emergency services not included in the predefined list. The IOUs should evaluate whether the claimed emergency service is reasonable. To maintain accountability, the MEC recommended that the IOUs should publicly disclose MIP grant recipients and the critical community services that each project will provide. Communities will select projects to put forward based on their ability to increase resilience in communities. Requiring additional documentation will be duplicative. MEC understands the Commission's desire to demonstrate proactive planning and add assurance for ratepayers that grant funding is targeted for areas with greater need. However, this should already be accounted for in the MIP eligibility and scoring criteria.

2. If the Commission adopts Option 1, are there other forms of acceptable documents that will achieve the same goal?

The Commission should accept documentation from representatives of the targeted community showing support for a project. Representatives of the community can provide their understanding of the needs for increased resilience and increased electricity reliability. Part of this documentation can come from initial technical support provided in the application process. MEC also recommended allowing a broad array of ways of showing community support, such as the following:

- Letter of support from local government
- Petition of support from community with 1% of signatures from census tract
- Letters of support from 2 or more community-based organizations

Communities understand their needs best, and if the Commission is to require documentation, these suggestions can achieve the same goal with more flexibility and less burden on communities and applicants.

3. If the Commission adopts Option 1, how many additional points should be added?

If the Commission adopts Option 1, no additional points should be added to the scoring criteria.

4. Should Option 1 be implemented as a mandatory or optional scoring criterion? Explain your answer.

Option 1 should be optional, with no changes to the scoring criterion. Community eligibility and scoring criteria already capture resilience needs. No additional documentation should be mandatory.

D. Proposal 4: Modify the Scoring Criteria

1. Should the Commission adopt Option 2? Explain your answer.

The MEC would support changes to the scoring criteria as suggested based on our earlier recommendations of scoring criteria and weights. The MEC developed its scoring criteria to prioritize projects that offer significant benefits to the most vulnerable disadvantaged communities. We understand that the existing benefit score methodology was derived from a stakeholder process with workshops and working groups. However, we would support changes to more accurately represent the Commission's desire to support disadvantaged communities.

2. If the Commission adopts Option 1, how should the benefit categories, benefit points, and point caps be re-distributed?

If the Commission adopts Option 1, the benefit categories should closely match our original recommendations. MEC recommended a set of scoring criteria and weights that evaluated the following (approximate weights are designated in parentheses):

1. Project Beneficiaries (30%) – which vulnerable communities will use the project in the event of an outage? (require a threshold %, score boost for higher percentages)
2. Project location (30%) – what does the neighboring community look like? Consider outages, grid (un)reliability, disadvantages, low-income.
3. Project facility/customer (10%) – Is the customer of the microgrid a provider of critical community services? Is there existing backup generation?
4. Emergency Services (25%) – in the event of an outage/emergency, what emergency

services will facilities powered by the project provide?

5. Ratepayer cost effectiveness (5%) – standard cost-effectiveness test with boosters to reflect additional community value, replicability, upgrades to aging infrastructure.

For each of these categories, MEC presented specific criteria and multipliers or points to evaluate each project. Those detailed comments can be found in our previous comments on the MIP.

MEC recommended removing the denominator of the Project Score. The Benefit Score is a carefully constructed score that incorporates the many issues that stakeholders have raised in MIP workshops, including clean energy, community vulnerability, and critical community services. If the Benefit Score is exceptionally high, indicating, for example, that the project would serve a disadvantaged community by providing critical community services to many community members through clean energy production, then the project should receive high priority.

To the specific recommendations in Option 1 for changes to the Scoring Criteria, MEC has recommended a multiplier system without point caps. The point cap system therefore sets limits on projects with distinct, significant benefits whereas the MEC system provides additional flexibility. MEC's multiplier approach provides no such point cap, affording more flexibility to capture high-value projects. Second, the Implementation Plan provides far more points to critical facilities (setting a point cap of 30) compared to Community Resilience Service facilities (point cap of 2). The MEC proposal included far more flexibility to award points for a wider range of services and required that projects demonstrate specific services. The Implementation Plan does not include such a requirement.

The Resilience and Additional Benefits category sets a higher point cap for projects in areas affected by PSPS events (up to 14 points) that is seven times higher than the 1% worst performing circuits (up to 2 points). This effectively prioritizes projects in areas impacted by recent utility PSPS impacts over areas that have the worst frequency and duration of outages overall. This prioritization has significant equity implications because circuits with consistently poor performance, potentially due to infrastructure neglect and possible disenfranchisement, would have little potential for relief through this program. PSPS was proposed as an interim ignition risk mitigation measure and not as a permanent operational strategy. Outages should be weighted equally based on frequency, duration, and forecast likelihood of change reflecting

planned utility investments, including investments targeting at reducing the use of PSPS.

Finally, the Environmental Benefits category reflects up to 17 points for projects with 100% capacity from clean energy, and then includes gradual point decreases for projects with less clean energy capacity. The MEC does not include such partial credit for partially clean projects. Instead, we propose a sizable point boost for zero-emissions projects, and no point boost for projects that include resources that emit greenhouse gases or criteria pollutants. Projects that replace diesel generators should get a higher score. While the recommendations in Option 1 call for projects with more renewables getting more points, the MEC has called for a focus on emissions specifically. Projects must, at a minimum, continue to achieve emissions no greater than average annual grid power in each year as emissions improve in future years, and projects must not continue to pollute at the historic level of grid power when operations commenced. The MEC recommends that projects demonstrating lower emissions than grid power should be recognized in scoring, with a clear and substantial boost for the scores of projects with no emissions.

The MEC supports some changes to the scoring criteria that partially match up with recommended changes in Option 1, that would more accurately benefit disadvantaged communities. MEC wants to ensure beneficial projects to communities that need help delivering those services and recognizes that not all projects are starting from the same point of readiness or funding availability.

E. Proposal 5: Leveraging Other Public and/or Private Funding Partnerships

MEC supports Option 1 and the first paragraph of Option 3: maintaining a list of external grant sources and connecting MIP applicants with other relevant resources. However, the MEC opposes the second paragraph of Option 3 that awards points for leveraging other funding sources.

The second paragraph of Option 3 raises the concern that such a system would prioritize giving MIP funding to better-resourced applicants who already have other funding for their projects—a concern that the MEC has already raised in its previous filings regarding the Project Score. While generally assisting MIP applicants with obtaining external funding would be beneficial, giving more points to applicants that have other sources of funding risks unfairly hindering the most disadvantaged communities who need energy resilience the most. Such a system also ignores the reality that a serious project applicant is likely to seek multiple sources of

funding; however, an under-resourced applicant may be less likely to successfully obtain such funding, due to challenges with access or technical capacity. It also disadvantages applicants for whom the MIP is the first source of funding for which they are applying, and raises the question as to why the MIP would inherently disadvantage such an applicant. As aforementioned, projects will be at varying points of readiness.

1. Should the Commission adopt Option 3? Please discuss.

As Discussed above, the Commission should adopt the first paragraph of Option 3, which requires the IOUs to connect MIP applicants with other grant funding resources. This requirement would help MIP applicants find additional funding sources for which they are eligible and increase the likelihood that they are able to obtain that additional funding. However, the Commission should NOT adopt the second paragraph of Option 3, which would require the IOUs to modify the scoring criteria to include additional points for applicants who can demonstrate that they have leveraged other funding sources. As noted above, giving more points to applicants that have other sources of funding risks unfairly hindering the most disadvantaged communities who need energy resilience the most. It is also unclear what the benefit of documenting a “good faith effort” would be for purposes of selecting projects for the MIP. A serious project applicant is almost certain to seek multiple sources of funding, especially if the applicant is under-resourced and does not have its own internal resources for funding a microgrid. Awarding points to applicants who have applied to other funding sources also disadvantages applicants for whom the MIP is the first source of funding for which they are applying, and it is unclear why the MIP should inherently disadvantage such an applicant.

2. Should the IOUs or the CPUC provide a clearinghouse of available grant funding sources? Please discussion.

Yes. Having access to a clearinghouse of available grant funding sources would enable applicants to find more funding sources they are eligible for, increasing the likelihood that they will apply for and obtain said funding, which could potentially reduce the incentive amount needed for ratepayer funding. In particular, the IOUs should hold responsibility for coordinating the leveraging of funding sources in which they are involved, e.g., SGIP, as they are best positioned to coordinate such resources.

3. Is there a compendium or clearinghouse of available grant funding opportunities maintained by a local jurisdiction, state, or federal agency that could be publicized with the MIP webpage materials? Please discuss.

Not that the MEC is aware of, outside of the information already listed in Staff's overview of Proposal 5.

4. Are there additional programs and funding sources the MIP can leverage? Please discuss.

MEC has no comment at this time.

5. Is the documentation defined for demonstrating a good-faith effort necessary and sufficient? If not, what other recommendations should the Commission consider?

The MEC does not support demonstrating a good-faith effort to leverage other sources of funding. If the Commission nevertheless chooses to require such documentation, the documentation suggested is sufficient.

6. If the Commission adopts Option 3, should a sliding scale be used to determine how many additional points are needed to modify the scoring criteria for applicants who can demonstrate they leveraged other grant funding sources? Please discuss.

The MEC does not support incorporating other grant funding sources into MIP scoring criteria. It is critical that the scoring criteria does not disadvantage under-resourced communities.

7. How many points should the Joint IOU scoring criteria award for the good-faith effort? Please discuss.

The MEC does not support incorporating other grant funding sources into MIP scoring criteria. It is critical that the scoring criteria does not disadvantage under-resourced communities.

8. Should the scoring for good-faith effort be a sliding scale based on funding need? Please discuss.

The MEC does not support incorporating other grant funding sources into MIP scoring criteria. It is critical that the scoring criteria does not disadvantage under-resourced communities.

9. If the Commission does not adopt Option 3, what tools can it or the IOUs use to advance leveraging alternative funding? Please discuss.

The Commission should provide all the information and connection to resources named in Option 1 and Option 3 to encourage and enable applicants to leverage alternative funding.

F. Proposal 6: Community Engagement for Project Solicitation

1. Should the Commission adopt Option 1? Please discuss.

The MEC supports the Staff Proposal to clarify the role and intended level of DACAG involvement as proposed in Option 1, including the direction to obtain consent from the DACAG that it is willing to take on oversight of project scoring and selection. In particular, we recommend that Option 1 be modified to include the following changes.

Discuss with the DACAG the proposed level of involvement. The DACAG should be informally consulted by Commission staff before a decision is made on their level of involvement to ensure they have bandwidth to provide oversight over this program. The Commission should specifically describe the planned commitment of the DACAG, including the schedule, duration, and tasks envisioned, and DACAG members should be empowered to propose variations to the planned involvement in order to identify the right balance of capacity and involvement.

Propose a clarified schedule, duration, and tasks envisioned for the DACAG. To be respectful of the DACAG's time and many obligations, MEC proposes that the Commission require a schedule, duration and tasks envisioned for the DACAG that is informative, efficient, and brisk. In particular, MEC recommends the following:

1. Approximately 2-4 weeks prior to identifying a proposed list of selected projects: At the DACAG monthly group meeting, the joint utilities provide a brief 10-15 minute presentation to the DACAG on the MIP purpose and process, including a description of how projects are scored, when DACAG members will see a list describing the projects and their scores, and allowing DACAG members to ask questions.
2. Two to four weeks later: The joint utilities provide a list of the MIP project applications, describing the proposed projects, its beneficiaries, high level characteristics, and a moderately detailed description of the score. We suggest a spreadsheet listing the projects and their scores, in addition to no more than one page describing each project and how it was scored.

At the following DACAG meeting: The Joint utilities briefly present on the selected projects and allow the DACAG members to ask questions and provide feedback on the final project selection. If DACAG members see any potential unfairness in the project selection, the DACAG should have the ability to request resolution of the issue from Commission staff. If the DACAG is

satisfied, the utilities should be able to finalize the list of selected projects at the DACAG meeting.

Ask the DACAG to review scoring of projects and the selection of winning projects.

MEC recommended in earlier comments that the DACAG have a specific oversight role in reviewing project scoring and the selection of winning projects. We recommend that the DACAG have the ability to object if there is apparent injustice in the selection process and to flag issues for the Commission.

Provide the DACAG significant authority over project assessment. Option 2 envisioned providing the DACAG significant authority over project assessment. MEC supports this authority and recommends that the Commission include this in the final Implementation Plan.

2. What authority should the DACAG have in the event there is disagreement in ranking between the DACAG and the utility as program administrator? Please discuss.

In the event of disagreement, the DACAG should be empowered to stop the process and bring the issue to Energy Division staff for assistance resolving the issue. To the maximum extent feasible, the dispute resolution process should not delay the process of evaluating and awarding any MIP applications that are not directly related to the disputed ranking, including the sum of financial awards beyond any amount in dispute. (For example, if a potential \$3M award is subject to a dispute, all remaining MIP funds to other awardees may be disbursed.) It is critical to ensure that the utility/program administrator cannot ignore the DACAG, but similarly, the DACAG cannot unilaterally override IOUs.

3. If the Commission adopts Option 1, and should any disagreements arise between the DACAG and the program administrators, how should disagreements be reconciled? Please discuss. When describing your recommendation, frame the recommendation so it embodies a theme of consensus building.

Disputes between the DACAG and the program administrators should be resolved by the ALJ with support from Energy Division staff. This would ensure that Commission staff with relevant expertise and familiarity with the MIP can adjudicate any disputes. The ALJ can therefore determine how to address the dispute based on the program's purpose, structure, and Commission policy.

G. Proposal 7: Dispute Resolution Between Applicant and Utilities

1. Should the Commission adopt Option 1 or Option 2? Please discuss. When answering, please discuss the benefits and drawbacks for both Option 1 and Option 2.

MEC supports Option 1 and the development of a process within the MIP Handbook to resolve disagreements. The Commission has an alternate dispute resolution program available to utilities and stakeholders. The program employs processes such as “facilitation, negotiation, mediation, and/or early neutral evaluation to help disputants resolve a conflict without a formal decision by a court or agency.” MEC recommends that one or two CPUC ADR facilitators become familiar with the MIP in order to fairly resolve disputes, preferably on a more accelerated timeline than usually envisioned for entire proceedings. The ADR process will ensure that the Commission can adjudicate disputes between MIP applicants and the utilities fairly through neutral third parties while also ensuring an efficient use of CPUC resources. This proposal also prevents the need to “reinvent the [procedural] wheel” by making use of an existing CPUC program.

To the maximum extent feasible, the dispute resolution process should not delay the process of evaluating and awarding any MIP applications that are not directly contingent upon resolution of the dispute, including the sum of financial awards beyond any amount in dispute. (For example, if a potential \$3M award is subject to a dispute, all remaining MIP funds to other awardees may be disbursed.)

MEC agrees with the Option 2 rationale that the DACAG’s involvement in project selection should provide for a transparent selection process with fewer complaints and disagreements regarding selection. However, navigating the process from project selection through project online dates and funding may provide additional conflict and dispute between parties than just the selection process. We recommend Option 1 and defining an ADR process for the MIP.

H. Proposal 8: Leftover Funding

1. Should the Commission adopt Option 1?

MEC supports Option 1 in order to ensure efficient use of ratepayer funding. However, Option 1 should be modified to ensure that the funding may only be allocated to customer resiliency project programs that benefit disadvantaged communities. The priority for the state’s most vulnerable customers should not be lost in the event that MIP funding goes unused. Rather,

any reallocation must be targeted to ensure that the funding goes to advance energy equity alongside resilience.

In addressing leftover MIP funding, the Commission also needs to balance the risk of allowing MIP funding to be reallocated against being unallocated through MIP processes. The Commission should direct the joint utilities to take all reasonable efforts to ensure that MIP funding is used for its expressed purpose. A time minimum is appropriate to support this goal, and MEC recommends that these funds be available for equitable microgrid projects for at least a three-year minimum before any reallocation may be requested. It may also be appropriate for the Commission to require extended application timelines before accepting a funding reallocation request.

In addition, MEC suggests that the Commission define an advice letter process for any utility request to reallocate funding so that stakeholders may provide input to the process. In addition, we recommend that any advice letter requesting allocation be served on the service list and posted on any MIP website.

I. Other Issues Not Addressed by Staff Proposal

The Staff Proposal was clear that it recommends adoption of the Joint Utilities MIP Implementation Plan, subject to modification through the 8 proposals addressed above. However, MEC reiterates that there are additional core issues with the Joint Utilities' Implementation Plan that merit redress by the Commission before approval.

1. Requiring Additional Information on Emissions Calculations.

In opening comments, MEC noted that the Joint Utilities' Implementation Plan would set emissions requirements based on Islanded Mode, but requires additional information to ensure that projects do not produce excessive emissions when operating in Blue Sky Mode (in parallel operation to the grid). In particular, project applicants need to be able to show that their microgrid is not overly reliant on polluting resources that can be toggled during Islanded Mode to artificially appear cleaner than they run on a day-to-day operational mode. MEC therefore recommends that a project applicant needs to show that Blue Sky Mode must not be allowed to be higher than in Islanded Mode.

The Implementation Plan does not define how to identify the system emissions. MEC recommends defining "equivalent grid power" by using the lower of either the IOU service territory or CAISO territory, excluding generic imports with unknown emission characteristics.

The microgrid should conform to the most recent available data as grid power emissions are reduced over time, and not be permanently based on the emissions associated with the period in which operation commenced. It is also important to note that neither GHG nor criteria pollutant emissions may exceed those of equivalent grid power. Backup generators reliant on diesel or other heavily polluting fuels are not appropriate for ratepayer support, and accordingly, the Commission should require applicants to show that their projects will be cleaner than equivalent grid power during both Blue Sky and Islanded Mode.

2. Eligible Resources.

MEC recommends that the Commission modify the proposed Implementation Plan to (1) clearly and unequivocally reject the use of MIP funding for emitting Project Resources that may be used outside of emergency conditions; and (2) for emitting Project Resources for use during emergency conditions, require Best Available Technology emissions standards and require the project to use Loading Order dispatch priorities.

MEC strongly opposes any MIP funding for emitting resources that could be operated outside of emergency conditions. The Implementation Plan states “Project resources must comply with emissions standards adopted by the Air Resources Board pursuant to the distributed generation certification program requirements of Section 94203 of Title 17 of the California Code of Regulations.” Diesel generators could still qualify under this provision, as fossil fueled generation is permitted under Section 94203. These emission standards do not reflect the Commission’s policy of aiming to prohibit MIP funding for dirty backup generators. Where emitting resources are proposed to supplement emergency capacity, we recommend that these resources be required to reflect Best Available Technology emission standards in addition to any other applicable emission limits. Lastly the operation of these resources needs to comply with Loading Order dispatch priority policies of individual resources within the microgrid to minimize emissions.

3. Emergency/Standby Generation that Is Already in Place.

The MEC recommends that scoring provide additional points to projects that displace emitting emergency/standby generation. The MIP implementation rules prohibit the use of existing emergency/standby generation in a microgrid project funded by the MIP unless it complies with PUC Section 8371(d). While the Implementation Plan would require emergency/standby generation to be isolated from the microgrid, the scoring criteria should

provide extra points for multi-customer microgrids that demonstrate that existing single-facility emergency/standby generation would be used less frequently or no longer be needed. Further consideration should be given to microgrids that displace emitting emergency/standby generation.

4. Clarify the Costs Included in Administrative Costs.

MEC recommends that the Commission clarify the costs included in the category of Administrative Costs and apply Application Development Technical Assistance grants to that category. The Utilities' proposed \$20 million for administrative costs is excessive unless most of this is dedicated to technical support and funding for third-party assistance in project design and proposal development. Accordingly, MEC requests clarification on which costs are included in administrative costs. MEC also recommends that this \$20 million cover funding of the Application Development Technical Assistance grants of \$25,000.

III. Conclusion

The Microgrid Equity Coalition appreciates the opportunity to submit these comments.

/s/ Jina J. Kim

Jina J. Kim
California Environmental Justice Alliance
6325 Pacific Boulevard, Suite 300
Huntington Park, CA 90255
Telephone: (323) 826-9771
Email: jkim@cbeocal.org

/s/ Stephanie Doyle

Stephanie Doyle
Vote Solar
360 22nd St., #730
Oakland, CA 94612
Telephone: (858) 245-1539
Email: Sdoyle@votesolar.org

/s/ Katherine Ramsey

Katherine Ramsey
Nihal Shrinath
Sierra Club
2101 Webster Street, Suite 1300
Oakland, CA 94612
Telephone: (415) 977-5627
Email: katherine.ramsey@sierraclub.org

/s/ Kurt Johnson

Kurt Johnson
The Climate Center
1275 – 4th St. #191
Santa Rosa, CA 95404
Telephone: (970) 729-5051
Email: kurt@theclimatecenter.org

/s/ Allie Detrio

Allie Detrio
Senior Advisor
Microgrid Resources Coalition
1211 Connecticut Avenue NW, Suite 650
Washington, DC 20036-2701
allie@reimagine-power.com

Dated: August 5, 2022