



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
(Filed September 12, 2019)

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**REPLY COMMENTS OF THE
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES
ON STAFF AND UTILITY PROPOSALS ON TRACK 1
MICROGRID AND RESILIENCY STRATEGIES**

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The Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Reply Comments on the Proposals made by the Commission Staff and Investor Owned Utilities (IOUs) on Track 1 Microgrid and Resiliency Strategies this Rulemaking (R.) 19-09-009. The Staff Proposal that is entitled “Short-Term Actions to Accelerate Deployment of Microgrids and Related Resiliency Solutions” (Staff Proposal) was served on parties as part of the Administrative Law Judge’s (ALJ’s) Ruling issued on January 21, 2020 (January 21 ALJ’s Ruling), with the IOUs’ proposals separately filed and served on that same date. These Reply Comments are timely filed and served pursuant to the Commission’s Rules of Practice and Procedure and the Assigned Commissioner’s Scoping Memo and Ruling for Track 1 issued in R.19-09-009 on December 20, 2019 (Scoping Memo) and the January 21 ALJ’s Ruling.¹

**I.
REPLY COMMENTS**

As stated in Opening Comments, CEERT agrees with the Staff Proposal that interconnection of resiliency projects should be accelerated and as streamlined as possible and that net energy metering (NEM) tariffs should be revised to facilitate resiliency investments.² As such, CEERT supports the proposed recommendations regarding Staff’s Interconnection

¹ Scoping Memo, at p. 6; January 21 ALJ’s Ruling, at p. 16.

² Opening Comments of CEERT, at p. 2.

Proposals,³ as well as Tariff Problem 2: Proposal 1.⁴ In addition, CEERT believes that Proposal 1 in the Staff Proposal will appropriately relax the storage limitations. CEERT agrees that removing the storage system sizing limit, “while maintaining the requirement that NEM-paired storage sized larger than 10kW adhere to one of the existing metering requirements will ensure that a NEM-paired storage system only receives NEM bill credits for exported generation from 100 percent renewable energy.”⁵

In addition, while CEERT agrees with Southern California Gas Company (SoCalGas) that “solely focusing on battery energy storage as the single solution to resolve resiliency issues that may arise from various external factors is unnecessarily narrow...”⁶ resorting to fossil natural gas combustion is not the answer. There are other non-fossil options to supply local energy to extend battery duration, including solar, demand response, and targeted energy efficiency, that are better aligned with overall state policy and which simply must be considered first.

CEERT agrees with the Joint CCAs that collaboration between other load serving entities (LSEs) and their respective IOUs is critical to ensure efficient implementation of distribution investments that are in the best interest of each specific community.⁷ These partnerships require “early and collaborative engagement on problem identification and design of solutions installed in a CCA territory.”⁸ Collaboration with other LSE’s is an affirmative duty of the IOUs; therefore, CEERT also supports the Joint CCAs recommendation that “data and information

³ Staff Proposal, at pp.10-12

⁴ Staff Proposal, at p.15

⁵ Staff Proposal, at p. 9

⁶ Opening Comments of SoCalGas, at p. 8

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

⁸ Opening Comments of the Joint CCAs at p. 3

sharing by the IOUs [occurs] at the onset of their planning process, not after their plans have been developed and/or submitted to the Commission for approval.”⁹

In addition, the Commission should deem that the net qualifying capacity (NQC) value of a microgrid be the larger of the peak load served by the microgrid (subject only to measurement and valuation (M&V) of the actual installation to demonstrate ability to carry the stated load) or the sum of the individual component NQCs.

CEERT is among several parties, including but not limited to The Climate Center, California Environmental Justice Alliance (CEJA), Marin Clean Energy (MCE), Sierra Club, Vote Solar, and Enel X North America, Inc. (Enel X), that find significant issues with PG&E’s proposal. CEERT opposes PG&E’s proposal because there is no commitment to ensure that reliance on fossil fuels is temporary. CEERT agrees with Sierra Club in that “the PG&E proposal is currently unsupportable, as the Distributed Generation-Enabled Microgrid Services (DGEMS) proposals is likely to result in long-term commitments to new gas resources, contradicting PG&E’s own plans, Commission decisions, and California’s climate and air quality mandates.”¹⁰

Likewise, CEERT agrees with Vote Solar in that “procuring long-lived gas generation for meeting resource adequacy requirements is contrary to California’s goal to transition away from greenhouse-gas emitting generation.”¹¹ In addition to being at odds with the goals of the State of California, PG&E’s DGEMS project will “result in a significant quantity of new fossil fuel capacity with significant climate and air quality impacts”¹². Furthermore, CEERT echoes MCE’s concerns “about air quality, safety, and health impacts of the diesel-fueled temporary generation

⁹ Opening Comments of the Joint CCAs at p. 3

¹⁰ Opening Comments of Sierra Club on Track 1 Proposals, at p. 5

¹¹ Opening Comments of Vote Solar, at p. 11

¹² Opening Comments of Sierra Club on Track 1 Proposals, at p. 7

solutions proposed by PG&E...especially at the scale of 300MW...”¹³ Without expeditious conversion to non-fossil fuel generation built into the plan, PG&E’s diesel-based proposals conflict with California’s emission goals, further perpetrating the very issue that has contributed to the magnitude of recent wildfires in California and the need for Public Safety Power Shutoffs. Therefore, CEERT also supports CEJA’s demand that the “Commission...not approve any generation powered by fossil fuels or biomethane in this proceeding”, as “the California Legislature has been consistent and clear on the state’s energy goals....California must make every effort to transition to a clean and renewable grid in order to mitigate catastrophic climate impacts. SB 1339 is no exception”.¹⁴

In addition, PG&E claims that it is actively looking at alternative technologies; however, there is no direct plan to compare or prioritize these alternatives. On December 11, 2019, PG&E “issued a Request for Offers to solicit bids for distributed generation sited at or near each substation to enable the microgrid at each of the...substations.”¹⁵ Enel X correctly observed that “many parties at the [R.19-09-009] workshop and the PHC expressed concern about the use of diesel-fired DG as the basis of a temporary or permanent microgrid solution”¹⁶ CEERT agrees with The Climate Center’s observation that “the scope of the RFO was very narrow” and “the construction timeline...is unrealistic for all but one type of technology, natural gas generators”. Therefore, “it appears that [the RFO] may have been designed to fail...[and] without communities and customers in mind.”¹⁷

Furthermore, CEERT agrees that “given the size and scope of the projects in the RFO—large scale substations ranging in size anywhere from 4 to 70MW— it is difficult to believe

¹³ Opening Comments of MCE, at p. 8

¹⁴ Opening Comments of CEJA, at p. 12

¹⁵ PG&E Track 1 Proposal, at A-3

¹⁶ Opening Comments of Enel X, at p. 6

¹⁷ Opening Comments of The Climate Center, p. 8

that PG&E wanted anything other than gas-fired generators”.¹⁸ In addition, PG&E claims that it will fuel the new microgrids with renewable natural gas (RNG). However, CEERT agrees with Sierra Club in that “the concerns surrounding the availability, price, and pollution associated with RNG indicates it is not a reasonable alternative to gas resources.”¹⁹ CEERT maintains that injection of RNG into the PG&E gas distribution system from, say, a biomethane capture project from a dairy in the Central Valley, will or will not occur whether or not PG&E builds new gas generation for a microgrid in, say, Mendocino County. “Natural” gas remains the marginal fuel on PG&E’s system, and construction and operation of new gas generation will always result in increased natural gas consumption.

II. CONCLUSION

CEERT agrees with the Staff Proposal’s goal of accelerating resiliency solutions before California’s next wildfire season. CEERT supports a revision to the NEM tariff with relaxed storage limitations, transparent and preemptive collaboration between the IOUs and other LSE’s in their service territories, as well as appropriate NQC values for the microgrids. However, the Commission should reject PG&E’s DGEMS proposal and demand it be revised to better reflect and support the broader clean energy goals of the State of California.

Respectfully submitted,

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¹⁸ Comments of The Climate Center, p. 9

¹⁹ Comments of Sierra Club, at p. 7

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