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

FORMAL COMMENTS OF THE LOCAL GOVERNMENT SUSTAINTABLE ENERGY COALITION ON INVESTOR-OWNED UTILITIES' AND STAFF RESILIENCY PROPOSALS

Steven Moss Partner, M.Cubed 296 Liberty Street San Francisco, California 94114 415.643.9578; steven@moss.net

For THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION

January 29, 2020

1.0 Introduction

The Local Government Sustainable Energy Coalition (LGSEC) is pleased to submit the following Formal Comments in response to and as directed by the *Administrative Law Judge's Ruling Requesting Comments on Track 1 Microgrid and Resiliency Strategies Staff Proposal.* LGSEC members include municipalities, regional energy networks, community choice aggregators (CCA), school districts and civically engaged nonprofits. The Coalition represents 14 cities and 23 counties, which have jurisdiction over almost three-quarters of California's population and reflect two-thirds of the state's electricity demand. LGSEC membership extends to 76 of California's State Assembly districts; 36 of 40 State Senate districts.

LGSEC believes that multiple exogenous factors, legislative and regulatory policy decisions, and new distributed energy technologies have – or should – shifted the balance between investor-owned utilities' (IOUs) and local governments' (LGs) responsibilities and authority. Climate change, increased wildfire risks, Public Safety Power Shutoffs (PSPS), and the rapid proliferation of distributed energy resources (DER) – in part prompted by degradations in utility-provided reliability – have created a new reality in which placed-based energy resiliency planning and investments to safeguard health, safety, and local economies have become critical. These are central elements in LGs' state-mandated and constitutional roles, and are properly nested within LGs' land use planning, economic development, public health, and emergency response powers.

In this context, it is no longer acceptable for IOUs to conduct "outreach" to LGs to "educate" them on how regulated utilities intend to proceed with place-based resiliency and reliability efforts. Nor should the IOUs be excused from their obligations to fully engage LGs in

2

ex ante planning processes for "lack of time" or other explanations.¹ Instead, IOUs' relationships with LGs needs to transform into one that reflects mutual respect and comprehensive collaboration: an association of equals, with overlapping goals, planning and investment tools, assets, knowledge, and authority.

LGs should be the first entity IOUs contact when determining how best to ensure local resiliency and reliability, and as part of possible microgrid siting efforts. Neither Pacific Gas and Electric Company's (PG&E) nor Southern California Edison Company's (SCE) appear to have proceeded in this fashion in this proceeding. For example, SCE states that it

...*plans* to engage local governments and interested stakeholders in the communities *where the microgrids are being proposed* to discuss the planned pilot and receive *feedback*...Additionally, to the extent SCE plans to deploy a microgrid within areas where Community Choice Aggregators (CCA) also serve customers, SCE *plans* to engage with the CCA to discuss the project and opportunities for collaboration and coordination.²

This ex ante "feedback" "planning" approach to implement largely already-made or already-limited utility decisions is a mismatch with the current age.³ Nor should resources that are arguably the responsibility of CCAs to deploy to provide generating resources to their customers be placed at their doorstep without prior consultation. The use of a utility-dominated planning modality in the recent past has retarded IOU decision making, investment, and communication strategies, degrading public trust in the state's energy system, resulting in higher

¹ As PG&E attempts to do related to its Distribution Generation-Enabled Microgrid Services proposal. See Exhibit Number PG&E-1, January 21, 2020, page 6-3.

² Southern California Edison Company's Resiliency Proposal and Response to Administrative Law Judge's Ruling, January 21, 2020, pages 8 and 9. Italics added by LGSEC.

³ That said, LGSEC deeply appreciates SCE's recent open-door communication and associated willingness to change its filing, as indicated on ibid, page 10.

electricity rates than necessary, and likely contributing to the creation of a world of elevated wildfire risks and associated power shutoffs.

LGs' role and permanence to the local context before, during and after a PSPS event or other emergency underscores the need for locally-directed investment and implementation in microgrids. Co-planning with LGs may be a determining factor in microgrid cost-effectiveness, particularly related to siting issues. Further, LGs are in a better position than utilities to identify what critical facilities are most needed to ensure safety during a crisis. For example, as reflected in both PG&E's and SCE's submissions, the IOUs tend to be more concerned with seeing how many customers they can serve in an emergency as opposed to how many lives they can impact through careful consideration of where to site generation and storage assets.

California, as guided by the California Public Utilities Commission (CPUC), can successfully negotiate the new electricity normal, but only if it properly empowers, and finances, LGs' to do their essential jobs.

2.0 LGSEC Response to IOU and Staff Proposals

In the tables below LGSEC summarizes its responses to IOU and Energy Division Staff proposals, as directed by the ALJ's guidance. As reflected in the tables, LGSEC does not respond to each of the ALJ's questions, but rather only those for which it has an informed opinion.

2.1 **PG&E**

LGSEC strongly supports PG&E's Community Microgrid Enablement Program (CMEP) and believes it should be both more fully funded and expanded to other utility service territories.

	Support/		Air Ouality	Additional
Proposal	Oppose	CPUC Approval	Monitoring	Information
СМЕР	Support;	Priority selection criteria	Priority should	Utility technical
	properly	should be expanded to	be placed on	support should include
	engages LGs.	include private sector	no- or low-	evaluation tools
	Oppose	assets chosen in	emission	enabling financial and
	inclusion of	collaboration with LGs;	deployments.	environmental
	PG&E's	matching funds to LGs		comparisons between
	ownership	should be increased and		microgrids and
	statement	go beyond paying for		alternative distributed
	related to	utility infrastructure		energy resources.
	interconnection	costs to include		Greater clarity of
	facilities and	microgrid's broad		incentive levels
	associated	resiliency/reliability		available to vulnerable
	upgrades, as	benefits; priority should		groups is needed,
	circumstances	be given to projects that		including potential for
	may merit	for 2020 deployment ⁵		coverage of 100
	alternative	Program and associated		percent of project
	models ⁴	tariff approval beyond		COSIS.
	models.	2020 should be		
		subjected to Track 2		
		evaluation and include at		
		least one workshop with		
		LGs.		
Make-Ready	Proposal should	Funding should be	Priority should	The program requires
Program	be modified to	subject to	be placed on	substation de-
0	allow for	reasonableness approval	no- or low-	energizing, which
	alternatives that	post-Track 1, to provide	emission	could cause outages of
	meet objectives	sufficient time for	deployments.	"several hours or
	and are located	adequate examination.		longer" ⁷ making the
	on non-PG&E-			cure potentially worse
	owned			than the disease.
	properties.			PG&E should improve
	Support			its targeting protocols,
	contingent on			based on well-crafted
	default CCA			torecasts of possible
	endorsement of			substation-specific
	each specific			PSPS events, as

Table One:PG&E

⁴ See page 5-6, Exhibit Number PG&E-1.

⁵ PG&E appears to support this approach, while not explicitly identifying it as a priority criteria: "...PG&E recognizes that its portfolio of actions should include actively supporting critical facility microgrid projects that local governments deem high priority for societal continuity during PSPS events." Exhibit No: PG&E-1, January 21, 2020, page 5-2

⁶ Exhibit Number PG&E-1, page 5-6.

⁷ Ibid, page 3-2.

	project.			informed by
				2019/2020 wildfire
				mitigation actions, to
				identify candidate
				substations. That is,
				last year's PSPS
				geographic
				distribution may not
				be a fully good
				predictor of likely
T	Commont.		These sheet 1	2020 events.
Temporary	Support	Should be based on	I nere snould	Comprenensive
Generation	predicated on	demonstrated leveraging	be	assessment of existing
Program	ruit engagement	and funding of	comprehensive	assets should be
	including	existing/emerging LG	an quanty	conducted
	leveraging	assets.	all PSPS_	
	existing assets		triggered	
	existing ussets.		outcomes	
			including	
			increased use	
			of private	
			sector backup	
			generators	
			(BUGs).	
			Means to	
			"offset"	
			additional	
			emissions	
			should be	
	~		identified.	<u> </u>
Backup	Support	Should be predicated on	Should be	Comprehensive
Power	predicated on	demonstrated leveraging	comprehensive	assessment of existing
Support for	tull engagement	and funding of	air quality	assets, and evaluation
Societal	with LGS,	existing/emerging LG	monitoring of	of shifting to a long-
Continuity	loveraging	assets, and	all PSPS-	strategy that properly
	evicting assets:	evamination of a longer	outcomes	considers I G
	and	term sustainable	including	contributions
	implementation	approaches including	increased use	contributions.
	of cost-effective	consideration of LG	of private	
	long-term	contribution to creating	sector BUGs.	
	resiliency	long-term low- or no-	Means to	
	systems instead	emission backup power.	"offset"	
	of temporary		additional	
	ones wherever		emissions	
	possible.		should be	
			identified.	
Remote Grid	Support	Additional information		

Initiative		is needed on the criteria by which locations will be selected, with full collaboration with the impacted LGs.	
Local Government and CCA Consultation	Needs improvement		Rather than process metrics, ⁸ PG&E should provide specific outcome information, such as data portal traffic, microgrid and distributed energy resources deployment, and formal partnerships/funding arrangements developed.

2.2 SCE

Table Two: SCE

	Support/		Additional Information
Proposal	Oppose	CPUC Approval	
2020 PSPS	Support if LGs are	Should be conditioned on	Should provide parties with
Microgrid	provided with the same	demonstration that SCE has	all workpapers associated
Pilot	opportunities as private	evaluated LG leverage that	with candidate location
	sector vendors to submit	might be available at different	scoring with an opportunity
	bids, with extra credit	pilot sites; as well as any LG-	in Track 2 to further
	given for leverage and	submitted rationale related to	comment on criteria.
	high priority locations as	priority locations.	
	designated by LGs.		

2.3 Energy Division

LGSEC appreciates Energy Division staff's sincere efforts to identify ways to accelerate

deployment of microgrids and related resiliency solutions. It is important to note, however, that

there are more than "...two types of decisions that local government, CCAs, and tribal

⁸ Exhibit Number PG&E-1, January 21, 2020, Page 6-1.

governments must make that would benefit from utility information.³⁹ As previously discussed, there is a increasingly tight nexus between LG planning and IOU investments, including, as indicated by both San Diego Gas and Electric Company (SDG&E) and SCE, transportation planning, as exemplified by potential access to electric vehicle storage systems to support microgrids.¹⁰ While Track One properly focuses on accelerated microgrid deployment, it unavoidable overlaps with, its successes is predicated on, and provides opportunities to improve, overall LG/IOU energy-related planning processes.

Table Three summarizes LGSEC's responses to the ALJ's questions related to the Energy Division staff's proposals.

Proposal	Support/Oppose	Additional Information Needed
Interconnection	Support Staff recommendation	
Proposal 3		
Prioritize	Support	
Interconnection		
of Key Location,		
Facilities, and/or		
Customers		
Conduct	Support, if LGs are given equal	Should be nested within a
Outreach on	opportunity to educate and inform	comprehensive approach that
Utility	IOUs on their key planning and	includes consensus and consideration
Infrastructure	operational characteristics that	of non-utility resiliency/reliability
	interact with resiliency/reliability	assets The information provided during
	issues.	semi-annual workshops should be
		included in CATALENA.
Dedicate Staff to	Support, if (1) funding is	
Manage Intake	provided for dedicated LG	
-	resiliency managers. (2) IOUs	
	offer free microgrid feasibility	
	screening and technical assistance	
	for LG facilities. Not all LGs	

Table Three: Energy Division

⁹ Short-Term Actions to Accelerate the Deployment of Microgrids and Related Resiliency Solutions, January 21, 2020, page 21.

¹⁰ SDG&E, Response of San Diego Gas & Electric Company (U 902-E) With Proposals Requested by Scoping Memo and Information Requested by ALJ Ruling, page 3; SCE, op.cit, page 16

	have the staff or resources to hire	
Create Separate Data Portal for	Support. In addition, a form of the portal should be publicly	IOUs should be directed to consult with LG planners so as to craft the data portal
Local	available as a means to support	to match with LG needs.
Governments	private market project	
	development.	
Local	The proposal requires IOUs to	
Government	inform, but not 'plan with' LGs to	
Proposal	site microgrids. LGs should be	
	given first right to develop or lead	
	on any microgrid development	
	within their jurisdiction.	

3.0 Additional Microgrid-Related Actions Meriting Commission Directives

Important Track 1 recommendations are entirely missing from both the IOUs' and Energy Division staff's proposals. The following suggestions respond to the ALJ's Question 3.4.1 5. and are fully within the realm of the Commission's direction that IOUs offer proposals for "immediate implementation of resiliency strategies, including partnership and planning with local government."¹¹

LGSEC recommends that the CPUC take the following Track 1 actions:

(1) Direct the IOUs to provide sufficient funds for especially vulnerable LGs to engage dedicated "resiliency officers." The California Legislature, CPUC, and IOUs all express strong interest in increased LG engagement in resiliency efforts. Likewise, the IOUs have requested hundreds of millions of additional dollars from ratepayers in this proceeding and others to invest in resiliency measures, including associated additional staff, many of which explicitly require expedited actions by LGs. Simultaneously, the

¹¹ Scoping Memo, pages 3, 6.

LG "beneficiaries" of these measures are still recovering from the financial and economic costs triggered both by wildfires and PSPS events.

LGs need additional resources to be able to effectively engage in energy resiliency efforts and help ensure that necessary measures are put in place by this summer. In that context, the Commission should authorize the IOUs to fund LG-hired or contracted dedicated resiliency officers in every governmental jurisdiction in which wildfirerelated outages lasted more than four consequence hours at a given substation in 2019, under a not to exceed \$5 million budget.

(2) Direct the IOUs to adopt an "LG first" policy when issuing resiliency-related procurement offers. Under existing IOU protocols, the monopoly utilities appear to communicate with private sector vendors well before they notify LGs of any potential resiliency investment or siting plans. Given LGs' central role in safeguarding resiliency, as well as some LGs' capacity and intention to undertake resiliency-related projects, the IOUs should be required to provide LGs with ten days notice prior to any private sector solicitation related to resiliency services. The notice period should be extended to 30 days starting October 1, 2020. This notification should include an express invitation to offer alternative approaches to achieve the same outcomes as IOU-identified ones; as well as grant preference to LG bids to provide services, including related to wildfire management activities (e.g., vegetation management).¹² This approach should be applied to PG&E's proposed CMEP, which should be extended

to SCE's and SDG&E's service areas. That is, before implementing utility-owned

10

¹² See page 1-3, Exhibit Number PG&E-1, January 21, 2020.

microgrids and associated strategies the IOUs should be required to ask impacted LGs to submit their own resiliency plans, capable of achieving the same goals, which, if accepted, should be ratepayer-funded in equal measure to what would otherwise be directed to the IOUs for similar projects.

(3) Direct the IOUs to undertake a census of existing resiliency assets and launch pilot programs in each service territory focuses on cleaning-up and activating these resources for the public good. Multiple gigawatts of backup generators (BUGs) are located throughout California. There are almost four gigawatts in the San Francisco Bay Area alone, as indicated in the figure below, excluding those deployed in residential backyards and garages.¹³ That is, existing Bay Area resources, though not necessarily sited optimally, have more than ten times the capacity of PG&E's proposed deployment of 300 megawatts of temporary mobile generators this summer.¹⁴ These resources, largely fossil fueled, represent an unaccounted for resiliency asset which, if fully revealed to CPUC, utility and LG planners, cleaned-up, and more beneficially purposed could replace the need for otherwise costly IOU investments while reinforcing resiliency.

¹³ PG&E "encourages customers to have a plan, which may include backup power in the event their power is turned off due to a PSPS event," *Track 1 Proposal of Pacific Gas and Electric Company Addressing Immediate Resiliency Strategies for Outages*, page A-1. While such actions would enhance customer-specific resiliency, and implicitly reduce PSPS-related consequences, potentially lowering the need for associated ratepayer investment, the utility expresses no interest in understanding the number and characteristics of these resources, nor how their existing might interact with the need for resiliency/reliability investments.

¹⁴ Exhibit Number PG&E-1, page 3-4.



Figure One: Nearly Four Gigawatts of Commercial BUGs in Bay Area Alone

The Commission should order the IOUs to develop a census of existing resiliency assets, starting with those subjected to air quality permits. In addition, in collaboration with LGSEC each IOU should develop a pilot, under a not to exceed budget of \$1.5 million, to evaluate how best to leverage these resources in ways that broadly enhance resiliency and sustainability, while benefiting their owners. This pilot could include similar features as proposed under PG&E's CMEP, in which, in collaboration with LGs, financial incentives are crafted and offered to participating BUG owner/operators to sustainably repurpose their assets to achieve broader resiliency goals. In addition, according to PG&E,

California only has approximately 150 MW of California Air Resources Boardpermitted generators of the size and type needed for the DGEMs Proposal.¹⁵

¹⁵ Ibid, page 3-5.

Yet there are many multiple times that of installed capacity, some of which, with proper incentives, might be available for redeployment.

Likewise, there are perverse incentives associated with BUGs deployed to support societal continuity, and missed opportunities associated utility generator grant programs. For instance, "...PG&E will provide – if possible – generation resources one time, free of charge."¹⁶ SDG&E offers its Generator Grant Program.¹⁷ And,

...SCE is exploring the potential to provide back-up generation for certain commercial and government customers that provide important services to the community.¹⁸

In addition to offering PG&E-style backstops, the IOUs should field a BUG tariff, applicable to critical government and societal continuity facilities, as well as commercial entities that provide important community services, that offers a significant incentive to deploy no- or low-emitting resiliency/reliability resources, so as to reflect the public benefits associated with these assets. Likewise, utility funding for individual customers associated with BUGs should be conditioned on the recipients collaborating with the IOU, and LGs, to use the asset in ways that contribute to the public good.

4.0 Conclusion

LGSEC appreciates this opportunity to provide these Formal Comments to the Commission. We look forward to continuing to productively engage in these issues.

¹⁶ Ibid, page 3-7.

¹⁷ SDG&E, o.cit, page 15.

¹⁸ SCE, op.cit, page 22.

Respectfully submitted

By: <u>/s/ Steven Moss</u> Steven Moss Partner, M.Cubed 296 Liberty Street San Francisco, California 94114 415.643.9578; steven@moss.net

For THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION