



FILED
07/03/20
12:07 PM

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

**ASSIGNED COMMISSIONER'S AMENDED SCOPING MEMO
AND RULING FOR TRACK 2**

This amended scoping memo and ruling sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities Code § 1701.1 and Article 7 of the Commission's Rules of Practice and Procedure.

1. Procedural Background

On September 12, 2019, the California Public Utilities Commission (Commission) initiated this Rulemaking to design a framework surrounding the commercialization of microgrids associated with Senate Bill (SB) 1339 (Stern, 2018), as well as account for the Commission's commitment toward utilizing additional technologies and activities that may be useful for achieving overall resiliency goals.

The initial Scoping Memo for Track 1 of this proceeding was issued on December 20, 2019. Since the issuance of the Track 1 Scoping Memo and Ruling, much activity occurred in this proceeding, including: (1) the issuance of a Track 1 Energy Division Staff Proposal; (2) the submittal of Track 1 investor-owned utility (IOU) resiliency proposals for the 2020 wildfire season; and (3) the adoption of Decision (D.) 20-06-017, that promulgated an array of rules for short-term actions to accelerate microgrid deployment and related resiliency solutions.

Specifically, the short-term actions include and fulfill the following statutory requirements:

1. Permitting Requirements 8371(a)
 - a) Required the development of template-based application process for specific behind-the-meter project types to prioritize, streamline, and expedite applications and approvals for key resiliency projects.
2. Barrier Reduction 8371(b)
 - a) Required the development of template-based application process for specific behind-the-meter project types to prioritize, streamline, and expedite applications and approvals for key resiliency projects.
 - b) Added dedicated staff to the utilities distribution planning teams that specialize in resiliency project development for local jurisdictions.
 - c) Allowed energy storage systems, in advance of Public Safety Power Shutoff (PSPS) events, to import from – but not export to – the grid, in support of preparedness in advance of a grid outage.
 - d) Removed the storage sizing limit for large net energy metering (NEM)-paired storage and maintained existing metering requirements.
 - e) Required the development of a separate access-restricted portal for local jurisdictions that gives information to support local community resiliency projects.
 - f) Approved the Pacific Gas and Electric’s (PG&E) Community Microgrid Enablement Program which provides incremental technical and financial support on a prioritized basis for community requested microgrids for PSPS mitigation purposes.
 - g) Approved PG&E’s Make-Ready Program from 2020 to 2022 which involves enabling each of the prioritized substations to operate in islanded mode.

- h) Approved PG&E's Temporary Generation Program which involves leasing mobile generators for temporary use during the 2020 wildfire season.
 - i) Approved San Diego Gas & Electric's (SDG&E) request to procure a local area distribution controller.
3. Rates and Tariffs 8371(d)
- a) Allowed energy storage systems, in advance of PSPS events, to import from – but not export to – the grid in support of preparedness in advance of a grid outage.
 - b) Removed the storage sizing limit for large NEM-paired storage and maintained existing metering requirements.
4. Standards and Protocols 8371(e)
- a) Development of a template-based application process for specific behind-the-meter project types to prioritize, streamline, and expedite applications and approvals for key resiliency projects.
 - b) Approved SDG&E's request to procure a local area distribution controller.

This amended Scoping Memo and Ruling encompasses Track 2 of this proceeding. Track 2 shall focus on the complex issues and contours of SB 1339 implementation. The Commission will continue to adhere to the statutory language and fulfill the legislative intent of SB 1339, which requires developing standards, protocols, guidelines, methods, rates, and tariffs to support and reduce barriers to microgrid deployment statewide, while prioritizing system, public, and worker safety, and avoiding cost shifts between ratepayers.

2. Issues

The issues within the scope of Track 2 are:

1. Develop microgrid service standards necessary to meet state and local permitting requirements, pursuant to Section 8371(a).

2. Develop methods to reduce barriers for microgrid deployment, without shifting costs between ratepayers, pursuant to Section 8371(b).
3. Develop guidelines to determine what impact studies are necessary for microgrids to connect to the electrical corporation grid, pursuant to Section 8371(c).
4. Develop separate rates and tariffs, that are just and reasonable, to support microgrids, pursuant to Section 8371(d).
 - a) Ensure that the separate rates and tariffs shall not compensate a customer for the use of diesel backup or natural gas generation, except as either of those sources is used pursuant to Section 41514.1 of the Health and Safety Code, or except for natural gas generation that is a distributed energy resource, pursuant to Section 8371(d).
 - b) Ensure that the development of microgrids ensures system, public, and worker safety, pursuant to Section 8371(d).
5. Facilitate the formation of a working group to codify standards and protocols needed to meet California electrical corporation and California Independent System Operator microgrid requirements, pursuant to Section 8371(e);
6. Develop a standard for direct current metering in Electric Rule 21 to streamline the interconnection process and lower interconnection costs for direct current microgrid applications, pursuant to Section 8371(f), including net energy metering paired with storage systems and microgrids.

Furthermore, in D. 20-06-017, the Commission specifically identified the following topics that may be addressed in Track 2 or Track 3 of this proceeding:

1. Examine the use of advanced metering infrastructure to enable electrical isolation as a viable resilience strategy and potentially adopt a pilot program.

2. Determine if large NEM-paired storage should be required to be capable of islanding.
3. Develop supplementary parameters for the local and tribal government’s separate, access-restricted portal.
4. Address policy questions related to local area distribution controllers, such as but not limited to third-party integration, operation, and control of a microgrid.
5. Initiate activity to shape the transition from diesel generation to alternative, clean backup power generation away.

3. Need for Evidentiary Hearing

There are no issues of material disputed fact. Accordingly, evidentiary hearing is not needed for Track 2.

4. Schedule

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the Rulemaking:

Track 2 Calendar - Schedule of Activities

| | |
|--|-----------------|
| ALJ Ruling/Staff Proposal, filed and served | July 22, 2020 |
| Energy Division Workshop for Track 2 Staff Proposal | August 5, 2020 |
| Comments on Staff Proposal, filed and served | August 14, 2020 |
| Reply Comments on Staff Proposal, filed and served | August 28, 2020 |
| Joint Energy Division and Stakeholder Workshop for Diesel Alternative Discussion | August 2020 |

This proceeding will conform to the statutory case management deadline for ratesetting matters set forth in Section 1701.5. It is the Commission’s intention to resolve all relevant issues in each track within 36 months of the date this Rulemaking is adopted. In using the authority granted in Section 1701.5(b)

to set a time longer than 18 months, consideration is given to the number and complexity of the tasks and the need to coordinate with multiple other proceedings. However, this does not mean that the proceeding must take 36 months. The Commission will make every effort to expedite the schedule for addressing all items within the scope of this proceeding. The ALJ will revise the schedule when more information is available.

In addition, there will be workshops in this proceeding. Notice of such workshops will be posted on the Commission's Daily Calendar to inform the public that a decisionmaker or an advisor may be present at those meetings or workshops. Parties should check the Daily Calendar regularly for such notices.

5. Category of Proceeding/*Ex Parte* Restrictions

In the Rulemaking opening this proceeding, the Commission preliminarily determined that this is a ratesetting proceeding. (Commission Order Instituting Rulemaking at 10, September 12, 2019.) This scoping memo confirms that categorization.

In a ratesetting proceeding, such as this one, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission's Rules of Practice and Procedure.

6. Oral Argument

Unless comment is waived pursuant to Rule 14.6(c)(2) for granting the uncontested relief requested, motion for oral argument shall be by no later than the time for filing comment on the proposed decision.

7. Public Outreach

Pursuant to Public Utilities (Pub. Util.) Code § 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission's monthly newsletter that is served on

communities and businesses that subscribe to it and posted on the Commission's website.

8. Intervenor Compensation

In accordance with Pub. Util. Code § 1804 (a)(1), which states: "In cases ... where new issues emerge subsequent to the time set for filing, the commission may determine an appropriate procedure for accepting new ... notices of intent," this Ruling allows any parties wishing to do so to file a new Notice of Intent to Claim Intervenor Compensation no later than 30 days after the issuance of this amended Scoping Memo and Ruling. New Notices of Intent so filed must comply with Pub. Util. Code §§ 1801-1812 and Rule 17.1 of the Commission's Rules of Practice and Procedure.

9. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. See Pub. Util. Code § 1701.1(g). Parties may do so by posting such response using the "Add Public Comment" button on the "Public Comment" tab of the docket card for the proceeding.

10. Public Advisor

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 415-703-2074 or 866-836-7825 (TYY), or send an e-mail to public.advisor@cpuc.ca.gov.

11. Service of Documents on Commissioners and Their Personal Advisors

Rule 1.10 requires only electronic service on any person on the official service list, other than the ALJ.

When serving documents on Commissioners or their personal advisors, whether or not they are on the official service list, parties must only provide electronic service. Parties must NOT send hard copies of documents to Commissioners or their personal advisors unless specifically instructed to do so.

12. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Colin Rizzo is the assigned ALJ for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above.
2. The schedule of this proceeding is as set forth above.
3. Evidentiary hearings for Track 2 are not needed.
4. The presiding officer is Administrative Law Judge Colin Rizzo.
5. The category of the proceeding is ratesetting.

Dated July 3, 2020, at San Francisco, California.

/s/ GENEVIEVE SHIROMA
Genevieve Shiroma
Assigned Commissioner