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**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)

**WILD TREE FOUNDATION
COMMENTS ON TRACK 2 MICROGRID
AND RESILIENCY STRATEGIES STAFF PROPOSAL**

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Dated: August 14, 2020

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In accordance with the provisions of the Administrative Law Judge’s Ruling Requesting Comments On Track 2 Microgrid And Resiliency Strategies Staff Proposal, Facilitating the Commercialization of Microgrids Pursuant to Senate Bill 1339 filed July 23, 2020, Wild Tree Foundation (“Wild Tree”) submits the following comments. Wild Tree reserves the right to address any proposals not specially addressed herein in its reply comments.

The Staff recommendations miss the mark in many respects in addressing what should be the overarching goal of Track 2 – the widespread, expedited deployment of permanent (not pilot), non fossil-fuel microgrids with a focus on vulnerable communities subject to IOU uni-lateral power shut offs. The use of diesel generators to address PG&E’s uni-lateral power shut-offs is contrary to our state’s efforts to decrease greenhouse gas and hazardous air pollutant emissions and decrease our reliance on fossil fuels. But, it is even more disturbing now given the fact that we are faced with a pandemic of a virus that is more likely to kill those suffering from lung impairment. Widespread, long-term use of diesel generators during fire season, a time

when air pollution is already worse due to high temperatures and burning wildfires, will have potentially devastating impacts on the most vulnerable members of our society. The use of diesel generators is extremely irresponsible and the Commission needs to take action to replace this cobbled-together, antiquated “solution” to a PG&E-created problem by meeting the statutory mandate to facilitate the commercialization of microgrids as soon as possible. Pilots programs and overly restrictive, incremental changes to rules are not the way to accomplish this. The Staff Proposal and recommendations will not facilitate the commercialization of microgrids and should be reworked to provide needed expansive changes and measurable targets for fast, widespread microgrid deployment so that we can begin immediately benefiting from the reliability, resiliency, public safety, health, air pollution, and climate benefits non-fossil fueled microgrids can provide.

COMMENTS

Proposal 1: Direct the Utilities to Revise Rule 2 to Explicitly Allow the Installation of Microgrids as Special Facilities.

- 1. In response to Proposal 1 too direct the utilities to revise Rule 2 to explicitly allow the installation of microgrids as special facilities, please indicate support or opposition to Option 1, Option 2, or Option 3 and explain your support or opposition.*

Wild Tree does not support any of the options. To protect ratepayers and public safety, the Commission should review applications for microgrid development but should streamline the process. Without Commission oversight, customers have no protection from the IOUs refusing to install microgrids or infrastructure needed to support microgrids, overcharging, etc.. Without oversight, the public has no protection from poorly-designed microgrids that could pose a risk to public safety by the use of, for example, polluting fossil fuel generation or explosive batteries, or

by flawed system design or installation. All versions of Rule 2 should be amended to require Commission approval and the Commission should create a microgrid approval process that removes approval as a barrier to deployment.

2. *In response to the Staff Proposal's recommendation, should the Commission adopt Option 2? If not, what modifications should the Commission consider?*

No, the Commission should not adopt Option 2. It should adopt a different option as described above.

3. *Is Option 2 reasonably tailored to support the broader statutory goal of SB 1339 to facilitate the commercialization of microgrids?*

No. Commercialization of microgrids should not be undertaken in such a way that ratepayers and public safety are put at increased risk. Option 2 would decrease oversight of microgrid deployment which is not necessary to facilitate commercialization and which would not best serve the public good. Regulatory clarity would serve to increase commercialization so the Commission should act to create one rule for all IOUs that provides for oversight while not creating unnecessary bureaucratic barriers.

4. *Would adoption of Option 2 prevent utilities from developing microgrids per Section 8371.5?*
5. *Would adoption of Option 2 cause unintended barriers to construction of other types of microgrids? If so, please discuss.*
6. *Would adoption of Option 2 prevent cost shifting per the requirements of Section 8371(b) and (d).*
7. *Is there anything more the Commission should consider about revising Rule 2 to allow the installation of microgrids as added/special facilities? Should the Commission consider alternative approach to ease barriers to the development of added/special facility microgrids?*

Yes, the Commission should create a streamlines application process for microgrids to prevent Commission approval from being a barrier to microgrid deployment.

8. *Do Pacific Gas & Electric Company (PG&E) and San Diego Gas & Electric Company's (SDG&E) respective Rule 2 added/special facilities sections present barriers to development of these types of microgrids as written? If so, how would they need to be amended to support construction of these types of microgrids?*

To provide regulatory certainty, Rule 2 should be the same for all the IOUs.

9. *What other considerations should the Commission give toward revising Rule 2, to explicitly allow the installation of microgrids as special facilities?*

Proposal 2: Direct the Utilities to Revise PG&E Rule 18, SCE Rule 18 and SDG&E Rule 19 to Allow Microgrids to Serve Critical Customers on Adjacent Parcels.

1. *In response to Proposal 2 to revise PG&E Rule 18, SCE Rule 18 and SDG&E Rule 19, please indicate support or opposition to Option 1, Option 2, or Option 3 and explain your support or opposition.*

Wild Tree does not support any of the options as they are too restrictive to address the problems created by power safety shut-downs that have shut off the power for millions of people for days at a time and weeks cumulatively. Adjacent premises should be allowed to share electricity regardless of who owns the facilities (should not just be limited to municipal corporation), there should be no limitation on number of shared microgrids, and municipal corporations should be able to share well beyond just adjacent properties. If the Commission is serious of preventing the kind of catastrophe PG&E customers suffered in 2019 due to PG&E uni-lateral power shut offs, it must take the opportunity presented in this proceeding to utilize existing tools we have in microgrids to actually utilize microgrids to support communities. This proposal is far far to limited in scope to have any measurable impact and must be expanded significantly.

2. *In response to the Staff Proposal's recommendation, should the Commission adopt Option 2? If not, what modifications should the Commission consider?*

No. The language is unclear but it appears that this would limit the number of projects to 10 statewide. This is a ridiculously small number and such limitation is not justified in a program that it intended to grow the market for microgrids and where there are 100's of municipalities that would benefit from being able to provide power to their communities when the IOUs decide to shut it off. There is no need to review allowing municipalities to serve their communities by providing electricity when the IOUs refuse and this change should be permanent, not temporary or subject to being withdrawn.

3. *Is Option 2 reasonably tailored to support the broader statutory goal of SB 1339 to facilitate the commercialization of microgrids?*

Absolutely not. Option 2 would create a program of extremely small reach for no good reason. As many communities as possible should be helped in establishing alternative sources of power for their communities that operate on a widespread basis to protect as many individuals and businesses as possible from suffering the economic losses and risks to health and public safety that power shut offs create.

4. *What other considerations should the Commission give toward revising Rule(s) 18 and 19?*

5. *Is a subscription limit of 10 microgrid projects within the three IOU's territory sufficient? If not, what should the limit be? Discuss your reasoning for the new number. Alternatively, if 10 microgrid projects is sufficient, please discuss support.*

6. *Currently, the subscription of projects is limited by the number of projects. Is there another unit to consider and if so, what amount of unit? Please justify your answer.*

7. *Would the adoption of Option 1 or 2 cause unintended barriers? If so, what are they and how should the proposal be amended to avoid such unintended barriers? Please provide justification for your answer.*

8. *Critical information facilities are included in the list the IOUs are required to develop and maintain pursuant to D.19-05-042.2 Are there other critical facilities or facilities that should be considered but are not part of D.19-05-042's list? Please justify your response.*

9. *Do you agree with the Staff Proposal's recommendation that the utilities should file a Tier 2 advice letter to implement the changes to Rule(s) 18 and 19? Please justify your response.*

The proposed procedure is unclear. The Commission should change the rules and the new rule should be implemented as soon as possible for all IOUs.

Proposal 3: Direct the Utilities to Develop a Standardized Tariff for Combinations of Rule 21 Compliant Technologies

1. *In response to Proposal 3 to develop a standardized rate schedule for combinations of technologies that are eligible for interconnection under Rule 21 and together comprise a microgrid, please indicate support of or opposition to Option 1, Option 2, Option 3, Option 4, and/or Option 5. Explain your support or opposition.*

Wild Tree supports a tariff for microgrid that does not wrongly charge customers for costs they should not bear. For example, self-generation through a microgrid is not departing load, and microgrid customers should not have to pay for departing load surcharges. Microgrids that are established for public safety and climate resiliency should most certainly not be subject to surcharges. Of the proposed options, Wild Tree most agrees with Option 1 and strongly disagrees with Option 4's imposition of surcharges. The Staff Proposal's explanation that under Option 1 costs would be shifted to other ratepayers is too simplistic in that it fails to address the fact that microgrids can provide benefits to ratepayers far beyond those directly connected to the microgrid. For example, a microgrid that provides back-up power to keep essential services running during IOU power shut off provides benefits to that entire community it serves. A microgrid that reduces the amount of fossil fuel generation needed provides benefits to all who breathe and live in our warming climate. While some of these benefits can be difficult to monetize, they should be considered offsets to the small diversion of funds from other programs that could occur with a micro-grid only tariff. Wild Tree reserves the right to further address this topic in its reply comments.

2. *In response to the Staff Proposal's recommendation, should the Commission adopt Option 4? If not, what modifications should the Commission consider?*

No, Option 4 would continue to wrongly charge customers surcharges that have made the investment in microgrid that they should not have to pay. This would not serve to meet the statutory goal of increasing commercialization of microgrids.

3. *What other considerations should the Commission give in its consideration of developing a single, standardized rate schedule to govern microgrids and all their component technologies?*

The Commission must keep in mind the benefits that microgrids provides to communities and other ratepayers well beyond those directly connected to the microgrid.

4. *Should the Commission require that projects eligible for a single, standardized microgrid rate schedule meet any specific performance standards when operating as a microgrid, such as a minimum duration of islanding capability? If so, which specific performance standards should the Commission require and how should they be evaluated for the purpose of determining eligibility for the rate schedule?*
5. *Are Options 1-5 reasonably tailored to support the broader statutory goal of SB 1339 to facilitate the commercialization of microgrids while meeting other statutory requirements, including the requirement to avoid cost shifting?*
6. *For Options 1-5, is adequate time allowed to accomplish tasks?*
7. *For Options 1-4, is the proposed individual project size cap of 10 megawatts in Options 1-4 appropriate? If not, what amount would be appropriate and why?*
8. *For Options 1-3, would allowing exemptions from cost responsibility surcharges, represent cost shifting prohibited by SB 1339?*
9. *For Options 1-3, is it reasonable to allow a microgrid facility to be exempt from non-bypassable charges in return for providing resiliency services to critical facilities?*

Yes.

10. *For Options 1-3, would allowing an interim period in the early commercialization of microgrids during which critical resilience projects can be exempted from specific cost responsibility surcharges be in the public interest? Explain your answer.*
11. *For Options 1-3, should there be a different method for accounting for the public benefit provided by microgrids when they support critical facilities, other than exempting them from non-bypassable charges?*
12. *For Options 1-3, are the criteria for determining cost responsibility surcharge exemptions presented in Table 3-3 reasonable? Please justify your answer.*
13. *For Options 1-3, are the definitions and requirements presented in Table 3-4 reasonable? Please justify your answer.*
14. *For Option 3, is the statewide enrollment cap of 1,200 megawatts an appropriate amount? If not, what amount would be appropriate and why?*
15. *For Option 3, is the method for allocating a statewide enrollment cap of 1,200 megawatts according to load share appropriate? If not, what alternative allocation method should be used?*

There should be no cap. There is no justification whatsoever for a cap and a cap is contrary to the statutory goal of increasing commercialization of microgrids.

Proposal 4: Direct the Utilities to Develop a Microgrid Pilot Program.

1. *In response to Proposal 4 to direct the utilities to develop a microgrid pilot program, please indicate support or opposition to each of the options. Explain your support or opposition.*

Wild Tree objects to the establishment of any pilot programs. Wild Tree recommends that the proposal be adjusted to establish permanent microgrids that utilize actual clean energy (not fossil fueled, as proposed) to support vulnerable populations most likely to be impacted by IOU shut downs and other grid outages. Wild Tree supports the following characteristics of such a permanent program:

(1) Load Serving Entities – option 2

(2) Funding source – option 2

- (3) Project eligibility – option 1
- (4) Project subscription limit – option 2
- (5) Utility infrastructure eligibility – option 1

2. *Should the Commission adopt Staff's recommended options? If not, what modifications to Staff's recommended options should the Commission consider?*

No, the recommendations should not be adopted. The time for microgrid pilot programs has passed and the stakes are too high for the Commission to still be fiddling around with “pilot” programs while millions of customers await another fall fire season with dread not knowing how their lives will be harmed this year when the IOU decides to shut off power.

The CEC has funded at least 31 microgrid pilot programs. How many pilot projects are needed before its time to make real investment in microgrids in this state to mitigate power shut offs and otherwise increase resiliency, decreases greenhouse gas emissions, and otherwise increase the safety and security of our electrical grid? There have been enough microgrids pilot programs and more pilot programs do not support the statutory goal of increasing microgrid commercialization.

A pilot program that would not begin until 2022 for just 15 projects that could last as little as 6 months is a horrible idea. There is not reason to wait and many urgent reasons to expedite the deployment of microgrids throughout the state, especially in high fire risk areas. It is impossible to understand how investment in setting up a microgrid could be justified for as little as 6 months of operation especially when such a short program would provide little useful data. What happens at the end of the pilot program term, which is not defined in the proposal, is unclear. The proposal provides no details other than to state that 3rd party will conduct review and “Afterwards, Staff will make a recommendation regarding the status of the program for

CPUC consideration.” How the Commission will consider the review and Staff recommendation is unclear. Will it be addressed as part of this proceeding or addressed through advice letter, other proceeding, etc.? Will the pilot programs be shut down after 6 months or will they continue during review? What will a positive or negative review mean for the pilot programs’ future?

The Proposal states that it would require “the IOUs to develop an incentive program to fund clean energy community microgrids that support the critical needs of vulnerable populations most likely to be impacted by grid outages” but would permit existing fossil resources as part of the microgrids. Fossil resources are not clean energy and should not be part of any program established.

3. *Is Proposal 4 reasonably tailored to support the broader statutory goal of SB 1339 to facilitate the commercialization of microgrids?*

No. Pilot projects are by definition not commercial. There is no need for any more pilot projects but there is an urgent need to provide resiliency and safety for communities subject to IOU unit-lateral power shut offs as soon as possible. Filling this need also provides the benefit of facilitating the commercialization of microgrids by providing funding for microgrids deployment.

4. *To support the public health and welfare for disaster response mitigation and resiliency efforts, should the Commission authorize rate recovery for such a pilot program?*

Rate recovery should be authorized but only for a program to establish permanent microgrids. Pilot projects would be a waste of money and should not be ratepayer funded. Pilots projects just a way of kicking the can down the road and not actually addressing existing

problems with existing, functioning microgrid technology that can and should be deployed as soon as possible, especially in our vulnerable communities.

5. *What other considerations should the Commission give to support the development of a utility microgrid pilot program?*
6. *How should the utilities track costs associated with the actions the Commission orders utilities to undertake pursuant to the staff proposal?*
7. *Are there other options that have not been listed and should be? If so, please discuss the option(s) that should be considered. Include as much detail as possible.*
8. *Are there any other objectives and goals that should be included? Alternatively, are there any that should be excluded? Please provide justification.*
9. *Are there any other project criteria that should be included? Alternatively, are there any that should be excluded? Please provide justification.*
10. *Are there any other community criteria that should be included? Alternatively, are there any that should be excluded? Please provide justification.*
11. *Are there any technology performance criteria that should be included? Alternatively, are there any that should be excluded? Please provide justification.*
12. *Is the cost cap per project of \$15 million reasonable? If not, please provide another amount estimate and justification for that amount.*
13. *Is the requirement to reach commercial operation by January 31, 2022 reasonable? If not please provide another deadline and justification for that date.*
14. *There is a milestone of June 1, 2022 or six months after the commercial operation date of the last project to conduct a cost-effectiveness analysis. Is this date reasonable? Please provide justification.*
15. *Do you agree with staff's proposal that the IOUs file a Tier 3 Advice Letter to implement this program? Please justify your response.*

Proposal 5: Direct the Utilities to Conduct Pilot Studies of Low Cost Reliable Electrical Isolation Methods

1. *In response to Proposal 5 to direct the utilities to conduct pilot studies of low cost reliable electrical isolation methods, please indicate support or opposition to Option 1 or Option 2. Explain your support or opposition.*

Wild Tree does not support either option. The California Energy Commission should conduct this research funded by the IOUs. IOUs have an inherent conflict of interest in researching low cost methods for customers to use less IOU electric and should not be responsible for such research.

2. *Should the Commission adopt Option 2 under Proposal 5? If not, what modifications should the Commission consider?*
3. *Is Proposal 5 reasonably tailored to support the broader statutory goal of SB 1339 to facilitate the commercialization of microgrids?*
4. *To support the public health and welfare for disaster response mitigation and resiliency efforts, should the Commission authorize rate recovery for such a pilot study?*
5. *What other considerations should the Commission give to support the development of a utility pilot program to evaluate low-cost, reliable electrical isolation methods?*
6. *Are the proposed expenditure cap and proposed program criteria reasonable? Are there additional program criteria that should be included?*
7. *Are there additional approaches, beyond those discussed in Option 1 and Option 2, to provide low-cost, reliable electrical isolation that should be considered for the proposed pilot program?*

Public Utilities Code Section 8371(c)

Wild Tree does not have any comment at this time on this proposal but reserves the right to address this topic in its reply brief.

Public Utilities Code Section 8371(f)

Wild Tree does not have any comment at this time on this proposal but reserves the right to address this topic in its reply brief.

(signature page follows)

Respectfully submitted,

/s/ April Rose Maurath Sommer

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