

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking Regarding  
Microgrids Pursuant to Senate Bill 1339 and  
Resiliency Strategies.

Rulemaking 19-09-009  
(Filed September 12, 2019)

**COMMENTS OF VOTE SOLAR, THE CLIMATE CENTER AND THE GREEN  
POWER INSTITUTE ON THE ASSIGNED COMMISSIONER'S AMENDED SCOPING  
MEMO AND RULING FOR TRACK 3**

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Dated: March 3, 2021

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Vote Solar, The Climate Center and the Green Power Institute (referred to hereafter as the “Joint Parties”) respectfully submit these comments pursuant to the Assigned Commissioner’s Amended Scoping Memo and Ruling for Track 3 issued on February 9, 2021 (“Amended Scoping Memo”).

**I. INTRODUCTION AND STATEMENT OF POSITION**

The Joint Parties appreciate the opportunity to comment on the Track 3 scoping memo on the applicability of standby charges for customers who are served by a microgrid. The Joint Parties believe that the framing of Energy Division staff questions and the scoping memo’s assertion that exemptions of microgrid customers from standby charges “contravened SB 1339 prohibition against cost shifting” [scoping memo p 6] is an erroneous starting point for the Track 3 proceeding. By posing the questions in terms of a waiver from a hypothetical standby charge, the scoping memo implicitly assumes that the affected customers are receiving services from load serving entities and distribution utilities that justify a charge that is not already included in the tariffs for which customers are already responsible. The questions are posed in a way that challenges parties to justify waiving a hypothetical standby charge before establishing that a standby charge is appropriate. Instead, the Commission should develop a record to establish whether it is appropriate to apply a standby charge to customers of a microgrid based on those customers receiving service(s) from the load serving entity and/or distribution utility that a standby charge appropriately compensates. If the customers served by a microgrid do not

receive the services the standby charge is intended to compensate, then the charge should not be applied and the matter of a waiver is moot.

### **Need to Justify Application of Standby Charges to Customers of Microgrids**

The Joint Parties believe the Commission has not established a basis for applying the standby charge to customers of all microgrids as a general category. There may be certain instances when a standby charge for some customers served by microgrids could be justified, such as a multi-customer microgrid<sup>1</sup> that operates 24x7 as a “single controllable entity.”<sup>2</sup> The Joint Parties believe that the Track 3 Proceeding should distinguish between three types of microgrids when considering standby charges.

Type 1: Single-customer microgrid. The criteria cited in the Amended Scoping Memo (page 7) refer to a “customer” without any reference to whether the customer has the capability of operating a microgrid in islanded mode. A customer’s installation of islanding capability to form a single-customer microgrid has no bearing on whether the customer should be subject to a standby charge. Moreover, because a single-customer microgrid allows the customer to operate electrically when grid service is not available, the microgrid provides a standby service to the utility by fulfilling the utility’s provider of last resort responsibility, which the Amended Scoping Memo identifies as a basis for the standby charge (page 6), when grid service fails. It is therefore reasonable to require the utility to compensate a single-customer microgrid for this standby service.

Equitable treatment of services provided by each party in the case of a single-customer microgrid requires the Commission to compare the value of the standby service the microgrid customer provides to the utility against the cost of the standby service the customer receives from the utility. A simpler approach the Commission might consider could be to deem the standby service a single-customer microgrid provides to the utility to cancel the standby charge for the service the utility provides to the customer. This is in essence the current practice for NEM customers who are capable of operating as microgrids.

Type 2: A multi-customer microgrid that operates as a single controllable entity only in islanded mode when grid service is unavailable. Under this model, the microgrid does not

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<sup>1</sup> Multi-customer microgrid as used in this discussion assumes that the participating customers and resources are connected electrically over utility distribution facilities.

<sup>2</sup> The term “single controllable entity” is used in the definition of microgrid in SB 1339.

operate as a single controllable entity during normal operation, as exemplified by the Redwood Coast Airport Microgrid. Rather, during normal operation there are multiple customers as well as in-front-of-meter energy generation and storage resources that operate independently even though they are all located in an electrically contiguous area of the utility distribution system.

The customers of a Type 2 microgrid should not be subject to standby charges on the basis of their participation in the microgrid. In a sense the microgrid does not exist as a microgrid under blue sky (normal operation) conditions, which is when standby service from the utility might otherwise be applied. If any of the customers in the microgrid electrical area are already subject to standby charges, the formation of a microgrid does not change that situation. But in this case, as in the case of a single-customer microgrid, the formation of a microgrid by islanding would provide a standby service to the utility when its ability to provide service is compromised.

Type 3: A multi-customer microgrid that operates as a microgrid on a 24x7 basis. This may be a case when a microgrid might be subject to a distribution utility standby charge. The Joint Parties believe, however, that utility standby service should be an option available to the microgrid rather than a requirement, and that the assessment of utility standby charges should consider the value of the standby service the microgrid provides to the utility by virtue of its ability to serve utility distribution customers when the larger grid is out of service.

### **The Commission Must Distinguish Between Customers and Microgrids**

The Amended Scoping Memo observes that in the past cost responsibility surcharges have been established after the Commission examines the costs associated with departing load, standby service, and new or incremental load service to determine the appropriate allocation of the investor-owned utility's costs to *a customer* to preserve "cost-equity". The Amended Scoping Memo notes that standby service charges are charged to *customers* to pay for the investor-owned utility's previous investments for the provision of electricity and capacity. The Amended Scoping memo argues the investor-owned utility may have incurred expenses such as procurement, resource adequacy, transmission and distribution capacity to provide service to customers who are part of a microgrid.

The Joint Parties believe that the Amended scoping memo erroneously assumes that a multi-customer microgrid is "a customer" of the investor-owned utility and can be assessed a standby charge. Instead, a multi-customer microgrid is a service provider who provides

resiliency services to an aggregation of customers who also take retail electric service from an investor-owned utility or another load serving entity. The customers in a multi-customer microgrid will typically continue to take power delivery services from an investor-owned utility and will continue to pay for delivery services through existing tariffs.

### **Need to Recognize Microgrid Benefits**

The Commission staff has not made a reasonable argument in the Amended Scoping Memo that there is any basis for assessing customers in a microgrid an additional standby charge to account for an investor-owned utility's investments in electric capacity or energy. Instead of the presumption that there is a need to preserve some sort of cost-equity, the Joint Parties believe there is a need on a case by case basis for the appropriate load serving entity (LSE) to analyze the cost and benefits of a particular microgrid and balance the equities with the provider of microgrid services.

The Joint Parties believe that the net benefits of a microgrid for both participating and non-participating customers of a LSE will outweigh the costs. At least this should be the presumption given the magnitude of the disruptions from PSPS events.<sup>3</sup> One estimate of the cost of unserved load during the recent Texas outage, for example, was \$6,000 per megawatt hour.

The benefits of additional system capacity are clear at the current time and are the subject of several other Commission proceedings, including R.20-11-003, which intends to establish policies to ensure reliable electric service in the event of extreme weather events. Yet the framing of the issue of standby charges in the Amended Scoping Memo appears to ignore these benefits of microgrids and therefore is counterproductive to the goals the Commission is trying to achieve elsewhere. The memo acknowledges, through its series of questions about possible costs and benefits, that any determination of cost shifting requires such cost/benefit analysis because any calculation of cost must be accompanied by a calculation of benefits.

### **Exemption of NEM Customers from Standby Charges**

The Amended Scoping Memo observes that behind-the-meter microgrids may choose to island without seeking the permission of an investor-owned utility. This is a true statement and

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<sup>3</sup> The Microgrid Incentive Program approved in the Commission's Track 2 decision and PG&E's Advice Letter 6017-E on Remote Grids both proceed on the recognition that providing multi-customer microgrids for subsets of utility customers provide broader benefits that justify allocating costs to all customers in the utility's service area.

has been addressed in Tracks 1 and 2 of this proceeding. These customers are typically on a net metering (NEM) tariff and are not subject to a standby charge. The Joint Parties would vociferously object if it is the intent of the Amended Scoping Memo to establish a standby charge for NEM customers.

In this Track 3 proceeding the Amended Scoping Memo asks the question whether the Commission should waive standby charges for **a customer** operating a microgrid. As noted above, in a multi-customer microgrid “a customer” does not operate a microgrid. The microgrid is operated by a microgrid provider that either offers electric services to customers or collaborates with customers to shape their load profiles for the benefit of the customers within the boundary of the microgrid. The customers are and will continue to be retail customers of an LSE and distribution customers of the utility. We believe that many LSEs will see the benefit of working in partnership with microgrid developers to benefit customers that they also serve.

### **The cost-shifting impacts of PSPS**

In the many discussions of cost shifting in this proceeding the cost-shifting effects of Public Safety Power Shutoff (PSPS) events have not been acknowledged. PSPS events create cost shifts in at least two ways. First, PSPS provide a benefit to the utilities and their shareholders by reducing their risk of fire liabilities. This utility benefits and imposes a cost in the form of the impacts of power shutoffs imposed on specific groups of the utility’s distribution customers.

A recent report by the Manhattan Institute reaches the following finding:  
“From an electric utility’s perspective, preemptive shutoffs are economically rational. They reduce the utility’s potential liability from a wildfire caused by a failure of, or damage to, electric operations equipment, even if that equipment is working properly, while the utility incurs no costs, other than lost revenues from forgone electricity sales. Hence, preemptive shutoffs are a form of low-cost insurance.”<sup>4</sup>

Second, the utility distribution customers who are not affected by a PSPS receive a higher quality of service than those who are affected, yet both groups pay the same rates. Thus the use of PSPS to provide a free insurance benefit to the utility inequitably imposes a cost only on those

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<sup>4</sup> Jonathan A. Lesser and Charles D. Feinstein, “Playing With Fire: California’s Approach to Managing Wildfire Risk”; April 2020; page 4: <https://media4.manhattan-institute.org/sites/default/files/californias-approach-to-managing-wildfire-risks-JL.pdf>

customers who are subject to PSPS. The magnitude of the impact PSPS in terms of both the numbers of customers impacted and the duration of the power outages in past years has been greater than the the impact of rotating outages imposed last August 14-15. Given the expectation that PSPS events will continue for years to come, the Joint Parties recommend that the Commission recognize the cost-shifting aspect of a policy that permits PSPS and take meaningful actions to mitigate the impacts, which it can do in this proceeding by removing barriers to microgrid commercialization as directed by SB 1339, rather than imposing greater costs on customers who are seeking fair and equitable protection from PSPS.

### **Significant work on interconnection remains to be done**

The Amended Scoping Memo makes a number of statements about policy changes related to interconnection and other development activities that were achieved in Track 1, seeming to suggest that these changes are sufficient in themselves to meet the SB 1339 mandate to commercialize microgrids, at least insofar as interconnection policy is concerned. For example (Amended Scoping Memo, p. 2): “Well in advance of the December 1, 2020 statutory deadline of SB 1339, D.20-16-017 satisfied many of SB 1339’s requirements...”

The Joint Parties believe that these are inaccurate statements because, for example, the new template single-line diagram (SLD) options, which the Amended Scoping Memo and the Track 2 decision use to demonstrate progress on microgrids commercialization and the interconnection process, only apply to a narrow set of categories (solar 30 kW and under, battery storage 10 kW and under), which includes only those types of interconnection applications that least need help, i.e. very small net-metering applications. Projects under 30 kW already enjoy highly expedited interconnection procedures and didn’t need the help from template SLDs, as many other parties pointed out in Track 1 comments.

The vast range of microgrid projects from 30 kW up to 10 megawatts still need removal of significant interconnection barriers that render the interconnection process for these types of microgrid projects in many cases extremely problematic, which data was presented by numerous parties in Track 1. Expanding template SLDs to over 30 kW microgrid projects is a second step, in a process that will require many steps toward removing barriers to interconnection and microgrid commercialization. Much work remains to be done in Track 4 in order to meet the SB 1339 mandates to commercialize microgrids.

Moreover, without changes to Rule 21 timelines these SLDs and related improvements probably won't achieve substantial reductions in Fast Track processing time (the type of interconnection relevant to expediting microgrids) because utilities (with the exception of SDG&E, which presented data showing that they are quite rapid in processing Fast Track applications) take at least as much time as Rule 21 provides for in each step of Fast Track application processing, and for larger behind-the-meter projects and in-front-of-meter projects they often take more time than is provided for in the tariff.<sup>5</sup> Accordingly, interconnection process modifications must be accompanied by changes to the Rule 21 tariff language.

In sum, a very substantial amount of work remains to be done on interconnection improvements before the Commission can consider its work done in meeting SB 1339's mandate.

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With the above objections and concerns in mind regarding the Commission's flawed approach to the framing of questions about standby charges, the Joint Parties offer responses to several of the questions posed in Attachment A appended to the Amended Scoping Memo.

## **II. RESPONSES TO ENERGY DIVISION STAFF QUESTIONS**

### **A. BACKGROUND QUESTION**

#### **1) Do you agree with the overview of standby charges provided in section A above? If not, please Explain.**

*No. The overview of standby charges does not provide an appropriate level of guidance to the parties on how to develop a balanced compensation policy that supports the commercialization of microgrids, the development of incremental clean energy capacity and the remediation of inequitable cost shifting that has occurred under the existing Commission*

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<sup>5</sup> IREC states in recent comments on the Rule 21 proceeding Working Group 3 Final Report (IREC Opening Comments, p. 3): "[T]he utilities are not meeting their timeline obligations, while their compliance is reasonable for a few timelines, there are many where projects are consistently getting delayed results, and not infrequently by substantial margins." IREC adds in a footnote on the same page: 'PG&E's response shows that for certain timelines roughly a quarter to nearly a half of the projects PG&E is not completing their task within the tariff timeline, and in some of those cases the projects are not receiving results for extremely long periods of time; ... SCE's results also indicate that for some timelines, the mean amount of time is often longer than the Rule 21 timeline, with some projects taking more than twice the time than prescribed by the tariff.'



*policies, including PSPS. As explained in the introduction to these comments, the Commission has not established a basis for applying standby charges to customers served by microgrids and the Joint Parties believe that in most cases there is no such basis.*

*The staff proposal asks whether customers of microgrids should be assessed additional charges for transmission capacity, distribution capacity, resource adequacy and energy. The notion that standby charges should apply for customers who also obtain resiliency services from a microgrid lacks any analytical basis. The burden of showing that a microgrid imposes inequitable costs on other customers requires further analysis that is not provided in the overview. Microgrids provide a number of grid benefits, including resource adequacy benefits, defer the need for additional investment in incremental distribution capacity, reduce greenhouse gas emissions, and provide resilience for vulnerable customers living in disadvantaged and low-income communities.*

*California has entered a new period of power fragility, created by the Commission through its decision to allow IOUs to shutoff service for public safety. The Commission has also recently opened a rulemaking to ensure reliable electric service in the event of an extreme weather event in 2021 and later years. This emerging crisis together with continued reliance on fossil-fuel power plants that were supposed to close in 2020 strongly suggests that creating additional barriers for the entry of new clean generating capacity should be avoided. The Commission should assure that the Track 3 phase of this proceeding is coordinated with other relevant proceedings that are driving procurement for new capacity.*

## **B. OVERARCHING SCOPING QUESTIONS**

### **1) Should the CPUC require the IOUs to waive or reduce standby charges for a customer operating a microgrid if specific conditions are met?**

As noted above, a customer does not operate a multi-customer microgrid. Therefore it is illogical to ask a question about waivers or reduction of standby charges for customers taking service from a microgrid provider. Instead the CPUC should identify and quantify the public benefits that can be provided by a microgrid, including improving the reliability of the electric power system as a whole, improving the resilient operation of the electric distribution system,

accelerating the reduction of GHG emissions and providing community resilience for the benefit of vulnerable populations.

**i) What are the specific conditions that should be met to qualify for a standby charge waiver or reduction?**

*The burden of proof should be on the CPUC and the utilities to demonstrate that a microgrid requires the imposition of additional costs on retail customers. The burden of proof on the need for standby charges should be an issue that is discussed in this Track 3 proceeding. The assumption that they are needed has been asserted in the Track 2 decision but there was no evidence presented by the Staff or the Parties to support that presumption.*

**ii) Which standby charges should be reduced or waived, and by how much**

*There should never be a standby charge for energy service. Energy can be obtained in the wholesale market at locational marginal prices. There is no obligation that any customer has to buy electric service from the wholesale market. Similarly, the current transmission access charge (TAC), which is assessed on a volumetric basis, will be collected from microgrid customers when they are not in islanded operation. The TAC should not be assessed when electric service is provided within the boundaries of the microgrid. The load serving entity that has responsibility for resource adequacy should be encouraged to work out a bilateral arrangement with a microgrid provider to assure that resource adequacy needs are met. Often this will result in compensation to the microgrid provider rather than a charge. Finally, the distribution costs for a microgrid should be coordinated in the Distribution Infrastructure Deferral Framework. The Commission has recently adopted a Partnership Pilot in the Integrated Distributed Energy Resources proceeding that provides for a ratable incentive for distributed energy resources that defer utility investments in distribution infrastructure. The Commission should consider how to apply this policy for microgrids that can be used to defer the need for distribution system investment.*

**iii) Please explain any additional details of how a standby charge waiver or reduction should be implemented that are necessary for the CPUC to consider.**

*The Commission has decided to defer to Track 4 of this proceeding the determination of the value of resiliency. We recognize that this determination will be complex and that the value*

*of resiliency with vary by customer. A customer whose life is in jeopardy with the loss of electricity will value resilience at a much higher level than a customer who is only inconvenienced. We are disappointed that the value of resiliency was not included in the scope of the Track 3 proceeding and recommend reconsideration of this omission.*

*Longer term, it will be important to consider the value of resiliency for specific groups of customers in deciding rate design for customers who also take service from a microgrid. In the interim, there should be a presumption that microgrids that are designed to serve critical public facilities that benefit defined vulnerable populations should not result in those public facilities and other customers of the microgrid from being assessed some sort of standby charge. When the value of resiliency is determined then those benefits can be balanced with any costs that might be incurred for customers outside the microgrid boundaries.*

**2) What are potential consequences of waiving standby charges? Please quantify wherever possible.**

*The potential consequences of avoiding the imposition of standby charges are mostly positive. The consequences may vary depending on the location of the microgrid and the customers that are being served by the microgrid. Potential positive consequences include development of resources that can reduce the probability of reliability events like those that occurred in August 2020. The Commission is currently considering the establishment of a five-year pilot Emergency Load Reduction Program (ELRP). Microgrids could commit to reducing load by islanding during emergency conditions by participating in the ELRP pilot.*

*There will also be an equity benefit if the Commission reconsiders its current approach to standby charges and decides not to apply them to microgrid customers. Specifically, adding costs like standby charges will be of little significance to affluent customers who will not be deterred from investing in resiliency if they have the means to do so. A recent article in Microgrid Knowledge described a commercial offering by CleanSpark to install microgrid facilities on luxury homes and found that the owners of these homes were largely indifferent to*

*the rate of return on their investment.<sup>6</sup> Thus the standby charges the Commission is considering imposing in this proceeding will have a greater impact less affluent customers.*

**a) If reducing or eliminating standby charges for microgrids would facilitate the installation of new microgrid capacity that would create benefits for non-microgrid customers, please detail how, and quantify the benefits.**

*The installation of new microgrid capacity has the potential to reduce the need for additional Resource Adequacy resources by islanding during conditions when the electric system is vulnerable to rotating outage. Likewise, the installation of new microgrid capacity could be used to reduce price spikes in the wholesale energy market by removing load during these periods. In addition, to the extent that the supply resources have a cleaner emissions profile than the fleet average the microgrid has the potential to improve air quality.*

**b) If reducing or eliminating standby charges for microgrids would result in a cost shift prohibited by SB 1339, please detail how, and quantify the cost shift.**

*As discussed in the introduction to these comments, the PSPS policy already imposes an inequitable cost shift from customers unaffected by PSPS to customers who are affected, which is the cost of providing a liability insurance benefit to utility shareholders. Imposing standby charges on microgrid customers would worsen that cost burden and make it more difficult for less affluent customers to obtain the resiliency benefits of a microgrid.*

*Certain types of resources are already exempt, or partially exempt, from standby charges. Those exemptions apply regardless of whether the resources are part of a microgrid or not. This question seeks input on which additional resource types, if any, should be eligible for a partial or complete reduction in standby charges, if they are part of a microgrid and subject to other conditions and criteria discussed in this document. This question is specifically about resource types, not other conditions, or criteria, such as the type of service provided by the microgrid.*

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<sup>6</sup> Elisa Wood, January 2021: <https://microgridknowledge.com/cleanspark-luxury-home-microgrids/>

## **F. RESOURCE LEGIBILITY QUESTIONS**

- 1) Please indicate which resource types below should be granted a partial or complete waiver and explain why (multiple answers are acceptable).**

*Microgrids that are primarily powered by eligible renewable energy resources and energy storage systems that are charged from renewable energy resources should be seen as new resources that should be compensated for services that can be provided to the electric system as a whole and to the local area. California is expected to be short of capacity at least through 2026, with the retirement of the Diablo Canyon Power Plant and the expected retirement of coastal once-through-cooling power plants that have been granted a temporary waiver of their water permits. Microgrids can provide incremental capacity and should be compensated for that service.*

- a) No additional resource types, i.e. standby charge exemptions limited to:**

- i) Resources that qualify for exemptions or waivers in existing CPUC authorized rate schedules, with no additional revisions;**
- ii) Resources that qualify for exemptions or waivers through implementation of physically assured load reduction and a physical assurance agreement executed with the utility;**
- iii) Only renewable electrical generating facilities as defined by the California Energy Commission Renewable Portfolio Standard Eligibility Guidebook and the Overall Program Guidebook;**
- iv) Backup diesel generators that serve health care facilities as defined by Health and Safety Code 41514.1 (referenced in P.U.C. 8371(d));**

- b) Natural gas generators that comply with emissions standards adopted by the State Air Resources Board pursuant to the distributed generation certification program requirements of Section 94203 of Title 17 of the California Code of Regulations, or any successor regulation (referenced in P.U.C. 8371(d));**

*Commission policies should not encourage the development of microgrids which rely primarily on natural gas generators.*

- 2) If CPUC were to allow nonrenewable project resources to be eligible for a waiver or reduction in standby charges in exchange for a service, should it take additional actions to ensure consistency with statewide greenhouse gas emissions and criteria air pollution reduction goals?**

*It is important that policies for the development of microgrids are consistent with statewide GHG and criteria air pollution reduction goals. Periodic reporting should be required.*

**G. QUESTIONS TO IDENTIFY DETAILS OF PROPOSED SERVICE PROVIDED**

- 1) What existing services (define and describe in detail) do distributed energy resources in microgrids already qualify for that the microgrid owner can offer to the IOU or the CAISO?**

*Microgrids can provide resource adequacy. They can also provide energy and ancillary services in the wholesale market. They potentially can provide voltage support to the distribution utility. They may enable deferment of investments in distribution system upgrades as load grows from electrification of transportation and buildings.*

- 2) Under what specific circumstances would it be in the public interest to require utilities to waive or reduce standby charges to a microgrid for intentional islanding? How should the benefits to the public be identified, measured, and valued?**

*The Commission should develop policies that encourage microgrids to participate in the wholesale electricity market on a regular basis except during grid outage conditions when the microgrid would island and continue to provide electric service to customers behind the point of common coupling. Under normal conditions a microgrid should be allowed to offer spinning reserves to the CAISO by virtue of its ability to island and take its full load off the grid in the event of a contingency or a stage emergency.*

- 3) Would providing electric service to a critical facility as defined by D.19-05-042 in situations where the IOU does not provide service, such as during a planned public safety power shutoff, be sufficient to merit waiving or reducing standby charges? (E.g., if a microgrid that serves a critical facility must island to continue to provide service to the critical facility during a utility planned outage such as a PSPS, should the standby charge be waived or reduced for that microgrid for any month in which that occurred?) If so, why should a waiver or reduction in standby charges be available to microgrids and not other types of backup generation? Please explain your answer. If you think criteria other than those defined in D.19-05-042 should be used to determine eligibility, please explain which criteria should be used and why.**

*Microgrids which serve critical facilities with clean energy resources to avoid likely PSPS events should be encouraged. The imposition of standby charges to customers of microgrids would be counterproductive to this goal.*

- 6) **What trigger should CPUC require a customer to respond to in exchange for a waiver or reduction in standby charges and why? Examples:**
- a) Warning of Stage 3 Emergency;**
  - b) Specific temperature threshold (please specify);**
  - c) Price threshold (please specify);**
  - d) Emergency situation on the electric distribution or electric transmission system (please specify);**
  - e) Situation impacting system restoration (please specify);**
  - f) Emergency declaration by local, state, or federal authority;**
  - g) Designated situation specific to IOU bi-lateral agreement;**
  - h) Other**

*All of the potential triggers listed in examples (a) through (g) above should be considered as conditions that would generate additional compensation for a microgrid operator rather than as an exchange for not imposing standby charges.*

### **III. CONCLUSION**

The Joint Parties believe that the scope for the Track 3 proceeding and the framing of the question of standby charges are fundamentally flawed. Instead of asking when should a theoretical standby charge be waived or reduced, the Commission should be asking whether there is sufficient justification for applying standby charges based on standby services a microgrid receives as compared to the benefits it provides. Indeed, given the inequitable cost impacts of PSPS and the likely inequitable impact of imposing additional charges for providing resiliency measures such as the formation of microgrids, and given the increasing severity of climate impacts Californian's will face in the near term and indefinitely into the future, the Commission should be seeking to advance microgrid deployment for all people and communities in the state, with the greatest urgency focused on those who are most vulnerable and disadvantaged. We look forward to working with the Commission to further the objectives of SB 1339.

Respectfully submitted March 3, 2021

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