



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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**OPENING COMMENTS OF
CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES ON
PROPOSED DECISION ADOPTING A SUSPENSION OF THE CAPACITY
RESERVATION COMPONENT OF THE STANDBY CHARGE FOR ELIGIBLE
MICROGRID DISTRIBUTED TECHNOLOGIES**

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For: CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES

June 29, 2021

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MICROGRID DISTRIBUTED TECHNOLOGIES**

Center for Energy Efficiency and Renewable Technologies (CEERT) respectfully submits these Opening Comments on the Proposed Decision Adopting a Suspension of the Capacity Reservation Component of the Standby Charge for Eligible Microgrid Distributed Technologies, mailed in this proceeding on June 9, 2021. These Opening Comments are timely filed and served pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure and the instructions accompanying the Proposed Decision.

**I.
BACKGROUND**

CEERT is a nonprofit public-benefit organization founded in 1990 and based in Sacramento, California. CEERT is a partnership of major private-sector clean energy companies, environmental organizations, public health groups and environmental justice organizations. CEERT designs and fights for policies that promote global warming solutions and increased reliance on clean, renewable energy sources for California and the West. CEERT is working toward building a new energy economy, including cutting contributions to global warming and reducing dependence on fossil fuels. CEERT has long advocated before the Commission for increased use of preferred resources and for California to move towards a clean energy future.

II. CEERT SUPPORTS THE PROPOSED DECISION’S SUSPENSION OF THE CAPACITY RESERVATION COMPONENT OF STANDBY CHARGES FOR ELIGIBLE MICROGRIDS

As stated previously in this proceeding, CEERT believes that any standby charge waiver “...should be used to incentivize innovation and encourage the development of clean microgrid projects....”¹ Thus, CEERT supports the suspension of the capacity reservation component of standby charges for eligible microgrids as proposed by this order. Specifically, CEERT strongly agrees with the Proposed Decision’s explicit exclusion of diesel generators from this charge waiver,² as this will ensure microgrid development and incentives help progress towards meeting California’s clean energy and climate goals.

However, CEERT believes that clarification on technology eligibility requirement 1(b) is warranted. This requirement states that eligible technologies must “...prove, by manufacturer certification, that they have the capability to operate using cleaner renewable fuels such as, but not limited to, renewable natural gas, biogas, or green hydrogen by December 31, 2030.”³ CEERT believes that qualifying microgrids should not only be required to *prove* the capability to use cleaner fuels, but should be required to *commit* to using cleaner renewable fuels by December 31, 2030, in interest of advancing the state’s broader decarbonization goals.

Furthermore, CEERT agrees with the Proposed Decision’s rejection of a blanket waiver on standby charges.⁴ While standby charges may present a barrier to microgrid commercialization, avoiding a cost shift to non-participating customers is essential to lowering this barrier while ensuring the state’s ratepayers, especially in low-income communities, are not

¹ Opening Comments of CEERT on the Assigned Commissioner’s Amended Scoping Memo and Ruling for Track 3, filed March 3, 2021, at p. 3.

² Proposed Decision, at p. 28.

³ *Id.*, at p. 2.

⁴ *Id.*, at p. 25.

disproportionately burdened by increased costs as a result. As an important piece of the state's clean energy transition, microgrid commercialization will only be truly successful if equity and environmental justice are kept at the forefront.

III. CONCLUSION

CEERT appreciates the opportunity to comment on the Proposed Decision. As stated above, CEERT supports the Proposed Decision to the extent that suspending the capacity reservation component of standby charges for eligible microgrids is aligned with the state's climate and clean energy goals, in addition to avoiding cost-shifting to the state's remaining ratepayers.

Respectfully submitted,

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APPENDIX A

CENTER FOR ENERGY EFFICIENCY AND RENEWABLE TECHNOLOGIES’ PROPOSED FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDERING PARAGRAPHS FOR THE PROPOSED DECISION ADOPTING A SUSPENSION OF THE CAPACITY RESERVATION COMPONENT OF THE STANDBY CHARGE FOR ELIGIBLE MICROGRID DISTRIBUTED TECHNOLOGIES

The Center for Energy Efficiency and Renewable Technologies (CEERT) proposes the following modifications to the Findings of Fact, Conclusions of Law, and Ordering Paragraphs of the Proposed Decision Adopting a Suspension of the Capacity Reservation Component of the Standby Charge for Eligible Microgrid Distributed Technologies, mailed in R.19-09-009 (Microgrids), mailed on June 9, 2021 (Proposed Decision).

Please note the following:

- A page citation to the Revised Proposed Decision is provided in brackets for each Finding of Fact, Conclusion of Law, or Ordering Paragraphs for which a modification is proposed.
- Added language is indicated by **bold type**; removed language is indicated by **bold strike-through**.
- A new or added Finding of Fact, Conclusion of Law, or Ordering Paragraph is labeled as “**NEW**” in **bold, underscored** capital letters.

PROPOSED FINDINGS OF FACT:

12. [38] Unless a microgrid technology can: (1) prove, by manufacturer certification, that it has the capability **to** and **commits propensity to operate operating** using at least a 100 percent renewable fuel, like, but not limited to, renewable natural gas, biogas, or green hydrogen by December 31, 2030; (2) meet specified and independently verified performance standards; and (3) recertify on a quarterly basis that it continues to meet those performance standards, it does not provide sufficient value to the system to justify eligibility for suspension of the capacity reservation component of the standby charge.

PROPOSED CONCLUSION OF LAW:

5. [39-40] It is reasonable to limit eligibility for the suspension of the capacity reservation component of the standby charge to microgrid generation resources that prove, by manufacturer certification, that they have the capability **to operate and commit to** using at least a 100 percent renewable fuel like, but not limited to, renewable natural gas, biogas, or green hydrogen by December 31, 2030.

PROPOSED ORDERING PARAGRAPHS:

2. [42-45] Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall each file Tier 2 Advice Letters, within 90 days upon the effective date of this decision, that revise applicable retail tariff documents related to the provisions of standby service to comply with Section 3.2.2 of this decision. This includes revising all retail rate schedules, agreements, and forms to comply with Section 3.2.2 of this decision. The revisions to tariff documents included in this Tier 2 advice letter shall, in the appropriate documents:

- Define “Low Variability Microgrid Standby Customer” as a customer who operates a microgrid interconnected under Rule 21 and under a retail tariff with generation and storage resources that meet the following performance standards, including resources that use natural gas as a fuel, as:
 - Variability:
 - Capacity Factor is greater than 85 percent;
 - Availability is greater than 95 percent;
 - Median Negative Daily Variation in generation does not exceed 5 percent, as compared to the median actual generation of a 12-month period;
 - Emissions:
 - Non-renewable microgrid resources shall be certified pursuant to the California Air Resources Board (CARB) distributed generation program;

- Non-renewable resources have the technical capacity to operate **and commit to** using at least one renewable fuel, such as, but not limited to, renewable natural gas, biogas, and green hydrogen by December 30, 2030.
- Define the following terms:
 - Capacity Factor: ratio of energy actually produced by a generating unit to the maximum amount of energy it could produce over the course of a year;
 - Availability: the number of minutes a resource is producing electricity within 5 percent of its nameplate capacity divided by the total minutes in a year;
 - Median Negative Daily Variation in Generation: the median of all the differences between the average daily generation and the average annual generation that are less than zero; and
 - Non-renewable resources: resources that are not defined as renewable in the latest version of the California Energy Commission’s Renewables Portfolio Standard Eligibility Guidebook and the Overall Program Guidebook.
- Describe the documentation required for a customer to demonstrate eligibility for treatment as a Low Variability Microgrid Standby Customer, consistent with the following:
 - The microgrid customer must not be required to demonstrate how they would physically separate their system from the utility distribution system or reduce load in the event their on-site microgrid generators are unable to serve load and in order to prevent their load from being served by the utility distribution system and avoid overloading the utility system;
 - For demonstrating compliance with the availability criteria, utilities must accept credible, independent third-party initial bench test data or actual real-time operational performance data from substantially similar equipment at the time of interconnection application and actual real-time operating performance data documenting that the microgrid customer’s operation of the project continues to comply with the performance standard quarterly thereafter;

- For demonstrating compliance with the first emissions criterion, stated above, utilities must accept certification from CARB; and
- For demonstrating compliance with the second emissions criterion stated above, utilities must accept the manufacturer's credible documentation of the ability of the equipment to operate using one or more renewable fuels while meeting all applicable performance standards.
- Suspend the capacity reservation charge component, in its entirety, of all standby charges for all Low Variability Microgrid Standby Customers.
- Add a Demand Assurance Amount applicable to all Low Variability Microgrid Standby Customers, consistent with the following:
 - For capacity used in any month that exceeds the reservation capacity, an excess demand charge shall be imposed at two times the tariffed capacity reservation charge that would have applied in the absence of the waiver during the month that the reservation capacity was exceeded.
 - The utility shall set the capacity reservation amount at the maximum expected demand in excess of the demand regularly served by the utility based on the best available information. In determining the maximum expected demand, the utility should consider the documentation provided by the customer to satisfy the performance criteria required by this decision.
- All other terms and charges shall remain unchanged.