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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)

**MICROGRID RESOURCES COALITION OPENING COMMENTS IN RESPONSE TO
TRACK 4 PROPOSALS**

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I. Introduction

The Microgrid Resources Coalition (“MRC”) respectfully files its opening comments in response to party proposals pursuant to the Assigned Commissioner’s Amended Scoping Memo and Ruling on Microgrid Reliability for Track 4 (“Track 4 Scoping Ruling”) issued in the above captioned proceeding and the Administrative Law Judge’s Email Ruling on Potential Microgrid and Resiliency Solutions for Commission Reliability Action To Address Governor Newsom’s July 30, 2021 Proclamation of a State Of Emergency (“Emergency Action Ruling”). The MRC appreciates this opportunity to comment on proposals of the other parties made in this docket.

The MRC is a consortium of leading microgrid owners, operators, developers, suppliers, and investors formed to advance microgrids through advocacy for laws, regulations and tariffs that support their access to markets, compensate them for their services, and provide a level playing field for their deployment and operations. In pursuing this objective, the MRC intends to remain neutral as to the technology deployed in microgrids and the ownership of the assets that form a microgrid. The MRC’s members are actively engaged in developing microgrids in many regions of the United States including many who are actively engaged in microgrid development in California.¹ MRC members have also been operating sophisticated microgrids over an extended

¹ Members of the MRC include: Bloom Energy, Concord Engineering, eco(n)law, Emory University, Engie, Icetec, Mainspring Energy, Massachusetts Institute of Technology, Princeton University, Reimagine Power, Resilience Plus, Scale Microgrid Solutions, Schneider Electric, University of Missouri and the University of Texas at Austin. The MRC’s comments represent the perspective of the coalition and should not be construed as speaking for individual members.

period of time (some for over 30 years). They are at the cutting edge of microgrid technology.

The mission of the MRC is to promote microgrids as energy resources by advocating for policy and regulatory reforms that recognize and appropriately value the services that microgrids offer, while assuring non-discriminatory access to the grid for various microgrid configurations and business models. We generally support disaggregated, fair pricing for well-defined services both from the grid to microgrids as well as from microgrids to the grid. We promote community-based resilience standards and support utilities that are working toward new business models that value resilient distributed resources. We work for the empowerment of energy customers and communities.

II. Summary

In its initial responding to the Track 4 Scoping Ruling (Phase 1) and the Emergency Action Ruling, the MRC made two specific proposals. The first, primary proposal would create an emergency services tariff (**EST**) for existing and new microgrids that allows and compensates microgrids to provide specified, dispatchable capacity to the grid during emergency circumstances including a capacity shortfall. The second proposal would compensate microgrids that serve and provide resilience for critical facilities and would displace the need for backup diesel generation on the utility system. In this filing we are responding to the opportunity to comment on other parties' initial proposals.

In our response we:

- Support the thrust of the proposal of Southern California Edison (**SCE**) to support rapid expansion of behind-the-meter microgrids but question the proposed limitation to NEM eligible microgrids;
- View the proposal of Pacific Gas & Electric (**PG&E**) as based on misunderstandings of microgrids;
- Support multiple proposals for the reform of interconnection procedures for microgrids;
- Comment briefly on a handful of other proposals.

We ask the Commission to encourage the Utilities to support the expansion of all behind-the-meter

microgrids as a direct, effective way to meet the goals of the Governor’s Emergency Proclamation.

III. Utility Proposals

a. Southern California Edison

SCE, alone among the utilities, filed a proposal to expand and take advantage of the deployment of microgrids to address the state’s capacity shortfall.

“SCE proposes that the Commission focus on expediting smaller-scale single-customer behind-the-meter (BTM) distributed energy resources (DER) or microgrid projects that can be scaled across a larger population of customers to help achieve the capacity shortage mitigation goals of the Governor’s Proclamation.”²

The MRC strongly appreciates the spirit of the proposal and strongly agrees with SCE’s further acknowledgement that:

“[T]his proposal is only one of several actions that could be taken to support the potential 2022 capacity shortfalls. Given the summer 2022 and 2023 timeline, a multitude of diverse clean energy technologies and strategies will be needed to bring sufficient resources online to address future peak demand, including BTM DERs, IOU owned storage, and community microgrids.”³

As we discuss further below, we don’t agree that further improvements to rule 21 need not be made. We are also puzzled by SCE’s suggestion that, “the Commission require that new BTM resources use the at minimum of 75% of generating facility resource capacity to support the overall electric system as to prevent systems rotating outages.”⁴ We see no reason to constrain the engineering and financial planning for a new microgrid in this way. In our EST proposal, we suggested a minimum commitment of 200 kW (or one MW through an aggregation) principally for administrative convenience. If the economics of the microgrid suggests a smaller percentage commitment, it still helps to achieve the Governor’s goals. We suggest that the requirement should be a meaningful firm commitment. This suggestion may have assumed that the resources in question are batteries. The MRC does not support such a technology-based limitation and accordingly does not support a limitation to NEM resources.⁵

² SCE Proposal at 3.

³ SCE Proposal at 4.

⁴ SCE Proposal at 6.

⁵ As Enchanted Rock put it: “The Commission’s January 21, 2021, Decision Adopting Rates, Tariffs, and Rules Facilitating the Commercialization of Microgrids Pursuant to SB 1339 and Resiliency Strategies, directs the IOUs to

b. Pacific Gas & Electric

Unfortunately, PGE has submitted a proposal that appears to misunderstand both microgrids and the Governor's Emergency Proclamation. The Governor's proclamation is clearly addressed to securing additional generation and demand response to avoid capacity shortfalls. New behind the meter generation or demand reduction clearly serves this purpose. SCE's proposal emphasizes this, and PG&E's proposal acknowledges it when it touts its suggestions in Docket R. 13-11-005 (Energy Efficiency).⁶ Yet PG&E spends the bulk of its comment arguing that microgrids won't help alleviate PSPS events because they don't support substations.⁷ PG&E's statements about microgrids in this context are inaccurate, but more importantly they miss the point, which is to meet the larger grid needs by providing capacity.

PG&E's misunderstanding of microgrids is most in evidence in its comments related to islanding.⁸ The MRC agrees with PG&E (and SCE) that islanding, by itself, does not address capacity needs. It provides a sort of extreme demand response but is not necessary. PG&E's next statement is that "The generation resources associated with a microgrid must be sufficient, at a minimum, to meet the peak load of the customers served within the microgrid."⁹ Microgrids are sometimes designed to do this but in our experience it is rare. Microgrids are more often designed to island by a combination of internal load shedding and load shifting combined with enough generation to meet critical loads. They are deliberately not designed to have excess capacity, especially in states such as California where the regulatory environment makes exports difficult for many resources.¹⁰ While the great majority of microgrids are not designed to export, islanding an exporting resource would indeed result in a reduction of system capacity. However, the MRC's

take actions to form a new microgrid tariff. However, the applicability of this tariff only includes assets that are Net Energy Meter eligible (NEM) and project size limits adhering to the NEM eligibility standard. This limitation on eligibility is overly restrictive and inconsistent with the language in SB 1339 Section 8371(d), which states that separate rates and tariffs are to exclude the use of diesel or natural gas generation *except for natural gas generation that is a distributed energy resource* (emphasis added). Opening the microgrid tariff to a broad pool of microgrid alternatives to diesel fuel, will allow for a faster transition to clean, resilient microgrid solutions." Enchanted Rock Proposal at 5-6. *See also*, Unison Energy Proposal at 2.

⁶ PG&E Proposal at 4.

⁷ PG&E Proposal at 8, 9, 10, 11, 15.

⁸ PG&E Proposal at 7.

⁹ *Ibid.*

¹⁰ *See*, for example, the microgrid project cited by the Center for Sustainable Energy (CSE) to serve 40 percent of the load of Sonoma County Junior College District. CSE Proposal at 3.

proposal was specifically crafted to take advantage of both demand response and export capabilities on an equal basis. This is not an inherently difficult problem to solve.

PG&E's references to the Redwood Coast Airport Microgrid (**RCAM**) are also inapposite. RCAM is an interesting and valuable project, but it is a front-of-meter, community microgrid and a very rare microgrid that is intended to be a major exporter. Most microgrids, and all the microgrids that are the subject of MRC's (or SCE's) proposal are behind-the-meter. Single customer, behind-the-meter projects are the only ones realistically likely to be completed in time to meet the requirements of the Governor's proclamation.

A focus on front-of-meter microgrids also seems to affect PG&E's comments relating to prevention vs. mitigation.¹¹ A mid-feeder behind-the-meter microgrid does not cut off the feeder by islanding. Moreover, it would be irresponsible system architecture to create a multi-customer microgrid that could have that effect. A mid-feeder community microgrid would necessarily be designed to island without interrupting the feeder. This might be prohibitively expensive, but the alternative would unacceptably prejudice end-of-feeder customers.

PG&E further inaccurately dismisses the ability of microgrids to support substations. It assumes that a single microgrid would have to be sized to support the entire substation. It would be a more resilient solution to have multiple customer resources with aggregate capacity somewhat in excess of substation needs to together support a substation. When that can be accomplished primarily through customer investment, it is a win-win for all customers. The MRC supports efforts to sectionalize the grid to take advantage of local resources.

Finally, PG&E uses its proposal to attempt to relitigate the Commission's decision in Track 3.¹² PG&E was entitled to appeal that decision and did not choose to do so. The Commission should not entertain this collateral attack. We hope instead that the Commission will encourage PG&E to support its customers who wish to deploy microgrids to achieve urgently needed capacity improvements.

c. San Diego Gas & Electric

¹¹ PG&E Proposal at 4-5.

¹² D. 21-07-011, PG&E Proposal at 8.

San Diego Gas and Electric has used this opportunity to promote four specific rate-based projects. We have no comments on the merits of the particular projects, but we hope that Commission will also encourage SDG&E to support its customers to achieve bolder solutions.

IV. Proposals to Improve Interconnection

The MRC's EST Proposal included a suggestion to speed up interconnection for EST resources. The California Energy Storage Alliance (**CESA**), Green Power Institute (**GPI**) and Unison Energy (**Unison**) also made proposals in this regard. CESA made a proposal for increased interconnection staffing that details the interconnection issues experienced by storage installers.¹³ The GPI proposal makes detailed recommendations for interconnection timelines that deserve serious consideration.¹⁴ The Unison Proposal suggests expedited procedures for adding generation to existing microgrids.¹⁵ We also attach as Exhibit A to this filing a summary of a statement delivered to the Commission in Docket R. 13-11-005 by Margaret Miller, Government and Regulatory Affairs Director of our member Engie North America that documents the difficulties that a large sophisticated developer encounters in the interconnection process and makes recommendations for improvement. We hope these filings make it clear that interconnection delays – particularly for non-NEM resources – are a major impediment to achieving the goals of the Governor's proclamation. We urge the Commission to require increased staffing and transparency by the utilities and to impose binding timelines.

V. Certain other Proposals

a. Vote Solar Proposal

Vote Solar has submitted a proposal to promote installation of batteries at existing, unbuffered solar installations. The MRC strongly supports this objective. It would be generally consistent with our proposal and would have great benefits in mitigating the duck curve in non-emergency circumstances. It is for the Commission to determine if those benefits justify initial investment support. We do strongly suggest that there be a single dispatch and services payment

¹³ CESA Proposal at 8-10.

¹⁴ GPI Proposal at 2-5.

¹⁵ Unison Proposal at 3.

scheme for all customer resources that provide emergency capacity rather than different treatment of different technologies.

b. Los Angeles County Proposal

The MRC wishes to strongly support the proposal of Los Angeles County for a Regional Public Agency Microgrid Program.¹⁶ In our experience, programs operated by governmental agencies or independent nonprofit organizations that can act as trusted advisors and create scalable processes are extremely effective in advancing new clean energy technology. They work far better at getting customer buy-in than advertising programs.

c. Long Beach Proposal

The Long Beach Proposal makes a case for eliminating barriers in Rule 18/19 that prevent microgrids from reselling power in emergency conditions. This is consistent with our proposal's suggestion to relax limits on charging battery storage resources included in an EST microgrid. The MRC strongly urges the Commission to systematically review and eliminate similar restrictions that arbitrarily prevent microgrids from meeting grid needs for additional capacity.

VI. Conclusion

The MRC appreciates the opportunity to provide its comments on other parties' proposals in the expedited phase one of Track 4. We support the consolidation of many largely consistent but overlapping proposals for behind-the-meter microgrid assistance with the following principles in mind:

- Participating resources should commit specific dispatchable capacity to be eligible;
- Barriers to investment ranging from interconnection uncertainties to departing load charges to arbitrary Rule 18/19 limitations should be eliminated; and
- Microgrids that include any mix of CARB approved DER resources should be eligible on an equal basis so long as they have the technical ability to provide capacity.

¹⁶ Los Angeles County Proposal at 4.

The MRC also hopes that the Commission will encourage the utilities to engage in planning for and supporting this program. We look forward to continued collaboration with the Commission to reduce the capacity shortfall of California's energy system while making forward progress on the state's decarbonization, resilience, and equity goals.

Respectfully submitted,

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EXHIBIT A

Summary of Statement by Margaret Miller Government and Regulatory Affairs Director, Engie North America Originally provided to the Commission in Docket R. 13-11-005

The Commission should expedite Rule 21 project approvals by removing unnecessary application barriers and approving short-term staffing increases to review projects

- The Commission's Rule 21 Interconnection process has provided well documented improvements for allowing DER technologies to safely connect to the electricity grid and provide cost effective, clean energy to customers. Unfortunately, most project developers that have participated in the Rule 21 Tariff in California have encountered lengthy project reviews due to Investor-Owned Utility (IOU) required studies or system upgrades that can easily add six months or more to a project's construction time with often little clarity from any specific IOU on when project reviews will be completed. Since energy efficiency projects are often combined with other energy savings technologies such as solar and energy storage for customers to reap full benefits, ENGIE believes expediting Rule 21 interconnection is relevant in this context.
- As part of the Rule 21 Working Group efforts R.17-07-007 significant time and resources were spent on identifying improvements to the Rule 21 interconnection process that would be needed under the Rule 21 Tariff for each IOU. It was assumed these improvements would help developers like ENGIE streamline the interconnection process and provide more cost certainty to customers to ensure DER projects could be completed safely, cost effectively and on time.
- Unfortunately, there continue to be challenges with Utilities meeting established timelines defined in the Rule 21 tariffs especially as it pertains to portions of the process that require utility review and planned upgrades. When project review deadlines come and go, there is often little explanation as to why, and developers must chase down status. ENGIE along with other distributed energy resource developers currently have hundreds of projects under review that we believe could be expedited or at a minimum completed on schedule if IOU interconnection resources are increased. ENGIE has found consistently that when

utilities do provide a timeline, as they are required to do in each of their different Rule 21 Tariff rules, they respond the final day of the deadline and often do not respond at all unless ENGIE requests a response. In addition, when IOUs provide a timeline for a system upgrade on a project, timelines are frequently extended.

- Due to limited resources, the IOUs will divert resources from Rule 21 interconnection towards wildfires and other priorities which can create additional delays. This leaves IOUs working within a limited resource pool. As a result, project developers remain frustrated – having to send endless requests to the Utility for any information to provide to customers – and then may require elevating the request to the Commission or IOU management if no response is forthcoming.
- In accordance with the [Ruling], ENGIE recommends the Commission prioritize the following improvements to the Rule 21 process to ensure the many projects languishing under review are approved and operating by June 2022.
 - Add IOU staffing resources for project review immediately, even if only through summer of 2023. This can be provisionally approved as part of each IOU's next General Rate Case.
 - Provide explicit deadlines for IOUs to follow to comply with expedited project interconnection requests. Each IOU has general timelines that they may or may not meet depending on numerous offramps. The Commission should shorten study timelines, require IOUs to have a public website that shows the Commission and developer review deadlines and costs within 60 days of submitting a Rule 21 tariff application. If the Utility is late in the review deadlines, there should be a penalty unless it arises from very clear safety considerations.
 - Prioritize DER Rule 21 applications that clearly help meet state energy goals and/or that install microgrids and/or batteries paired with energy efficiency that will help meet the state's capacity energy needs by summer 2022 and beyond.
 - Require IOUs to assign interconnection managers by project with one manager overseeing large project with multiple related sites. Now, a different account manager, if there is one, is often assigned to each site location which can result in

multiple interconnection managers working on one school district's project on multiple campuses. While project managers are assigned for larger projects, there still seem to be challenges as issues travel through many utility departments with responses from different parties throughout the process. This further exacerbates project timelines and the ability of developers to track down project status. With larger projects that involve multiple sites, communication is even more challenging.

- Find ways customers can take on more Rule 21 responsibilities from the overburdened IOU staff. Low hanging fruit opportunities would be for customers to be able to manage meter installations and telemetry requirements on their own in accordance with IOU requirements and guidelines. This could further expedite timelines for project approval.