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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

**ASSIGNED COMMISSIONER'S
AMENDED SCOPING MEMO AND RULING
RESETTING TRACK 4**

This Amended Scoping Memo and Ruling (Amended Scoping Memo) sets forth the category, issues to be addressed, and schedule of the proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1. and Article 7 of the Commission's Rules of Practice and Procedure (Rules).

1. Procedural Background

In September 2019, the California Public Utilities Commission (Commission) opened this Order Instituting Rulemaking (OIR)¹ to facilitate the commercialization of microgrids and adopt resiliency strategies pursuant to Senate Bill (SB) 1339 (Stern, Stats. 2018, Ch. 566). SB 1339 requires the Commission, in consultation with the California Energy Commission (CEC), and the California Independent System Operator (CAISO), to take action to facilitate the commercialization of microgrids for distribution customers of large electrical corporations.

Components of microgrid commercialization are set by SB 1339, and must include: (1) rates, tariffs, and rules, as necessary; that (2) remove barriers for

¹ OIR Regarding Microgrids Pursuant to SB 1339 and Resiliency Strategies, September 12, 2019.

deploying microgrids across the large investor-owned utility service territories; (3) without shifting costs onto non-benefiting customers; and (4) prioritizing and ensuring worker, public, and the electric system's safety and reliability.

1.1. Track 1

Track 1 of this proceeding began in December 2019.² Through Track 1 of this proceeding, the Commission adopted Decision (D.) 20-16-017. D.20-16-017 satisfied many of SB 1339's requirements by requiring the following:

1. Permitting Requirements 8371, subdivision (a)
 - a) Required the 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.
2. Barrier Reduction 8371, subdivision (b)
 - a) Required the 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) 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

² December 4, 2019, Administrative Law Judge's (ALJ's) Ruling Noticing Microgrid Workshop.

gives information to support local community resiliency projects.

- f) Approved the Pacific Gas and Electric Company'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 for the period of 2020 through 2022 which includes 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 Company's (SDG&E) request to procure a local area distribution controller.
3. Rates and Tariffs 8371, subdivision (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, subdivision (e)
- a) Developed 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.

1.2. Track 2

Following the adoption of D.20-06-017 on June 17, 2020, Track 2 of this proceeding was initiated on July 3, 2020.³ Upon the resolution of Track 2, on January 21, 2021, the Commission issued D.21-01-018 that adopts rates, tariffs, and rules for facilitating the commercialization of microgrids pursuant to SB 1339. D.21-01-018 also adopts an interim approach for minimizing emissions from generation during transmission outages and a process for transitioning to clean temporary generation in 2022 and beyond. Specifically, D.21-01-018 orders the following primary actions from the state's large IOUs:

1. Southern California Edison Company (SCE) to revise its Rule 2 to permit installing added or special facilities microgrids.
2. SCE and PG&E to revise their Rules 18 and SDG&E to revise its Rule 19, to allow local government microgrids to service critical customers on adjacent parcels.
3. SCE, PG&E, and SDG&E to each create a renewable microgrid tariff that prevents cost shifting for their territories.
4. SCE, PG&E, and SDG&E to jointly develop a statewide Microgrid Incentive Program with a \$200 million budget to fund clean energy microgrids to support the critical needs of vulnerable communities impacted by grid outages and test new technologies or regulatory approaches to inform future action.
5. SCE, PG&E, and SDG&E to develop pathways for the evaluation and approval of low-cost, reliable electrical isolation methods to evaluate safety and reliability.

³ Assigned Commissioner's Amended Scoping Memo, July 3, 2020.

1.3. Track 3

Less than a month after the adoption of D.21-01-018, Track 3 of this proceeding was initiated on February 9, 2021. Upon resolution of Track 3, on July 15, 2021, the Commission adopted D.21-07-011 which suspends the capacity reservation component of the standby charge for eligible microgrid distributed technologies.

1.4. Track 4

1.4.1. Expedited Phase 1

One month after the adoption of D.21-07-011, on August 17, 2021, Track 4 of this proceeding was initiated with an expedited Phase 1, and a Phase 2. Expedited Phase 1 of this proceeding responded to Governor Gavin Newsom's July 30, 2021, Proclamation of a State of Emergency in response to the accelerating impacts of climate change in California.⁴ On December 2, 2021, the Commission adopted D.21-12-004 which adopted enhanced summer 2022 and 2023 reliability requirements for PG&E and SDG&E.

2. Issues for Phase 2 of Track 4 and Track 5

This proceeding's OIR states that many electricity customers are seeing the potential benefits of investing in their own distributed energy resources. The OIR also states that microgrids – as a distributed energy resource – may help electricity customers ensure: (1) their own level of reliability; manage their needs better; (2) act as an aggregated single entity to the distribution system operator; or (3) support California's policies to integrate a high concentration of distributed energy resources on the grid.⁵

⁴ Gavin Newsom, Proclamation of a State of Emergency, July 30, 2021, available at: [gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf](https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf)

⁵ OIR Regarding Microgrids Pursuant to SB 1339 and Resiliency Strategies at 3.

After considering the entirety of the record for this proceeding, I reset the next Phase of Track 4 and I also set Track 5 to scope the value of resiliency.

With respect to the value of resiliency, during the last few years, extreme weather events remind us, time and again, that we will face more intense and cascading climate events. These challenges repeatedly test the resiliency and adaptability of our communities, state, and our electrical grid yet, provide the opportunity to leverage resiliency measures to manage these energy resource challenges.

Consequently, as part of Track 5, this proceeding will assess the value of resiliency to inform investments in resiliency strategies. The analysis and measurement of resiliency's value may further our efforts to reach net zero emissions, expand investment in adaptive infrastructure and resiliency measures, while incorporating equity in grid planning.

2.1. Phase 2 of Track 4: Microgrid Incentive Program & Microgrid Multi-Property Tariff

The issues to be determined or otherwise considered are:

1. Microgrid Incentive Program
 - (a) Should the joint investor-owned utility (IOU) proposal for implementing the Microgrid Incentive Program pursuant to Ordering Paragraph 6 of D.21-01-018 be approved?
2. Microgrid Multi-Property Tariff: Guiding Principles
 - (a) What guiding principles (including those related to SB 1339 (2018, Stern), should the Commission adopt to assist in the development of a microgrid multi-property tariff?
3. Forming a Microgrid Multi-Property Tariff
 - (a) To protect the public interest, what information should a new multi-property microgrid tariff include? For example, should the microgrid multi-

property tariff include any of the following: (1) a description of the roles and responsibilities of participating entities; (2) configuration and technology eligibility; (3) mechanisms to ensure consumer and ratepayer protections; (4) mechanisms to prevent cost-shifting; (5) contractual obligations to ensure operational security and safety.

- (b) What terms and conditions should a new microgrid multi-property tariff include? For example, should the new tariff include: (a) a new rate schedule; (b) new contracts or agreements; (c) new electric rules.
- (c) What, if any, program elements or specific features should the Commission include in a new microgrid multi-property tariff?
- (d) What additional or enhanced consumer protections for customers taking service under the new microgrid multi-property tariff should be adopted by the Commission? What additional or enhanced consumer protections for ratepayers who are not participating should be adopted by the Commission?

2.2. Track 5: Value of Resiliency

The issues to be determined or otherwise considered are:

1. Economic and Equity Impacts
 - (a) Should the Commission require the utilities to assess the direct and indirect economic and equity impacts on customers experiencing major disruptive events that may impact delivery of energy services? If so, what elements and valuation attributes should be considered?
2. Resiliency Standards
 - (a) What standard definitions, metrics, tools, and/or methodologies should the Commission adopt for assessing the impacts of major disruptive events and evaluating the efficacy of ratepayer investments in mitigating those impacts?

3. Grid Planning and Investment
 - (a) How should the direct and indirect economic and equity impacts on customers experiencing major disruptive events that may impact delivery of energy services inform grid planning and investment decision making?
4. Coordination Across the Public Entities
 - (a) Should the Commission adopt or modify any rules or guidelines to enhance bi-directional, multi-jurisdictional collaboration between utilities, tribes, and government agencies on emergency plans, all-hazard mitigation plans, resiliency plans, or grid investments?
5. Environmental and Social Justice
 - (a) To what extent should resiliency valuation decisions explicitly support environmental and social justice communities, including the extent to which resiliency valuation could support achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

3. Need for Evidentiary Hearing

In the Rulemaking opening this proceeding, the Commission preliminarily determined that hearings are required.⁶ This Scoping Memo confirms that determination. However, hearings are deemed not necessary for Track 4.

4. Schedule

The following schedule is adopted here and may be modified by the assigned ALJ, as required, to promote the efficient and fair resolution of the rulemaking:

⁶ Commission OIR at 10, September 12, 2019.

Track 4 Phase 2 Schedule

Event	Date
Microgrid Incentive Program Implementation Plan, Public Workshop	October 26, 2021
Joint IOU Microgrid Incentive Program Implementation Plan, filed and served	December 3, 2021
Opening Comments on the Joint IOU Microgrid Incentive Program Implementation Plan, filed and served	January 14, 2022
Reply Comments on the Joint IOU Microgrid Incentive Program Implementation Plan, filed and served	January 28, 2022
ALJ Ruling with Staff Proposal, filed and served	February 2022
Comments on the Staff Proposal, filed and served	March 2022
Reply Comments on the Staff Proposal, filed and served	March/April 2022
Proposed Decision	Released in accordance with the Rules
ALJ Ruling: Draft Multi-Property Microgrid Tariff Guiding Principles	June 2022
Opening Comments on Multi-Property Microgrid Tariff Guiding Principles, filed and served	July 2022
Reply Comments on Multi-Property Microgrid Tariff Guiding Principles, filed and served	July 2022
ALJ Ruling: Guidance to Parties on Submittal of Microgrid Multi-Property Tariff Proposals	August 2022
Stakeholder Proposals for Microgrid Multi-Property Tariff, filed and served	August 2022
Public Workshop: Stakeholder Presentation on Microgrid Multi-Property Tariff Proposals	September 2022

Event	Date
Opening Comments to Stakeholder Microgrid Multi-Property Tariff Proposals, filed and served	September 2022
Reply Comments to Stakeholder Microgrid Multi-Property Tariff Proposals, filed and served	October 2022
ALJ Ruling with Energy Division Staff Proposal for Microgrid Multi-Property Tariff	Late October 2022
Energy Division Public Workshop on Multi-Property Tariff	November 2022
Opening Comments to Energy Division Staff Proposal for Microgrid Multi-Property Tariff, filed and served	November 2022
Reply Comments to Energy Division Staff Proposal for Microgrid Multi-Property Tariff, filed and served	November 2022
Proposed Decision	Released in accordance with the Rules

Track 5 Schedule

Event	Date
Economic & Equity Impacts of Large Disruptions, public workshop(s)	Quarter 2, 2022
Definitions, Metrics, Tools, and Methods, public workshop(s)	Quarter3, 2022
Informing Grid Planning, public workshops	Quarter 4, 2022
Staff Proposal	Quarter 1, 2023
ALJ Ruling Establishing 2023 Scheduling & Activities	Quarter 1, 2023

This proceeding will exceed the eighteen-month 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 this proceeding within 36 months of the date of this Scoping Memo. The Commission will make every

effort to expedite the schedule for addressing all items within the scope of this proceeding.

The ALJ may revise the schedule when more information is available. The ALJ may modify the schedule or require more evidence or argument, as necessary. In addition, there may be public 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 and *Ex Parte* Restrictions

This ruling confirms the Commission's preliminary determination⁷ that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Rules.

6. Public Outreach

Pursuant to Pub. Util. Code Section 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 business that subscribe to it and posted on the Commission's website.

7. Intervenor Compensation

Pursuant to Public Utilities Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation by January 18, 2022, 30 days after the issuance of this Amended Scoping Memo.

⁷ OIR at 10.

8. Response to Public Comments

Parties may, but are not required to, respond to written comments received from the public. Parties may do so by posting such response using the “Add Public Comment” button on the “Public Comment” tab of the online docket card for the proceeding.

9. 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 1-866-849-8390 or 1-866-836-7825 (TTY), or send an e-mail to public.advisor@cpuc.ca.gov.

10. Filing, Service, and Service List

The official service list has been created and is on the Commission’s website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission’s Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.

When serving any document, each party must ensure that it is using the current official service list on the Commission’s website.

This proceeding will follow the electronic service protocol set forth in Rule 1.10. All parties to this proceeding shall serve documents and pleadings using electronic mail, transmitted no later than 5:00 p.m., on the date scheduled for service to occur.

When serving documents on Commissioners or their personal advisors, and the assigned ALJ, whether 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 or the assigned ALJ unless specifically instructed to do so.

Persons who are not parties but wish to receive electronic service of documents filed in the proceeding may contact the Process Office at process_office@cpuc.ca.gov to request addition to the “Information Only” category of the official service list pursuant to Rule 1.9(f).

The Commission encourages those who seek information-only status on the service list to consider the Commission’s subscription service as an alternative. The subscription service sends individual notifications to each subscriber of formal e-filings tendered and accepted by the Commission. Notices sent through subscription service are less likely to be flagged by spam or other filters. Notifications can be for a specific proceeding, a range of documents and daily or weekly digests.

11. Receiving Electronic Service from the Commission

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive e-mails from the Commission. Please add “@cpuc.ca.gov” to your e-mail safe sender list and update your e-mail screening practices, settings and filters to ensure receipt of e-mails from the Commission.

12. Assignment of Proceeding

Genevieve Shiroma is the assigned Commissioner and Colin Rizzo is the assigned Administrative Law Judge for the proceeding.

IT IS RULED that:

1. The scope of this proceeding is described above and is adopted.
2. The schedule of this proceeding is set forth above and is adopted.
3. Evidentiary hearing is not needed.
4. The category of the proceeding is ratesetting.

This order is effective today.

Dated December 17, 2021, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma
Assigned Commissioner