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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

IN AM

R1909009

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

Rulemaking 19-09-009

**ADMINISTRATIVE LAW JUDGE'S RULING REQUESTING COMMENT ON
THE MICROGRID INCENTIVE PROGRAM STAFF PROPOSAL**

Summary

This ruling seeks comment from interested parties on the attached staff proposal titled, "Staff Proposal for Microgrid Incentive Program Plan Implementation" (Staff Proposal). Parties who wish to provide formal comments in response to this ruling must file and serve them no later than Friday, August 5, 2022. Reply comments must be filed and served by no later than Friday, August 19, 2022.

1. Background

On December 3, 2021, pursuant to Ordering Paragraph 6 of Decision (D.) 21-01-018, Pacific Gas & Electric Company (PG&E), San Diego Gas and Electric Company (SDG&E), and Southern California Edison Company (SCE) (collectively, the Joint IOUs) submitted their Joint Microgrid Incentive Program (MIP) Implementation Plan. D.21-01-018 held that the MIP is a targeted program to:¹

¹ D.21-01-018 at 64.

- Advance microgrid technology for climate response resiliency;
- Advance system benefits of microgrids equitably to disadvantaged vulnerable populations, for the purpose of public health, safety, and welfare;
- Alleviate the potential that existing inequities would worsen for counties hardest hit by climate change and de-energization impacts with already vulnerable populations and too few ratepayers; and
- Inform future regulatory action to the benefit of all customers.

Additionally, at a minimum, D.21-01-018 requires the MIP to include the following:²

- Description of the program administrator's reporting requirements and timeline, such as program status reports, project status reports, and quarterly budget status reports;
- Discussion of the approach for allocating program funding amongst the individual investor-owned utilities (IOUs);
- Discussion of the accounting treatment and ratemaking, such as specification that the program may only recover costs once expenditures have been incurred and may not be proactively collected;
- Discussion of the method used to control program administrative expenses, such as implementing a cap on overhead of not more than 10 percent of the total project cost;
- Development of a program delivery plan handbook as a resource for potential participants;
- Description of approach for program evaluation;

² *Id.* at 61.

- Description of the public workshops that were convened, including but not limited to the number and type of participants, and their inputs in the discussions; and
- Authorize PG&E to propose changes to its Community Microgrid Enablement Program that may be necessary to integrate that Program more fully with the MIP.

By order of this ruling, the Commission seeks comment from interested parties on the attached Staff Proposal. The Staff Proposal is designed to augment the existing Joint IOU MIP Implementation Plan. The Staff Proposal is *not* (emphasis added) designed to supersede the Joint IOU MIP Implementation Plan. A subsequent Commission decision in this proceeding may adopt any or all elements of both the Joint IOU Implementation Plan and the Staff Proposal.

Parties who wish to provide formal comments in response to this ruling must file and serve them no later than Friday, August 5, 2022. Reply comments must be filed and served by no later than Friday, August 19, 2022.

2. Request for Formal Comment

To guide parties' and the Commission's review of the material, this ruling directs parties to discuss their positions to the Staff Proposal's recommendations in response to the questions below. When responding to the questions below, parties shall organize and submit their comments in a common outline form, following the same order in which the issues and questions are presented in this ruling.

2.1. Questions

The Staff Proposal presents a variety of recommended actions that modify or augment the Joint IOU's MIP Implementation Plan. Parties are directed to respond to the specific questions below. If applicable, describe any specific

changes to the recommendations in the Staff Proposal that may enhance desirability or offer ease in administrative implementation.

2.1.1. Proposal 1: Provide Additional Information, Maps, and/or Tools for Identifying Feasible Microgrid Projects

The Staff Proposal recommends requiring the IOUs to share additional information to help project developers identify when a microgrid is a reasonable solution to fit a solution or develop a heat map identifying key locations where utilities expect continued grid outages in the coming decades, or to pilot the Resilience Node Cluster Analysis Tool. The Staff Proposals offers three options and recommends adopting Option 2. Parties are directed to discuss the following issues:

1. In addition to the IOU technical consultation, is the documentation described in Option 1 useful or redundant? Please discuss.
2. Should the IOUs be instructed to provide educational and informational material like Option 1? Please discuss.
3. In addition to the content proposed in Option 1, is there any other documentation that would be useful to prospective applicants? Please discuss.
4. Under Option 2, what are the other layers that might be most useful? Please discuss.
5. Would the maps or tools identified in Option 2 assist in identifying communities most impacted by grid outages as well as the communities that would take the longest to recover from grid outages? Please discuss.
6. Would maps or tools identified in Option 2 be helpful in identifying where microgrids may be effective mitigations for grid outages? Please discuss.
7. Are there other maps or tools that parties can identify that could be used in lieu of Option 3, to identify areas are

impacted by social burdens of grid outages? Please discuss.

8. Should the Commission instruct the IOUs to collaborate with Sandia National Labs in demonstrating the application of the tool described in Option 3, for evaluative and demonstration purposes only? Please explain.

2.1.2. Proposal 2: Specify Applicant Eligibility Criteria and Assess Long-Term Project Financial Viability

The Staff Proposal contemplates that the IOUs ought to specify additional applicant eligibility criteria to screen MIP applicants for financial need, as well as screen projects for long-term financial feasibility. The Staff Proposal strives to clarify applicant eligibility criteria to target funding for applicants with a low ability to afford community microgrid projects as intended by D.21-01-018. The Staff Proposal offers two options.

Option 1 contemplates a screening process for applicant financial need and for projects that have business plans demonstrating the community microgrid project has long-term financial feasibility and provisions to protect against the risk of abandoned projects. Option 2 would take no action. The Staff Proposal recommends Option 1. Parties are directed to discuss the following issues:

1. Should the Commission adopt Option 1? Please discuss.
2. Should the Commission direct the joint IOUs to modify their MIP Implementation Plan to require additional information to screen or restrict types of applicants? Please discuss.
3. If the Commission adopts Option 1, what other forms of documents are sufficient for justifying financial need? Please discuss.
4. If the Commission adopts Option 1, should the business plan be mandatory or optional? Please discuss.

5. How should the scoring be modified to accredit the MIP Applicant for an optional business plan? Please discuss.
6. How should the Commission and stakeholders protect ratepayers from risk that funds being appropriated to projects that more likely than not, have no long-term financial viability? In other words, how should ratepayers be protected from exposure to wasteful project expenditure? Please discuss.
7. If the Commission adopts Option 1, would the MIP Applicant be required to re-pay the grant funding in event of project abandonment? If so, how should the repayment be secured?

2.1.3. Proposal 3: Justification for Critical Energy Resilience Need

The Staff Proposal recommends awarding additional points to projects when a project applicant can describe how it serves a critical energy resiliency need identified within regional community plans. The Staff Proposals offers two options and recommends Option 2.

First, Option 1 requires the IOUs to modify their scoring criteria. This would require the IOUs to include additional points for applicants who can provide supporting documentation that their project increases electricity reliability and resiliency in communities that may be at higher risk of electrical outages from a high hazard event. Option 2 recommends no action. Parties are directed to discuss the following issues:

1. Should the Commission adopt Option 1? Please discuss.
2. If the Commission adopts Option 1, are there other forms of acceptable documents that will achieve the same goal?
3. If the Commission adopts Option 1, how many additional points should be added? Please discuss.

2.1.4. Proposal 4: Scoring Criteria Modification

The Staff Proposal contemplates reconsidering the scoring prioritization method proposed by the joint IOUs. The current implementation plan proposes a scoring prioritization method based on several benefit categories, sub-categories, and weightings.

Some stakeholders argue that benefit categories may arbitrarily be assigned point thresholds that may limit project competitiveness. Given this stakeholder reaction, the Staff Proposal offers two options. Option 1 would require joint IOUs to modify scoring criteria to adjust benefits to customers, expand consideration for different sized projects, and impact to the environment. Option 2 would make no changes. The Staff Proposal recommends Option 2.

1. Should the Commission adopt Option 2? Please discuss.
2. If the Commission adopts Option 1, how should the benefit categories, benefit points, and point caps be re-distributed?

2.1.5. Proposal 5: Leveraging Other Public and/or Private Funding Partnerships

The Staff Proposal recommends leveraging external public and/or private partnerships would help distribute D.21-01-018's \$200M grant funding across the greatest number of projects. The current implementation plan scoring criteria does not assign additional points for projects that leverage multiple funding sources. The Staff Proposal offers two options to encourage public/private partnerships. The Staff Proposal recommends Option 3.

First, Option 1 requires the IOUs to include a list of external grant sources in the MIP Handbook, program website and other outreach efforts, so project developers have external resources readily available. Second, Option 2 recommends taking no action. Finally, Option 3 requires the IOUs to modify the scoring criteria to include additional points for project developers who can

demonstrate that they leveraged other grant funding sources. For project developers that were denied grant funding from their city council, county board of supervisors, or state or federal funding, points would be designated in recognition for good faith efforts. Parties are directed to discuss the following issues:

1. Should the Commission adopt Option 3? Please discuss.
2. Should the IOUs or the CPUC provide a clearinghouse of available grant funding sources? Please discuss.
3. Is there a compendium or clearinghouse of available grant funding opportunities maintained by a local jurisdiction, state, or federal agency that could be publicized with the MIP webpage materials? Please discuss.
4. Are there additional programs and funding sources the MIP can leverage? Please discuss.
5. Is the documentation defined for demonstrating a good-faith effort necessary and sufficient? If not, what other recommendations should the Commission consider?
6. If the Commission adopts Option 3, should a sliding scale be used to determine how many additional points are needed to modify the scoring criteria for applicants who can demonstrate they leveraged other grant funding sources? Please discuss.
7. How many points should the Joint IOU scoring criteria award for the good-faith effort? Please discuss.
8. Should the scoring for good-faith effort be a sliding scale based on funding need? Please discuss.
9. If the Commission does not adopt Option 3, what tools can it or the IOUs use to advance leveraging alternative funding? Please discuss.

2.1.6. Proposal 6: Community Engagement for Project Solicitation

The Joint IOU Implementation Plan states that each utility would present project prioritization results to the Disadvantaged Communities Advisory Group (DACAG). The Staff Proposal recommends the Commission adopt the Joint IOU Implementation Plan with modification to this element to clarify the role and intended level of DACAG involvement. The Staff Proposal offers two options and recommends Option 1. Parties are directed to discuss the following issues:

1. Should the Commission adopt Option 1? Please discuss.
2. What authority should the DACAG have in the event there is disagreement in ranking between the DACAG and the utility as program administrator? Please discuss.
3. If the Commission adopts Option 1, and should any disagreements arise between the DACAG and the program administrators, how should disagreements be reconciled? Please discuss. When describing your recommendation, frame the recommendation so it embodies a theme of consensus building.

2.1.7. Proposal 7: Dispute Resolution

The Staff Proposal recommends that the Joint IOUs identify a potential dispute resolution process for situations where there is a difference in opinion between a project applicant and the program administrator. The Staff Proposal offers two options. Option 1 contemplates the IOU development of a process within the MIP Handbook to resolve disagreements. Option 2 contemplates no dispute resolution process. The Staff Proposal recommends Option 1. Parties are directed to discuss the following issue:

1. Should the Commission adopt Option 1 or Option 2? Please discuss. When answering, please discuss the benefits and drawbacks for both Option 1 and Option 2.

2.1.8. Proposal 8: Leftover Funding

The Staff Proposal recommends that the Joint IOU Implementation Plan should be revised to address what should be done with unused program funding at the end of the MIP. The Staff Proposal offers two options. Option 1 recommends modifying the Implementation Plan to allow a utility to file a Tier 1 Advice Letter to reallocate unused program funding to another customer resiliency project program. Option 2 would make no changes to the Joint IOU Implementation Plan. Staff recommends Option 1. Parties are directed to discuss the following issues:

1. Should the Commission adopt Option 1. Please discuss.

IT IS RULED that:

1. The Energy Division Staff Proposal titled “Staff Proposal for Microgrid Incentive Program Plan Implementation,” attached to this ruling, is hereby entered into the formal record of this proceeding.

2. Parties who wish to provide formal comments in response to this ruling must file and serve them no later than Friday, August 5, 2022. Reply comments must be filed and served by no later than Friday, August 19, 2022.

3. When responding to the questions presented in this ruling, parties shall organize and submit their opening and reply comments in a common outline form, following the same order in which the issues and questions are presented in this ruling.

Dated July 6, 2022, at San Francisco, California.

/s/ COLIN RIZZO

Colin Rizzo
Administrative Law Judge

**STAFF PROPOSAL
ATTACHMENT**

Staff Proposal for Microgrid Incentive Program Implementation Plan

Purpose: This document provides staff's recommendations for changes and clarifications to the Microgrid Incentive Program (MIP) Implementation Plan proposal submitted by SDG&E, SCE, and PG&E on 12/03/2021 based on staff research and comments received from parties. Energy Division offers this proposal based on stakeholder comments and staff research. Staff provides seven proposals:

- Proposal 1: Provide Additional Information, Maps, or Tools for Identifying Feasible Microgrid Projects
- Proposal 2: Specify Applicant Eligibility Criteria and Assess Long-term Project Financial Viability
- Proposal 3: Justify Critical Energy Resilience Need
- Proposal 4: Modify the Scoring Criteria
- Proposal 5: Leverage Other Public and/or Private Funding Partnerships
- Proposal 6: Engage the Community on Project Selection
- Proposal 7: Track Disputes
- Proposal 8: Address Leftover Funding

Format: Each proposal is presented in order, using the following format:

1. Overview
2. Proposal Options
 - Option #1
Rationale
 - Option #2
Rationale
3. Staff Recommendation

Proposal 1: Provide Additional Information, Maps, or Tools for Identifying Feasible Microgrid Projects.

OVERVIEW: Parties have commented that many public agencies and organizations do not have the internal resources or prerequisite knowledge to begin identifying or qualifying what microgrid projects would be eligible under MIP.

The Joint IOUs outline a five-stage lifecycle process for the MIP including **Stage 1: MIP Community Outreach** and **Stage 2: Consultation and Application**. They acknowledge the need to make concerted efforts to raise awareness and promote engagement by disadvantaged and vulnerable communities in the MIP. Within Stage 2, the initial resilience consultation begins. The MIP Applicant attends a resilience solution evaluation with the utility. Stakeholders expressed concern that to properly engage, DVC communities, tribal governments, or DVC local governments may first need funding to seek professional

technical expertise and support to consider projects and to apply for grant funding. Optionally, the MIP Applicant may apply at the end of Stage 2 for a one-time \$25,000 application development grant.¹

Staff understands that the Joint IOUs emphasize the consultative process as an effective way to assist prospective applicants in identifying feasible microgrid projects. While staff does not disagree that the consultative process is a faster and more effective way, below are proposal options to help give a better understanding to potential applicants.

PROPOSAL OPTIONS:

Option 1: Require the IOUs to develop documentation and guides that help potential applicants understand when a microgrid is an appropriate solution to their needs. This could include checklists and other simple steps to help jurisdictions that may require more direction in selecting appropriate resiliency solutions. The documentation should also summarize the purpose, scope, and applicability of the program, including summaries of the MIP program guidelines, funding availability, eligibility and scoring criteria, and engagement best practices to give applicants a clear picture of what is covered under MIP. The guides should be made available electronically and should be referenced in public outreach surrounding the program. These guides should be written for a non-technical audience and should be succinct and easily digestible. The IOUs should look to PG&E's Community Microgrid Enablement Program website and associated documentation as a good example to use when developing these guides.²

Rationale: Development of this documentation will allow less resourced communities to better understand in what scenarios a microgrid might be an appropriate solution and whether MIP is the correct program through which they should seek funding. Dissemination of these guides will allow communities interested in the program to better understand their options and better engage with the IOUs during technical consultations.

Option 2: Require the IOUs to develop a heat map identifying key locations where the utilities expect there to be continued grid outages in the coming decade. This should be based on current analyses (i.e., PSPS 10-year Historical Lookback, annual reliability reports), and planned mitigations. This would be a preliminary map, not used to assess projects but used as a general indicator for all interested parties of where microgrid projects might be most effective in mitigating continuing grid outages. This map would include data on grid circuits with repeated reliability issues (for example, circuits that repeatedly appear among the 'worst performing circuits' in annual reliability reporting) and areas expected to face PSPS events with safe-to-energize load. The utilities are encouraged to add additional data and layers to the map as they find appropriate.

Rationale: The ability to review maps and other information of whether a proposed location would be optimal for a microgrid will assist local jurisdictions and communities determine whether they should pursue a MIP application.

¹ Joint IOU Pleading, 12/3/2021, at page 20. The Implementation Plan specifically states, "The Grant will be provided to eligible DVC MIP Applicants who submit a MIP Application that meets the eligibility requirements and request a Grant along with their Application Incentive Request (AIR). The Grants, if requested, will be paid to the requesting DVC-eligible MIP Applicants following confirmation of eligibility (refer to Step 6). This means the MIP Applicant will need to self-fund the Grant amount until receipt of the Grant.

² [Community Microgrid Enablement Program \(CMEP\) \(pge.com\)](https://www.pge.com)

Option 3: Require the IOUs to pilot the application of the Resilience Node Cluster Analysis Tool (ReNCAT) tool.³ This tool, discussed in the Resiliency and Microgrids Working Group June 17, 2021, meeting,⁴ would be used as an evaluative tool to indicate where higher levels of social burden imposed by electrical outages is distributed, thus providing some insight to communities where microgrid projects could be most effective at reducing the social burden. Social burden in this context is defined as how much time and money people are spending to get their basic needs met during grid outages. Obtaining this data layer may require IOUs to collaborate with Sandia National Laboratory to run the ReNCAT tool together with University at Buffalo's associated survey mechanisms to baseline the social burden metric and the resilience needs of communities and specifically how these needs depend on electric power.⁵ The tool would be run as an evaluative resource only, as a pilot to learn more about how this tool can provide insight into where the siting of microgrids might be able to reduce a community's social burden.

Rationale: The ability to review maps and other information of whether a proposed location would be optimal for a microgrid will assist local jurisdictions and communities determine whether they should pursue a MIP application. A data layer indicating where the siting of a microgrid could reduce the social burden impacts of electrical disruption especially of long duration, would provide insight to local jurisdictions and communities whether and where a microgrid would provide resilience with equity concerns considered, and thus whether they should pursue a MIP application.

STAFF RECOMMENDATION: Staff recommends Option 2. Staff prefers Option 2 because utilities may have information or expertise that could guide communities to proposed locations that may be optimal sites for microgrids. Utilities may be positioned to share impacts including meteorological data, electric reliability performance of circuits, capital investment plans for system hardening, distribution resource planning or wildfire mitigations.

Under Option 1, while Staff feel that development of program documentation and guides will be useful to applicants throughout the process in the future, Staff feels that the priority should be development of the heat maps proposed in Option 2 to give prospective applicants a better understanding of potential project locations per the project criteria presented as part of the plan.

While Staff sees Option 3 as an important data layer that could greatly inform communities applying for the MIP, Staff believes further stakeholder educational engagement in a workshop on this topic and tool is vital. While it could be run as a pilot on smaller geographical areas such as a county in an IOU territory, this added evaluative information might be perceived as an advantage of one area over another in the application process. Thus, it would be more advantageous to run the tool over a full IOU territory. Staff sees the value of the resulting data layer as being applicable in future versions of MIP, should the program continue.

³ Wachtel, Melander. "Measuring Social Infrastructure Service Burden" (February 2022).

⁴ [20210617vorpillar3resilscorerencatpresentation.pdf](https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/resiliency-and-microgrids/resiliency-and-microgrids-events-and-materials), retrieved from <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/resiliency-and-microgrids/resiliency-and-microgrids-events-and-materials>

⁵ Spierre Clark, Susan, et.al. "Operationalizing the Capabilities Approach in the Context of Disaster Resilience: Measuring the Social Burden of Infrastructure Disruptions", downloaded from https://www.researchgate.net/publication/353244071_Operationalizing_the_Capabilities_Approach_in_the_Context_of_Disaster_Resilience_Measuring_the_Social_Burden_of_Infrastructure_Disruptions

QUESTIONS TO INCLUDE IN THE RULING:

- Would the documentation described in Option 1 be necessary in addition to the technical consultation provided by IOUs?
- Should the IOUs be instructed to provide educational and informational material like Option 1?
- In addition to what was proposed in Option 1, is there any other documentation that would be useful to prospective applicants?
- Under Option 2, what are the other data layers that might be most useful?
- Would the maps or tools identified in Option 2 assist in identifying communities most impacted by grid outages and the communities that would take the longest to recover from grid outages?
- Would maps or tools identified in Option 2 be helpful in identifying where microgrids may be effective mitigations for grid outages?
- Are there other maps or tools that Parties can identify that could be used in lieu of Option 3, to identify areas are impacted by social burdens of grid outages?
- Should the Commission instruct the three IOUs to collaborate with Sandia National Labs in demonstrating the application of the tool described in Option 3, for evaluative and demonstration purposes only? Please explain.

Proposal 2: Specify Applicant Eligibility Criteria and Assess Long-term Project Financial Viability

OVERVIEW: If adopted, the Implementation Plan may result in distributing grant funding to applicants who have other financial means to cover the community microgrid project investment expenses. That consequence would be contrary to the Commission’s vision that the Microgrid Incentive Program would support the ability of communities with a lower ability to fund development of backup generation to maintain critical services during grid outages.⁶ The Implementation Plan identified project eligibility criteria but did not specify applicant eligibility criteria. The existing plan does not evaluate the financial need of the applicant. Furthermore, the MIP Project Proposal does not require the applicant to describe the long-term project financial viability, which may pose unnecessary financial risk to the investment of ratepayer funding. Proposal 2 strives to clarify applicant eligibility criteria to target funding for applicants with a low ability to afford community microgrid projects as intended by D.21-01-018.

PROPOSAL OPTIONS:

Option 1: Require the Joint IOUs to modify the Implementation Plan to require them to screen MIP applicants for financial need and screen projects for long-term financial feasibility. The modifications would address the following changes:

- a) Discern whether the MIP Applicant has a low ability to afford a community microgrid project by requiring the MIP Applicant to supply documents justifying the financial need. This gap could be addressed by defining specific applicant eligibility verification criteria involving submittal of a financial statement or an affidavit regarding the unavailability of unassigned sources of capital investment budget for city, county, and tribal applicants.

⁶ D.21-01-018, issued 1/21/2021 Finding of Fact 26 at p. 104. “A clean energy microgrid incentive program supports the ability of communities with a lower ability to fund development of backup generation to maintain critical services during grid outages.

- b) Provide additional points for projects that have provided business plans demonstrating long-term financial feasibility of community microgrid projects. The Implementation Plan would require the applicant to provide a business plan. The business plan would include a budget and identify how the applicant forecasts it would cover ongoing recurring operation and maintenance expenses and capital replacement costs over the microgrid project lifecycle.
- c) Identify how the Joint IOUs will manage or control the risk of abandoned projects through specific terms and conditions governing the business relationship with the MIP Applicant once the MIP grant funding is distributed.

Rationale: By requiring the applicant to submit a business plan for long-term financial feasibility, ratepayers may have added assurance that the community microgrid would be sustainable over the long-term. Furthermore, providing information to help screen MIP applicants would serve the public interest by restricting grant funding distributions to applicants who clearly demonstrate they have a financial need because they have a low ability to afford a community microgrid project.

Option 2: No action. IOUs are not required to modify the Joint IOU Implementation Plan to screen MIP applicants for financial need nor to screen projects for long-term financial viability.

Rationale: The existing implementation application and screening process is sufficient. The authorizing decision did not mandate the MIP to provide these program features. By focusing eligibility criteria on the project, the Implementation Plan enables applicants to be local jurisdictions, tribal government, individuals, or entities, without restriction. Requiring additional screening processes may dissuade applicants from applying, and present bureaucratic barriers that may hinder participation by disadvantaged and vulnerable communities for whom this program is designed.

STAFF RECOMMENDATION: Staff recommends Option 1 because it comports more closely to the Commission's objective of advancing system benefits of microgrids equitably to disadvantaged and vulnerable populations, for the purpose of public health, safety, and welfare. The Staff is interested in stakeholder feedback on this proposal because a guiding principle used during the Workshop series was to provide an easy to implement application process and focus on supporting communities to build microgrid projects.

QUESTIONS TO INCLUDE IN THE RULING:

- Should the Commission adopt Option 1? Explain your answer.
- Should the Commission direct the joint IOUs to modify the MIP Implementation Plan to require additional information to screen or restrict types of applicants?
- If the Commission adopts Option 1, what other forms of documents are sufficient for justifying financial need?
- Would adopting Option 1 impose significant barriers from participation of disadvantaged and vulnerable communities, tribal governments or local governments? Explain your answer.
- Do the Joint IOUs have sufficient authority to implement Option 1?
- Should the Joint IOUs evaluate the justification for financial need? Explain your answer.
- Should some other entity or method be used to establish validity of financial need? Explain your answer.
- If the Commission adopts Option 1, should the business plan be mandatory or optional?
- How should the scoring be modified to accredit the MIP Applicant for an optional business plan?
- How can ratepayers be shielded from the risk that ratepayer funds may be used for abandoned projects that may not have long-term financial viability to support recurring operations and maintenance expenses and periodic capital investment expenditures?

- If the Commission adopts Option 1, would the MIP Applicant be required to re-pay the grant funding in event of project abandonment? If so, how should the repayment be secured?

Proposal 3: Justify Critical Energy Resilience Need.

OVERVIEW: During the workshops, stakeholders discussed their perceptions that community members face a lack of representation by some governmental entities. And tribal governments may experience a lack of being recognized or eligibility to apply for utility programs. These experiences result that some community members feel excluded from local decisions and seek access to these MIP grant funds.

Communities are presently engaged in protecting residents from risks of electric power disruption due to storms, natural disasters, and man-made events. They increasingly are focusing upon energy resilience planning through the existing hazardous mitigation planning and climate adaptation planning initiatives. Below are examples of the efforts underway at the federal, state, and local government level. The MIP project should complement and be aligned with those plans.

- The President of the United States established a program to provide technical and financial assistance to state and local governments to develop cost effective hazardous mitigation measures to reduce injuries, loss of life, and damage or destruction of property including critical facilities.⁷
- California has stepped up its emergency preparedness planning through the pre-disaster hazard mitigation planning processes promulgated by the Disaster Mitigation Act of 2000.⁸
- Within the pre-disaster mitigation planning process, the local jurisdictions determine where their communities are at risk of electric power disruption whether it is from storms, rising sea levels, tsunamis, earthquake, landslide, mudslide, snowstorm, or drought.
- The California Government Code sections related to planning and land use mandate local jurisdictions to consider vulnerability to climate change⁹, risks of natural hazards,¹⁰ and other planning considerations.¹¹
- The California Emergency Services Act¹² requires the State and its political subdivisions to make effective use of all manpower, resources, and facilities for dealing with any emergency that may occur.
- California's legislature, in SB 160 – Emergency Services: Cultural Competence (Jackson, 2019) mandates that emergency plans must reflect and integrate the needs of all of California's diverse population to avoid disproportionate impacts to some of its most vulnerable communities.¹³

⁷ Stafford Act, Robert T. Stafford Disaster Relief and Emergency Assistance Act, Public Law 93-288, as amended, 42 U.S.C. 5121 et seq. United States Code, Title 42. The Public Health and Welfare, Chapter 68. Disaster Relief, FEMA P-592 vol. 1, May 2021

⁸ PUBLIC LAW 106-390—OCT. 30, 2000; 42 U.S.C. 5121, see [Disaster Mitigation Act of 2000 \(fema.gov\)](#)

⁹ Promulgated by Senate Bill 379-Jackson (2015) [Bill Text - SB-379 Land use: general plan: safety element. \(ca.gov\)](#)

¹⁰ CA Government Code subsection 65302.5, downloaded from [Law section \(ca.gov\)](#)

¹¹ CA Government Code Title 2, Division 1, Chapter 7, Article 9.5 Disaster Preparedness (8607-8608) [Law section \(ca.gov\)](#)

¹² Government Code Title 2, Division 1, Chapter 7 California Emergency Services Act (Subsections 8550-8669.7) downloaded from [Law section \(ca.gov\)](#).

¹³ Government Code subsection 8593.3.5 downloaded from [Bill Text - SB-160 Emergency services: cultural competence. \(ca.gov\)](#)

- If under-resourced local jurisdictions or tribal communities lack organizational capacity and/or funding to develop such plans, then the State and the Governor’s office are authorized to assist via General Fund or federal funds, and other pathways to build capacities.¹⁴

PROPOSAL OPTIONS:

Option 1: Require IOUs to modify their scoring criteria to include additional points for applicants who can provide supporting documentation that the project increases electricity reliability or resilience in communities that may be at higher risk of electrical outages from a high hazard event. This additional requirement to justify energy resilience needs would strongly encourage MIP Applicants to address, but failure of an applicant to address this scoring element would not exclude a MIP Applicant from eligibility for grant funding. Acceptable documents may include but not be limited to:

- a) A local hazard mitigation plan compliant to Government Code 65302.
- b) The general plan compliant to Government Code 65301-65302 as supporting documentation that the project increases electricity reliability or resilience solutions in communities that may be at higher risk of electrical outages from a high hazard event as identified in the city or county’s general plan.
- c) The climate adaptation plan or document compliant to Government Code 65302.
- d) A one-to-two-page plan to illustrate how building an in-front-of-the-meter (IFOM) microgrid fits into the larger strategy for their community, to illustrate how ratepayer funding would support the community to have critical facility energy resilience.
- e) A letter of support authored by the chief executive authorized by a local jurisdiction (city, county, tribal government) that provides supporting information, data, or rationale demonstrating the vulnerability or risk exposure driving the energy resilience solution. The letter of support must articulate how the facilities that provide important Community Resilience Services are linked to the provision of health or safety or public welfare in the event of electric power disruption. It is acceptable for the facilities providing community resilience services perform a dual purpose or revert to being a hub for emergency services, or community shelter, or community resilience services during the electric power disruption.
- f) A letter of support from a tribal government that provides supporting information, data, or rationale demonstrating the vulnerability or risk exposure experienced by the tribal entity and that is driving the energy resilience solution. The letter of support must articulate how the facilities that provide important community resilience services are linked to the provision of health or safety or public welfare in the event of electric power disruption. It is acceptable for the facilities providing

¹⁴ Government Code Title 7, subsection 65300.2: “ It is the intent of the Legislature in enacting this chapter to provide an opportunity for each city and county to coordinate its local budget planning and local planning for federal and state program activities, such as community development, with the local land use planning process, recognizing that each city and county is required to establish its own appropriate balance in the context of the local situation when allocating resources to meet these purposes.

community resilience services to perform a dual purpose or revert to being a hub for emergency services, or community shelter, or community resilience services during the electric power disruption.

Rationale: These plans demonstrate that underlying vulnerability analysis and mitigation planning has been proactively completed with a focus on protecting life, reducing injuries, preparing for emergencies, and limiting damage and destruction to community facilities.

Local governments are required to have local hazard mitigation plans to be eligible for federal disaster recovery funding. FEMA financially sponsors the development and updates of hazard mitigation plans. Typically, these plans identify hazards, mitigations, critical facilities that provide essential services, and vulnerable population in their communities. These plans are developed by inviting input from the public and provided opportunities for public comment prior to finalizing, and adopted by the governing body (e.g., City Council or Board of Supervisors).

Similarly, the legislative bodies for all California cities and counties are required to adopt a general plan, which serves as a city's comprehensive blueprint.^{15 16} Typically, general plans include a safety element and other elements that address various climate adaptation issues such as a set of adaptation and resilience goals, policies, and objectives based on the information specified in for the protection of the community.

Option 2: Adopt the scoring criteria as-is without making changes. IOUs are not required to modify the scoring criteria to include additional points for applicants who can provide supporting document that the project increases electricity reliability or resilience solutions in communities that may be at higher risk of electrical outages from a high hazard event.

Rationale: The existing benefit scoring methodology is sufficient.

STAFF RECOMMENDATION: Staff recommends Option 1. Staff prefers Option 1 because it provides a range of options which offers flexibility by which an applicant can demonstrate the proactive planning performed. For example, a local government, tribal government, or other applicant can share the information such as a vulnerability assessment or mitigation plan which forms the justification for awarding grant funding. This step provides ratepayers added assurance that grant funding is more likely targeted for geographical areas of greater need for energy resilience due to grid outages.

QUESTIONS TO INCLUDE IN THE RULING:

- Should the Commission adopt Option 1? Explain your answer.
- If the Commission adopts Option 1, are there other forms of acceptable documents that will achieve the same goal?

¹⁵ CA Government Code 65300.

Each planning agency shall prepare and the legislative body of each county and city shall adopt a comprehensive, long-term general plan for the physical development of the county or city, and of any land outside its boundaries which in the planning agency's judgment bears relation to its planning. Chartered cities shall adopt general plans which contain the mandatory elements specified in Section 65302.

¹⁶ All California charter cities are required to develop a General Plan with the elements of Govt Code 65302.

- If the Commission adopts Option 1, how many additional points should be added?
- Should Option 1 be implemented as a mandatory or optional scoring criterion? Explain your answer.

Proposal 4: Modify the Scoring Criteria

OVERVIEW: The Implementation Plan proposes a scoring prioritization method based on several benefit categories, sub-categories, and weightings. Stakeholder feedback indicated that some benefit categories may have arbitrarily assigned point thresholds which may limit the competitiveness of certain types of projects. For example, stakeholders may perceive that thresholds should be lifted such that additional points should be allowed for the number of customers benefitting, the number of outage events experienced, and/or the level of renewable energy resources involved or long-term environmental benefits achieved.

The County Administrative Officer for County of Lake wrote public comment on January 03, 2022, to the CPUC Docket Card Public Comments for R.19-09-009.¹⁷ In summary, the County of Lake communicates that the proposed scoring system undervalues moderately-sized projects. They infer that when a microgrid project can benefit thousands, provide island duration greater than 96 hours, and support a dozen or more critical facilities, the score should be greater than that earned by a smaller project.

The County of Lake asserts issues with the scoring thresholds listed below because they may limit the points scored for moderately-sized projects:

- a) Cap on points awarded for number of low-income and vulnerable customers served.
- b) Number of critical facilities served.
- c) Duration (hours) of services provided.
- d) Ability to displace numbers of diesel generators.
- e) Cap on number of events considered in Location Outage Risk.
- f) Clean energy score to consider project size and percentage of renewables.
- g) Long-term benefit or lifecycle environment or waste management concern.

¹⁷ See Proceeding Detail for Rulemaking R.19-09-009, "Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies". R1909009-Public Comments, downloaded on 06/23/2022 at [Proceedings Tab5 - Public Comments \(ca.gov\)](#).

PROPOSAL OPTIONS:

Option 1: Require Joint IOUs to make minor changes to the scoring criteria to expand consideration for different sized projects, adjust for benefits to customers, and impact to environment. The scoring criteria would remain the same, except for some specific changes identified below.

Specific changes may include but not be limited to:

- a) Removing the \$15 million per project funding cap to allow unlimited project size;
- b) Eliminating or altering the point cap for the customer & community benefits scoring category to modify accounting for the number of low income and vulnerable customers;
- c) Enabling additional points to be scored in the environmental benefits scoring category to account for project size and number of renewables;
- d) Lifting the point cap to avoid limiting the number of PSPS events; and
- e) Providing points based on assessing long-term project financial feasibility and benefits.

Rationale: Additional specificity to the scoring criteria would balance the approach and enable differently sized projects to compete for grant funding.

Option 2: Implement the Implementation Plan without modifying the scoring criteria.

If this option is selected, then no changes would be made to the scoring prioritization method in the 12/3/2021 Joint IOU Implementation Plan.

Rationale: The existing benefit scoring methodology is sufficient because it was developed through a stakeholder process during the working groups and/or public workshops, as intended by D.21-01-018.¹⁸ Staff notes that the scoring criteria uses a 100-point scale across several benefits categories. It provides a balance with 50%-30%-20% allotted for customer & community benefits, resilience benefits, and environmental benefits respectively. Implementing the Joint IOU proposal as-is comports with and is responsive towards the preferences communicated by stakeholders during the 2021 workshop series.

STAFF RECOMMENDATION: Staff recommends Option 2. R.19-09-009 Track 2 decision, D.21-01-018 is clear at page 68 that grant funding distribution was meant to include a \$15 million per project cap, it is not meant to be funding to cover the project budget. Staff concludes that the scoring criteria does not warrant a change currently.

Staff considered whether to expand the scoring criteria and acknowledges there are two provisions within the Implementation plan that provide a check-and-balance against unintended consequences. Those provisions are a) to seek advice from a community advisory group to review the project prioritization, and b) to seek changes via a Tier 1 Advice Letter to rectify any program aspects that lead to outcomes inconsistent with the primary goals of the program. For example, the implementation plan provides that the Joint IOUs, or an individual IOU, shall file a Tier 1 advice letter identifying any such material issue, the implications of the issue, and the resultant program modifications. The Implementation Plan states that Commission allowance of such a process will provide a critical protection against unforeseen circumstances that could harm ratepayers or undermine the primary goals of the program. While staff considered Option 1, on balance at

¹⁸ D.21-01-018 at p. 65, which states, "The scoring criteria shall be developed through a stakeholder process during the working groups and/or public workshops that PG&E, SCE, and SDGE convenes."

this time, Staff finds the Joint IOUs' proposed scoring criteria to be reasonable and aligning with the requirements of OP 6, D.21-01-018.

QUESTIONS TO INCLUDE IN THE RULING:

- Should the Commission adopt Option 2? Explain your answer.
- If the Commission adopts Option 1, how should the benefit categories, benefit points, and point caps be re-distributed?

Proposal 5: Leverage other public and or private funding partnerships.

OVERVIEW: Leveraging external public and/or private partnerships would help distribute the \$200M grant funding across the greatest number of projects. The implementation plan scoring criteria does not assign additional points for projects that leverage multiple funding sources. Below are proposed options to encourage public/private partnerships.

PROPOSAL OPTIONS:

Option 1: Require the IOUs to include a list of external grant sources in the MIP Handbook, program website and other outreach efforts, so that those existing available resources are readily available. This includes but not limited to the following programs and resources:

- USDA Rural Energy for America Program
- USDA Community Facilities Direct Loan & Grant Program in California
- Infrastructure Investment and Jobs Act (Public Law 117-58 to provide federal financial assistance to rural or remote areas for developing microgrids, fiscal 2022-2026)
- U.S. DOE Bipartisan Infrastructure Law (BIL) Funding Opportunities including Grid Resilience Grants (BIL 40101(d) and Grid Resilience Demonstrations (BIL 40103(b))
- U.S. DOE Communities Local Energy Action Program (LEAP)
- U.S. DOE Solar Energy Technologies Office (SETO) Renewables Advancing Community Energy Resilience (RACER)
- U.S. DOE Office of Indian Energy – Technical Assistance
- U.S. DOE Office of Indian Energy Policy and Programs Annual Grant Funding
- FEMA’s Hazard Mitigation Grant Program
- FEMA Building Resilient Infrastructure and Communities (BRIC)
- FEMA BRIC Capability-and-Capacity-Building Activities
- FEMA BRIC Direct Technical Assistance
- HUD Community Development Block Grant (CDBG)
- Department of the Interior, Indian Affairs, Division of Energy and Mineral Development
- California Department of Housing and Community Development (HCD) Community Development Block Grant
- California Tribal Gap Analysis State Funding for California Tribes (www.caltribalgapanalysis.org)
- Department of the Interior, Indian Affairs, Division of Energy and Mineral Development
- Governor’s Proposed 2022-2023 Budget, Clean Energy Investment Plan, to deliver community resilience and capacity where resources are most needed
- Local jurisdiction unassigned capital improvement or general funds
- Local jurisdiction taxes, fees, bonds

Rationale: By providing information to help inform potential applicants of other funding resources they could leverage, this could potentially reduce the incentive amount needed for ratepayer funding. Additionally, this could encourage grassroots community-based organizations to engage with their local jurisdictions to access funding sources and to accomplish technically complicated projects.

Option 2: No action. IOUs are not required to include a list of external grant sources in the MIP Handbook, program website and other outreach efforts. IOUs would not be required to modify scoring criteria to include additional points for Applicants who can demonstrate they leveraged other grant funding sources.

Rationale:

- An updated list of external grants and program information is difficult to maintain.
- This action is more appropriate for a statewide clearinghouse and not the role and responsibility of the program administrator to identify and track.
- Do not know the future of the resiliency program funding landscape, this may be appropriate for another organization to execute.
- Imposing additional requirements may complicate the administrative burden for organizations with less organizational capacity.

Option 3: Require the IOUs to connect MIP Applicants with other grant funding resources through the MIP program webpage, MIP Handbook, communication collateral, and by modifying community engagement guides to identify entities or agencies that provide repositories of grant funding opportunities. R.19-09-009 Track 1 Decision required utilities to create resilience project management guides to assist local and tribal governments in development of successful microgrid projects.¹⁹ Other repositories of grant funding sources exist. For example, Assembly Bill 2252, the Grants Information Act of 2018 (Section 3 8333.2), required the California State Library to create one website, the California Grants Portal, to make it easier for all Californians to access grant and loan opportunities administered by more than 50 state government entities.²⁰ The Grant Information Act requires state agencies to provide summaries of each of their grant or loan opportunities, including, among other items, information about how to apply and links that grant seekers can follow for more details. Starting July 2022, grantmaking agencies must also submit data on each awardee. The Governor’s Office of Planning and Research OPR provides technical assistance to state agencies, local governments, institutions of higher learning, and nonprofit organizations, on how to find, apply and manage federal grants. OPR provides resources and assistance on all aspects of federal grants and identifies new funding opportunities and facilitates trainings to encourage and improve the ability of interested parties to pursue and manage federal grants.

Require the IOUs to modify the scoring criteria to include additional points for applicants who can demonstrate that they leveraged other grant funding sources. For applicants that were denied grant funding from their city council, county board of supervisors, or state or federal funding, points will be dedicated in recognition of the good faith efforts made. For the purposes of this program, documentation of a “good-faith effort” would demonstrate the applicant’s responsiveness to attempting to leverage other sources of funding. It shall be defined as including as a minimum, a copy of the city council or county board of supervisors meeting agenda and meeting minutes for the meeting when the applicant discussed the funding request and a copy of the grant funding applications that the applicant transmitted to other funding entities. These partnerships will be encouraged through the scoring but are not required.

Rationale: This option would assist MIP Applicants by navigating them to additional grant funding resources that can be located through existing reference sources managed by state agencies. This option provides additional motivation and recognition to applicants for seeking alternative sources of funding instead of ratepayer funding. Additionally, this extends ability to fund to additional projects.

¹⁹ Decision D20-06-017 Ordering Paragraph 9, at p. 124-125. [340748922.PDF \(ca.gov\)](#)

²⁰ California Grants Portal, accessed on 06/22/2022, at: [About This Site - California Grants Portal](#)

STAFF RECOMMENDATION: Staff recommends Option 3 and recommends that the Commission require Joint IOUs to identify the locations of the other repositories of grant funding sources in the utility communications collateral, MIP Program webpages, MIP Handbook, and resiliency project management guides. Option 3 may motivate applicants to perform a good faith effort to obtain other sources of grant funding. Doing so could expand the reach of the MIP program to cover additional projects.

QUESTIONS TO INCLUDE IN THE RULING:

- Should the Commission adopt Option 3? Explain your answer.
- Should the IOUs or the CPUC be instructed to provide a clearinghouse of available grant funding sources?
- Is the documentation defined for demonstrating a good-faith effort necessary and sufficient? If not, what other recommendations should the Commission consider?
- How many points should the Joint IOU scoring criteria award for the good-faith effort?
- Should the scoring for good-faith effort be a sliding scale based on funding need?
- If the Commission does not adopt Option 3, what tools can it or the IOUs use to advance leveraging alternative funding?
- Is there a compendium or clearinghouse of available grant funding opportunities maintained by a local jurisdiction, state, or federal agency that could be publicized with the Microgrid Incentive Program webpage materials?
- Are there additional programs and funding sources the MIP can leverage?
- If the Commission adopts Option 3, should a sliding scale be used to determine how many additional points are needed to modify the scoring criteria for applicants who can demonstrate they leveraged other grant funding sources?

Proposal 6: Engage the Community on Project Selection

OVERVIEW: The Implementation Plan stated that the utility would present preliminary results to CPUC's Disadvantaged Communities Advisory Group (DACAG), in an advisory capacity, for review and feedback.²¹ Staff understands that the Joint IOUs included a role for the DACAG due to advice and feedback provided by stakeholders during the series of MIP Workshops that the Joint IOUs facilitated during 2021. According to the Implementation Plan, the utility would retain discretion regarding Incentive Awards, Application Development Grants, Microgrid Special Facilities Allowances, and Interconnection Allowances considering ratepayers' interests.²²

Staff met and conferred with Energy Division colleagues who act in the liaison role with the DACAG. From those discussions, Staff understands that the proposed level of involvement intended by the Joint IOU Implementation Plan may exceed the capacity for the DACAG to engage. The DACAG members act in a voluntary capacity and the proposed Joint IOU level of involvement would likely exceed the DACAG members capacity to participate.

²¹ Proposed Microgrid Incentive Program Implementation Plan of San Diego Gas & Electric Company (U 902-E), Pacific Gas And Electric Company (U 39-E), And Southern California Edison Company (U 338-E), December 3, 2021, at page 28.

²² Ibid, page 28.

PROPOSAL OPTIONS:

Option 1: Implement the Joint IOUs Proposal to Engage the DACAG with Modifications.

If Option 1 is adopted, the Commission should instruct the Joint IOUs to present the projects which each utility proposes to distribute MIP grant funding at a public meeting of the DACAG. The Joint IOUs should modify the Implementation Plan to elaborate on the intended role of the DACAG and to obtain consent from the DACAG that it is willing to perform this role. An update to the Implementation Plan would be necessary to identify the level of involvement including estimated number and schedule for application windows, estimated schedule for DACAG input, estimated processing time and impact to DACAG meetings.

Rationale: The Joint IOU Implementation Plan lacked definition for how the utilities intended engaging the DACAG. The DACAG may not have the capacity to provide the level of involvement anticipated by the Joint IOU MIP Implementation Plan. Identifying the anticipated schedule, duration, and tasks envisioned for the DACAG is necessary to determine feasibility for participation. Obtaining DACAG consent to perform the proposed role would be more likely to result in the DACAG availability to participate.

Option 2: Implement the Implementation Plan to engage the DACAG, without modifications.

If this option is selected, the Commission would adopt the Implementation Plan without modifying the role that the joint utilities proposed for the DACAG.

Rationale: Implementing the Implementation Plan as-is comports with and is responsive towards the preferences communicated by stakeholders during the 2021 workshop series.

STAFF RECOMMENDATION: Staff recommends Option 1. Option 1 addresses the Energy Division concerns that the role proposed for the DACAG is insufficiently defined, may potentially exceed the DACAG capacity to participate, and lacks the consent of the DACAG. Presenting the proposed projects at a public DACAG meeting to receive DACAG engagement and input would be a practical way that can provide advice in the event of unintended consequences from the Implementation Plan Scoring Criteria.

QUESTIONS TO INCLUDE IN THE RULING:

- Should the Commission adopt Option 1? Explain your answer.
- What authority should the DACAG have in the event there is disagreement in ranking between such panel and the utility as Program Administrator?
- If the Commission adopts Option 1, what is the process should there be disagreement between the DACAG and the program administrators?

Proposal 7: Resolve Disputes

OVERVIEW: It is reasonable to consider a situation where there is a difference in opinion between a project applicant and the Joint IOUs. Differences may arise in interpreting the Implementation Plan, determination of applicant eligibility, scoring and prioritization, or funding awarded.

PROPOSAL OPTIONS:

Option 1: Require the Joint IOUs to identify the process for resolving disagreements in implementing the Implementation Plan.

To address potential applicants' disputes, the Joint IOUs should address within the MIP Handbooks whether the MIP Program will use an existing utility dispute resolution process, or whether a distinct process for resolving a dispute arising from the utility administration of the Joint IOU Implementation Plan will be developed. Such process should specify the method for notifying the utility of the dispute, timelines for pursuing remedies, and identify the utility personnel authorized to resolve the disputes.

Rationale: The purpose of this proposal is to address stakeholder concerns that the Joint Implementation Plan should include methods for resolving disputes.

Option 2: There will not be a process for dispute resolution.

Rationale: It is unknown whether the Microgrid Incentive Program will be a one-time or recurring program at this time. The program is structured so that the projects are ranked accordingly by merit where the criteria is clear and will result in awarding funds to microgrid projects that provides comparatively high benefits per dollar of requested incentive. Additionally, the DACAG involvement under Proposal 6 will offer an objective lens to the project selections as they will review and provide feedback on the preliminary results. Staff believes that these two elements will provide clarity, transparency, and independence from an IOU-only selection, resulting in fewer complaints and disagreements regarding funding awards.

STAFF RECOMMENDATION: Staff recommends Option 1, specifically, that each utility provide a dispute resolution process in its MIP Handbook.

QUESTIONS TO INCLUDE IN THE RULING:

Should the Commission adopt Option 1? Explain your answer.

Proposal 8: Address Leftover Funding

OVERVIEW: In the event Microgrid Incentive Program funding remains unutilized by the end of the Microgrid Incentive Program, the Joint IOU Implementation Plan should address what will be done with unused funding.

PROPOSAL OPTIONS:

Option 1: Modify Section V.B Budget Allocation, Cost Recovery, and Ratemaking.

To clarify what will be done if unused funding remains in a utility budget, revise Section V.B to identify that a utility may reallocate unused funding at the end of the Microgrid Program. The utility may reallocate it to another customer resiliency project program. A customer resiliency project

program would be defined as a customer rebate program that assists customers in preparing for or responding to electric power disruption. To implement this change, the Utility may file a Tier 1 Advice Letter to identify the utility's customer resiliency project program or customer rebate program to which the remaining MIP funding would be reallocated.

Rationale: The purpose of this change is to avoid burdensome additional administrative processes or Commission Applications to re-allocate funding.

Option 2: Make no changes to the Budget Allocation, Cost Recovery and Ratemaking

Rationale: It is unlikely that the Microgrid Incentive Program funding would remain unspent. Other provisions exist in the Joint IOU Implementation Plan for allocating funding between program administration and MIP projects.

STAFF RECOMMENDATION: Staff recommends Option 1, specifically, revise Section V.B to elaborate on reallocation of funds to other eligible customer resiliency programs and filing such a request using a Tier 1 Advice Letter.

QUESTIONS TO INCLUDE IN THE RULING:

Should the Commission adopt Option 1? Explain your answer.

(END OF ATTACHMENT)