



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

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Application of Sunnova Community
Microgrids California, LLC for a Certificate
of Public Convenience and Necessity to
Construct and Operate Public Utility
Microgrids and to Establish Rates for Service

Application No. 22-09-002

**PROTEST OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) TO
APPLICATION OF SUNNOVA COMMUNITY MICROGRIDS CALIFORNIA, LLC
FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO
CONSTRUCT AND OPERATE PUBLIC UTILITY MICROGRIDS AND TO
ESTABLISH RATES FOR SERVICE**

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Pursuant to Rule 2.6(a) of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE) submits this *protest to the Application of Sunnova Community Microgrids California, LLC (SCMC) for a Certificate of Public Convenience and Necessity to Construct and Operate Public Utility Microgrids and to Establish Rates for Service*, filed on September 6, 2022 (Application).¹

**I.
INTRODUCTION**

Sunnova Community Microgrids California LLC’s (SCMC’s) Application requests a Certificate of Public Convenience and Necessity (CPCN) to become a micro-utility, *i.e.*, a small, investor-owned electric utility (micro-IOU), that owns, constructs, and operates microgrids,

¹ This Response is timely because SCMC’s Application was noticed on the Commission’s Daily Calendar on September 8, 2022.

including the associated distribution system, in established service areas of the larger IOUs in California (the Application).²

SCMC's Application to form a "micro-IOU" lacks the requisite specificity required for a CPCN and instead raises much broader policy issues regarding microgrid development and operation across the state. The Commission is considering most of the policy issues raised by the Application in its pending Microgrid Order Instituting Rulemaking (R.19-09-009). As the Commission knows, the purpose of rulemaking proceedings is to explore and address overarching policy and legal matters related to implementing various statutory directives. The focus of the current pending and active Microgrid OIR is to implement the Legislature's microgrid statutory directives by creating a workable framework in which the state's large IOUs can support the development of microgrids across their respective service areas.

SCE is actively engaged in the pending Microgrid OIR and has proposed a Microgrid Incentive Program (MIP) for consideration. SCE's proposal recognizes that microgrids have the potential to be cost effective tools for addressing reliability and resiliency needs and furthering California's ambitious climate action goals by using renewable and carbon-free generation. SCE respectfully submits that the Microgrid OIR is the correct forum in which to consider the community microgrid aspects of SCMC's proposal, not a standalone Application for a CPCN that lacks the requisite specificity to obtain the requested relief and suggests a faulty "micro-IOU" model.

To be clear, SCE supports working with third parties like SCMC to explore potential paths for facilitating community microgrid developments in SCE's service area. But SCMC's specific micro-IOU proposal in its Application is fundamentally flawed in failing to appropriately account

² The Commission can take official notice of the Secretary of State records showing that SCMC became a California corporation on August 2, 2022 – one month before SCMC filed this Application. *See* <https://bizfileonline.sos.ca.gov/search/business>. Sunnova has 60 subsidiaries that are active in California. *Id.* Of the active corporations doing business in California, 13 were created in 2022, 9 in 2021, 12 in 2020, 7 in 2019, 1 in 2018, 12 in 2017, and 6 between 2016 and 2012. *Id.* Of those, only two are organized under California law, including the applicant. *Id.* The remainder are Delaware limited liability companies. *Id.*

for the Commission's and SCE's role in the development, deployment, and operation of microgrids in its existing service area and in seeking to duplicate SCE's service – but with little to no regulatory oversight from this Commission – which is not in customers' or the state's interest. The existing IOUs, with robust oversight from the Commission, must be involved in the deployment of microgrids in their respective service areas. SCE needs to be able to identify where microgrids would be most effective in addressing local reliability and resiliency needs in consideration of planned uses of its distribution system. Greenfield developments are no exception. SCE has the obligation to serve greenfield developments in its service area, and so plans and builds out its system to adequately do so. Customers do not need a micro-IOU – much less many micro-IOUs – in SCE's service area to obtain safe, affordable, resilient, and reliable electricity service. Duplication of SCE's existing service is costly for customers and will not optimally advance the state's goals.

Moreover, the Application does not satisfy the statutory requirements for a CPCN and its consideration at this time would contravene the Commission's long-standing prohibition on issuing declaratory judgments and advisory opinions. As discussed more fully below, given the purely exploratory nature of the Application, SCMC has not met and cannot file a ripe and cognizable application that meets its initial threshold *prima facie* burden and should be dismissed. The Application is (at best) premature until the Commission develops a framework for utility deployment and operation of microgrids in Phase II of Track 4 of the pending Microgrid OIR. However, if the Commission elects to review the merits of the Application, the scope of its proceeding must include numerous important legal and policy questions delineated herein.

II.

PROCEEDINGS ON MULTIPARCEL MICROGRIDS ARE ALREADY PENDING BEFORE THE COMMISSION

A. SCE Supports Community Microgrids and Looks Forward to Further Collaboration with Third Parties, Including SCMC

As discussed above and as a threshold matter, SCE supports development of community microgrids in the framework currently under development in the Microgrid OIR. That framework, which is also the model the three large IOUs have proposed for their Microgrid Incentive Programs (MIPs) and which the MIP Staff Proposal supports, provides for IOU ownership and operation of the microgrid distribution infrastructure in their respective service areas, while third parties are microgrid generation owners and Distributed Energy Resources (DER) aggregators.³

The Commission has approved this structure for PG&E's Community Microgrid Enablement Program.⁴ The Joint IOU MIP, which proposes this same basic structure, is pending Commission approval. Upon Commission approval of SCE's MIP, SCE looks forward to collaborating with third party providers like SCMC to develop microgrids as part of and in addition to SCE's MIP.

SCE continues to explore other opportunities with third party providers outside of the MIP, as well.

If the Application moves forward, SCE contends that the evidence will show that the structure currently under consideration in the Microgrid OIR will address the fundamental policy issues raised by the Application, but in a more appropriate, policy-based forum, which is the OIR, not a standalone Application for a CPCN that lacks the requisite specificity to obtain the requested relief.

³ *Administrative Law Judge's Ruling Requesting Comment on The Microgrid Incentive Program Staff Proposal*, Staff Proposal Attachment, at p. 1. The Staff Proposal includes eight discrete proposals for augmenting the Joint IOU MIP Implementation Plan; none of these proposals modify the basic structure described above.

⁴ *Resolution E-5127. Pacific Gas and Electric Community Microgrids Enablement Program*

B. The Microgrid OIR Is the Appropriate Venue to Develop Policies for Commercialization of Community Microgrids

The Commission can take official notice of the scope of Phase II of Track 4 of its Microgrid OIR, which broadly encompasses virtually all of the issues identified herein. For instance, Track 4 includes issues relating to the multi-property tariffs for microgrids, including overarching guiding principles, protection of the public interest, the roles and responsibilities of all entities, technology eligibility and configurations, consumer and ratepayer protection mechanisms, cost-shift prevention, security and safety contractual obligations, and rate schedules.⁵ SCMC's Application gives rise to, but does not offer any evidence regarding, these same categories of issues.

Given Track 4's broad scope, SCMC clearly has the opportunity to participate in exploring all the issues that necessarily arise from its Application and in developing the framework for IOU microgrids. The matters raised by this Application that are not already in scope in the Microgrid OIR pertain to (1) the requirements for a CPNC, and (2) the issues relating specifically to micro-IOUs. SCE contends that neither of those issues prevent or should discourage the Commission from dismissing this Application and directing the above-mentioned policy issues to the Microgrid OIR because, for the reasons explained more fully in the sections to follow, the endeavor contemplated by the Application cannot satisfy the requirements of the micro-IOU or CPCN statutes.

SCE does not dispute that there are and should be commercialization opportunities for entities like SCMC; rather, for the reasons discussed in the following section, SCE contends that the Application fails to come forward with evidence that a web of micro-utilities that fragment the existing IOU service areas is necessary or appropriate, or that the structure currently under examination in the Microgrid OIR is insufficient to provide commercialization opportunities. The examination of those issues necessary to enable commercialization is squarely within the scope of the Microgrid OIR, not this Application.

⁵ See Assigned Commissioner's Amended Scoping Memo and Ruling Setting Track 4: Expedited Phase 1 and Phase 2, pp. 8-9.

III.

THE COMMISSION SHOULD DISMISS THE APPLICATION

A. The Application Contravenes the Commission’s Longstanding Prohibition on Issuing Declaratory Judgments and Advisory Opinions

As the applicant, SCMC not only bears the overall burden of proof on its Application, but also bears the initial burden of going forward (otherwise known as the burden of production or proceeding) on its Application.⁶ It is a threshold burden that must be met before an action can proceed.⁷ SCMC has not met its initial *prima facie* burden of going forward with specific evidence; rather, it has offered an abstract discussion with conclusory statements that lack the necessary specificity and supporting evidence.

More specifically, rather than coming forward with a concrete proposal supported by specific evidence, the Application asks the Commission to approve a potential business model for SCMC to become or have subsidiaries that act as private, investor-owned, micro-IOUs that will build, own, and operate solar and storage microgrids without providing the necessary details to define those operations. For example, the Application contains numerous unknown, unspecified and important elements regarding the development of the microgrids including: 1) the timeframe for development; 2) identify and number of customers served (of 2,000 or less per microgrid); 3) proposed “market based” rates SCMC proposes to directly negotiate with customers; 4) SCMC’s financial resources; 5) number and location of greenfield locations throughout the state; 6) associated reliability and resiliency needs at each proposed location; 7) the type and size of facilities

⁶ See Decision 07-11-037.

⁷ As the Commission explained in D.87-12-067, only after an applicant has made this initial affirmative showing, if “other parties propose a result different from that asserted by the [applicant], they have the burden of going forward to produce evidence, distinct from the ultimate burden of proof. The burden of going forward to produce evidence relates to raising a reasonable doubt as to the [applicant’s] position and presenting evidence explaining the counterpoint position. Where this counterpoint causes the Commission to entertain a reasonable doubt regarding the [applicant’s] position, and the [applicant] does not overcome this doubt, the [applicant] has not met its ultimate burden of proof.” See also *Universal Studios, Inc. v. Southern California Edison Company*, D.04-04-074, fn. 13, mimeo. at pp. 31-32 (where defendant raises a new issue in its direct testimony, complainant has the burden of going forward with evidence concerning the new issue either in rebuttal testimony or on cross-examination).

that may be islanded; and 8) where these facilities will connect to the IOUs' distribution or transmission system for the purpose of exporting and importing, providing backup power, or may be served in emergencies by gas or diesel generators. And, importantly, the Application does not address cost allocation issues such as how SCMC's micro-IOU customers will pay for departing load costs and SCE's costs associated with investing in, and maintaining, the larger SCE electrical system that they will be relying on to supply power.⁸

Given the abstract and conceptual nature of the Application, any opinion issued by the Commission would be an advisory opinion.⁹ To preserve judicial resources, the Commission has a "longstanding policy against issuing advisory opinions."¹⁰ The Commission explained in *City of Helena* that it "does not issue advisory opinions in the absence of a case or controversy, unless presented with extraordinary circumstances." The Commission's policy against issuing declaratory judgments is similar to its policy against issuing advisory opinions.¹¹ As the Commission has explained, where an action is for declaratory judgment, "such an action cannot be brought before the Commission."¹²

SCMC has not come forward with evidence of extraordinary circumstances justifying a departure from the Commission's long-standing policy against declaratory judgments and advisory opinions. SCE therefore requests that the Commission dismiss the Application and direct the policy questions this Application raises to the Microgrid OIR.

⁸ The Application does not describe how SCMC's Application will comply with Public Utilities Code section 8371, which requires the Commission to "facilitate the commercialization of microgrids . . . [w]ithout shifting costs between ratepayers. Cal. Pub. Util. Code § 8371(b). SCE submits that the law requires micro-IOUs (just as it requires the existing IOUs) to charge and collect non-bypassable charges (NBCs) from their customers to ensure they pay a fair share of the costs of various public purpose programs funded by NBCs. See e.g., SCE's Schedule Departing Load Non-Bypassable Charges (DL-NBC), available at <https://www.sce.com/regulatory>.

⁹ See *Application of Women's Energy, Inc.*, 75 CPUC2d 624 (1997).

¹⁰ *Id.* (citing *Re California-American Water Co.*, 58 CPUC2d 470 (1975) (holding that generally, the Commission does not issue advisory opinions in the absence of a case or controversy.)

¹¹ See *City of St. Helena v. Napa Valley Wine Train, Inc.*, 1999 Cal. PUC LEXIS 958 (1999).

¹² See *Re Southern California Edison Co.*, 2002 Cal. PUC LEXIS 7 at n.37 (2002).

B. SCMC’s Proposal Cannot Qualify as a Micro-IOU as A Matter of Law

1. SCMC’s Proposed Business Model Does Not Comport to the Plain Language or Legislative Intent of the Micro-IOU Statute

SCMC proposes to become or have subsidiaries who operate as micro-IOUs that own, develop, and operate an unlimited number of microgrids. The result could be an entity or entities that own and operate a potentially massive network of fragmented or side-by-side microgrids on contiguous parcels that serve millions of customers.¹³ SCMC proposes no geographic boundaries for its specific projects; rather, the map SCMC provides for its micro-IOU(s)’ projects is the entire state of California. In addition, SCMC claims that there will be no duplication of facilities with existing utilities, that its microgrids will defer investments in new distribution and transmission and require no IOU investment in new infrastructure thus providing ratepayer benefits by reducing costs that would otherwise be put in the general rate case.¹⁴ These assertions are inconsistent with SCMC’s plans to have its microgrid interconnect to its host IOUs’ distribution and/or transmission system for the purpose of obtaining back up power and to export excess generation to the host IOU or into the CAISO market.

On its face, the micro-IOU statute does not apply to such endeavors. California Public Utilities Code Section 2780, which defines micro-IOUs, applies to “any electrical corporation that is *regulated by the commission* and organized for the purpose of providing *sole-source generation, distribution, and sale of electricity* exclusively to a customer base of *fewer than 2,000 customers.*”¹⁵ SCMC does not propose to provide sole-source generation. It proposes to use its own generating facilities in conjunction with all the generation provided by interconnecting to its host IOU’s grid. Its business plan is not for a single micro-IOU that will serve 2,000 or less customers, but rather to own and operate either directly or through a subsidiary structure a network

¹³ In fact, SCMC’s request for an exemption from the Affiliate Transaction Rules implies that its ambition is to have a gross annual operating revenue that exceeds \$1 billion.

¹⁴ Application, pp. 35-37.

¹⁵ Cal. Pub. Util. Code § 2780.

of microgrids serving potentially millions of customers. It does not specify where the microgrids will be located and they could, at least theoretically, be on numerous contiguous parcels of land.

2. The Micro-IOU Statute Does Not Contemplate or Permit the Wide Sweeping Regulatory Exemptions the Application Seeks

SCMC requests to use the micro-IOU concept to obtain sweeping regulatory exemptions, such as unregulated “market-based rates” and waivers of affiliate transaction rules. This interpretation of the micro-IOU concept is inconsistent with the plain language of the statute, its legislative history, and caselaw. On its face, Section 2780 applies to electrical corporations that are “regulated by the commission.” According to the legislative history of Sections 2780 and 2780.5, the purpose of the micro-IOU statute is to “reduc[e] the burden on [micro-IOUs] by urging the PUC to consider the impacted costs of participating in PUC proceedings have on a microutility’s limited resources.”¹⁶ AB 2509 was sponsored by Mountain Utilities, a small IOU that served less than 500 customers and lacked the resources to be a respondent in Commission proceedings to the same degree as large IOUs.¹⁷ Thus, the statutory mandate is for the Commission to account for that burden when compelling a small or micro utility to participate in various rulemakings and other proceedings pending before it.¹⁸ There is no indication in the plain language or the legislative history that the legislative intent was to entitle a micro-IOU to minimal regulation or to authorize the widespread deployment of micro-utilities across the existing IOU service areas under a single new IOU entity.

¹⁶ AB 2509, Assem. (2004), at p. 2.

¹⁷ *Id.* (including the following proceedings: “(1) the allocation of low-income assistance funds..., (2) adjustments to residential baseline allowances, (3) an investigation of construction bidding practices of all utilities, and (4) public policy issues related to the implementation of a public goods charge on natural gas.”)

¹⁸ *Id.*

3. The Microgrid OIR Staff Proposal Does Not Discuss or Recommend the Application's Proposed Micro-Utility Structure for Microgrids

The Application implies that the business model it proposes is part of the Commission's Energy Division's Staff Proposal in the Microgrid OIR; however, this is not correct. The concept raised by the Application was noted in the Staff's *Concept Paper*, but staff declined to include it in the Staff Proposal. Further, the Staff Concept Paper was limited to identifying Public Utilities Code Section 218¹⁹ as a *potential* commercialization "barrier" for multiparcel microgrids because of the allegedly prohibitive costs associated with setting up and responding to Commission proceedings.²⁰ While the Concept Paper noted that under some circumstances "[m]icrogrids could potentially fall under the category of "electric microuilities", it also noted that "PUC 218 serves an important public purpose, in assuring fair and reasonable rates, safe and reliable electricity available to all. Public utilities are responsible for safety, reliability and interconnections to the larger grid; thus, consideration must be given to utilities' grid responsibilities, control, operation and maintenance of their distribution infrastructure, and transparency of microgrid operations that may affect grid operations."²¹

Moreover, the Commission's subsequent decision in the Microgrid OIR "reject[ed] the assertion under [the micro-IOU statute that] we can exempt "microuilities" from the requirements applicable to electric corporations. Accordingly, the reliance on this section is at best misplaced."²² The Application provides no basis for the Commission to reach a different conclusion here.

¹⁹ Section 218 of the Public Utilities Code, which includes provisions commonly known as "over the fence" rules, requires that any entity who wishes to sell power to more than two contiguous parcels or across a street is an electrical corporation, which is defined by Section 216 of the Public Utilities Code, and regulated as a "public utility" subject to the full reach of the Commission's authority.

²⁰ *Administrative Law Judge's Ruling Requesting Comment on the Track 2 Microgrid and Resiliency Staff Proposal, Facilitating the Commercialization of Microgrids Pursuant to Senate Bill 1339*, Attachment 2, Concept Paper, at p. 39.

²¹ *Id.* at pp. 41-42.

²² D.21-01-018, p. 67.

C. The Application Does Not Have the Specificity Required in the CPCN Statutory Requirements

As noted above, SCMC’s Application does not propose any specific project or utility. Instead, it states that it plans to work with regulators to “coordinate a review for each microgrid project” and proposes a process for “identifying the specific plans and equipment for each microgrid community to the CPUC, either through an advisory letter process or through another mechanism.”²³ The process or mechanism for obtaining approval of specific projects is well-established. Section 1003 of the Public Utilities Code, which the Application states SCMC will comply with at a later date,²⁴ requires applicants to provide detailed and specific design, engineering, contracting, construction, completion, operation, cost, financing, management, maintenance, post-useful life dismantling, and financial impact on the electrical corporation’s customers and shareholders. The Application comes forward with no evidence of those specifics. SCE is unaware of any instance in which the Commission has granted a CPCN for a utility or a project without the specifics regarding the project or utility. In fact, the Commission dismissed an SDG&E Application for a CPCN for its proposed Sunrise Powerlink project – a 500 kilovolt (kV) transmission line – because it omitted information required by Section 1003 and instead, like SCMC’s Application, indicated an intent to amend its application with specifics at a later date.²⁵ The Commission determined that it was “unable to proceed absent such amendments.” The Commission should similarly dismiss the instant Application for the same reason.

²³ Application, p. 51.

²⁴ *Id.*

²⁵ A.05-12-014, *In the Matter of the Application of SDG&E for a CPCN for the Sunrise Powerlink Transmission Project*, pp. 1-2.

IV.

IF THE COMMISSION ALLOWS THE APPLICATION TO PROCEED, THE SCOPE OF ITS CONSIDERATION MUST INCLUDE NUMEROUS POLICY AND LEGAL QUESTIONS

Should the Commission decide to review the merits of the Application, there are numerous policy and legal issues that the Commission must resolve to determine whether granting this Application is in SCE's customers' best interest. All but the following issue – under what circumstances may a micro-IOU form in an existing IOU's service area and the degree of regulatory authority the Commission should exercise over “micro-IOUs” to protect customers and advance state goals– is already in scope in the Microgrid OIR and thus can be examined there, and for the reasons already discussed above, SCE submits that issues relating to micro-IOUs do not require further Commission consideration.

The following is a non-exhaustive list of the issues:

- *Whether the Application's proposed micro-IOU(s) structure is an appropriate or necessary means for the development of microgrids in California.* SCE submits that the evidence will show that it is not appropriate or necessary in SCE's service area because a micro-IOU would duplicate SCE's existing service and facilities with little or no additional benefit for customers or the state. In addition, as discussed in Section II, if SCE's MIP is approved, the Application may duplicate services SCE is obligated and prepared to provide its customers; and Title 24, of which the Commission can take judicial notice, will accelerate the proliferation of storage and solar in new developments absent activities like that proposed in SCMC's Application.
- *To what degree micro-IOUs are regulated by the Commission for rates, terms, and conditions of service.* The Commission can take official notice of its own regulation of IOUs in California, which is broad and includes rates and terms and conditions of service and is particularly important for the protection of residential and small commercial customers that SCMC seeks to serve. The state and the Commission impose

many other important regulatory obligations on the IOUs. The Application, however, appears to seek authority to serve customers with little or no regulation. If the Application proceeds, SCE also contends the evidence will show the lack of regulation contemplated by the Application is not in customers' or the state's interest.

- *Whether it is appropriate or necessary for a private company seeking to build microgrids in an existing IOU's service area to bypass that IOU and apply for authority directly with the Commission.* SCE submits that on its face, the Application's approach is an inappropriate and unnecessary means of trying to advance SCMC's commercial microgrid interests because it seeks to circumvent the Commission's rulemaking process in the Microgrid OIR and bypass the IOUs that have existing obligations and rights in their service areas. Indeed, the Commission's jurisprudence generally does not support a takeover of an existing IOU's service area by another IOU (micro or not) unless the Commission determines that the existing IOU is not providing adequate service in the disputed area,²⁶ which is not the case in SCE's service area.
- *Whether a micro-IOU offering service in an existing IOU service area involves departing load.* SCE submits that it does because SCE already plans for low growth and providing electricity service to greenfield developments in its service area, and therefore customers of any new public utility (including a micro-IOU) that subsequently provides service would be responsible for departing load charges to avoid cost shifting to SCE's other customers. The Application fails to account for departing load charges that would add to the costs of a micro-IOU's electricity service
- *How SCMC will comply with Public Utilities Code section 8371, which requires the Commission to "facilitate the commercialization of microgrids . . . [w]ithout shifting costs between ratepayers".* To that end, the Commission must determine whether a

²⁶ See D.84-08-119, p. 118 ("The line satisfactorily has been supplying customers...and also wheels electric power to supply Surprise Valley which taps in at Canby."). See also, D.41682, p. 157 ("No showing was made in this record that complainant's service is of such a poor quality that would warrant this Commission granting defendant a certificate to serve complainant's territory.").

micro-IOU(s) in SCE's service area would be required to collect non-bypassable charges (NBCs) pursuant to the California Public Utilities Code. SCE submits that micro-IOUs are legally required (as the existing IOUs are required) to charge and collect NBCs from their customers to ensure they pay a fair share of the costs of various public purpose programs funded by NBCs. The Application fails to account for the NBCs that would add to the costs of a micro-IOU's electricity service.

- *How will this business model be deployed for and benefit low- and moderate-income customers and disadvantaged communities?*
- *How should the Commission assess and mitigate or prevent negative impacts to IOU planning, procurement, and operations?*
- *How will the Commission and the Applicant ensure that micro-IOUs' microgrid projects support customer load growth and adoption of technologies not yet in existence at the time of the microgrids' design?*
- *How do micro-IOUs' microgrids reduce distribution and transmission costs or result in distribution or transmission deferral if the microgrid interconnects to the larger host IOU's grid to export and import power?*
- *What barrier, problem, customer interest, or criterion warrants fragmentation of existing IOU service areas by micro-IOUs?*
- *Under what circumstances is the reassignment of an existing IOUs' service area to another IOU appropriate or necessary?*
- *Is a micro-IOU that interconnects to an IOU complying with the statutory mandate that it provide sole-source service?*
- *Are micro-IOUs entitled to the exemptions SCMS seeks from the Affiliate Transaction Rules? SCMC's request for an exemption from the affiliate transaction rules, which only apply to IOUs with gross annual operating revenues in California of \$1 billion or more, reveals that its ambitions far exceed what California law considers a micro-IOU. Why is it in the interest of customers to relax regulatory oversight of a private entity or*

entities that seek to own and operate a massive network of fragmented microgrids to serve millions of customers and have a gross annual operating revenue that exceeds \$1 billion?

- *Should the existing IOUs or their parents' subsidiaries receive the same exemption with respect to market-based, negotiated rates and the affiliate transaction rules so that they can adopt the same SCMC business model to satisfy the micro-IOU criteria and avoid regulation?*
- *How will the Commission and Applicant ensure appropriate cybersecurity controls are in place, not only for safety and security, but also to protect customers' privacy and confidential data?*

V.

CONCLUSION

For the foregoing reasons, SCE respectfully requests that the Commission dismiss the Application and direct the policy issues relating to IOU development, ownership, and operation of multiparcel microgrids to the Microgrid OIR.

Respectfully submitted,

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