



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

**FILED**

10/10/22

04:59 PM

A2209002

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 22-09-002  
(Filed September 1, 2022)

**RESPONSE OF JOINT RESPONDENTS ON THE APPLICATION OF SUNNOVA  
COMMUNITY MICROGRIDS CALIFORNIA, LLC**

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Date: October 10, 2022

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**I. Introduction**

Pursuant to the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure, The Climate Center, Center for Biological Diversity, World Business Academy, Local Government Sustainable Energy Coalition (“LGSEC”), and Zero Net Energy Alliance (“ZNE Alliance”) (“Joint Respondents”) respectfully submits this response to the Application of Sunnova Community Microgrids California, LLC (“Sunnova”) for a Certificate of Public Convenience and Necessity to Construct and Operate Public Utility Microgrids and to Establish Rates for Service (the “Application”).

The Joint Respondents are interested in the Application as it provides a new pathway and opportunity for developing community microgrids in California. Community microgrids, i.e., microgrids serving multiple electrically contiguous end-use customers and containing community generation and storage resources, should be encouraged to promote decarbonization, resiliency, grid reliability, customer choice, and equity as the state looks to modernize the electric grid for the 21<sup>st</sup> century.

**II. Response to Application**

The Joint Respondents appreciate Sunnova taking the time and devoting significant resources to develop and submit a thoughtful application to build microgrids to serve new home communities. The application is essentially requesting that the Commission approve Sunnova as an electric “microutility”

pursuant to Public Utilities Code Section 2780.<sup>1</sup> Sunnova's Application presents an alternative regulatory model that appears to be different from the issues being considered in the microgrids rulemaking (R.19-09-009). The Joint Respondents support this approach generally and encourages the Commission to give full consideration to Sunnova's application and allow interested parties to participate in the review of the issues raised by Sunnova's application in this proceeding through a hearing.

As outlined in the Sunnova Application, community microgrids can provide numerous benefits to communities across California, as well as ratepayers and the electricity system. The Joint Respondents are interested in advancing community microgrids because of the opportunities to achieve decarbonization, equity, resilience, grid reliability, and customer empowerment in the rapidly transforming clean energy sector in California.

### **Decarbonization**

The microgrids that Sunnova proposes to develop, as individual microuilities, will be comprised mainly of distributed solar, energy storage, and local generation resources internal to the footprint of each microgrid. California has aggressive greenhouse gas reduction and clean energy goals to meet by 2045. Furthermore, the state has signaled its intention to electrify buildings and transportation as a means to decarbonize the economy. Developing microgrids that are comprised of renewable generation and storage will advance many important climate and building decarbonization goals.

### **Equity**

Microgrids can help disadvantaged and vulnerable communities by reducing reliance on centralized fossil fuel infrastructure that places a disproportionate pollution burden on these communities. It is also envisioned that new affordable housing developments built in California over the next decade could be constructed as microuilities so that microgrid development is strategically targeted to traditionally underserved populations. Reducing reliance on big central generating stations in favor of clean community resources will advance environmental and social justice goals by putting the power in the hands of these communities. Outfitting these communities with clean, local generation will increase their resiliency and reduce their energy costs. While we note that Sunnova is only proposing within this specific application to serve new home communities, over time we hope that the Commission can develop a similar process for existing communities to be retrofitted as microuilities with clean energy resources and help Disadvantaged Communities (DACs) take ownership and control over their energy needs in a democratized fashion.

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<sup>1</sup> Public Utilities Code Section 2780 [https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=2780.&lawCode=PUC](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=2780.&lawCode=PUC)

## **Resilience**

Energy resiliency is top of mind for customers and communities up and down the state of California. The state has experienced thousands of planned and unplanned power outages in all regions over the past several years. Communities are exploring options for deploying microgrids and backup power solutions due to the significant disruptions that power outages cause to our society and economy in the 21<sup>st</sup> century. Clean energy resilience is a necessary investment to maintain local reliability while continuing to advance California's climate and clean energy goals. Microgrids can provide the assured resilience and long duration backup power that customers of all types need to maintain operations, and can do so while avoiding further investment in polluting fossil back-up generators. The Application outlines the harm that power outages have on communities and vulnerable populations. Outfitting communities as microuilities will provide a new level of resilience that ensures public health and safety and societal continuity.

## **Grid Modernization and Ratepayer Benefits**

Microuilities and the development of microgrids across California can serve as a pathway towards the strategic decentralization and modernization of the electricity system that is needed to mitigate the impacts of increasingly devastating extreme weather events that continue to harm communities in California. Our grid must be modernized for the 21<sup>st</sup> century and changing climate. Microgrids can help reduce the need for expensive, climate-vulnerable transmission infrastructure that is the chief driver of rate increases to all customer classes. Microgrids can provide significant load reduction benefits and cost savings to the larger bulk power system, such as providing intentional islanding and seamless demand response, when the grid is under stress. Additionally, microgrids are capable of providing clean energy and ancillary services to the bulk power grid under blue-sky operating conditions. The ability for microgrids to reduce reliance on transmission infrastructure, reduce the risk of power outages on the wider system, and reduce the costs that would otherwise be incurred for emergency capacity procurement cannot be overstated. Sunnova's microuility application contemplates helping the electric grid and bulk power system when needed, without the ratepayers having to incur those infrastructure and capital costs. We strongly encourage the Commission as it reviews the application to create pathways for the microuility to easily provide grid support when needed to meet system reliability needs that are only getting more pressing as the years go by.

## **Customer choice and empowerment**

The application proposes to build community microgrids that serve new home developments and enable customers to have an alternative in meeting their energy needs. Namely, they may choose to move to the community, and by doing so, elect to receive electric service from a different provider and suite of

technological solutions. Sunnova’s application contemplates providing a higher level of service by offering clean energy and resiliency at a lower cost to consumers than what is currently offered by the incumbents today. The Commission should value such customer choice as a means of encouraging the development of microgrids and other advanced clean energy technologies.

### III. Conclusion

The Joint Respondents appreciate the opportunity to provide this response to the Sunnova application and looks forward to engaging with the Commission in this proceeding. While there are many details to be explored further, the Sunnova application is groundbreaking and should be given full consideration by the Commission. It provides California with an opportunity to jumpstart the commercialization of microgrids and enable communities to build microgrids that enable greater resilience, cost savings, and advance our climate goals.

The Commission can showcase its policy leadership in clean energy innovation and customer empowerment by creating a pathway for the development of microuilities and allowing the Application to proceed. We strongly encourage the Commission to conduct a hearing in this proceeding so the details can be fully evaluated in a public stakeholder process and the merits of the Application carefully considered.

Respectfully Submitted,

/s/

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Date: October 10, 2022