



**FILED**

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

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

Rulemaking 19-09-009

**ASSIGNED COMMISSIONER’S SCOPING MEMO AND RULING**

This scoping memo and ruling sets forth the issues, need for hearing, schedule, category, and other matters necessary to scope this proceeding pursuant to Public Utilities (Pub. Util.) Code Section 1701.1 and Article 7 of the Commission’s Rules of Practice and Procedure (Rules).

**1. Procedural Background**

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

Components of microgrid commercialization are set by SB 1339, and must include: (1) rates, tariffs, and rules, as necessary; that (2) remove barriers for deploying microgrids across the large investor-owned utility (IOU) service

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

territories; (3) without shifting costs onto non-benefiting customers; and (4) prioritizing and ensuring worker, public, and the electric system's safety and reliability.

### **1.1. Track 1**

Track 1 of this proceeding began in December 2019.<sup>2</sup> Upon resolution of Track 1, the Commission adopted Decision (D.) 20-06-017. D.20-16-017 satisfied many of SB 1339's requirements by requiring the following:

1. Permitting Requirements, Section 8371, subdivision (a)<sup>3</sup>
  - (a) Required the development of a template-based application process for specific behind-the-meter project types to prioritize, streamline, and expedite applications and approvals for key resiliency projects.
2. Barrier Reduction, Section 8371, subdivision (b)
  - (a) Required the development of a template-based application process for specific behind-the-meter project types to prioritize, streamline, and expedite applications and approvals for key resiliency projects;
  - (b) Added dedicated staff to the utilities' distribution planning teams that specialize in resiliency project development for local jurisdictions;
  - (c) Allowed energy storage systems, in advance of Public Safety Power Shutoff (PSPS) events, to import from – but not export to – the grid, in support of preparedness in advance of a grid outage;
  - (d) Removed the storage sizing limit for large net energy metering (NEM)-paired storage and maintained existing metering requirements;
  - (e) Required the development of a separate access-restricted portal for local jurisdictions that gives

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<sup>2</sup> Administrative Law Judge's Ruling Noticing Microgrid Workshop, December 4, 2019.

<sup>3</sup> All further references to "Section" are to sections of the Public Utilities Code unless otherwise stated.

information to support local community resiliency projects;

- (f) Approved the Pacific Gas and Electric Company's (PG&E's) Community Microgrid Enablement Program which provides incremental technical and financial support on a prioritized basis for community requested microgrids for PSPS mitigation purposes;
  - (g) Approved PG&E's Make-Ready Program for the period of 2020 through 2022 which includes enabling each of the prioritized substations to operate in islanded mode;
  - (h) Approved PG&E's Temporary Generation Program which involves leasing mobile generators for temporary use during the 2020 wildfire season; and
  - (i) Approved San Diego Gas & Electric Company's (SDG&E's) request to procure a local area distribution controller.
3. Rates and Tariffs, Section 8371, subdivision (d)
- (a) Allowed energy storage systems, in advance of PSPS events, to import from – but not export to – the grid in support of preparedness in advance of a grid outage; and
  - (b) Removed the storage sizing limit for large NEM-paired storage and maintained existing metering requirements.
4. Standards and Protocols, Section 8371, subdivision (e)
- (a) Developed a template-based application process for specific behind-the-meter project types to prioritize, streamline, and expedite applications and approvals for key resiliency projects; and
  - (b) Approved SDG&E's request to procure a local area distribution controller.

## **1.2. Track 2**

Following the adoption of D.20-06-017 on June 17, 2020, Track 2 of this proceeding was initiated on July 3, 2020.<sup>4</sup> Upon the resolution of Track 2, on January 21, 2021, the Commission issued D.21-01-018 that adopted rates, tariffs, and rules for facilitating the commercialization of microgrids pursuant to SB 1339. D.21-01-018 also adopted an interim approach for minimizing emissions from generation during transmission outages and a process for transitioning to clean temporary generation in 2022 and beyond. Specifically, D.21-01-018 ordered the following actions from the state's large IOUs:

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

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<sup>4</sup> Assigned Commissioner's Amended Scoping Memo, July 3, 2020.

### **1.3. Track 3**

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

### **1.4. Track 4**

#### **1.4.1. Expedited Phase 1: Enhanced Summer Reliability Measures**

One month after the adoption of D.21-07-011, on August 17, 2021, Track 4 of this proceeding was initiated with an expedited Phase 1 and a Phase 2. Expedited Phase 1 of this proceeding responded to Governor Gavin Newsom's July 30, 2021, Proclamation of a State of Emergency in response to the accelerating impacts of climate change in California.<sup>5</sup> On December 2, 2021, the Commission adopted D.21-12-004 which adopted enhanced summer 2022 and 2023 reliability requirements for PG&E and SDG&E.

#### **1.4.2. Phase 2: Microgrid Incentive Program**

On April 6, 2023, the Commission adopted D.23-04-034 which establishes rules for the Commission's Microgrid Incentive Program. The Microgrid Incentive Program is a program that places community microgrids in disadvantaged, vulnerable communities to support populations impacted by grid outages.

After considering the entirety of the record for this proceeding, I reset the scope and schedule for the proceeding to cover a microgrid multi-property tariff.

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<sup>5</sup> Gavin Newsom, Proclamation of a State of Emergency, July 30, 2021, available at: <https://www.gov.ca.gov/wp-content/uploads/2021/07/Energy-Emergency-Proc-7-30-21.pdf>.

The Commission will continue to address the value of resiliency through public workshops.

**2. Track 5: Microgrid Multi-Property Tariff**

The issues to be determined or otherwise considered are:

1. What guiding principles should the Commission adopt to assist in the development of a microgrid multi-property tariff?
2. Whether PG&E should modify its Community Microgrid Enablement Tariff for the purposes of a statewide, microgrid multi-property tariff.
3. Whether PG&E, SCE, and SDG&E should form a single, unified multi-property tariff, for statewide application. Should this single, unified multi-property tariff be modeled from PG&E's Community Microgrid Enablement Tariff?
4. To what extent should a single, unified microgrid multi-property tariff align with or impact environmental and social justice communities; including the extent to which it could impact achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan?

On July 31, 2023, PG&E shall submit its Community Microgrid Enablement Tariff into the record of this proceeding as stated in Section 4 below.

**3. Need for Evidentiary Hearing**

In the Order Instituting Rulemaking opening this proceeding, the Commission preliminarily determined that hearings are required.<sup>6</sup> However, hearings are deemed not necessary for Track 5. Accordingly, no evidentiary hearing is needed.

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<sup>6</sup> Commission OIR at 10, September 12, 2019.

**4. Schedule**

The following schedule is adopted here and may be modified by the Administrative Law Judge (ALJ) as required to promote the efficient and fair resolution of the rulemaking:

**Track 5 Schedule**

EVENT	DATE
PG&E Submittal of its Community Microgrid Enablement Tariff into the Record	July 31, 2023
ALJ Ruling: Ordering PG&E, SCE, and SDG&E to Develop and Submit a Pro-Forma Standard Multi-Property Microgrid Tariff, and Any Necessary Utility-Specific Deviations, that is Based on PG&E's Community Microgrid Enablement Tariff, into the Record	August 9, 2023
PG&E, SCE, and SDG&E Submit Pro-Forma Standard Multi-Property Microgrid Tariff, and Any Necessary Utility-Specific Deviations, into the Record	October 9, 2023
Opening Comments, limited to no more than 15 pages, to IOU Pro-Forma Standard Multi-Property Microgrid Tariff, and Any Necessary Utility-Specific Deviations, filed and served	October 27, 2023
Reply Comments, limited to no more than 10 pages, to IOU Pro-Forma Standard Multi-Property Microgrid Tariff, and Any Necessary Utility-Specific Deviations, filed and served	November 10, 2023
ALJ Ruling: Energy Division Staff Proposal on Multi-Property Microgrid Tariffs	January 22, 2023
Energy Division Public Workshop on Energy Division Staff Proposal on Multi-Property Microgrid Tariffs	February 5, 2024
Opening Comments to Energy Division Staff Proposal on Multi-Property Microgrid Tariffs, filed and served	February 19, 2024
Reply Comments to Energy Division Staff Proposal on Multi-Property Microgrid Tariffs, filed and served	March 11, 2024

EVENT	DATE
Proposed Decision	Within 90 days from submission of Track 5 record

Track 5 will stand submitted upon the filing of Reply Comments to the Energy Division Staff Proposal on the microgrid multi-property tariffs, unless the ALJ requires further evidence.

Accordingly, based on this schedule, this proceeding will exceed the eighteen-month statutory case management deadline for ratesetting matters set forth in Pub. Util. Code Section 1701.5. It is the Commission’s intention to resolve all relevant issues in this proceeding within 36 months of the date of this Scoping Memo.

**5. Category of Proceeding and Ex Parte Restrictions**

This ruling confirms the Commission’s preliminary determination<sup>7</sup> that this is a ratesetting proceeding. Accordingly, *ex parte* communications are restricted and must be reported pursuant to Article 8 of the Commission’s Rules of Practice and Procedure.

**6. Public Outreach**

Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter by noticing it in the Commission’s monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission’s website. Pursuant to Pub. Util. Code Section 1711(a), I hereby report that the Commission sought the participation of those likely to be affected by this matter

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<sup>7</sup> *Id.*



by noticing it in the Commission's monthly newsletter that is served on communities and business that subscribe to it and posted on the Commission's website.

## **7. Intervenor Compensation**

Pursuant to Pub. Util. Code Section 1804(a)(1), a customer who intends to seek an award of compensation must file and serve a notice of intent to claim compensation no later than 30 days after issuance of this ruling.

## **8. Response to Public Comments**

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

## **9. Public Advisor**

Any person interested in participating in this proceeding who is unfamiliar with the Commission's procedures or has questions about the electronic filing procedures is encouraged to obtain more information at <http://consumers.cpuc.ca.gov/pao/> or contact the Commission's Public Advisor at 866-849-8390 or 866-836-7825 (TTY), or send an email to [public.advisor@cpuc.ca.gov](mailto:public.advisor@cpuc.ca.gov).

## **10. Filing, Service, and Service List**

The official service list has been created and is on the Commission's website. Parties should confirm that their information on the service list is correct and serve notice of any errors on the Commission's Process office, the service list, and the ALJ. Persons may become a party pursuant to Rule 1.4.<sup>8</sup>

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<sup>8</sup> The form to request additions and changes to the Service list may be found at: <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/administrative-law-judge-division/documents/additiontoservicelisttranscriptordercompliant.pdf>.

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

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

When serving documents on the ALJ, the Commissioner, or her personal advisors, whether they are on the official service list, **parties must only provide electronic service**. Parties must not send hard copies of documents to the ALJ, or the Commissioners or their personal advisors unless specifically instructed to do so.

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

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

#### **11. Receiving Electronic Service from the Commission**

Parties and other persons on the service list are advised that it is the responsibility of each person or entity on the service list for Commission proceedings to ensure their ability to receive emails from the Commission. Please

add “@cpuc.ca.gov” to your email safe sender list and update your email screening practices, settings and filters to ensure receipt of emails from the Commission.

**12. Assignment of Proceeding**

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

**IT IS RULED** that:

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

This order is effective today.

Dated July 18, 2023, at San Francisco, California.

/s/ GENEVIEVE SHIROMA

Genevieve Shiroma  
Assigned Commissioner