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

ADMINISTRATIVE LAW JUDGE'S RULING ORDERING PACIFIC GAS AND ELECTRIC COMPANY, SAN DIEGO GAS & ELECTRIC COMPANY, AND SOUTHERN CALIFORNIA EDISON COMPANY TO DRAFT A MICROGRID MULTI-PROPERTY TARIFF

Summary

This ruling orders Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) to develop and submit a draft pro-forma standard microgrid multi-property tariff, and any necessary utility-specific deviations. PG&E, SCE, and SDG&E shall base this draft, pro-forma standard microgrid multi-property tariff from PG&E's Community Microgrid Enablement Tariff.

PG&E, SCE, and SDG&E shall submit this draft, sample pro-forma standard microgrid multi-property tariff, with any necessary utility-specific deviations, into the record of this proceeding by October 9, 2023.

1. Background

On September 12, 2019, the California Public Utilities Commission (Commission) initiated this Rulemaking to design a framework surrounding the commercialization of microgrids associated with Senate Bill 1339 (Stern, 2018), as well as account for the Commission's commitment toward utilizing additional

technologies and activities that may be useful for achieving overall resiliency goals.

The Scoping Memo and Ruling (Scoping Memo) directs PG&E, SCE, and SDG&E to develop and submit a draft, pro-forma standard microgrid multi-property tariff with any necessary utility-specific deviations. The Scoping Memo also directed PG&E, SCE, and SDG&E to base this pro-forma standard microgrid multi-property tariff from PG&E's Community Microgrid Enablement Tariff.

Consistent with the assigned Commissioner's Scoping Memo, this ruling directs PG&E, SCE, and SDG&E to draft a new microgrid multi-property tariff within the parameters discussed below.

2. Microgrid Multi-Property Tariff Formation Parameters

Public Utilities Code Section[1] 8371(b) requires the Commission to, without shifting costs between ratepayers, develop methods to reduce barriers for microgrid deployment. Section 8371(d) also requires the Commission to, without shifting costs between ratepayers, develop separate large electrical corporation rates and tariffs, as necessary, to support microgrids, while ensuring that system, public, and worker safety are given the highest priority.

In short, components of microgrid commercialization are determined by statute, 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 territories; without (3) shifting costs onto non-benefiting customers. When viewed with additional statutory granularity, microgrid commercialization must reflect just and reasonable rates alongside safe and reliable service.

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[1] All subsequent references are to the Public Utilities Code unless otherwise specified.

Purpose. When directing PG&E, SCE, and SDG&E to form a microgrid multi-property tariff, this ruling preserves the Commission's multiprong responsibility to keep rates affordable for customers, while also advancing the availability and scale of microgrid technology for resiliency benefits. For example, a microgrid multi-property tariff may enable front-of-the-meter and behind-the-meter resources to utilize an IOU's distribution grid during island-mode. A microgrid multi-property tariff is not necessary to enable, and is not applicable to, microgrids that comply with Public Utilities Code section 218 and do not utilize an IOU's distribution grid during island-mode.[2] A microgrid multi-property tariff does not assert new pricing or valuation paradigms for capacity, energy, or services for microgrid resources operating in grid-connected mode.

Guiding Principles. PG&E, SCE, and SDG&E are directed to use the following principles when developing the microgrid multi-property tariff. The guiding principles are: (1) provide the rules, terms, and conditions defining the relationship between the utility and the microgrid; (2) align the microgrid multi-property tariff with all applicable Commission policies and state and local permitting requirements; (3) align the microgrid multi-property tariff with existing electric service rules (*e.g.*, Rule 2) and existing interconnection processes; (5) provide equitable service and universal access while avoiding discriminatory practices; (6) avoid cross-subsidization and cost shifts between participants and

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[2] See D.21-01-018, Conclusion of Law 11 stating: California Public Utilities Code Section 218, commonly referred to as the "over-the-fence rule," requires any entity who wishes to sell energy to more than two contiguous parcels or across the street to become a regulated, electrical corporation as defined under Public Utilities Code Section 216.

non-participants; (7) and, contain sufficient information and details to facilitate evaluation by Commission staff and stakeholders.

Tariff Requirements. PG&E, SCE, and SDG&E are directed to follow these requirements when forming the microgrid multi-property tariff:

- Comply with Section 218 regarding rules for electrical corporations;

- Define and standardize the technical, operational, and regulatory requirements for microgrids that utilize a utility distribution system to provide resiliency services to two or more end users;

- Define roles, responsibilities, and requirements for all parties during microgrid development and testing, ongoing microgrid operations and maintenance, and modifications or changes to microgrid once operational;[3]

- Address and prioritize safety and system reliability, including but not limited to, public and worker safety, utility system protection, and cybersecurity;

- Demonstrate compliance with existing rules, regulations, and other tariffs, as well as identify any potential barriers or conflicts with existing rules, regulations, tariffs. Where barriers or conflicts are identified, propose potential solutions and processes to address them;

- Allow for the utility to always maintain control of its distribution system;

- Ensure that any generation and storage resources with the ability to operate in parallel with a utility are interconnected to that utility's distribution system;

- Do not prohibit generation resource technologies;

- Require all generation resources to comply with all applicable emissions standards;

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[3] The IOUs may state that some details will be developed overtime, and ultimately be contained in an executed operating agreement.

- Do not restrict ownership of generation or storage resources;

- Do not unduly restrict third-party owned resources from participating in markets, participating in programs, or providing services during normal utility grid conditions;

- Address service quality for all electricity delivered;

- Establish mechanisms to ensure consumer and ratepayer protection;

- Address communications and telemetry between microgrid and utility;

- Address metering, billing, and settlement processes for delivered electricity; and

- Explain how pricing is established, if relevant.

IT IS RULED that:

1. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall develop a draft, pro-forma standard microgrid multi-property tariff with any necessary utility-specific deviations.

2. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall base this draft, pro-forma standard microgrid multi-property tariff from PG&E's Community Microgrid Enablement Tariff.

3.   Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall submit this draft, pro-forma standard microgrid multi-property tariff, with any necessary utility-specific deviations, into the record of Rulemaking 19-09-009 by October 9, 2023.

Dated August 8, 2023, at San Francisco, California.

/s/ COLIN RIZZO
Colin Rizzo
Administrative Law Judge