



STATE OF CALIFORNIA

GAVIN NEWSOM, Governor

PUBLIC UTILITIES COMMISSION

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Ratesetting

TO PARTIES OF RECORD IN APPLICATION 21-06-022:

This is the proposed decision of Administrative Law Judge Colin Rizzo. Until and unless the Commission hears the item and votes to approve it, the proposed decision has no legal effect. This item may be heard, at the earliest, at the Commission's December 14, 2023 Business Meeting. To confirm when the item will be heard, please see the Business Meeting agenda, which is posted on the Commission's website 10 days before each Business Meeting.

Parties to the proceeding may file comments on the proposed decision as provided in Rule 14.3 of the Commission's Rules of Practice and Procedure (Rules).

The Commission may hold a Ratesetting Deliberative Meeting to consider this item in closed session in advance of the Business Meeting at which the item will be heard. In such event, notice of the Ratesetting Deliberative Meeting will appear in the Daily Calendar, which is posted on the Commission's website. If a Ratesetting Deliberative Meeting is scheduled, *ex parte* communications are prohibited pursuant to Rule 8.2(c)(4).

/s/ MICHELLE COOKE

Michelle Cooke

Acting Chief Administrative Law Judge

MLC:nd3

Attachment

Decision PROPOSED DECISION OF ALJ RIZZO (Mailed 11/9/2023)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company (U39E) Proposing Framework for Substation Microgrid Solutions to Mitigate Public Safety Power Shutoffs. (U39E)

Application 21-06-022

DECISION GRANTING PACIFIC GAS AND ELECTRIC COMPANY'S (U39E) PETITION FOR MODIFICATION OF DECISION 22-11-009

Summary

This decision grants the Petition for Modification (Petition) of Decision (D.) 22-11-009 filed by Pacific Gas and Electric Company (PG&E). In D.22-11-009, the Commission adopted a framework for substation microgrid resiliency solutions to mitigate public safety power shutoffs for PG&E. For the reasons set forth below, we grant PG&E's Petition.

Application 21-06-022 is closed.

1. Background

On June 30, 2021, Pacific Gas and Electric Company (PG&E or Petitioner) filed Application (A.) 21-06-022. In its Application, Petitioner proposed a framework for identifying substations at high risk of de-energization in future public safety power shutoff (PSPS) events, assessing alternatives to mitigate

those outage risks, and where appropriate, a procurement strategy for developing substation-level microgrid solutions to mitigate PSPS outages.

On November 4, 2022, the California Public Utilities Commission (Commission) issued Decision (D.) 22-11-009. D.22-11-009 adopted a framework for Petitioner to assess substation microgrid resiliency solutions to mitigate the effects of PSPS events. The framework adopted in D.22-11-009 contains eight elements, including: (1) a 10-year Historical Lookback Analysis; (2) greenhouse gas emissions performance standards; (3) clean technology market development standards; (4) an alternatives analysis; (5) a procurement strategy; (6) a rate architecture and cost allocation methodology; (7) demand response measures; and (8) an environmental and social justice action component.¹ The objectives for this framework are two-fold: (1) to mitigate outages at substations that are most likely to experience future PSPS events; and (2) identify steps for PG&E to take to facilitate the transition to cost-effective, cleaner alternatives to mobile diesel generators for microgrids.

On July 13, 2023, Petitioner filed its Petition for Modification (Petition) of D.22-11-009. Petitioner seeks a modification to a requirement in D.22-11-009 requiring Petitioner to file an application addressing substations with indirect² PSPS impacts.³ Petitioner also presents the intervening work and findings of PG&E and other stakeholders as part of the Commission-led North Coast

¹ D.22-11-009 at 2.

² Indirect PSPS impacts are distinguishable from direct PSPS impacts because they relate to broader, cascading effects of transmission line de-energizations during PSPS events such as overloading lines due to abnormal configurations of the grid; not because the specific transmission line or lines serving a substation must be de-energized due to wildfire risk. A direct PSPS event occurs where transmission line shutoffs cut off a substation from the larger grid.

³ Petition at 1.

Resiliency Initiative (NCRI).⁴ The NCRI comprised representatives from the Commission's Energy Division, the California Energy Commission (CEC), the California Independent System Operator (CAISO), Marin Clean Energy (MCE), and Sonoma Clean Power as well as PG&E. Based on the analysis developed by the NCRI, Petitioner now proposes to modify D.22-11-009 to account for indirect PSPS impacts going forward in a manner consistent with the evaluation methodology developed as part of the NCRI.⁵

1.1. Summary of Petition

The Petition makes two primary arguments for modification: (1) that the NCRI process and outcomes have provided additional information that the Commission sought regarding how to analyze and address indirect PSPS impacts; and therefore (2) submittal of a lengthy, separate application is no longer efficient or necessary. Petitioner states that the process developed by the NCRI stakeholders has resulted in an assessment that can evaluate the types of regional energy challenges presented by indirect PSPS impacts.

1.2. Response to Petition

On August 14, 2023, two parties filed their responses to PG&E's Petition: The Public Advocates Office of the California Public Utilities Commission (Cal Advocates) and The Utility Reform Network (TURN).

Cal Advocates makes several arguments in opposition to the Petition. First, Cal Advocates argues that PG&E seeks to retroactively expand the scope of D.22-11-009.⁶ Second, Cal Advocates argues that parties have not had an opportunity to comment on the issues raised by the Petition in a formal

⁴ *Id.* at 1-2.

⁵ *Id.*

⁶ Cal Advocates Response at 2.

proceeding.⁷ Third, Cal Advocates argues that PG&E's Petition is not justified by any new facts or circumstances as required by Rule 16.4(b) of the Commission's Rules of Practice and Procedure (Rules).⁸ Finally, Cal Advocates recommends that D.22-11-009 be modified to allow PG&E to submit a stand-alone application on the issues presented in the Petition; or in the alternative, to include an analysis specifically addressing indirect PSPS impacts and a proposal for PG&E's indirect PSPS impacts methodology in a separate section of an application that seeks Commission authorization for multi-season clean microgrid substation projects.⁹

For its part, TURN agrees with PG&E that it would be "inefficient to require PG&E to submit a separate stand-alone application" regarding indirect PSPS impacts.¹⁰ TURN states that the findings of the NCRI process suggest a very low likelihood that PG&E would seek to justify major new substation microgrid investments to mitigate indirect PSPS impacts.¹¹ TURN supports the Petition's request to eliminate the need for a stand-alone application to address the framework for evaluating indirect impacts.¹² TURN recommends that the Commission adopt a presumption that multi-season microgrid project proposals are not justified solely based on the mitigation of indirect impacts.¹³

On August 25, 2023, PG&E filed a reply to the parties' responses to its Petition. In its reply, PG&E stated that it agrees with TURN that the NCRI

⁷ *Id.*

⁸ *Id.* at 5.

⁹ *Id.* at 8-9.

¹⁰ TURN Response at 1.

¹¹ *Id.*

¹² *Id.* at 2.

¹³ *Id.*

demonstrated a reduced likelihood that substation microgrids will be needed to mitigate indirect impacts.¹⁴ Also in its reply, PG&E stated that TURN and Cal Advocates agree with PG&E that D.22-11-009 should be modified to remove the stand-alone requirement for PG&E to submit an application regarding indirect PSPS impacts.¹⁵ Finally, PG&E states that where TURN, Cal Advocates, and PG&E part ways is on the question of whether – as the Petition proposes – the Commission should integrate the indirect impacts assessment into D.22-11-009.¹⁶ PG&E argues that the NCRI assessment gives “some certainty in the future with regard to how indirect impacts will be considered when initially selecting candidate substations for microgrids.”¹⁷

2. Submission Date

This matter was submitted on August 25, 2023, upon submittal of Petitioner’s reply to the parties’ responses to the Petition.

3. Standard of Review

Public Utilities Code Section 1708¹⁸ provides that the Commission, after appropriate notice, may alter one of its prior decisions:

The commission may at any time, upon notice to the parties, and with opportunity to be heard as provided in the case of complaints, rescind, alter, or amend any order or decision made by it. Any order rescinding, altering, or amending a prior order or decision shall, when served upon the parties, have the same effect as an original order or decision.

¹⁴ PG&E Reply at 3.

¹⁵ *Id.*

¹⁶ *Id.*

¹⁷ *Id.* at 4.

¹⁸ Public Utilities (Pub. Util.) Code § 1701. All references to “Sections” herein are to the California Public Utilities Code unless otherwise noted.

Rule 16.4 governs petitions for modification. Rule 16.4(d) states in part:

(d) Except as provided in this subsection, a petition for modification must be filed and served within one year of the effective date of the decision proposed to be modified. If more than one year has elapsed, the petition must also explain why the petition could not have been presented within one year of the effective date of the decision. If the Commission determines that the late submission has not been justified, it may on that ground issue a summary denial of the petition.

Rule 16.4 also requires:

(b) A petition for modification of a Commission decision must concisely state the justification for the requested relief and must propose specific wording to carry out all requested modifications to the decision. Any factual allegations must be supported with specific citations to the record in the proceeding or to matters that may be officially noticed. Allegations of new or changed facts must be supported by an appropriate declaration or affidavit.

Timeliness Test: As stated above under Rule 16.4(d), a petition for modification must be filed and served within one year of the effective date of the decision proposed to be modified. This Petition complies with Rule 16.4(d), as it has been filed within a year of the effective date of D.22-11-009 (November 3, 2022).

Persuasiveness Test: Under Rule 16.4(b) if more than one year has elapsed, the petition must also explain why the petition could not have been presented within one year of the effective date of the decision. If the Commission determines that the late submission has not been justified, it may on that ground issue a summary denial of the petition. Here, the persuasiveness test does not apply because the Petition was timely filed.

Rule 16.4(b) Test: Next, in addressing this request, we consider whether PG&E has met its burden, pursuant to Rule 16.4(b), to demonstrate that the

Commission should exercise its discretion to modify D.22-11-009. The Commission has discretion when ruling on a petition for modification.¹⁹ In considering whether to exercise such discretion, we consider whether to: (1) vacate the requirement for PG&E to file a separate application regarding indirect PSPS impacts; and (2) whether to integrate the proposed indirect PSPS impacts assessment into D.22-11-009 because that favors both the interests of ratepayers and the Commission's resiliency policies. We discuss our reasoning below.

4. Grant of Petition

The Commission, having taken the matter under submission, grants the Petitioner's request to modify D.22-11-009. Thus, we grant Petitioner's request to vacate the requirement that it file a separate application regarding indirect PSPS impacts by September 1, 2024. Cal Advocates, PG&E, and TURN support this modification. We conclude that the elimination of this requirement of D.22-11-009 is reasonable because it is the most efficient use of Commission, stakeholder, and ratepayer resources.

Next, we also grant the Petitioner's request to integrate the indirect impacts assessment from the NCRI into the adopted framework of D.22-11-009. We find that the integration of the indirect impacts methodology into the existing framework of D.22-11-009 favors the interest of ratepayers and the Commission's resiliency policies as set forth in the discussion below.

First, the indirect impacts assessment was developed jointly with the CEC, the CAISO, two community choice aggregators that are regularly affected by

¹⁹ Rule 16.4; *see also* *PG&E Corp. v. Public Utilities Com.* (2004) 118 Cal.App.4th 1174, 1215 (Public Utilities Code Section 1708, which authorizes the Commission to "rescind, alter, or amend any order or decision made by it," is permissive).

PSPS outages (MCE and Sonoma Clean Power), and staff from the Commission's Energy Division. In other words, the indirect impacts assessment was developed with entities who have an eye toward reducing the effects of indirect PSPS impacts on the North Coast. In short, the indirect impacts framework is an assessment tool that captures an evaluation of indirect PSPS impacts, and identifies mitigation alternatives to those impacts. The results, if ever used, must be included in a submittal by PG&E that will be reviewed and litigated by stakeholders should PG&E ever decide to pursue a multi-season or single-season microgrid solution.²⁰

Second, the indirect impacts assessment is consistent with the Commission's resiliency policies. The indirect impacts assessment complements the existing framework already adopted in D.22-11-009 and furthers the outcomes of D.22-11-009 because it fits within the contours of the existing substation microgrid framework. Third, the indirect impacts analysis also favors the interest of ratepayers because: (1) it complements the existing framework of D.22-11-009; (2) its integration reduces the expense of further litigation; (3) it reduces the litigation cost burden for parties that participate in Commission proceedings; and (4) it conserves scarce Commission and ratepayer resources.

We remind parties that even with integration of the indirect PSPS impacts assessment into D.22-11-009, PG&E still must seek Commission approval for either a multi-season or a single-season microgrid project through the Commission's application or advice letter process. In seeking such authorization, PG&E still bears the burden of proof to justify the reasonableness of the project and the cost-recovery that it will eventually seek. We anticipate

²⁰ D.22-11-009, Ordering Paragraph 2 and Ordering Paragraph 5.

that stakeholders will indeed litigate whether PG&E met such a burden. Thus, nothing in this decision prevents the ability of any party to object, evaluate, and/or comment on project-specific proposals that may come to fruition sometime in the future. Parties may still object to any specific project proposal that PG&E may propose in the future, including through the submission of formal evidence, should PG&E eventually decide to pursue a multi-season substation microgrid solution through an application. In other words, parties are not prevented from raising objections or challenging PG&E on one of its specific project proposals should the time arise.

Given this, we are unpersuaded by the arguments presented by Cal Advocates. We adopt TURN's recommendation that multi-season microgrid project proposals shall not be justified solely based on the mitigation of indirect impacts.²¹ We conclude that amending the framework of D.22-11-009 to include the indirect impacts assessment developed by the NCRI is reasonable.

Accordingly, the framework of D.22-11-009 shall include the indirect impacts analysis through the following amendments. First, the 10-year Historical Look Back Analysis modeling methodology shall include consideration of indirect impacts, alongside the existing requirement of analyzing direct impacts.²² Second, when PG&E submits the Historical Look Back Analysis update report via Compliance Filing to Energy Division, PG&E shall include a report on Mitigated PSPS Indirect Impact Analysis (MPIIA).

²¹ TURN Response at 2.

²² In each submission of the updated results of its 10-year Historical Look Back Analysis, PG&E shall present the total number of both direct and indirect impacts to each substation. For purposes of this analysis, PG&E will initially assume all substations within an indirectly impacted sub-area to have the same number of potential indirect impacts, except that PG&E will exclude any substation within that region that would be five percent or less effective at mitigating an indirect impact if it were de-energized.

Third, we also amend the threshold criteria for identifying substation microgrid solutions to include indirect impacts. This threshold should be modified to incorporate the results from the Historical Look Back Analysis update report on MPIIA, identified above.²³ Finally, we amend the adopted alternatives analysis framework to allow for consideration of indirect impacts. The alternatives analysis should include consideration of whether either planned Or not-yet-planned, cost-effective non-microgrid solutions are available to address both direct and indirect impacts, rather than being limited to consideration of direct impacts.

5. Summary of Public Comment

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding. No public comments were submitted into this docket on the matter.

6. Conclusion

This decision grants the Petition of D.22-11-009 filed by PG&E.
A.21-06-022 is closed.

7. Comments on Proposed Decision

The proposed decision of Administrative Law Judge Colin Rizzo in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3. Comments were filed on

²³ The threshold for microgrid substation candidates is whether the sum of those modeled direct impacts and those unresolved indirect impacts in the MPIIA involving at least 100 customer accounts is 10 or greater over the rolling 10-year Historical Look Back Analysis study period.

_____, and reply comments were filed on _____
by _____.

8. Assignment of Proceeding

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

Findings of Fact

1. The Petition was timely filed on July 13, 2023, which is within a year of D.22-11-009's effective date of November 3, 2022.
2. The Petition states with specificity the justification for the requested relief.
3. D.22-11-009 adopted a substation microgrid framework for PG&E and requires PG&E to file a separate application regarding indirect PSPS.
4. The NCRI was an intergovernmental and stakeholder led effort comprised of members from the Commission's Energy Division, the CEC, the CAISO, MCE, Sonoma Clean Power, and PG&E.
5. The NCRI developed a framework for assessing indirect PSPS impacts and identifying mitigation alternatives to those impacts (indirect PSPS analysis).
6. The indirect PSPS analysis can be integrated into the existing Substation Microgrid framework adopted by D.22-11-009.
7. A multi-season microgrid project proposal is not justified solely on the basis of the mitigation of indirect impacts.
8. The inclusion of the indirect PSPS analysis does not remove PG&E's burden to seek Commission approval for either a multi-season or a single-season microgrid solution through either the Commission's application or advice letter process.

9. The inclusion of the indirect PSPS analysis does not remove PG&E's burden to justify the reasonableness of the projects and the cost-recovery that it will eventually seek.

10. The inclusion of the indirect PSPS analysis does not affect the ability of any party to object, evaluate, and/or comment on future project-specific proposals.

11. The inclusion of the indirect PSPS analysis does not affect the ability of any party to object to any specific project proposal that PG&E may propose in the future; including through the submission of formal evidence, should PG&E decide to pursue a multi-season substation microgrid station through an application.

Conclusions of Law

1. The Petition should be granted because it was timely filed within one year of D.22-11-009.

2. The Petition should be granted because it states with specificity the justification for the requested relief.

3. The Petition should be granted because its request can be: (1) integrated into the existing framework of D.22-11-009; (2) its integration reduces the expense of further litigation; (3) its integration reduces the litigation cost burden for parties that participate in Commission proceedings; and (4) its integration conserves scarce Commission and ratepayer resources.

ORDER

IT IS ORDERED that:

1. The July 13, 2023, Petition for Modification of Decision 22-11-009 filed by Pacific Gas and Electric Company is granted.

2. Pacific Gas and Electric Company shall not implement the requirement of Decision 22-11-009 to file a separate application regarding indirect public safety power shutoffs by September 1, 2024.

3. The framework of Decision 22-11-009 shall include the indirect impacts analysis developed through the North Coast Resiliency Initiative.

4. Application 21-06-022 is closed.

This order is effective today.

Dated _____, at San Francisco, California.