

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

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

R.19-09-009

JOINT PARTIES' REPLY TO RESPONSES ON MOTION FOR A COMPREHENSIVE
MICROGRID TARIFF DEVELOPMENT PROCESS

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MICROGRID TARIFF DEVELOPMENT PROCESS

The Joint Parties respectfully submit this reply to the party responses on our motion, pursuant to permission granted by ALJ Rizzo via email on Oct. 20, 2020 under Rule 11.1(f) of the *Rules of Practice and Procedure*. We reply to party responses in opposition below. We also note and appreciate the many other parties' supportive responses submitted, including the Joint CCAs, Applied Medical Resources, Google LLC, and CEERT.

Our primary concern is that a microgrid tariff be available in time to deploy "simple" microgrids, as defined in the motion, to protect vulnerable communities in advance of the 2021 fire season – this is the basis for our sense of urgency. To that end, we have asked the Commission to conduct a working group process to finalize and adopt the needed simple microgrid tariff by January 2021. We strongly disagree with the Joint IOUs' assertions that such a tariff is not needed, or that existing provisions under NEM and SGIP combined with the staff proposals the Commission is considering in Track 2 of this proceeding are sufficient to enable rapid deployment of simple microgrids.

The Joint Parties appreciate the Joint IOUs' statement that they share the goals of the Motion in terms of a sense of urgency, commercialization of microgrids, and in developing greater grid resiliency (Joint IOU Response, p. 2). The Joint IOUs object, however, to changing the current proceeding schedule and cite the potential for cost shifting resulting from the comprehensive microgrid tariff that the Joint Parties have called for (pp. 4-5).

It is important to highlight that the Motion calls primarily for a workshop *process* to commence – the Commission accepting the Motion's recommendation has no pre-determined impact on ratepayer costs or cost shifting. The Motion includes recommendations for what a comprehensive microgrid tariff should address, and what should be part of the scope of the workshop process. We expect the Motion's recommendations on departing load and standby charge exemptions would be a topic of the proposed workshop discussions.

The Joint Parties are not calling for any kind of cost shifting. Microgrids that can provide significant resilience benefits by reducing the costs of wildfire and PSPS events are often not eligible for NEM. Microgrids that can operate for 96 hours or weeks under smoke-filled skies without utility power can be deployed between now and the 2021 fire season if a simple microgrid tariff is in place by January. They can also avoid the use of temporary diesel units.

The Joint Utilities seem to have misunderstood several key points in our motion. We did not ask for action on a tariff for single customer microgrids but on what we carefully defined as “simple microgrids”. These are microgrids that may have more than one customer, to the extent permitted by Public Utility Code Section 218, and do not include the use of any utility assets to distribute power within the microgrid. Moreover, the Joint Utilities seem to believe that by addressing NEM-eligible microgrids in the Track 1 and 2 proceedings, the Commission has addressed the commercialization of simple microgrids.

Joint IOUs also argue that the simple microgrid tariff (IOUs erroneously describe this category as “single customer microgrids”) that the Motion called for is already covered by existing tariffs and that such simple microgrids (p. 3) “can access various compensation and value streams pursuant to existing tariffs and programs.” But this is not the case for microgrid DERs that don’t qualify for NEM. Joint Parties are asking only, in our suggested first phase of tariff adoption, that simple microgrids be able to compete on a level playing field.

In the first two tracks of this proceeding much attention has been paid to revisions to NEM tariffs. We have supported these efforts but believe that not enough attention has been paid to other types of simple microgrids that can substantially address the problems that California faces. While some progress was made on interconnection of NEM resources in Track 1, significant additional progress must be made on interconnection for both larger simple microgrids and NEM microgrids. NEM-MT is notoriously difficult to navigate and is not sufficient. California, to meet the legislative directive of SB 1339 to commercialize microgrids, needs microgrid-specific tariffs that dramatically streamline the interconnection and provide appropriate compensation.

As the Motion calls for, a three-month effort based on widespread input to create a streamlined tariff that largely relies on existing tariff structures while removing obstacles is more than justified in the exigent circumstances we find ourselves in. A tariff for simple microgrids that speeds interconnection and eliminates a few key financial and regulatory barriers as contemplated by SB 1339 can unleash real improvements that facilitates deployment of these microgrids in vulnerable communities before the start of the 2021 fire season and can also benefit the larger grid.

Cal Advocates states that it “agrees that most of the issues in the Joint Parties’ Motion are important and should be addressed” but then asserts that if new compensation rates and

elimination of cost responsibility charges are at issue there “must be an evidentiary process because such issues cannot be developed solely through working groups” (Cal Advocates Response, p. 1). The Joint Parties do not agree that evidentiary hearings are necessary for completion of the “simple” microgrid tariff process the Motion called for to be completed in Track 2. As ED staff described in the July 23 Track 2 staff proposal, any elimination of departing load or similar charges must be commensurate to the value of resilience provided by microgrids. Hearings can be included as part of Track 3 and the development of the comprehensive microgrid tariff development process but are not needed for the simple microgrid tariff.

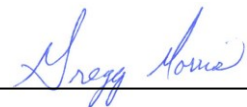
TURN’s comments also focus on cost shifting concerns. As with our response to the utilities’ above we note that the Motion does not call for any cost shifting. Rather, the Motion calls for a process to be conducted to examine appropriate reduction or elimination of fees and compensation structures for microgrids. TURN’s comments don’t seem to consider the severity and urgency for action imparted by wildfire-induced PSPS events, rolling blackouts, and related challenges to grid resilience, all of which are substantially mitigated insofar as each location has a microgrid capable of operating in parallel to and also independent from the utility grid. SB 1339’s mandate to commercialize microgrids is specifically designed to address these concerns.

I. Conclusion

The Joint Parties again urge the Commission to commit to the process described in the motion and to reject the opposing parties’ comments for the reasons described above.

Dated: October 23, 2020, at Berkeley, California.

Respectfully Submitted,



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