



December 18, 2020

Ms. Genevieve Shiroma, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 95814

Dear Commissioner Shiroma:

We write regarding the California Public Utilities Commission's (Commission) Proposed Decision (PD) under Rulemaking 19-09-009, which implements Senate Bill 1339 (Stern), Chapter 566, Statutes of 2018, specific to the commercialization of microgrids. While the PD does not meet the full intent of SB 1339, there are several simple steps that we would encourage the Commission to take to improve the proposal and realize the benefits of microgrids for affordable, clean, local grid resilience at a crucial time of instability.

The Legislature, in its deliberations on SB 1339, found California electricity customers will benefit from the enhanced development of microgrids and microgrid components because doing so will enhance local reliability and better manage load and demand. As a result, we directed the Commission to enable microgrids to progress from a promising emerging clean technology solution to a successful, cost-effective, safe, and reliable commercial product. Indeed, customer-tailored energy management strategies enabled by microgrids do not just benefit the customers or avoid cost shifts – they benefit all ratepayers, as was demonstrated during the recent public safety power shutoff (PSPS) events and the rolling blackouts in August. According to the multiagency Root Cause Analysis, the California Energy Commission was able to coordinate with several microgrid users, who islanded their loads, resulting in significant reductions in demand from the grid and preventing a wider ripple of outages in August. Similarly, during last fall's wave of PSPS events that impacted more than 2 million Pacific Gas & Electric customers, microgrid-hardened communities like Blue Lake Rancheria in Humboldt County became a crucial hub of resilience. It served more than 10,000

people during a day-long outage, elevating this tribal government's innovative spirit as a crucial component of the region's climate and emergency response strategy. Given the significant refrigeration required to keep certain COVID-19 vaccines stable, properly-enabled microgrids will play an even more crucial role in the year ahead.

Unfortunately, the PD fails to recognize the significant potential for expanding microgrid deployment by effectively forcing customers with large energy needs to choose between a 4 to 8 hour solar plus storage system or diesel generation. A technology-neutral, emissions-driven approach that utilizes the definitions of "microgrid" and "distributed energy resource" laid out in SB 1339 would rectify this eligibility issue, and still advance California's climate goals in a manner that is more cost-effective and affordable than a default to diesel.

The PD could be further improved by focusing more squarely on SB 1339's objectives by reducing barriers to and streamlining the interconnection of microgrids and their components. The law requires both investor and publicly-owned utilities to take necessary steps to facilitate the installation of microgrids, including standardizing terms and conditions to enable microgrid interconnections and encourage microgrid deployment. The legislative intent should be construed broadly by the Commission by eliminating unnecessary standby fees and other surcharges that act as a barrier to wide-scale microgrid deployment. Microgrid customers already pay for their fair share of grid maintenance charges in proportion to the amount of power they draw from the grid. Assessing surcharges, such as standby fees, to pay for the utility to backstop a microgrid if its distributed energy resources fail, fundamentally misunderstands that microgrid customers are actually paying to *backstop themselves* against utility deenergization events and other grid failures, thereby providing a resiliency benefit to the broader customer base. Other similar customer-driven load reductions, like switching to more efficient lighting technology, or participating in demand response programs are not similarly deterred with arbitrary utility fees. We strongly recommend that the PD be amended to remove the imposition of unnecessary standby fees and other surcharges from customer-facing behind-the-meter microgrids.

The grid is modernizing and we need to encourage technologies like microgrids to provide benefits to all communities for true long term resiliency planning. Enabling customer facing microgrids and encouraging utilities to use these technologies is a crucial next step for the state. We also must ensure disadvantaged communities, the medically vulnerable and those with access and functional needs have access to microgrid technologies, so we applaud the Commission's decision to establish a new incentive program just for that purpose.

With wildfires and heatwaves only growing in intensity, forcing increases in PSPS events and rolling blackouts, and the need for COVID-19 vaccines to be appropriately refrigerated to save lives, we need robust microgrid deployment now more than ever.

Commissioner Shiroma
December 18, 2020
Page 3

We urge you to consider the changes outlined in this letter and resist the unsustainable default to diesel generation that is currently California's de facto back-up power plan.

Thank you for your continued efforts. If you would like to discuss this matter further, please do not hesitate to contact us.

Sincerely,



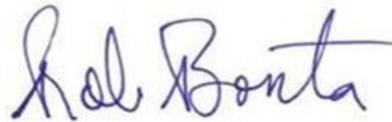
Senator Henry Stern
27th District



Assemblymember Mark Berman
24th District



Senator Ben Allen
26th District



Assemblymember Rob Bonta
18th District



Senator Josh Becker
13th District



Assemblymember Autumn Burke
62nd District



Senator, David Cortese
15th District



Assemblymember David Chiu
17th District



Senator Susan Talamantes Eggman
5th District



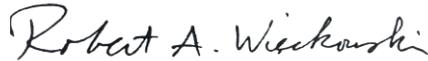
Assemblymember Ash Kalra
27th District



Senator Nancy Skinner
9th District



Assemblymember Evan Low
28th District



Senator Bob Wieckowski
10th District



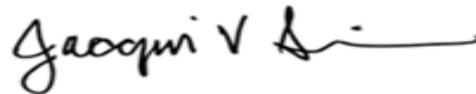
Assemblymember Kevin Mullin
22th District



Senator Wiener
11th District



Assemblymember Jim Wood
2nd District



Assemblymember Jacqui Irwin
44th District

cc. Marybel Batjer, President, California Public Utilities Commission
Martha Guzman-Aceves, Commissioner
Liane Randolph, Commissioner
Clifford Rechtschaffen, Commissioner
Hazel Miranda, Director of Governmental Affairs, CPUC