

**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
(Filed September 12, 2019)

**COMMENTS OF THE RURAL COUNTY REPRESENTATIVES OF
CALIFORNIA TO THE ADMINISTRATIVE LAW JUDGE'S RULING
REQUESTING COMMENT ON THE TRACK 2 MICROGRID AND
RESILIENCY STRATEGIES STAFF PROPOSAL, FACILITATING THE
COMMERCIALIZATION OF MICROGRIDS PURSUANT TO SENATE
BILL 1339**

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I. Introduction

In accordance with Rule 6.2 of the California Public Utilities Commission (“Commission”) Rules of Practice and Procedure (“Rules”), the Rural County Representatives of California (RCRC) submits comments to the Order Instituting Rulemaking 19-09-009 (“Rulemaking”) regarding microgrids.

II. Comments

On behalf of the RCRC, we are pleased to offer comments to the *Administrative Law Judge’s Ruling Requesting Comment on the Track 2 Microgrid and Resiliency Strategies Staff Proposal, Facilitating the Commercialization of Microgrids Pursuant to Senate Bill 1339*, dated July 23, 2020. RCRC was granted party status in this proceeding via an e-mail ruling by the Administrative Law Judge on February 4, 2020.

RCRC is an association of thirty-seven rural California counties, and its Board of Directors is comprised of one elected supervisor from each of our member counties. RCRC member counties comprise the vast majority of the state's forested lands and high fire hazard severity zones. As such, our communities have borne the majority of destruction caused by high severity wildfires and experienced most of the state's Public Safety Power Shutoff (PSPS) events.

RCRC supports a thoughtful deployment and utilization of microgrids, where appropriate, as one of a portfolio of options to improve resilience of residential and nonresidential customers who are at greatest risk of deenergization. While we realize that microgrids may not be appropriate in all situations, we cannot ignore the resiliency and reliability benefits that they confer and so believe that they are an important tool to help mitigate the significant economic and public health and safety impacts that accompany utility decisions to deenergize power lines.

Our comments focus on those issues of primary importance to rural local governments and, as directed by the ruling, are presented in order of the topics and questions posed.

A. Proposal 2: Direct the Utilities to Revise PG&E Rule 18, SCE Rule 18, and SDG&E Rule 19 to Allow Microgrids to Serve Critical Customers on Adjacent Parcels.

1. RCRC is generally supportive of efforts to allow municipal corporations to power their critical facilities with microgrids, including powering facilities on adjacent properties during a power outage. At the same time, we suggest minimizing regulatory burdens that would normally accompany providing electricity to adjacent properties (other than those related to protection of health, safety, and reliability of the grid). As local governments invest significant resources on backup power to ensure continued operation of critical facilities during a PSPS or other grid outage, there will be opportunities to maximize efficiencies by procuring resources to power facilities located on adjacent properties.
5. *Is a subscription limit of 10 microgrid projects within the three IOU's territory sufficient?*
 - a. As a threshold issue, it is not clear whether the proposed limit of 10 microgrid projects is intended to apply statewide or to allow 10 projects in each of the three IOUs' service territories before pausing the program to allow the CPUC and IOUs to reconsider the program and determine whether any additional changes are necessary.
 - b. Given the significant challenges local government critical facilities face as a result of PSPS events, and the role that microgrids may play in mitigating those issues, a cap of ten projects *statewide* may be insufficient to meet the needs of those facilities. This

concern is magnified given the contemplated “pause” to allow the CPUC and IOUs to review and modify the program as necessary. While RCRC understands and agrees that there should be a thorough review of early experiences to better identify when and where microgrids can be effectively employed to mitigate PSPS impacts, and that some program changes may be necessary, we are concerned that an extended review timeline could inhibit the development of new projects.

8. Are there other critical facilities or facilities that should be considered but are not part of D.19-05-042’s list?

The CPUC directed utilities to develop lists of critical facilities in their service territories and developed interim lists of those types of facilities. RCRC believes that the CPUC should explicitly state that “critical facilities” include all of those types of facilities listed in pages A-4 to A-6 of Decision 19-05-042 and those facilities that were added by Decision 20-05-051 (public safety answering points and transportation facilities and infrastructure). We suggest expanding that universe to include flood control facilities, independent living centers, food banks, and fairgrounds because of the important functions that they provide due to the risks associated with flood control facilities and independent living centers losing power and in light of the community benefits that food banks and fairgrounds confer during emergencies. The first three of those types of facilities were made eligible for the Self-Generation Incentive Program’s Equity Resiliency Budget in Decision 20-01-021.¹ Fairgrounds often serve as important resiliency hubs and staging centers during emergencies (including PSPS events) and their inclusion may help to leverage energy resiliency funding included for those facilities (and other local government critical facilities) in this year’s state budget².

B. Proposal 4: Direct the Utilities to Develop a Microgrid Pilot Program

1. Indicate your support or opposition to each of the options.

A. In General. The CPUC is contemplating requiring IOUs to develop an incentive program to fund clean energy community microgrids to support the needs of vulnerable

¹ SELF-GENERATION INCENTIVE PROGRAM REVISIONS PURSUANT TO SENATE BILL 700 AND OTHER PROGRAM CHANGES, January 27, 2020, Page 102.

² Senate Bill 74 (Mitchell, Chapter 6, Statutes of 2020), Item 0690-104-0001 for the Office of Emergency Services to administer a community power resiliency grant program. Modified by AB 89 (Ting, Chapter 7, Statutes of 2020).

populations at greatest risk of being impacted by grid outages. While we are very interested in learning about (and are sensitive to) the anticipated costs and ratepayer impacts of this proposal, we believe that such a program could help smaller, under-resourced communities mitigate PSPS risks and improve system reliability, if structured appropriately.

B. Funding Source. RCRC opposes the staff's recommendation to adopt Option 1, because it will virtually guarantee that many smaller, rural counties will not be able to utilize the program for microgrid projects at their critical facilities. RCRC instead supports Option 2, which allocates project costs to all distribution customers in the IOU's service territory.

While RCRC understands and appreciates the staff report's sensitivity to externalizing project costs among other ratepayers within the IOU's service territory, the real-world implications stemming from adoption of Option 1 will likely result in few or none of these projects being sited in some of the poorest areas of the state that are most prone to losing power during a PSPS event or other system outage.

Of California's 58 counties, 30 have populations under 200,000 and 19 have populations under 70,000. Many smaller rural counties have an insufficient number of customers to fund these much-needed projects by themselves. Consider that Sierra County, which experienced at least three PSPS events last year, has only 3,000 residents, and the median household income there is just \$48,000 (compared to the statewide median household income of \$71,228). Plumas County experienced at least five PSPS events in 2019, has a population of 19,000, and a median household income of just \$53,000. Trinity County experienced three PSPS events in October 2019, but only has a population of 12,000 and a median household income of \$38,497. Under Option 1, these counties would probably never be able to undertake a microgrid project as contemplated in this proceeding because they do not have a sufficiently large rate base among which to spread the costs of the projects. Similarly, given the low median household income of each of those counties, forcing customers in those counties to shoulder the burden alone would have a very regressive impact on many residents who are already struggling to make ends meet.

Selection of Option 1 would also have a chilling impact on microgrid projects in many other smaller counties with slightly larger populations, but with similarly low median household incomes. Lake County has a population of over 64,000; however, its median household income is just \$42,475 (less than 60% of the statewide median household income). Tehama County's profile is very similar, with a population of roughly 65,000 and a median household income of \$42,899. Siskiyou County has a slightly higher median household income (\$44,200), but far fewer residents (43,000). While the costs of microgrid projects could be spread among far more customers in these counties, the likelihood of them being able to move forward with a microgrid project under Option 1 is equally dim because the costs of those resiliency improvements would regressively impact some of the state's poorest communities.

While the proposed Community Criteria will help ensure that project funding is targeted towards lower-income communities, Option 1 will ensure that only lower income communities in larger or more affluent counties can benefit from microgrid projects. This is because smaller population and lower income counties will not be able to adequately spread project costs among the relatively fewer and lower-income ratepayers in their jurisdictions. If the CPUC decides to allow ratepayer recovery for the costs of these microgrid projects, RCRC strongly suggests that the CPUC choose Option 2 to distribute the costs of those projects among all residents in the utility's service territory.

2. Should the Commission adopt Staff's recommended options? If not, what modifications to Staff's recommended options should the Commission consider.
 - a. Funding Source. The CPUC should NOT adopt the staff's recommendation of Option 1 for the funding source, as explained in #1 above. The CPUC should instead select Option 2 and its broader funding base to support these projects.
 - b. Project Eligibility. Given the debilitating impact that PSPS events can have on local communities, and the need for prompt action to mitigate those impacts, RCRC believes that the CPUC should strive to expedite project delivery. The CPUC has proposed to allow project administrators to either develop a scoring prioritization system for project selection or to disperse funding on a first come, first served basis.

RCRC understands the benefits of both of these proposals; however, we believe the risks inherent in each can be mitigated by refining the proposed Community Criteria. Option 1's scoring system will ensure that microgrids will be deployed in those communities in greatest need. At the same time, Option 2 will ensure that projects are delivered as quickly as possible. RCRC instead suggests blending the benefits inherent in both of these proposals by clearly establishing a requirement in the "Community Criteria" that the project must benefit those facilities or communities that were impacted by at least X number of PSPS events or losses of electricity in the previous few years.

10. Are there any other community criteria that should be included?

The CPUC has outlined four community criteria; however, those criteria need refinement and expansion. It is also unclear how those criteria will work in operation.

- a. The staff proposal suggests that the program's objective is to "increase electricity reliability for critical public facilities in communities that 1) are at higher risk of electrical outages in the next five-years and 2) have a lower historical level of electric reliability." We support focusing the program on these types of communities; however, there are no metrics for measuring or evaluating those factors in the "Community Criteria" section of the staff proposal. We suggest specifically including these requirements in the "Community Criteria" section.
- b. While we strongly support focusing these projects on low-income communities, the staff proposal uses the metric of the proportion of residents that are participating in or qualify for the California Alternative Rates for Energy and Family Electric Rate Assistance Program. We think a simpler, and more effective metric may be to simply look at the median household income of the community.
- c. Three of the four proposed criteria are quantitative, while the CalEnviroScreen metric is qualitative (either the community is in the top 25% of CalEnviroScreen communities or it is not). Taken together, these criteria could be scored and weighted to determine which projects should receive funding (Project Eligibility Option 1); however, CPUC staff suggests instead using a "first come, first served" model. With the latter model, it is unclear how these (potentially competing) factors will be weighed. We note that CalEnviroScreen is a strange fit for these

purposes, since the community risks posed by PSPS events are better qualified by the other three factors suggested by the CPUC. While CalEnviroScreen does include eight indicators related to sensitive populations and socioeconomic factors, twelve of the other indicators have little bearing on these issues. In fact, many of the indicators used in CalEnviroScreen are by its original intent weighted toward urban communities and the inherent air pollution in those areas, therefore making CalEnviroScreen an inappropriate measure for PSPS community events which are often in forested areas prone to wildfire risk and that would otherwise meet air quality attainment levels..

III. Conclusion

The Rural County Representatives of California respectfully requests that the Commission's Docket Office be directed to accept these comments for filing and considered by the Commission.

Respectfully submitted,

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