

**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)

**REPLY COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS
COUNCIL ON PROPOSED DECISION ADOPTING RATES, TARIFFS,
AND RULES FACILITATING THE COMMERCIALIZATION OF
MICROGRIDS PURSUANT TO SENATE BILL 1339 AND RESILIENCY
STRATEGIES**

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January 4, 2021

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I. Introduction

In accordance with Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), and the Administrative Law Judge’s ruling seeking comment on the Proposed Decision Adopting Rates, Tariffs, and Rules Facilitating the Commercialization of Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies (“PD”) issued on December 7, 2020, the California Hydrogen Business Council (CHBC)¹ provides these Reply Comments. To summarize:

¹ The CHBC is comprised of over 100 companies and agencies involved in the business of hydrogen. Our mission is to advance the commercialization of hydrogen in the energy sector, including transportation, goods movement, and stationary power systems to reduce emissions and dependence on oil. The views expressed in these comments are those of the CHBC, and do not necessarily reflect the views of all of the individual CHBC member companies. CHBC Members are listed here: <https://www.californiahydrogen.org/aboutus/chbc-members/>

- A. We agree with several parties that the PD does not comply with the December 1, 2020 statutory due date to create separate large electrical corporation standards, rates and tariffs, and that it should do so, rather than defer until Track 3 or use tariffs such as net energy metering (NEM) which excludes important microgrid technologies.**
- B. We support comments by several parties that appropriate valuation of microgrid benefits should be made and reflected in analysis of ratepayer benefits, as well as establishment of incentives and surcharges.**

II. Reply Comments

- A. We agree with several parties that the PD does not comply with the December 1, 2020 statutory due date to create separate large electrical corporation standards, rates and tariffs, and that it should do so, rather than defer until Track 3 or use tariffs such as net energy metering (NEM) which excludes important microgrid technologies.**

The CHBC supports comments by parties including Applied Medical Resources,² Bloom Energy,³ the California Clean DG Coalition,⁴ National Fuel Cell Research Center,⁵ Enchanted Rock,⁶ FuelCell Energy,⁷ Grid Alternatives (“GRID”),⁸ San Diego Gas and Electric Company (“SDG&E”),⁹ Southern California Gas Company,¹⁰ and SunRun,¹¹ that the

² Applied Medical Resources Opening Comments, p. 2

³ Bloom Energy Opening Comments, p. 3

⁴ California Clean Distributed Generation Coalition Opening Comments, p. 4

⁵ National Fuel Cell Research Center Opening Comments, p. 4

⁶ Enchanted Rock Opening Comments, p. 3

⁷ FuelCell Energy Opening Comments, p. 3

⁸ Grid Alternatives Opening Comments, p. 2

⁹ San Diego Gas and Electric Company Opening Comments, p. 7.

¹⁰ Southern California Gas Company Opening Comments, p. 1.

¹¹ SunRun Opening Comments, p. 10.

PD fails to comply with the mandate established by SB 1339 to create separate large electrical corporation standards, rates and tariffs and instead defers creation of a tariff to Track 3 and the NEM program. As NFCRC correctly comments:

“SB 1339 gives explicit direction to the Commission to create standards, rates and tariffs for microgrids. The Commission conflates meeting SB 1339 requirements with meeting this direction by implementing certain requirements in Track 1 for solar and battery storage technologies – not microgrid systems as a single entity. The objective of SB 1339 is to create the new standards, rates and tariffs for microgrid systems as a whole, as microgrids represent both a new energy and technical paradigm, that requires new and expeditious regulation. The deadline of December 1, 2020 was set to directly address the need for resilient power across the State of California as soon as possible, in the face of unprecedented wildfires and extended power outages. The PD only begins to address the requirements for microgrids as a single entity during workshops to be held in 2021, further exacerbating the absence of resilient, behind-the-meter microgrids that are commercially ready to be installed across the state.”¹²

SDG&E further clarifies that “SB 1339 provides technology eligibility direction which appears to include technologies beyond those that are limited to NEM eligibility.”¹³ We also agree with the Clean DG Coalition that “the approach to a tariff set forth in the Proposed Decision does not satisfy the direction provided in SB 1339. Contrary to law, it is not technology neutral; it establishes a preference for NEM technologies.”¹⁴ We furthermore support Applied Medical Resources’ comment that the limitation in the Proposed Decision to “net energy metering eligible resources is not legally or factually supported” and that “Finding of Fact No. 17 should be corrected to read: ‘Requiring the large investor owned electric utilities to form a new microgrid tariff establishing a new microgrid rate schedule applicable to ~~net energy metering eligible~~ systems that meet the definition of Senate Bill

¹² NFCRC Opening Comments, p. 4

¹³ SDG&E Opening Comments, p. 7.

¹⁴ California Clean DG Coalition Opening Comments, p 4.

1339’s microgrid will help commercialize microgrids.’”¹⁵

B. We support comments by several parties that appropriate valuation of microgrid benefits should be made and reflected in analysis of ratepayer benefits, as well as establishment of incentives and surcharges.

The CHBC agrees with comments made by several parties supporting appropriate valuation of microgrid benefits, including the California Energy Storage Alliance,¹⁶ Center for Sustainable Energy,¹⁷ Clean Coalition,¹⁸ Green Power Institute,¹⁹ Grid Alternatives,²⁰ Joint Community Choice Aggregators,²¹ Microgrid Resources Coalition,²² and SunRun.²³ We specifically agree with the Green Power Institute that the “benefits cited by the PD for microgrids, with respect to the proposed incentive program, apply equally to a microgrid tariff, yet the PD states that the record does not support a finding of benefits to ratepayers from a microgrid tariff. This contradiction should be resolved with a finding of ratepayer benefits from a microgrid tariff.”²⁴ We also agree with Microgrid Resources Coalition recommendation for the Commission to “revisit and revise its analysis of cost shifting and needs to apply a more considered analysis to microgrids” and “that in the light of the directives in SB 1339, the burden should be on the Commission, with the statutorily contemplated assistance of the California Energy Commission

¹⁵ Ibid, p. 5.

¹⁶ California Energy Storage Alliance Opening Comments at 4.

¹⁷ Center for Sustainable Energy Opening Comments at 5.

¹⁸ Clean Coalition Opening Comments at 6.

¹⁹ Green Power Institute Opening Comments at 8.

²⁰ Grid Alternatives Opening Comments at 3.

²¹ Joint Community Choice Aggregators Opening Comments at 7.

²² Microgrid Resources Coalition Opening Comments at 10.

²³ SunRun Opening Comments at 11.

²⁴ Green Power Institute Opening Comments at 4.

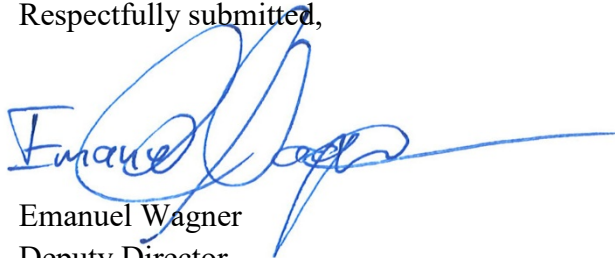
and California Independent System Operator, to thoughtfully review cost shifting effects in light of clearly articulated state and legislative policy goals.”²⁵

III. Conclusion

The CHBC appreciates the opportunity to submit these reply comments on the PD, which we hope will be reflected in the final Decision.

Dated: January 4, 2021

Respectfully submitted,



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²⁵ Microgrid Resources Coalition Opening Comments at 7.