

**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 ENERGY STORAGE ALLIANCE ON  
PROPOSALS SUBMITTED IN RESPONSE TO THE E-MAIL RULING ON  
POTENTIAL MICROGRID & RESILIENCY SOLUTIONS FOR COMMISSION  
RELIABILITY ACTION TO ADDRESS GOVERNOR NEWSOM'S JULY 30, 2021  
PROCLAMATION OF A STATE OF EMERGENCY**

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”) hereby submits these reply comments on parties’ proposals filed in response to the *E-Mail Ruling on Potential Microgrid & Resiliency Solutions for Commission Reliability Action to Address Governor Newsom’s July 30, 2021 Proclamation of a State of Emergency* (“Ruling”), issued by Administrative Law Judge (“ALJ”) Collin Rizzo on August 23, 2021. CESA previously submitted several proposals in response to this Ruling on September 10, 2021.

**I. INTRODUCTION.**

CESA reiterates our support for the Commission’s consideration of proposals in this proceeding to address electric grid challenges intensified by climate change. In reviewing proposals and comments, CESA has observed differences in perspectives of parties in proposing various solutions that address system reliability versus resiliency. As astutely expressed by some,<sup>1</sup> these distinctions are important to identify whether the proposed solution is appropriately addressing system capacity shortfalls as exporting distributed energy resources (“DERs”) or load reduction via traditional demand response (“DR”) mechanisms, which are being contemplated in Rulemaking (“R.”) 20-11-003. Microgrids, by contrast, are defined by electrical boundaries by which constituent DERs can be operated as a single, controllable entity and can be isolated and

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<sup>1</sup> Cal Advocates comments at 4-5 and Joint Utilities comments at 2.

islanded to support customer(s) resiliency. In most cases, the constituent DERs can be procured and contracted and/or participate in available grid-service programs.

With this in mind, CESA aimed to tie our proposals in response to the ALJ Ruling to the unique capabilities that microgrids can provide but may not be adequately addressed in other settings while referencing the various proposals submitted in R.20-11-003 that can enable microgrid participation more broadly in supporting system capacity shortfalls. On the one hand, CESA agrees with several parties that efforts should not be duplicated in this proceeding,<sup>2</sup> but at the same time, it is important to consider the intersections of this proceeding with that of R.20-11-003, which is more directly and actively considering proposals in response to the Governor's Emergency Proclamation. Given the urgency of today's climate and grid emergencies, CESA implores the Commission to contextualize the various proposals across the two proceedings and take timely action in either or both proceedings in support of the emergency reliability needs. The Commission should strive to enable all resource types, including those configured and operated as microgrids, to advance these key system-wide needs, which can also increase the value of the investments made in these solutions for distribution resiliency.

In these reply comments, CESA focuses on the comments and recommendations made by Public Advocates Office ("Cal Advocates") and jointly submitted by Pacific Gas and Electric Company ("PG&E"), San Diego Gas and Electric Company ("SDG&E"), and Southern California Edison Company ("SCE"), referred to herein as the "Joint Utilities." Specifically, CESA offers the following responses, comments, and recommendations:

- Aggregated DR via microgrid islanding is feasible and verifiable and can be narrowly tailored for emergency reliability.
- Clean generation and storage resources and exports, not temporary generation, should be prioritized for emergency reliability.

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<sup>2</sup> Joint Utilities comments at 3 and 11-12.

## **II. AGGREGATED DEMAND RESPONSE VIA MICROGRID ISLANDING IS FEASIBLE AND VERIFIABLE AND CAN BE NARROWLY TAILORED FOR EMERGENCY RELIABILITY.**

The Joint Utilities argue that CESA’s proposal to have an in-front-of-the-meter (“IFOM”) microgrid provide aggregated DR via its islanding function only theoretically mitigates a capacity shortfall event and does not guarantee the outcome. In addition, any Rule 18/19 modifications or exemptions need to be narrowly tailored.<sup>3</sup> In opening comments, CESA clarified how islanding is not the only means by which microgrids can support emergency reliability but also detailed a microgrid use case and application that would address the utilities’ concerns. Performance can be measured and verified similar to traditional DR aggregations by comparing event-day customer load (*i.e.*, zero when operating in a microgrid island with separate gen-tie) against baseline customer load during non-event days. A well-established and even more accurate option is also available in the form of Metered Generator Output (“MGO”). With MGO, any power supplied to the location can be monitored by a utility grade meter on the alternative line coming into the specific location. Use of MGO for critical infrastructure microgrids reduces the uncertainty around whether load reduction is occurring in real time or has occurred during settlement. Any concerns about feasibility can be addressed through the interconnection process by which the utilities can ensure safe transitions to operating in islanding mode and disconnecting from the PG&E distribution grid during event days, and then back to operating in parallel on non-event days.

Finally, CESA’s proposed Rule 18/19 modifications are intended to be narrowly tailored to “gray-sky” days, reasonably adhering to the intent and reasoning for limited exemptions in Decision (“D.”) 21-01-018. In the interim if and until the Commission considers broader changes in line with the requirements of Public Utilities Code (“PUC) Section 218, eligible microgrid projects, such as those described in our proposal and comments, could be supported and compensated as a pilot project subject to reporting requirements and close coordination with PG&E (or other utilities if other similar microgrid projects are developed in their service territories) to provide assurances around safety, reliability, and fair/reasonable rates. As an investment to support system capacity shortfalls, the benefits are shared by all customers, thereby

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<sup>3</sup> Joint Utilities comments at 16-17.

mitigating purported cost-shifting concerns associated with microgrid investments for distribution resiliency.

**III. CLEAN GENERATION AND STORAGE RESOURCES AND EXPORTS, NOT TEMPORARY GENERATION, SHOULD BE PRIORITIZED FOR EMERGENCY RELIABILITY.**

CESA strongly agrees with Cal Advocates' comments that solutions to enable additional exports from clean generation and storage solutions should be pursued in this proceeding rather than expanding the Temporary Generation Program.<sup>4</sup> Cal Advocates rightly argues that Decision ("D.") 20-06-017 authorized the use of temporary generation for limited use given their environmental and health burdens and the limited alternative options to mitigate Public Safety Power Shutoff ("PSPS") outage and wildfire risks with short lead time ahead of the 2020 and 2021 wildfire seasons. In contrast to PSPS outages that can last several days and have location-specific considerations, the system capacity shortfalls are limited to several hours at the end of the net load peak period and represents a system need that allows for more flexibility regarding where the supply capacity can be provided. There are many preferred alternatives in the form of DR, energy storage, electric vehicle ("EV") batteries, and renewable generation technologies that can be procured, deployed, and/or operationalized to this end, such that the expanded use of temporary generation for this purpose presents more potential harm than benefits. A number of proposals were submitted in R.20-11-003 that could enable and accelerate this preferred capacity, including interconnection strategies, timely procurement and transmission upgrades, capacity-based compensation for behind-the-meter ("BTM") exports, among others. The Commission should prioritize proposals to enable clean generation and storage resources and exports over those that unnecessarily expands the use of harmful temporary generation.

**IV. CONCLUSION.**

CESA appreciates the opportunity to submit these reply comments on the proposals filed in response to the Ruling and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,

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<sup>4</sup> Cal Advocates comments at 7-8.

A handwritten signature in black ink, appearing to read 'Jin Noh', written in a cursive style.

Jin Noh  
Policy Director  
**CALIFORNIA ENERGY STORAGE ALLIANCE**

October 1, 2021