

**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 CALIFORNIA ENERGY STORAGE ALLIANCE ON THE  
PROPOSED DECISION ADOPTING IMPLEMENTATION RULES FOR THE  
MICROGRID INCENTIVE PROGRAM**

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March 1, 2023

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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 comments on the *Proposed Decision Adopting Implementation Rules for the Microgrid Incentive Program* (“PD”), issued by Administrative Law Judge (“ALJ”) Collin Rizzo on February 9, 2023.

**I. INTRODUCTION.**

CESA is pleased to finally see the release of this PD adopting the Implementation Plan for the Microgrid Incentive Program (“MIP”). Intended to help install multi-customer, community microgrids in disadvantaged and vulnerable communities (“DVC”), MIP was first approved in Decision (“D.”) 21-01-018 and has been in development throughout 2021 and 2022. CESA, however, is disappointed that it has taken over two years to finalize and adopt the Implementation Plan for this program given that multi-customer microgrids have still not been deployed in California at scale and that DVCs face barriers to accessing microgrid solutions. The investor-owned utilities (“IOUs”) along with the Smart Electric Power Alliance (“SEPA”) conducted six workshops in July and August 2021, after which the IOUs developed their MIP Implementation Plan (“MIPIP”). A subsequent Energy Division Staff Proposal was released in July 2022, which largely recommended the adoption of the MIPIP and also offered recommended modifications to the MIPIP and additional areas for consideration. CESA and other parties submitted extensive comments on the MIPIP and Staff Proposal.

The PD largely adopts the MIPIP as originally submitted by the IOUs in 2021, with only minor modifications from the Staff Proposal. Given that CESA has already submitted comments on the MIPIP and Staff Proposal, we will not repeat all of those recommendations here. Instead, even though CESA would have preferred more wholesale modification to the MIPIP, we focus our comments on a few elements of the PD and on a few key areas that minimally should be changed:

- The project scoring criteria is not reflective of a stakeholder consensus position.
- Benefit score point caps should be removed in order to truly select projects with the highest value for ratepayer dollar.
- The Commission should specify a maximum deadline for the IOUs to open the first Application Window.

Notwithstanding our comments on recommendations for PD modifications above, CESA generally believes that the PD does not adequately or accurately capture stakeholders' positions and feedback on the MIPIP. While understanding that the Commission has broad authority to make determinations as appropriate and is tasked with balancing multiple objectives and priorities, the stakeholder process for MIP design and implementation has been protracted and has seemed to be less responsive to valid stakeholder input, as reflected not only in workshop participants' feedback but also through the formal record via comments, resulting in the IOUs' MIPIP proposal to be adopted with only minor modifications. For all the time and resources put into the process, as well as pervasive sentiment that the MIPIP required some major changes, the adoption of the near-original MIPIP has been disappointing to CESA. To this end, CESA strongly urges for consideration of our recommendations as detailed below.

## **II. THE PROJECT SCORING CRITERIA IS NOT REFLECTIVE OF A STAKEHOLDER CONSENSUS POSITION.**

In the PD, the Commission states that the Joint IOU MIPIP Project Scoring Criteria should be adopted without modification because it was a “consensus developed in the MIP workshops.”<sup>1</sup> The Commission states that they “decline to undo that work”<sup>2</sup> in order to not “relitigate issues that stakeholders settled through these workshops.”<sup>3</sup> However, the project scoring system proposed in

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<sup>1</sup> PD at 60.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

the MIPIP does not reflect a stakeholder consensus position and there were many elements that were not specifically discussed in the working group.

CESA agrees that the workshops discussed the factors worth consideration when assigning project score points and that many parties expressed general agreement with including recognition for disadvantaged customers served (either directly or by a facility), resiliency benefits, and clean energy usage. However, a variety of parties shared project evaluation proposals during *Workshop #4: Project Evaluation and Selection*, including the California Environmental Justice Alliance (“CEJA”) and Communities for a Better Environment (“CBE”), the Microgrid Equity Coalition (“MEC”), the Joint IOUs, Stem, and Trane, which each contained unique elements for consideration and different levels of detail. While stakeholders discussed potential pros and cons of the different proposals, there was far from any consensus toward one proposal, whether one in its entirety or combinations of different proposal elements. Even MEC’s proposal, which was featured at the workshop, did not elicit universal stakeholder support or consensus.

CESA believes that Attachment 1 of the MIPIP more accurately summarizes the stakeholder consensus surrounding scoring criteria and project ranking following the workshops:

- “Develop general scoring criteria with weightings that reflect an assessment of project beneficiaries and benefits to vulnerable communities; locational aspects, including locations in underserved communities and outage reduction benefits; focus on clean energy; and other dimensions.”<sup>4</sup>
- “The system should consider history of multiple past outages (both planned and unplanned) within the scoring criteria [...] reflect the need for resilience benefits, consider island mode duration as a scoring criterion, [...] and require air emissions that are cleaner than grid power during emergency operations with score boosts for projects with no emissions.”<sup>5</sup>

However, CESA would caveat that there were multiple stakeholders that raised additional criteria for consideration beyond the consensus items above.

Regardless, nowhere in the workshops was there consensus around a specific scoring methodology. Additionally, the specific methodology that was developed by the Joint IOUs was not socialized with stakeholders until the release of the MIPIP. Once the MIPIP was released,

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<sup>4</sup> MIPIP Attachment 1 at 4.

<sup>5</sup> *Ibid.*

multiple stakeholders raised concerns and proposals for modifications to the project scoring methodology and criteria in both comments on the MIPIP itself and the subsequent MIP Staff Proposal.<sup>6</sup> Some of these concerns were discussed at the workshop, while others emerged in response to the Joint IOU MIPIP proposal.

If the Commission should adopt the IOU MIPIP scoring criteria, the Final Decision should not characterize this methodology as stakeholder consensus. To conclude as such would be in error, especially as follow-up formal comments highlighted major differences in opinion on this element of the MIPIP, among others. Rather than relying on an incorrect assumption of consensus on, for example, the scoring methodology, the Commission should make some key modifications to the PD prior to final issuance of the decision, such as removing the benefit score point caps.

### **III. BENEFIT SCORE POINT CAPS SHOULD BE REMOVED IN ORDER TO TRULY SELECT PROJECTS WITH THE HIGHEST VALUE FOR RATEPAYER DOLLAR.**

The MIPIP proposes that project applications be evaluated and scored according to the benefits they can provide. The MIPIP assigns points based on sub-criteria in three areas: (1) Customer & Community Benefits; (2) Resilience Benefits; and (3) Environmental Benefits. Within each Benefit Scoring Category, there are sub-categories with associating specific scoring criteria and points awarded for those scoring parameters; however, the maximum number of points that can be accumulated for these scoring parameters is capped. As CESA has highlighted in comments, this disproportionately discounts the value of larger projects that serve more customers, include more clean energy, or otherwise do not earn points commensurate with their broader-scale contributions.<sup>7</sup> None of the proposals discussed during the workshop included capped points for particular subcategories. CESA continues to oppose these caps that were established by the IOUs and believes that these arbitrary limits should be removed. If weighting of the different items is desired, than standard weighting methods can be used, similar to MEC's proposal<sup>8</sup> or CESA's discussion surrounding the scoring process in our MIPIP comments.<sup>9</sup>

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<sup>6</sup> See Green Power Institute MIPIP Comments at 7; MEC MIPIP Comments at 16-22; Rural County Representatives of California ("RCRC") MIPIP Comments at 8-10; Center for Accessible Technologies ("CforAT") MIPIP Reply Comments at 2-5; Clean Coalition MIPIP Reply Comments at 3-4.

<sup>7</sup> CESA Comments on MIPIP at 4-6.

<sup>8</sup> MEC Scoring Presentation made at MIP Workshop #4 on July 28, 2021.

<sup>9</sup> CESA Comments on MIPIP at 5-6.

In the PD, the Commission relies on arguments that the MIPIP’s scoring criteria reflected stakeholder engagement in the aforementioned workshops, and as a result, it would not to “relitigate settled issues, rehash prior positions, or frame the MIP discussion to serve a narrow set of interests that do not serve the public interests.”<sup>10</sup> However, as discussed in Section II of these comments, no stakeholder consensus, let alone “settlement”, was reached on this matter, so CESA believes that the PD mischaracterizes and incorrectly frames the issue as “relitigation.” More importantly, the Commission describes the IOUs’ proposed scoring methodology as providing assurances that it would select projects that “demonstrate the highest value for ratepayer dollar,”<sup>11</sup> but CESA finds such characterization to be contradictory if arbitrary point caps are set on projects that can provide outsized value and benefits to many more customers above certain thresholds. As expressed previously in our comments to the Staff Proposal, there are already caps on how much any single project can receive from the program (*i.e.*, \$15 million) in order to provide assurances that funds are distributed to different communities, not consumed by one or a handful of large project developments. Yet, the current point caps approach would severely discount larger projects in the scoring process. Finally, while representing industry as an organization, CESA believes that the Commission should not merely dismiss our arguments if the merits of our argument hold, regardless of our position as a trade association – *i.e.*, intuitively, larger projects can serve more of the public interests. Plus, public-private and community partnerships will be critical to delivering microgrids and resiliency benefits to DVCs, such that organizations like CESA should not be dismissed as serving a narrow set of interests.

#### **IV. THE COMMISSION SHOULD SPECIFY A MAXIMUM DEADLINE FOR THE IOUS TO OPEN THE FIRST APPLICATION WINDOW.**

In the PD, the Commission outlines next steps for MIP implementation, outlining the timeline for the creation of new balancing accounts and subaccounts. However, in terms of creating the application or process for customers, only one step is directed for the IOUs to submit a MIP Handbook within 90 days from the adoption of this decision. CESA agrees that the proper next step for MIP rollout is to create the MIP Handbook. However, it remains unclear when funding will be available to customers. Given that the MIP rollout has been very delayed, CESA believes

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<sup>10</sup> PD at 14 and 60.

<sup>11</sup> *Ibid* at 21-22.

that the Commission should consider adding a deadline by which the IOUs should open their first MIP application window. This timeline should be set based on the publishing of the MIP Handbook, since that is when the program will begin to be promoted to customers, and if there are delays in the publishing of the MIP Handbook and the creation of the MIP website, it may warrant an extension of the application window.

However, CESA believes that each of the IOUs should be opening their first MIP application window in a reasonable amount of time after the release of the MIP Handbook. As highlighted by Los Angeles County in their comments on the MIP Staff Proposal, the state “cannot afford any unnecessarily delays...especially during the current global energy crisis.”<sup>12</sup> CESA believes that the first application window should be opened no later than 9 months after the MIP Handbook is published. This will give the IOUs time to do the required community outreach that will be required and will allow communities to find technical support. At the same time, this timeline will ensure that MIP funding is available to communities for these important resiliency needs.

D.21-01-018 established MIP to meet critical resiliency and equity objectives given the power outages being faced by disadvantaged and vulnerable Californians throughout the state. MIP is program that has been created to meet the goals outlined by Senate Bill (“SB”) 1339, which highlighted that “[m]any electricity customers are seeing the potential benefits of investing in their own distributed energy resources as part of microgrids, both to ensure their own level of reliability and to better manage their own usage.”<sup>13</sup> While some customers are seeing benefits, DVCs have traditionally faced barriers to DER adoption generally, and will face barriers to the adoption of community microgrids which will require additional technical expertise and time to develop. However, resiliency solutions are needed in these communities. As highlighted in the PD, there have been members of the public that have raised issues surrounding extended outages due to Public Safety Power Shutoffs (“PSPS”) and other extreme weather events and have emphasized the importance of the MIP program in being able to increase their community’s reliability.<sup>14</sup> Last year’s extreme weather conditions and ten straight days of Flex Alerts in 2022 are also a stark reminder of the challenges facing California. MIP can provide a resiliency resource to

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<sup>12</sup> LA County Comments on Staff Proposal at 3.

<sup>13</sup> SB 1339 (Stern, 2018) at Section 1(a).

<sup>14</sup> PD at 70.

communities that are affected by outages and can also help to provide resources that can be used for reliability beyond outage events.

V. **CONCLUSION.**

CESA appreciates the opportunity to submit these comments on the PD and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,

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

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**CALIFORNIA ENERGY STORAGE ALLIANCE**

March 1, 2023