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TWENTY-SEVENTH SENATE DISTRICT



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BUDGET & FISCAL REVIEW
NO. 2 ON RESOURCES,
ENVIRONMENTAL PROTECTION,
ENERGY & TRANSPORTATION

August 21, 2020

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

Dear Commissioner Shiroma:

I am writing regarding the Scoping of Track 2 under Rulemaking 19-09-009, which implements Senate Bill 1339 (Stern), Chapter 566, Statutes of 2018, specific to the commercialization of microgrids.

This week, California experienced extreme heat waves, shattering temperature records up and down the state, and requiring utility customers to run their air conditioners from morning to midnight. The demand for energy was further exacerbated by COVID 19 preventative measures keeping many customers inside. We should consider ourselves lucky, this week's energy demands only resulted in two days the California Independent System Operator ordered rolling blackouts, while millions of Californians were called upon to conserve energy. Collective conservation efforts made the difference in staving off additional power outages. Regrettably, extreme weather conditions are expected to increase as a result of climate change, and although ordering rolling blackouts are meant to ensure grid reliability during periods of high energy demand, such blackouts also reveal the state's vulnerabilities and expose the need for energy modernization.

Additionally, this week's catastrophic wildfires are a reminder that public safety power shutoff events (PSPS) will soon return. Last fall, we learned some tough lessons, in our effort to protect communities from catastrophic wildfires, our largest utilities will shut-off power to millions of customers, sometime for days at a time increasing public safety concerns and health risks to the most vulnerable customers.

We also learned that for many affected communities the solution was to rely on diesel generators for back-up power. Diesel generators run on fossil fuels, emitting carbon dioxide into the air, a potent greenhouse gas, and if not operated safely pose their own risks and dangers.

This past June, as part of Track 1 implementation, the Commission decided to approve the use of temporary large scale diesel generators as a means of providing microgrid ready back-up power during PSPS anticipated this season. I remain very disappointed by this response and am hopeful that the Commission's upcoming Diesel Alternative Workshop scheduled for August 25, 2020, will prove there are readily available energy resiliency solutions, that include portable backup battery generators and large scale generators, that run on clean fuels to meet the challenges this season and beyond.

Regarding Track 2, it is important for the Commission to focus on facilitating the commercialization of behind the meter microgrids by developing separate, standardized rates and tariffs, as is explicitly outlined in the statute, to support wide scale deployment of microgrids. SB 1339 was signed into law well before the lessons from wide-scale PSPS events showed us the importance of energy resilience. SB 1339 never mentions deenergization events or wildfire mitigation, yet the Commission has included both areas within the scope of implementing SB 1339. I welcome that inclusion as it provides the Commission with the flexibility to examine responsive solutions beyond the plain written text of the law, but the Commission should still adhere to facilitating the commercialization of microgrids as I intended with the legislation.

It appears the Commission may be focusing too much energy providing direction to electrical corporations to utilize temporary diesel back-up generators and creating large scale microgrid pilot programs with limitations, instead of prioritizing the wider deployment of microgrids with new rates and tariffs. Since the Commission has already expanded the implementation of SB 1339 to include PSPS and wildfire mitigation, I believe it is important for the commission to include the waiver of certain cost responsibility charges, nonbypassable charges and stand-by fees applicable to microgrid projects that target critical public facilities, including private facilities that provide essential services, that are at a higher risk of electrical outages and have a lower historic level of electric reliability. Facilitating structural opportunities for the broader development of commercial, customer-owned microgrid projects is more important and beneficial to the grid and energy resiliency efforts than creating new utility scale microgrid pilot programs.

However, I applaud the Commission's efforts to ensure that microgrids can be strategically located and prioritized to serve specific communities and I favor policies that will ensure that same outcome for broader microgrid deployment. It is a necessary component of energy resiliency planning at the local and regional level.

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 microgrids and encouraging utilities to use these technologies is the right step. Now, more than ever, with the added specter of extreme heat waves and rolling outages, we don't need microgrid pilot programs, we need robust microgrid deployment.

Commissioner Genevieve Shiroma

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By considering incentives and policies that prioritize DER and microgrid projects to be co-located or clustered within a community or region, you are strengthening the energy resiliency of those communities which provides added value to the state of California.

Finally, I strongly encourage the Commission to enable microgrids to serve the power needs of more than one customer. This issue is commonly referred to as “over the fence”, and by enabling microgrids to meet the energy resiliency needs of more than a few customers, you broaden the types of microgrid projects that best meet the resilience needs of a community and help to facilitate scalable solutions. As outlined in SB 1339, rules and regulations need to be changed to increase access to these technologies, not create more confusion and barriers.

Thank you for your continued efforts. If you would like to discuss this matter further, please do not hesitate to contact me or Gil Topete on my staff at (916) 651 4027

Sincerely,

A handwritten signature in black ink, appearing to read "Henry Stern". The signature is stylized with a large "H" and a prominent "S".

Henry Stern
Senator, 27th District

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