

DRAFT Scope of the Resiliency and Microgrids Working Group FAQ

General Principles

1. When an issue has been explicitly included in the scope of another CPUC proceeding, the proper forum is that proceeding, not the microgrids proceeding (R.19-09-009).
 - Example: See section 2.3 of R.20-08-020 [Order Instituting Rulemaking](#) to Revisit Net Energy Metering Tariffs.¹
2. Issues previously subject to decision in another CPUC proceeding are generally out of scope for the microgrids proceeding R.19-09-009 and the Resiliency and Microgrids Working Group.
 - Example: The reasonable level and rate of ratepayer incentives for behind-the-meter resources for improving the resiliency of customers subject to PSPS outages was litigated and decided upon in the SGIP proceeding. See [D.20-01-021](#).
3. Issues in scope of R.19-09-009 but subject to either [D.20-06-017](#) (June 17, 2020, Track 1 decision) or already the subject of comments are generally out of scope for the Resiliency and Microgrids Working Group, unless otherwise directed by a ruling or decision.
 - Example: The inclusion or exclusion of exemptions to surcharges in a rate schedule for departing load and standby service have already been the subject of comments by parties to R.19-09-009. This topic is therefore not in scope at least until the CPUC issues a decision on this issue. Depending on the outcome of the decision, aspects of this issue may or may not be in scope.
4. When an issue is explicitly in the California Independent System Operator’s (CAISO) jurisdiction, the CAISO’s stakeholder process is the proper forum, not the microgrids proceeding.
 - Example: The structure and rate of the transmission access charge (TAC) is in the CAISO’s jurisdiction.

¹ “The review and (if needed) potential modification of all NEM tariff schedules should be considered to be within the scope of this proceeding, including but not limited to Virtual Net Metering (VNEM), NEM aggregation (NEMA), and other NEM tariffs applicable to fuel cell customer-generators who use non-renewable fuel.” (p. 7)

Issue-Specific Guidance

1. The Resiliency and Microgrids Working Group is an appropriate forum for discussion of a tariff specific to microgrids, including rate schedules, rules, and agreements.
2. Staff proposes the Microgrids Working Group focus on tariff issues for multi-property in-front-of-meter (IFOM) microgrids (Type III/IV) because there is a lack of defined pathways for interconnecting these resources and the lack of a tariff defining operational and contractual parameters for interaction with a utility's distribution system. IFOM microgrids are a significant gap in the existing regulatory scheme.
3. Issues related to single-property behind-the-meter (BTM) resources (Type I/II) are generally not in the scope of the Resiliency and Microgrids Working Group. BTM resources, whether islandable or not, are currently able to interconnect and export electricity under existing tariffs. In the case of qualifying storage resources and renewable generation, such resources receive ratepayer-funded monetary incentives via the Self Generation Incentive Program and Net Energy Metering, respectively. Pending issues for BTM resources (e.g., provision of grid services, revisions to interconnection process, electric vehicles) are being considered in other CPUC proceedings. There are a large number of proceedings covering these resource types and being included in a microgrid usually does not significantly change the fundamental policy considerations at stake. In addition, a separate, dedicated microgrid tariff for this type of microgrid was included in the [staff proposal](#) released on 7/23/20 in R.19-09-009 and has already been the subject of comments by parties. Once the CPUC has acted on that proposal, depending on the outcome of that action, it may be appropriate to further consider policies related to this type of microgrid. It is inappropriate to use this venue to relitigate previously resolved issues formally adopted by the Commission.
4. Generally, parties have identified myriad scenarios where they propose modifications to the existing regulatory scheme for BTM resources. Parties who propose focusing on BTM microgrids should specifically identify issues they believe prevent deployment of BTM microgrids and that are not being considered in other CPUC proceedings (e.g., Rule 18 issues raised by the City of Long Beach). Staff anticipates seeking informal comments on such gaps once Track 2 of the R.19-09-009 concludes.

DER Proceeding Directory: Where to Litigate Specific Issues

(representative, but not comprehensive)

- Most issues that pertain to individual resources that could be included in a BTM microgrid: NEM, SGIP, DRP, IDER, Rule 21, or Demand Response (DR)
- Any changes to NEM tariffs: R.20-08-020
 - Change compensation structure or policies to benefit resources that could be included in a BTM microgrid
 - Expand resource eligibility, e.g., to non-renewable resources that could be included in a BTM microgrid
- Any changes to SGIP policies: R.20-05-012
 - Change customer eligibility criteria to benefit resources that could be included in a BTM microgrid
 - Change technology eligibility criteria to benefit resources that could be included in a BTM microgrid
 - Change incentive levels to benefit resources that could be included in a BTM microgrid
- Any changes to Rule 21: R.17-07-007, Interconnection Discussion Forum
 - Mandated timelines during interconnection process
 - Interconnection study process and requirements
 - Implementation of smart inverter requirements
- Any changes to DR policies: R.13-09-011, or future DR successor OIR
 - Resource Adequacy & CAISO market services
 - Demand side load flexibility
 - Coordination between supply-side and demand-side programs.
 - Aggregation and procurement of DR resources
- Policies related to financing options for BTM microgrids: R.20-08-022
 - Overcoming “first cost” barrier
 - Leveraging ratepayer funds by bringing in private capital
 - Increasing sales of clean energy products and services
- Microgrid-specific issues and value of resiliency: R.19-09-009
 - Value of resiliency
 - Multi-property microgrid tariffs
 - Microgrid controller technical specifications

Proceedings that Intersect with R.19-09-009, Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies

- [R.20-08-022](#), Order Instituting Rulemaking to Investigate and Design Clean Energy Financing Options for Electricity and Natural Gas Customers.
- [R.20-08-020](#), Revisit Net Energy Metering Tariffs Pursuant to Decision D.16-01-044, and to Address Other Issues Related to Net Energy Metering.
- [R.20-05-012](#), Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the Self-Generation Incentive Program and Related Issues
- [R.18-12-006](#), Continue the Development of Rates and Infrastructure for Vehicle Electrification.
- [R.18-12-005](#), Examine Electric Utility De-Energization of Power Lines in Dangerous Conditions.
- [R.18-10-007](#), Implement Electric Utility Wildfire Mitigation Plans Pursuant to Senate Bill 901 (2018).
- [R.17-07-007](#), Consider Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21.
- [R.14-10-003](#), Create a Consistent Regulatory Framework for the Guidance, Planning and Evaluation of Integrated Distributed Energy Resources.
- [R.14-08-013](#), Regarding Policies, Procedures and Rules for Development of Distribution Resources Plans Pursuant to Public Utilities Code Section 769. Note: This proceeding includes Distribution Investment Deferral Framework (DIDF) and Integration Capacity Analysis (ICA).
- [R.14-07-002](#), Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.
- [R.13-09-011](#), Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements.
- [R.12-11-005](#), Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues.

Recurring Themes in the Microgrids Proceeding R.19-09-009 and Response from Staff

Theme 1: Eligibility for NEM should be expanded to include other resource types, including non-renewable fuels or pairing of energy storage with additional resource types beyond photovoltaic.

Response 1: Statute limits NEM eligibility to renewable resources. See definitions of “eligible renewable energy resource” in [P.U.C. § 399.12\(e\)](#) and “renewable electrical generation facility” in [P.R.C. § 25741\(a\)](#). Note also, that such questions are best raised within the context of the new NEM proceeding ([R.20-08-020](#)).

Theme 2: The sizing limits for individual Net Energy Metering (NEM) projects should be eliminated/increased so that NEM projects can be sized for export of electricity to support resiliency.

Response 2: Statute establishes limits on sizing for NEM eligibility. An “eligible customer-generator” must be “intended primarily to offset part or all of the customer’s own electrical requirements.” See [P.U.C. § 2827\(b\)\(4\)](#). Projects greater than one megawatt that do not have significant impact on the distribution grid are allowed if “built to the size of the onsite load.” See [P.U.C. § 2827.1\(b\)\(5\)](#). The Legislature has included this limitation when authorizing monetary incentives for solar energy systems. See [P.U.C. § 2854\(d\)\(2\)](#) and [P.R.C. § 25782\(a\)\(2\)](#).

Theme 3: NEM should explicitly allow pairing of energy storage with additional resource types beyond photovoltaics.

Response 3: NEM2 tariffs allow energy storage devices to be paired with renewable electrical generation facilities when the storage device either:

- i. meets the requirements for an “addition or enhancement” in the California Energy Commission’s Renewables Portfolio Standard Guidebook, or
- ii. is eligible pursuant to D.14-05-033 and D.19-01-030 although it is not exclusively renewable charged.

Theme 4: Rule 21 should have explicit rules and fast track process for pairing of energy storage with additional resource types beyond photovoltaic.

Response 4: Issue for R.17-07-007. Developing criteria for pairing additional resource types with energy storage is a highly technical and time intensive endeavor and must be balanced with the expected number of applications for these project types and the consistency of project design within a resource type.

Theme 5: Rule 21 fast track interconnection process should be available to additional resource types.

Response 5: Issue for R.17-07-007. [D.20-09-035](#) adopted multiple measures to further streamline the interconnection process, including removal of system size as a criterion for determining eligibility for fast track. See proposals 8 and A, finding of fact 5, and orders 1 and 8. Technical details of the project will continue to determine if supplemental review or system upgrades are required.

Theme 6: The Self-Generation Incentive Program (SGIP) budget should be increased/reallocated. SGIP eligibility should be modified/expanded.

Response 6: SGIP budgets and eligibility are an issue for R.20-05-012 and/or R.12-11-005.

Theme 7: Vehicle to Grid/Building/Home should be piloted.

Response 7: Issue for R.20-05-012 and/or R.18-12-006 and/or R.17-07-007. See Rule 21 Working Group 3 [Final Report](#) p. 84 for table of existing V2G-AC pilots.

Theme 8: Vehicle to Grid/Building/Home should be explicitly allowed in Rule 21 and the technical requirements should be specified.

Response 8: Issue for R.17-07-007. See [D.20-09-035](#) proposals 23g and 23i, section 6, findings of fact 209-213 and 258-263, conclusions of law 75-76, and orders 44 and 53.

Theme 9: Microgrids should be excluded from various cost responsibility and nonbypassable surcharges.

Response 9: Some surcharges are established by statute. For example, see Wildfire Fund in [P.U.C. § 3289\(a\)\(1\)](#). Exemptions for some surcharges are established by statute. For example, see exemption of standby charge and preservation of other surcharges for NEM systems in [P.U.C. § 2827\(g\)](#). Statute may prohibit levying of additional surcharges in some scenarios. For example, see prohibition on new or additional surcharges for eligible fuel cell customer-generator in [P.U.C. § 2827.10\(e\)\(1\)](#). Utility rate schedules imposing the various surcharges are typically addressed during a separate CPUC proceeding to verify the resulting rate design is just and reasonable. Because exemptions from surcharges for departing load and standby service have already been the subject of comments in R.19-09-009, further discussion is generally out of scope for the Resiliency and Microgrids Working Group, unless otherwise directed by a ruling or decision

Theme 10: What tariff options allow export for a microgrid with a participating distributed energy resource (DER)²?

Response 10: In general, a DER that participates in a microgrid has access to the same export tariffs whether the microgrid is in islanded mode or not. The tariffs available for export from a DER are the wholesale market tariffs (Wholesale Distribution Access Tariff or CAISO Tariff), NEM, and bilateral agreements for Qualifying Facilities³ (e.g., Renewable Market Adjusting Tariff, Bioenergy Market Adjusting Tariff, Enhanced Community Renewables Project Development Tariff)⁴.

² Typically, there is no difference in treatment between DERs that participate in a microgrid and ones that do not.

³ Qualifying Facility (QF), as defined by the Federal Energy Regulatory Commission (FERC). See [16 U.S.C. § 824a-3\(b\)](#); [18 C.F.R. § 292.304\(a\)\(2\)](#).

⁴ This is a non-exhaustive list.

Theme 11: The CPUC should provide incentives to enable the installation of islandable microgrids at critical facilities in IOU territories.

Response 11: The combination of NEM and SGIP provide incentives for the installation for renewable energy microgrids at critical facilities in IOU territories. SGIP includes specific budgets intended to benefit critical facilities. To the extent that parties find the combination of these programs to be insufficient to the state's needs, it would be most efficient to address changes within the respective NEM and SGIP proceedings. Moreover, [D.20-06-017](#) directed the utilities to support local governments interested in pursuing microgrids and other resiliency projects. An additional microgrid incentive program is currently under consideration by the CPUC as a part of Track 2 in R.19-09-0009. Relitigating the parameters of these initiatives is not in scope of the Resiliency and Microgrids Working Group. In addition, the California Governor's Office of Emergency Services is offering Community Power Resiliency Allocation [grants](#) to support California incorporated cities, federally recognized tribes, and special districts with additional preparedness measures in response to power outage events.