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CESA's IEPR Microgrid Workshop Comments

Additional submitted attachment is included below.

July 30, 2020

Email to: docket@energy.ca.gov

Docket Number: 20-IEPR-04

Subject: CESA's IEPR Microgrid Workshop Comments

Re: Comments of the California Energy Storage Alliance Following IEPR Workshops Held July 7, and July 9, 2020

The California Energy Storage Alliance (CESA) appreciates the opportunity to comment on the Future of Microgrids Workshop held on July 7 and July 9 and thanks the California Energy Commission (CEC) for the opportunity to present at the workshop. CESA is pleased the CEC will assess microgrids as part of the 2020 IEPR Update. Microgrids and energy storage will increase grid resiliency while supporting a clean and affordable energy future in California while maintaining operational flexibility and grid reliability. CESA is a 501(c)(6) organization representing over 90 member companies across the energy storage industry and is involved in the California Public Utilities Commission (CPUC) Microgrids proceeding (R.19-09-009) as well as a number of other storage-related proceedings and initiatives.

Given the growing need for resiliency due to climate change risks and Public Safety Power Shutoff (PSPS) events, CESA is strongly supportive of a joint-agency focus to support the acceleration of microgrid deployment. CESA encourages the CEC to consider the following to support microgrid deployment:

- **Create economic signals to value resiliency:** Currently, there is no formal value stream for microgrid developers to capture for the resiliency their projects provide. Without a proper economic signal and value, the marketplace is unlikely to mobilize and regulators may struggle to justify ratepayer-funded investments without a means to assess cost-effectiveness. Understandably, the determination of resiliency value can be difficult to determine due the customer-specific nature of resilient and reliable electric service. In addition, calculating resiliency value can be dependent on the counterfactual nature of the frequency and magnitude of outage events. At the same time, the joint agencies could set forth the tools, common methodologies or resiliency criteria,¹ and frameworks by which resiliency can be valued and microgrids can be developed.
- **Leverage and layer existing incentive programs to maximize ratepayer investments:** The Self-Generation Incentive Program (SGIP) allows targeted deployment of energy storage assets to high-fire threat districts through resiliency and resiliency equity budgets categories. The high-fire threat districts are likely to

¹ Similar to reliability criteria set by NERC, resiliency criteria may support base uninterrupted service requirements to support microgrid investments. For example, in some recent microgrid-related solicitations, we have seen 96 hours be set as the length of uninterrupted service required for technologies to be eligible for microgrid service, but it is unclear the basis for setting such operating parameters.

benefit the most from the increased resiliency provided by microgrids. Similar leveraging of existing DER incentive programs could be considered to support the financeability of microgrids, which was highlighted as a challenge in the workshop. Specific language should be adopted to allow incentives to be fully stacked and incremental on top of other ratepayer incentives. Additionally, existing grid-service programs and tariffs (*e.g.*, demand response, renewable solicitations, net energy metering) should consider how microgrids can participate to support additional revenue streams that improve the cost-effectiveness of microgrid investments.

- **Fund the development of tools and additional microgrid use cases where gaps are identified:** The CEC has played an important role to advance the understanding of microgrids through EPIC pilot and demonstration project funding. To some degree, microgrid technologies and services are commercially available today, with many being developed at military bases and school campuses, to name a couple. However, beyond some of these narrow set of use cases, the CEC may evaluate gaps in funding and identify additional use cases that face technological, knowledge, and financial barriers. For example, community-based multi-premise microgrids with multiple decision-makers (*e.g.*, neighborhood) rather than a centralized one (*e.g.*, campus facilities manager), may benefit from EPIC funding and lessons learned. Similarly, new technologies, configurations, and operations could be further explored through EPIC, which may not be covered by the existing landscape of commercial microgrid investments.
- **Develop commercialization pathways, including third party-owned microgrids:** In large part due to CEC EPIC funding, microgrids have successfully demonstrated the ability to provide resiliency benefits to critical facilities. Businesses, technology vendors, developers, utilities, and customers now must create and act on firm commercialization pathways. Advancing means of third party-ownership will continue to foster innovation and a competitive marketplace.

Conclusion

CESA appreciates the opportunity to provide these comments on the CEC workshop. We look forward to collaborating with the CEC and other stakeholders in this proceeding.

Sincerely,

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