DOCKETED	
Docket Number:	20-IEPR-04
Project Title:	Microgrids
TN #:	234075
Document Title:	Southern California Edison Company Comments - on IEPR Microgrids Workshop
Description:	N/A
Filer:	System
Organization:	Southern California Edison Company
Submitter Role:	Public
Submission Date:	7/30/2020 4:25:56 PM
Docketed Date:	7/30/2020

Comment Received From: Southern California Edison Company
Submitted On: 7/30/2020
Docket Number: 20-IEPR-04

SCE Comments on IEPR Microgrids Workshop

Additional submitted attachment is included below.

SOUTHERN CALIFORNIA EDISON
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July 30, 2020

California Energy Commission
Docket Office, MS-4
Re: Docket No. 20-IEPR-04
1516 Ninth Street
Sacramento, CA 95814-5512
docket@energy.ca.gov

Re: Southern California Edison Company's Comments on the California Energy Commission Docket No. 20-IEPR-04: IEPR Commissioner Workshop on Assessing the Future Role for Microgrids in California

Dear Commissioners:

On July 7 and 9, 2020, the California Energy Commission (CEC) conducted the *IEPR Commissioner Workshop on Assessing the Future Role for Microgrids in California* (Workshop) to inform development of the *2020 Integrated Energy Policy Report Update* (*2020 IEPR Update*). Commissioners from the California Public Utilities Commission (CPUC) and leadership from the California Independent System Operator (CAISO) also participated. CEC staff presented on lessons learned from microgrid research and development (R&D) funded by the CEC's Electric Program Investment Charge (EPIC) program. CPUC staff presented on implementation of Senate Bill (SB) 1339. Finally, a series of panels of microgrid developers and owners discussed challenges and opportunities for microgrids.

Southern California Edison (SCE) appreciates the opportunity to submit comments on the Workshop for consideration by the CEC as it develops the *2020 IEPR Update*, which will put forward recommendations to help guide microgrid deployment statewide. SCE's comments are summarized here and expanded on further, below:

- SCE is addressing barriers to microgrid deployment.
- Incentives for microgrids should not be funded by utility ratepayers.
- Microgrids are one of many tools in a utility's resiliency toolbox.

I. SCE is addressing barriers to microgrid deployment.

At the Workshop, panelists discussed barriers to microgrid deployment, including high costs, interconnection delays, and insufficient technical expertise, especially at smaller facilities. At SCE, several efforts are underway to address barriers within its purview. Solutions include creating template single-line diagrams to help interconnection applicants avoid deficiencies, employing remote inspections when possible, and developing an information clearinghouse for

any entity looking to deploy a microgrid or related resiliency solution in SCE's service territory.[1] The CPUC has adopted such efforts for all investor-owned utilities in its recent decision (D.20-06-017) in the microgrids and resiliency strategies rulemaking (R.19-09-009),[2] along with additional short-term actions to accelerate microgrid deployment and related resiliency solutions. In accordance with this decision, SCE will be conducting semiannual county-level workshops with local and tribal governments to empower them with a better understanding of grid operations and utility infrastructure to help them make informed decisions on where to focus their resiliency planning efforts.

II. Incentives for microgrids should not be funded by utility ratepayers.

At the Workshop, microgrid developers emphasized the importance of existing incentives (e.g., the CPUC's Self-Generation Incentive Program) and grants (e.g., the CEC's EPIC program) in driving microgrid deployment. Currently, the costs of microgrids are often greater than the resiliency benefits they provide. Many of the microgrids showcased at the Workshop are deployed at critical facilities (e.g., military bases, hospitals, fire stations, etc.) that have a much lower risk tolerance for electricity service interruptions than a typical customer. Nonetheless, some microgrid developers called for additional incentives such as tariffs and exemptions from utility charges, the costs of which would be shouldered by customers not benefiting from the microgrid. Attempting to accelerate widespread deployment of microgrids using ratepayer-funded incentives would force non-adopting customers to subsidize microgrids through higher rates. Avoiding such unnecessary rate increases is not only important for ensuring affordability, but also essential to the state's decarbonization efforts where higher electricity costs will impede the building and transportation electrification necessary to reach the state's decarbonization goals.[3]

III. Microgrids are one of many tools in a utility's resiliency toolbox.

SCE is committed to supporting customers interested in deploying a microgrid. However, it is important to consider the long-term value of microgrids in the context of broader utility efforts to increase resiliency. Utilities have a robust toolbox of resiliency measures, including grid designs that enhance flexibility, sectionalization, redundancy, and interoperability of distributed energy resources. These are typically more cost-effective resiliency measures than microgrids because they benefit larger sets of customers, thus providing economies of scale. SCE is continuously exploring ways to use this toolbox, tailoring solutions to the resiliency needs of different communities based on existing grid architecture and inherent climate change and weather risks.

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[1] SCE's *Microgrids for Developers* web page includes a list of the types of projects, the regulatory and technical requirements for each project type, flowcharts with project and interconnection timelines, and a checklist of data required at each stage. In accordance with CPUC Decision 20-06-017, SCE will add a list of engagement best practices by the end of September 2020. SCE's *Microgrids for Developers* web page can be found at https://www.sce.com/partners/partnerships/Microgrids-for-Developers.

[2] For more information on the CPUC's microgrids and resiliency strategies rulemaking (R.19-09-009), please visit https://www.cpuc.ca.gov/resiliencyandmicrogrids/.

[3] SCE's *Pathway 2045* lays out a feasible and low-cost path to meeting the state's 2030 and 2045 decarbonization goals, which includes electrifying 75% of vehicles and 70% of buildings. For more information on *Pathway 2045*, please visit https://www.edison.com/home/our-perspective/pathway-2045.html.

IV. Conclusion

SCE thanks the CEC for consideration of the above comments and looks forward to continuing its partnership with stakeholders in the development of the *2020 IEPR Update*. Please do not hesitate to contact me at (415) 929-5518 with any questions or concerns you may have. I am available to discuss these matters further at your convenience.

Very truly yours,

/s/

Dawn Anaiscourt