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Center for Sustainable Energy Comments on Draft 2020 IEPR Report Volume II

Additional submitted attachment is included below.

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March 22, 2021

California Energy Commission
Docket Unit, MS-4
Re: Docket No. 20-IEPR-01
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Docket No. 20-IEPR-01– Comments of Center for Sustainable Energy® regarding the Draft 2020 Integrated Energy Policy Report (IEPR) Update, Volume II: The Role of Microgrids in California's Clean and Resilient Energy Future, Lessons Learned from the CEC's Research

I. INTRODUCTION

The Center for Sustainable Energy® (CSE) appreciates the opportunity to comment on the Draft 2020 Integrated Energy Policy Report (IEPR) Update, Volume II: The Role of Microgrids in California's Clean and Resilient Energy Future, Lessons Learned from the CEC's Research (Draft 2020 IEPR Update, Volume II). CSE is a 25-year-old national nonprofit driven by one simple mission – decarbonize. We provide program administration, technical assistance, and policy advisement, and serve as a trusted and objective resource helping government agencies implement successful sustainable energy programs. Our vision is a future with sustainable, equitable, and resilient transportation, buildings, and communities, and, as such, we support holistic and long-term planning with an integrated approach.

CSE applauds the California Energy Commission's (Energy Commission) commitment to providing regular updates on the energy sector, policy developments, and topical deep dives through the Integrated Energy Policy Report (IEPR). Specifically, we strongly supported the inclusion of an examination of clean energy microgrids in the 2020 IEPR Update[1] and are pleased with the Energy Commission's efforts in gleaning lessons learned from its funded projects and gathering robust stakeholder input. In addition to our general support of the issues and recommendations outlined in the Draft 2020 IEPR Update, Volume II, we offer the following comments for future consideration.

II. EXAMINE FINANCIAL BARRIERS BEYOND COMPONENT COSTS

CSE appreciates the robust stakeholder engagement effort that contributed to the Draft Report. Moreover, we agree with the many challenges identified by stakeholders, as well as the Energy Commission's recommendations in Chapter 5. However, throughout the report, much of the discussion regarding barriers from upfront costs focuses on the costs of components rather than those identified by stakeholders, including current rate structures and fees, transactional costs, and other soft costs

[1] Comments of Center for Sustainable Energy® regarding the Draft Scoping Order for the 2020 Integrated Energy Policy Report Update, January 31, 2020, available at https://efiling.energy.ca.gov/GetDocument.aspx?tn=231891&DocumentContentId=63743

related to project delays. As such, we encourage Energy Commission research to help track these costs, as well as continue to work with the California Public Utilities Commission (CPUC) to address both cost and related regulatory barriers.

III. SUPPORT FOR EQUITY CONSIDERATIONS

CSE is greatly encouraged by the Energy Commission's inclusion of equity considerations in the role of microgrids. We strongly agree with the Energy Commission's suggestion that, "[a]s microgrids are strategically deployed, the disproportionate impact of grid outages on low-income, tribal, rural, and disadvantaged communities should be a considered factor."[2] As such, we support the recommendation to prioritize grant funding for microgrids that support these communities. In addition to seeking ways to reduce upfront costs for microgrid installations that support under resourced communities, demonstrations should explore approaches to evaluating the various benefits provided to the community, such as health and economic benefits, which can help inform the valuation of future projects and alleviate some concerns regarding cost-shifting.

IV. CONTINUE TO CONSIDER BENEFITS IN ADDITION TO RESILIENCE

CSE agrees that microgrids play an essential role in enhancing community resilience in the face of Public Safety Power Shutoff (PSPS) events, natural or man-made disasters, and other grid disruptions. As such, we strongly support Energy Commission Staff's suggested priority microgrid applications outlined in the Draft Report, given limited funding. However, we encourage the Energy Commission to continue to consider additional benefits microgrids can provide beyond important resiliency services when strategically locating clean energy microgrids. While the Draft Report includes a discussion regarding peak demand reductions, clean energy microgrids can also provide grid and ancillary services as well as reduce greenhouse gas (GHG) emissions and local air pollutants. As such, the Energy Commission should continue to demonstrate and track the technical advantages microgrids can have over individual technology installations, such as solar and storage, through additional advanced controls and other integrated distributed energy resources that result in a wide range of benefits. Such demonstrations will help unlock future value streams that will enable the commercialization of microgrids.

V. CONTINUE TO COORDINATE WITH CPUC AND CAISO

CSE is pleased with the collaboration between the Energy Commission, CPUC, and California Independent System Operator (CAISO) regarding microgrid research and policy to date. Moreover, we agree with the Energy Commission that successful microgrid commercialization will not only require close coordination with the CPUC's *Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies* (R.19-09-009) but also benefit from coordination with other relevant proceedings,

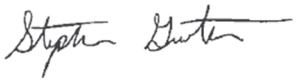
[2] Bailey, Stephanie, David Erne, and Michael Gravely. 2021. Draft 2020 Integrated Energy Policy Report Update, Volume II: The Role of Microgrids in California's Clean and Resilient Energy Future, Lessons Learned from the CEC's Research. California Energy Commission. Publication Number: CEC-100-2020-001-V2-CMD, Page 11.

such as the rulemaking considering clean energy financing options (R.20-08-022). As such, we encourage continued joint efforts among the State entities along with stakeholders. In addition, we recommend efforts to ensure any staff reports, whitepapers, or proposals are not developed in silos. For example, while the Draft Report discusses three characteristics of microgrids, the CPUC's Microgrids and Resiliency Staff Concept Paper proposes two core characteristics for defining microgrids.[3] While seemingly trivial, consistent definitions and terminology will help avoid confusion for future policies.

VI. CONCLUSION

CSE appreciates the opportunity to provide these comments regarding the Draft 2020 Integrated Energy Policy Report (IEPR) Update, Volume II. We look forward to continued collaboration with the Energy Commission and stakeholders in moving forward with the recommendations to advance clean energy microgrids.

Sincerely,



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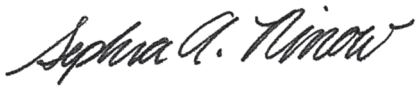

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[3] Microgrids and Resiliency Staff Concept Paper, California Public Utilities Commission Energy Division, Pursuant to Senate Bill 1339 (2018) and R. 19-09-009 July 22, 2020, page 11, available at https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M344/K038/344038386.PDF