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Prologis Comments on 2023 Integrated Energy Policy Report

Additional submitted attachment is included below.

March 17, 2023

Commissioner Patty Monahan
California Energy Commission
715 P Street
Sacramento, CA 95814

Subject: Prologis Comments on 23-IEPR-01 – 2023 IEPR Scoping Order

Dear Commissioner Monahan,

On behalf of Prologis, I write in support of the proposed scope of the 2023 Integrated Energy Policy Report (IEPR), especially the focus on accelerating the connection of clean energy. Ensuring timely interconnection of clean energy technologies with the electricity grid is critical to enabling California to meet its energy, zero-emission vehicle (ZEV), and climate change goals, and Prologis looks forward to the opportunity to work with the California Energy Commission (CEC) and stakeholders through the IEPR process to enable the resources that are needed to meet state goals to come online quickly and cost-effectively.

Prologis is the world's leader in logistics real estate solutions, focused on urban infill development. With assets totaling over 1.2 billion square feet, approximately 2.8% of global GDP flows through our 5,495 properties each year. California is our largest market, where our portfolio includes 166.7 million square feet of space across 843 properties, one third of which are located in disadvantaged communities (DACs) and over 70% that are located within 1 mile of an existing substation. Prologis leases sustainably designed, modern logistics facilities to a diverse base of approximately 5,800 customers, which include manufacturers, retailers, transportation companies, third-party logistics providers and other enterprises. Our expertise is manifested through a comprehensive suite of solutions we offer our customers that help drive down energy usage, invest in renewable energy, and support decarbonization of supply chains. To this end, Prologis plans significant investments in renewable energy generation, storage, and interconnection infrastructure at its properties in California, prioritizing those in dense urban centers close to where the energy demands are increasing most.

Our primarily large, flat rooftops are ideal for commercial solar installations that can help California reach its renewable energy goals and allow Prologis to offer reliable, secure, and privately financed sources of distributed energy, and we have set a goal of deploying 1,000 megawatts (MW) of solar and storage across our global properties by 2025. To date, we have been able to develop 120 MW of solar generating capacity at locations throughout the state and hope to accelerate our rate of solar and storage deployment across all of our properties globally. We have only scratched the surface of what we are capable of generating, with 154.5 million square feet of rooftop in California yet undeveloped with the potential to produce 1.2 GW of power despite our strong desire to install more rooftop solar installations.

We note that the current interconnection process for front-of-the-meter projects, like community solar, is not well-suited for distributed-scale projects. All front-of-the-meter projects currently require medium-voltage interconnection via a wholesale distribution access tariff, which is both expensive and unnecessary for the scale of projects we develop. There are also constraints on the WDAT Fast Track Process for smaller systems that include batteries that unnecessarily limit how the battery is sized and used, particularly for AC-coupled systems. These interconnection challenges will inhibit the development

of distributed-scale, front-of-the-meter projects. We encourage the CEC and other state agencies to evaluate the interconnection process and requirements for distributed resources in order to streamline the process and reduce unnecessary burdens (cost, interconnection time) on applicants so that California can unlock the significant potential of distribution resources on the grid, which will improve grid resiliency and clean energy access, particularly in disadvantaged communities.

Prologis is also at the forefront of electrifying transportation, empowering its customers in their transition to a zero-emissions vehicle future. We offer retrofit and build-to-suit vehicle electrification projects primarily for medium- and heavy-duty (MD/HD) vehicles across last-mile, drayage, and other applications. Prologis is actively deploying charging infrastructure at our properties; however, utilities are increasingly unable to offer an interconnection that meets the timelines associated with anticipated conversion of some fleets to electric vehicles. Legal, labor, and supply chain issues, often outside of a utility's control, all contribute to power not being delivered to a site in a timely manner. In addition, the high demand placed on the grid by MD/HD EV charging raises the risk of power outages. To combat this, Prologis has developed alternative strategies such as zero- and near-zero-emissions electricity generation solutions to provide distributed or backup power to support reliable charging at our sites. However, these solutions are increasingly met with utility opposition. Many of our tenants are ready and eager to transition to zero-emission trucks, but we are facing obstacles to deployment of infrastructure to enable their transition as quickly as they would like.

We actively partner with utilities and appreciate our collaboration with them, but we recognize that they, state agencies, and project developers often operate under regulatory processes with low barriers for interconnection applications. This invites a flood of applications for both load and generation, without necessarily requiring real commitments that projects materialize. This creates barriers and additional timelines for real projects that can advance the state's priorities. We note that the CEC recently updated its application process for some electric vehicle charger grants to prioritize committed projects, and hope that may provide a model for connecting other clean energy technologies with the electricity grid as well.

Thank you for the opportunity to comment and for considering our views. We look forward to working through the IEPR process to identify barriers and solutions to accelerating connection of clean energy technologies with the electric grid.

Sincerely,

Alexis Moch
Director, Government Affairs
Prologis
amoch@prologis.com