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DEBA Program Guidelines

Additional submitted attachment is included below.



**REGENERATE
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POWER UP CLEAN ENERGY | POWER DOWN DIRTY GAS



CEC - Distributed Electricity Backup Assets (DEBA) Program Guidelines Regenerate CA Comments | August 31, 2023

On behalf of the Regenerate California Campaign, a partnership of the California Environmental Justice Alliance and Sierra Club, we respectfully submit the following comments in response to the request for comments on California Energy Commission's ("the Commission") Proposed Draft Distributed Electricity Backup Assets (DEBA) Program Guidelines ("Proposed Guidelines"). As one of the three programs within the State's Strategic Reliability Reserve (SRR) to address electricity reliability during extreme weather events, the DEBA program is being created on the heels of the State's recent decision to extend the life of once-through cooling fossil gas plants it had committed to retire. This broken promise to environmental justice communities must be top of mind as the Commission finalizes the Proposed Guidelines.

If the DEBA program is to live up to its intention and our State's commitment to prioritize clean energy resources, the Commission must **not** fund any fossil fuel resources. Furthermore, if the DEBA program is to advance energy equity and environmental justice, 100% of DEBA funding should prioritize clean energy resources, including community solar+storage and clean microgrids that are located in, serving, and benefiting low-income and environmental justice communities.

1. Remove Fossil Fuel Resources from List of Eligible Resources

The Proposed Guidelines provide funding for new fossil fuel resources, including capacity expansions to existing gas generators and "low-emission" technologies including fossil gas fuel cells, linear generators, and combined heat and power systems. Investments in new fossil fuel resources directly contradicts California's climate, public health goals and requirements.

Last year's update to the 2022 update to the Scoping Plan of the California Air Resources Board specifically incorporates environmental justice advocates' and Governor Newsom's call for "no new gas generation" and does not model any new gas capacity.¹ State law also requires proactive planning to reduce reliance on fossil resources. In particular, Section 454.57(e)(4) of the Public Utilities Code states that "reducing the use of nonpreferred resources in disadvantaged communities has been a priority for those communities, and they would benefit from increased access to electricity from new renewable energy resources and zero-carbon resources delivered to serve in-city loads."²

¹ CARB, Scoping Plan (2022) at 201, 203, <https://ww2.arb.ca.gov/sites/default/files/2023-04/2022-sp.pdf>.

² Public Utilities Code Section 454.57(e)(4).

Moreover, the Legislature when passing SB 1020, found that the State needs “drastic reductions in fossil fuel use”³ and accelerated the interim targets for renewable and zero-carbon resources to supply electricity.⁴ Investing in new fossil fuel resources is simply antithetical to these mandates.

New fossil fuel resources will already receive incentives from the Demand Side Grid Support (DSGS) program as well as the Department of Water Resources’s Investment Plan. Instead of investing even more public moneys into fossil fuel resources, the State must commit to only use DEBA funds for zero-carbon, non-emitting resources.

2. 100% of DEBA Funding Should Be Allocated for Clean, Reliable Energy Solutions for Disadvantaged Communities

The Proposed Guidelines allocate at least 25% of distributed resources funding to projects located in or benefiting disadvantaged communities (DACs). We urge the California Energy Commission to instead exclusively allocate *all* DEBA funds toward non-fossil resources in DACs. The clean energy transition has not yet lived up to its promise of spreading benefits more equitably across society. Environmental justice communities experience numerous barriers to accessing and meaningfully benefitting from clean energy, and the Public Utilities Commission’s proposed decision on Virtual Net Energy Metering threatens to put distributed generation even further out of reach for California’s 17 million renters. Meanwhile, environmental justice communities are called on to be sacrifice zones for the rest of the State every year during grid reliability shortfalls.

a) Community Solar + Storage

Without new local generation and storage, both local and system reliability issues will persist, resulting in gas plants continuing to run in DACs, which serve as sacrifice zones for the rest of the state. Investing state funds in community solar and storage projects can serve as a load modifying resource in Local Reliability Areas that are currently served by gas peaker plants. Strategic siting of projects can alleviate pressure on the grid where it is most needed during peak demand, avoid transmission and distribution costs that make other forms of renewable energy less cost-effective, and provide relief from peaker gas pollution in DACs by lowering the need for them to run.

DEBA investments toward community solar+storage projects in DACs can be made even more cost effective by stacking Inflation Reduction Act incentives, including Solar for All Funding from the Greenhouse Gas Reduction Fund, the 20% bonus for low-income solar projects, and Environmental and Climate Justice Block Grants.

Community solar and storage is uniquely positioned to expand access and help close the clean energy gap. Because these projects can be built off-site, such as on community centers, vacant

³ California Assembly Bill (“AB”) 1279, Section 1 (2022).

⁴ SB 1020 (2022).

lots, or nearby landfills, they avoid some of the barriers posed by rooftop solar and enable all utility customers the opportunity to subscribe and benefit from clean energy development. By minimizing impacts to the land, these projects also reduce tension between state goals to achieve its 30x30 conservation goals and urgently needed renewable generation development.

b) Clean, Community Microgrids

In addition to strengthening grid reliability, it is imperative for the State to strengthen grid resilience, especially given the intensifying climate crisis and extreme weather events. Clean, community-level microgrids can strengthen the resilience of DACs and vulnerable communities by providing the continuity of electrical service during system-wide blackouts and power outages. Compared to reliability, resilience includes lower probability, higher consequence events and is assessed as a function of safety, security, reliability, sustainability, and cost effectiveness.

Distinct from distributed solar+storage, microgrids can continue to serve behind-the-meter loads during an outage after disconnecting from the grid because of being equipped with a grid forming inverter, islanding capability, and smart switches. With sufficient state investment, community microgrids can be designed and built to promote resilience by serving predesignated “essential loads” in the community like a supermarket, gas station, school, or hospital that would be protected from system-wide electricity blackouts and outages.

While the State intends to shore up backup resources to deploy during extreme weather events in order to avoid system-wide blackouts, it is also critical to have clean backup power for essential services, and for our most vulnerable and disadvantaged communities. It is imperative for the State to invest in clean, community microgrids on the distribution grid to protect our most vulnerable communities from widespread life-threatening blackouts and power outages.

c) Virtual Power Plants

The Commission should consider aggregating local clean energy projects into Virtual Power Plants (VPPs), so that they can be optimized and utilized as dispatchable energy resources. Distributed Energy Resources (DERs) reach their true potential when aggregated together to create capacity resources at the multi-megawatt scale, even if individual constituent resources are small, kilowatt-scale assets.

Through VPP aggregations, DERs provide grid resources that utilities otherwise would rely on centralized power plants to provide. VPPs can improve grid reliability, keep energy costs affordable, enable decarbonization of the electric sector, and support and stimulate transportation and building electrification, while advancing goals of equity and public health and enabling utility customers to play an active part in the energy system.⁵

⁵ Kevin Brehm et al., *Virtual Power Plants, Real Benefits*, RMI at 13-17 (Jan. 2023), available at <https://rmi.org/insight/virtual-power-plants-real-benefits/> [hereinafter “Virtual Power Plants, Real Benefits”].

During last year's unprecedented heat wave, from September 1-8, 2022, a VPP managed by Sunrun with 1,000 customers delivered over 1 GWh of energy in East Bay Clean Energy territory.⁶ This is just one example of the several VPPs that contributed substantial capacity during the September 2022 heat event.⁷

3. Equity Should Be Prioritized in Scoring Criteria

We commend the Commission for including equity, namely whether the project replaces or displaces fossil fueled generation, in its proposed scoring criteria. However, the Proposed Guidelines appear to put this on equal footing with other criteria such as whether the project is supported by federal funding and resource portfolio diversity. Such treatment is not consistent with California law and policy which make clear that reduction of emissions in DACs must be a priority and that the State must plan to replace gas generation with clean resources.

Specifically, SB 350 requires the Commission to “[m]inimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities”⁸. SB 887 also underscores the importance of prioritizing procurement to reduce emissions.⁹

We urge the California Energy Commission to adopt these recommendations and invest exclusively in clean, reliable energy solutions in DACs. These will not only address system and local reliability, but also bring environmental justice communities cleaner air, lower utility bills, and more reliable power.

Sincerely,

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⁶Sunrun Press Release, Sunrun Delivers 80+ MW Daily to Ease Strain on Cal. Grid (Aug. 30, 2022), available at <https://investors.sunrun.com/news-events/press-releases/detail/269/sunrun-delivers-80-mw-daily-to-ease-strain-on-california>. See also Sunrun Press Release, East Bay Customers Support Cal.'s Grid During Extreme Heat Wave Through Innovative Program (Sept. 20, 2022), available at <https://investors.sunrun.com/news-events/press-releases/detail/271/east-bay-customers-support-california-grid-during-extreme>.

⁷ Jeff St. John, Cals. Saved the Grid Again. They Should Be Paid More for It, Canary Media (Sept. 15, 2022), available at <https://www.canarymedia.com/articles/grid-edge/californians-saved-the-grid-again-they-should-be-paid-more-for-it>.

⁸ Pub. Util. Code § 454.52(a)(1)(I).

⁹ Id. at § 454.57(b)(4).