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DEBA Draft Distributed-Scale GFO - Regenerate CA Comments

Additional submitted attachment is included below.

CEC Distributed Electricity Backup Assets (DEBA) Program: Draft Distributed-Scale General Funding Opportunity

Regenerate CA Comments | March 14th, 2024

On behalf of the Regenerate California Campaign, a partnership of the California Environmental Justice Alliance (CEJA) and Sierra Club, we respectfully submit the following comments in response to the request for comments on California Energy Commission's ("the Commission's") Proposed General Funding Opportunity (GFO) for Distributed-Scale Resources as part of the Distributed Electricity Backup Assets (DEBA) program.

DEBA is one of three programs within the State's Strategic Reliability Reserve that was created to address electricity reliability during extreme weather events, which came on the heels of the State's decision to extend the life of once-through cooling fossil gas plants it had committed to retire by 2023. That broken promise to environmental justice communities must be top of mind as the Commission implements the DEBA program and rolls out funding for distributed-scale resources.

If the DEBA program is to live up to its intention to create resilience through distributed generation and advance our State's clean energy commitments, the CEC must ensure that no dollars are spent on fossil fuel resources of any kind, as local fossil generation has severe negative local impacts. It must also prioritize access and benefits for low-income and disadvantaged communities, as these communities are most impacted by the state's continued reliance on polluting gas plants, are most vulnerable to power outages, and are underserved by distributed energy resources. We therefore offer the following responses to questions 6, 14, and 15 posed in the draft GFO.

6. Are there any additional eligible technologies that should be included, or any currently eligible technologies that should be excluded?

We support that the proposed GFO strictly excludes diesel backup generators regardless of fuel type. This is extremely important to ensure California does not increase pollution in already overburdened communities.[1] However, we are extremely concerned that there are still other fossil fuel based resources and technologies that are considered eligible under the draft GFO, including prohibited resources banned for use in California Public Utility Commission demand response programs. Of concern, fossil gas fuel cells, linear generators, and combined heat and power systems are considered eligible technologies under Groups 1 and 2. As we have stated in comments on the DEBA guidelines, leaving the door open for investments in new fossil fuel

[1] See how diesel BUGs continue to grow, despite increasing harm and pollution for nearby communities. https://www.potreroview.net/diesel-backup-generator-population-continues-to-grow/

resources directly contradicts California's climate and public health commitments. We urge the Commission to exclude the use of these and all fossil-fuel based technologies from receiving DEBA funding.

Microgrids are also listed as an eligible technology for Groups 1 and 2, without the requirement that they have to be powered by 100% clean energy. Environmental justice advocates have long championed clean microgrids for their potential to advance community and energy resilience while advancing the State's climate goals, as stated in CEJA and our clean energy partners' Energy Justice Statement on Rooftop Solar and Distributed Generation in California.[2] However, California must *only* invest in microgrids that are powered by 100% clean energy, and that do not increase greenhouse gas emissions or air pollution. Funding the proliferation of fossil gas powered microgrids would not only be harmful to local communities but would also be counterproductive to state climate goals in SB 350 and contrary to DEBA's stated purpose. We urge the Commission to make a direct clarification in the GFO excluding fossil fuel powered microgrids.

Advancing the State's clean energy commitments, and its greenhouse gas and pollution reduction commitments, should be a requirement for receiving DEBA funding. All DEBA projects must be required to demonstrate that they both decrease greenhouse gas emissions ***and*** local air pollution. Currently, this is not a requirement for DEBA funding, but rather listed as one of many evaluation criteria (criteria 7) in the Commission's assessment. We urge the Commission to make greenhouse gas emission and local air pollution reductions a direct requirement for receiving DEBA funding and eliminate any proposed projects from consideration if they do not meet this requirement.

14. Are the proposed evaluation criteria, including preference points criteria, reasonable and sufficient to achieve the aims of funding DER projects that best bolster grid reliability in the state?

We think most of the proposed evaluation criteria are reasonable and sufficient. However, we offer the following recommendations to help ensure that California funds DER projects that bolster grid reliability while supporting more equitable deployment and access for low-income and disadvantaged communities.

Criteria 4 on Project Budget and Cost Effectiveness is worth 15 points and includes elements a through f to ensure the project proposals maximize their usefulness relative to their costs and budget. We recommend adding the following two criteria:

> g. The proposed project's budget can be stacked on top of other funding sources or projects in order to maximize benefits to communities, prioritizing low-income and disadvantaged communities.

[2] Energy Justice Statement on Rooftop Solar & Distributed Generation in California. https://caleja.org/wp-content/uploads/2021/09/Energy-Justice-Statement-on-Rooftop-Solar-DG-in-CA-2.pdf

i. Rationale: We would like to encourage the opportunity to maximize benefits for low-income and disadvantaged communities; for e.g., if DEBA funding could support adding battery storage to an existing solar project funded by the Solar on Multifamily Affordable Housing (SOMAH) Program, that targets low-income and disadvantaged communities in multifamily properties.

f. The project maximizes non-energy benefits and reduces social costs, especially for low-income and disadvantaged communities.

i. Rationale: We applaud the Commission in its recent decision to grant the petition by 20 organizations to integrate non-energy benefits and social costs into all of its cost-benefit analyses. While a proceeding will soon open up to determine how the Commission will do this, we hope to see the goals of this petition applied to existing efforts in the more immediate term, where possible. We believe the integration of this consideration within an evaluation criteria on cost effectiveness is appropriate and reasonable.

Criteria 7 on Supporting Clean Energy and Climate Goals is worth 10 points and includes elements a through c to ensure project proposals support the State's existing clean energy and load shifting goals, generates zero onsite GHG emissions or air pollution, and facilitates greater integration of DERs into our electricity supply mix. As stated in our response to question 6 above, we strongly believe that this should be a base-line requirement for any DEBA funding, and therefore removed as an evaluation criteria. Proposed projects that do not meet this requirement should be considered ineligible for funding.

Criteria 8 on Community and Resiliency Co-Benefits is worth 10 points and includes elements a through e in order to ensure project proposals can offer benefits beyond reliability, including community and resiliency co-benefits. We support this and offer the following edits (in bold) to the following elements:

a. Describes how the project offers benefits beyond statewide grid reliability, such as offering resilience to critical facility or infrastructure as defined by the CPUC, including, but not limited to, emergency operations centers, medical facilities, and drinking water and wastewater treatment plants; **or offering resilience to community-based infrastructure in disadvantaged communities, including, but not limited to, community resilience centers.**
    i. Rationale: Disadvantaged communities face unique vulnerabilities to grid outages. Investments in community infrastructure in these communities are important so that these communities have somewhere to go for clean backup power and other essential services during emergencies.
b. ~~Reduces the need for new distribution system investments by leveraging existing energy infrastructure.~~ *(Remove this)*
    i. Rationale: While we understand that utilizing existing energy infrastructure may bring some affordability benefits, we worry this could have the unintended consequence of discouraging DER development in low-income and disadvantaged communities, which are the areas most in need of distribution grid upgrades and investments. This could therefore exacerbate existing inequities in

clean energy access. While we should aim to avoid costly upgrades that are **not** needed, this should not preclude us from making necessary investments in the distribution system for disadvantaged communities to have greater access to clean DERs.

Criteria 10 on Disadvantaged & Low-income Communities is worth 10 preference points, and includes elements a through c to measure the degree to which project proposals are located in or benefit low-income and disadvantaged communities. We mostly support this criteria, and note our suggested edits in response to Question 15, below.

15. Are the provisions for supporting projects that either benefit or are located in DACs sufficient? What other application components could facilitate greater participation from projects located in or benefiting DACs?

We support the proposed provisions for supporting projects that either benefit or are located in DACs, and appreciate that $125M (out of $250M) is reserved for projects located in or benefitting DACs. Further, we appreciate that there are a total of 10 preference points that can be awarded to projects located in or benefiting DAC or LI communities, as listed in criteria 10. We would recommend increasing DAC weighting even more, to 15 points, given the stark inequities in the clean energy system to date. Since criteria 3 (project readiness and workplan) and criteria 4 (project budget and cost effectiveness) are each worth 15 points, we believe this is reasonable.

In addition, we recommend the following suggested edits (in bold) to elements a and c, and the addition of element d:

a. Identifies economic impacts on low-income and disadvantaged communities including customer bill savings, job creation, **wealth building through public and community ownership of projects,** partnering and contracting with micro- and small-businesses, and economic development.
    i. Rationale: Regenerate CA sees an opportunity to increase community wealth-building opportunities through greater public and community ownership of projects and assets in the clean energy economy. We believe the benefits of public and community ownership should also therefore be captured in this list of impacts.
b. No change.
c. Applicants have letters of support from community-based organizations, tribes, workforce development stakeholders, environmental justice organizations, or other partners **representing impacted communities** that demonstrate their **understanding of how** the proposed project will lead to increased equity **for impacted communities** and is both feasible and commercially viable in the identified low-income and/or disadvantaged communities.
    i. Rationale: Stakeholders who are submitting letters of support for applicants should be connected to (work in or organize in) the local communities impacted by project development.

d. Identifies health impacts on disadvantaged communities; reduces greenhouse gas emissions and pollution in disadvantaged communities, and therefore advances SB 350 commitments to improve air quality in these communities.
    i. Rationale: In addition to identifying economic impacts on low-income and disadvantaged communities, the Commission should score projects higher if they prioritize air quality improvements in disadvantaged communities who are the most pollution burdened. Specifically, SB 350 requires the Commission to "[m]inimize localized air pollutants and other greenhouse gas emissions, with early priority on disadvantaged communities"[3] SB 887 also underscores the importance of prioritizing procurement to reduce emissions.[4]

To conclude, we urge the California Energy Commission to adopt these recommendations in the distributed-scale resources GFO to enable investments exclusively in clean, reliable DERs, while prioritizing access and benefits for low-income and disadvantaged communities. We appreciate the opportunity to comment.

Sincerely,

Mari Rose
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[3] Pub. Util. Code § 454.52(a)(1)(I).
[4] Id. at § 454.57(b)(4).