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Bloom Energy DEBA DER GFO Draft Solicitation Concept Comments

Additional submitted attachment is included below.

March 15, 2024

California Energy Commission
Docket Unit MS-4
715 P Street
Sacramento, CA 95814

RE: Comments of Bloom Energy Corp. on the Distributed Electricity Backup Assets (DEBA) Grant Funding Opportunity (GFO) Draft Solicitation Concept

I. Introduction

Bloom Energy Corporation appreciates the opportunity to submit the following comments on the Draft Solicitation Concept for the Distributed Electricity Backup Assets Program (DEBA) Grant Funding Opportunity (GFO). Bloom Energy is a California-based manufacturer of solid oxide fuel cell (SOFC) technology that utilizes an electro-chemical process to power non-combustion microgrids as well as high efficiency electrolyzer systems designed to convert renewable electricity into renewable "green hydrogen." Bloom Energy's solid oxide fuel cells and electrolyzers are designed in a modular fault-tolerant format that provides mission critical reliability with no downtime for maintenance. The company has installed over 1000 of its non-combustion solid oxide fuel cell systems for customers in thirteen U.S. states as well as in Japan, South Korea, India, and Italy. Bloom Energy's fuel cells can run on natural gas, biogas or hydrogen, and have proven resilient through outages caused by hurricanes, winter storms, earthquakes, forest fires, and other extreme weather and natural disasters.

On February 23rd, 2024, the California Energy Commission (CEC) filed a draft solicitation concept for the DEBA program, outlining a potential process by which a competitive grant solicitation would be conducted. Comments are due March 15, 2024. As part of this solicitation, the CEC posed a set of questions to stakeholders for consideration and feedback. Bloom Energy strongly supports the DEBA initiative and our comments below are offered in response to help Commission staff ensure that the program delivers the intended results without creating inadvertent consequences.

II. Question 1: Funding Level Allocations - Groups 2 & 3

Question one in the Draft Solicitation Concept asks if the minimum and maximum award amount funding levels and match requirements appropriate for each of the three Groups. The total funding available under the draft solicitation is $250 million. In the draft, the Commission proposes allocating $60 million for Group 1 and reserving the remaining $190 million for a combination of Groups 2 and 3. The stated rationale for separating the funding for Group 1 from the remaining groups is that Group 1 projects are substantially different from those pursued under Groups 2 and 3, and therefore direct competition would create challenges for objective scoring and ranking of applications.

However, the types of projects and the types of applicants eligible under Group 2 are also very substantially different from the types of projects and the types of applicants eligible under Group 3. Moreover, the high per project limits in Groups 2 and 3 introduce the potential that a very small number of projects in either of Group 2 or 3 could completely eliminate the potential for any funding under the other Group. *We therefore recommend distinct funding pools for each group and suggest that the $190 million currently proposed for Groups 2 and 3 be split evenly such that $95 million is made available for Group 2 and $95 million is made available for Group 3.* This will provide project applicants with certainty that each of the three Groups will in fact receive funding while avoiding the scoring challenges the Commission correctly anticipated when determining that Group 1 should not compete directly with the other two groups.

III. Question 15: Demonstrating Project Disadvantaged Community (DAC) Benefits

Question 15 in the Draft Solicitation Concept asks if the provisions for supporting projects that either benefit or are located in Disadvantaged Communities (DACs) are sufficient and if other application components could facilitate greater participation from projects located in or benefiting DACs. Bloom Energy applauds the Commission for making local engagement an integral part of the DEBA program. This program has the potential to bring many tangible environmental and economic benefits to California's DACs and help create sustainable, healthy, and resilient communities.

However, in its current form the draft solicitation is unclear and refers variously to projects that are "located in or benefitting" disadvantaged communities as well as to those that are simply "located in" DACs. The draft also includes a requirement that projects receive a letter of support from "an environmental justice community-based organization," but does not provide a definition of this term or any qualification requirements. It is not at all clear that locating a project within a DAC, absent other considerations, will necessarily benefit that local community. To the contrary, it is at least as likely that locating some DEBA projects within DAC neighborhoods will produce additional impacts on the surrounding communities whether in the form of reduced open space, construction impacts, truck traffic, noise, emissions, property value impacts, or other impacts. Moreover, the utilization of "community based organizations" among other undefined "partners" as arbiters of which projects will benefit a given community without any guidelines or qualification requirements has a very high potential for conflict of interest and subjective decision-making, and overlooks existing, authoritative tools that can objectively quantify the environmental and human health benefits of distributed generation and load reduction measures.

We respectfully suggest that rather than focusing solely on *where a project is physically located* or which groups support a given project, the Solicitation should be modified to also utilize an objective and data-backed measurement of which projects will *most effectively benefit* disadvantaged communities in California. Widely accepted metrics exist for measuring the amount of greenhouse gas and local air pollutant emission reductions attributable to electric system load reductions and the operation of distributed energy resources.

In addition to relying on project location and local support letters the Commission should also require that projects claiming benefits to DAC communities demonstrate the extent to which a proposed DEBA project will reduce GHGs *and criteria pollutants such as* NO_x *and* SO_2 in DACs. It is well understood that reduced system loads and increased operation of DERs has the effect of reducing the operation of the regional grid's marginal generation units – too many of which are already located in DACs. DEBA applicants could utilize existing and standardized tools like U.S. EPA's eGRID emissions database[1] and the EPA COBRA tool[2] to demonstrate the extent to which a given project will benefit human health and the environment by reducing annual air emissions that impact California DACs. This approach would be objective, data driven, and far more likely to produce quantifiable benefits as compared to an approach that inappropriately assumes that all projects in DACs are beneficial to the community. As a result, we strongly suggest the inclusion of more objective and quantitative approaches to the determination of whether a given DEBA project benefits DACs.

IV. DAC Funding and Timing

As stated in the draft solicitation, the Commission intends to award at least 50% of DEBA program funds to projects "located in or benefitting Disadvantaged Communities."[3] The tentative schedule included in the draft solicitation suggests that the program is contemplating holding two different application deadlines, one for "general applications" and one for the "Disadvantaged Community Set-Aside." We support the Commission's goal of allocating at least 50% of funds for projects that benefit DACs but strongly encourage that this be done through a single solicitation with a scoring "adder" for demonstrated DAC benefits rather than a completely separate round of funding. A single solicitation done via reverse auction could easily be engineered to consider both projects that benefits DACs and projects that do not, and still ensure that at minimum 50% of total dollars go to DAC projects.[4] Having a single application deadline would help to ensure that all projects get equal treatment and that the full budget is utilized without the creation of additional delays, complications, or uncertainties.

V. Question 17: Define "New" Resources

The Commission's final question asks for any other recommended improvements or necessary clarifications to the draft solicitation concept. The DEBA program is designed to support distributed electricity generation or load reduction that reduces strain on the California electric grid. For Groups 1 and 2, the draft describes limiting eligibility to "new" DER installations but does not delineate criteria for determining whether a project is new. While the term "new" may seem self-explanatory, we note that defining what constitutes a new project is critical for ensuring that load reduction is achieved on time and under budget. Since the purpose of the program is to avoid reduce load on the grid, we suggest a definition that recognizes the reality that currently operating DERs that are scheduled to be removed prior to the May 1, 2027 project completion deadline will, absent the intervention of the DEBA program, become new load on the system. We therefore suggest the following definition of "new" projects to capture both *load reduction* and *avoided load increases* that take effect during the program period ending May 1, 2027:

"*a project for which Applicant demonstrates, to the Commission's satisfaction, either 1) a direct reduction in demand for grid power, or 2) without which there would be a corresponding increase in demand for grid power prior to May 1, 2027.*"

Both "new" projects and projects that replace DERs that are otherwise scheduled to be removed prior to May 2027 have the same beneficial impact on the distribution grid and therefore should receive the same

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[1] Environmental Protection Agency. Emissions & Generation Resource Integrated Database (eGrid2022). January 30, 2024. https://www.epa.gov/egrid

[2] https://www.epa.gov/cobra

treatment under the program. Indeed, the replacement of existing DERs that currently serve facilities that will, absent the DEBA program, provably become new load on the distribution system may present some of the best opportunities for immediate term load reductions.

VI. Conclusion

Bloom Energy appreciates the opportunity to provide comments on the development of this important solicitation. We encourage the Commission and its Staff to adopt the modifications suggested above to ensure that the DEBA program objectives are achieved in a way that is equitable, competitive, and objective.

Dated: March 15, 2024

Respectfully submitted,

/S/ James Apffel

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