

DOCKETED	
Docket Number:	16-OIR-06
Project Title:	Senate Bill 350 Disadvantaged Community Advisory Group
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Document Title:	Investor-Owned Utilities (IOUs) present the Microgrid Incentive Program [R19-09-009] for DACAG to determine future involvement
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ITEM 6

Investor-Owned Utilities (IOUs) present the Microgrid Incentive Program [R.19-09-009] for DACAG to determine future involvement.



Microgrid Incentive Program For Disadvantaged Communities

Request for Limited DACAG Engagement

September 16, 2022

Presented by Molly Hoyt
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What is the Microgrid Incentive Program (MIP)?

Origin

The CPUC directed SCE, SDG&E, and PG&E to develop a Microgrid Incentive Program in Track 2 of the Microgrids & Resiliency OIR.*

Program Objective

To fund clean community microgrids that support the critical needs of **disadvantaged and vulnerable populations** most likely to be impacted by outages.



**Proceeding: R.19-09-009 Order Instituting Rulemaking Regarding Microgrids Pursuant to Senate Bill 1339 and Resiliency Strategies*

Assigned Commissioner: Genevieve Shiroma

Administrative Law Judge: Colin Rizzo

Why Request DACAG Involvement?

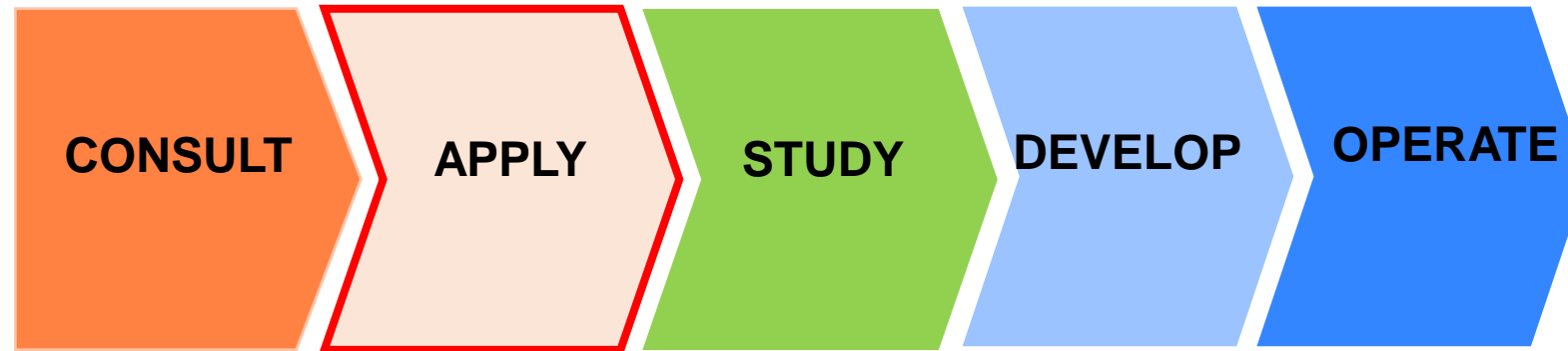
- The MIP is a clean energy program designed for disadvantaged and vulnerable communities.¹ We believe this aligns with the guiding principles and objectives of the DACAG.
- DACAG Charter Guiding Principles²:
 1. Increase access to clean energy technologies for disadvantaged communities.
 2. Maintain or enhance the affordability of energy service in disadvantaged communities, by considering potential rate impacts of any proposed program.
 3. Increase the benefits of clean energy programs in disadvantaged communities
- DACAG Charter: “The DACAG will advise the Commissions on clean energy programs, including programs related to renewable energy, energy efficiency, and transportation electrification.”³
- Several parties to the proceeding recommended that utility project selections be reviewed by the DACAG. The Joint Utilities are supportive of this recommendation and request that the DACAG consider the proposed limited scope of engagement described at a high level in this presentation.

¹ D.21-01-018 adopted Staff Proposal 4, with modification, to “fund clean energy microgrids to support the critical needs of vulnerable populations impacted by a grid outage.” See D.21-01-018 p. 60.

² DACAG Charter p. 1 <https://efiling.energy.ca.gov/getdocument.aspx?tn=232679>

³ DACAG Charter p. 2 <https://efiling.energy.ca.gov/getdocument.aspx?tn=232679>

The End-to-End MIP Process



Based on proposed funding allocations:

- **SDG&E** expects 1 application window.
- **SCE** and **PG&E** expect 2-3 application windows.

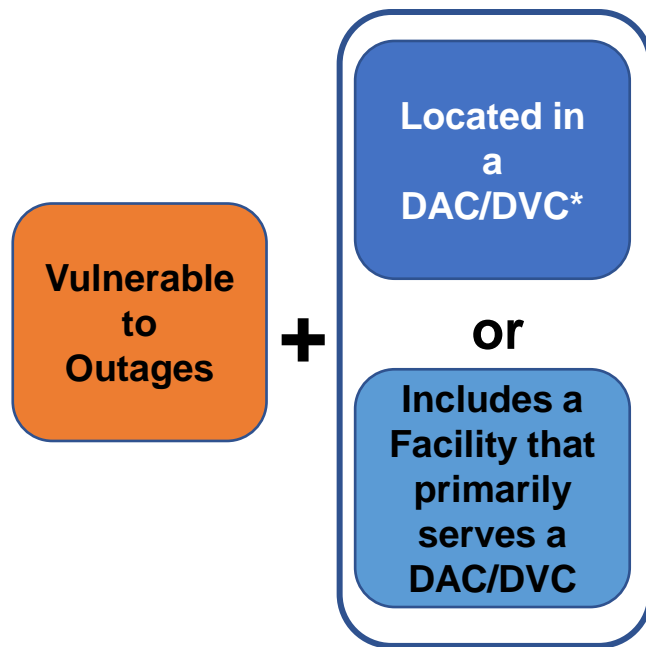
Utility	Total Budget*
PG&E	\$79,200,000
SCE	\$83,340,000
SDG&E	\$17,460,000
Total	\$180,000,000

*Proposed budget based on each utility's forecasts 2022 energy sales by TAC-area for CPUC-jurisdictional entities, as derived from the CEC's 2020 IEPR, less the 10% reserved for administrative costs

How Applications are Scored

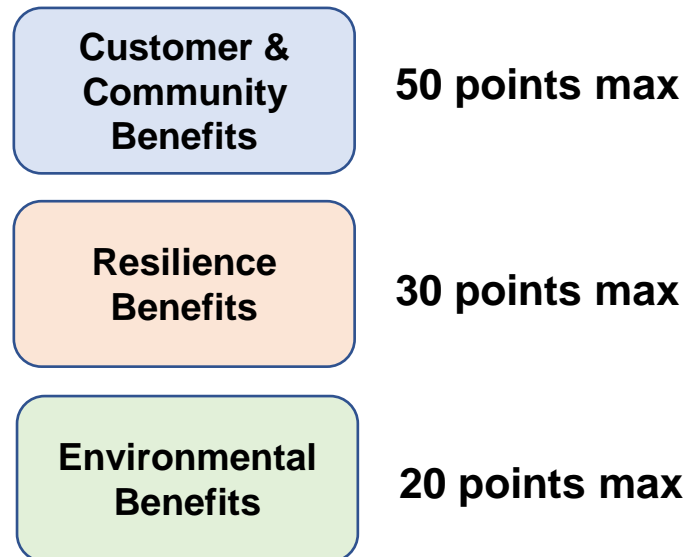
Subject to CPUC approval

ELIGIBILITY



+ certain technical eligibility requirements

BENEFIT POINTS



SCORING

$$\text{Project Score} = \frac{\text{Benefit Score (points)}}{\text{Application Incentive Request (\$)}}$$

*Disadvantaged Communities (DAC) or Disadvantaged Vulnerable Communities (DVC) as defined in the MIP Implementation Plan, to include rural, tribal, low-income, and CalEnviroScreen communities.

DACAG Engagement Request



Concept

Each utility will present the project scores and preliminary funding plan after each application window to the DACAG for review and feedback in an advisory capacity.

Hypothetical Example: \$40M Available funding, 5 eligible applications

Scenario A

- Clean results, No special concerns with any projects

	Project Score	Projects Selected
Project A	90	✓
Project B	87	✓
Project C	85	✓
Project D	65	X
Project E	39	X

- The Utility would present its proposal to proceed with funding Projects A, B, and C.

Scenario B

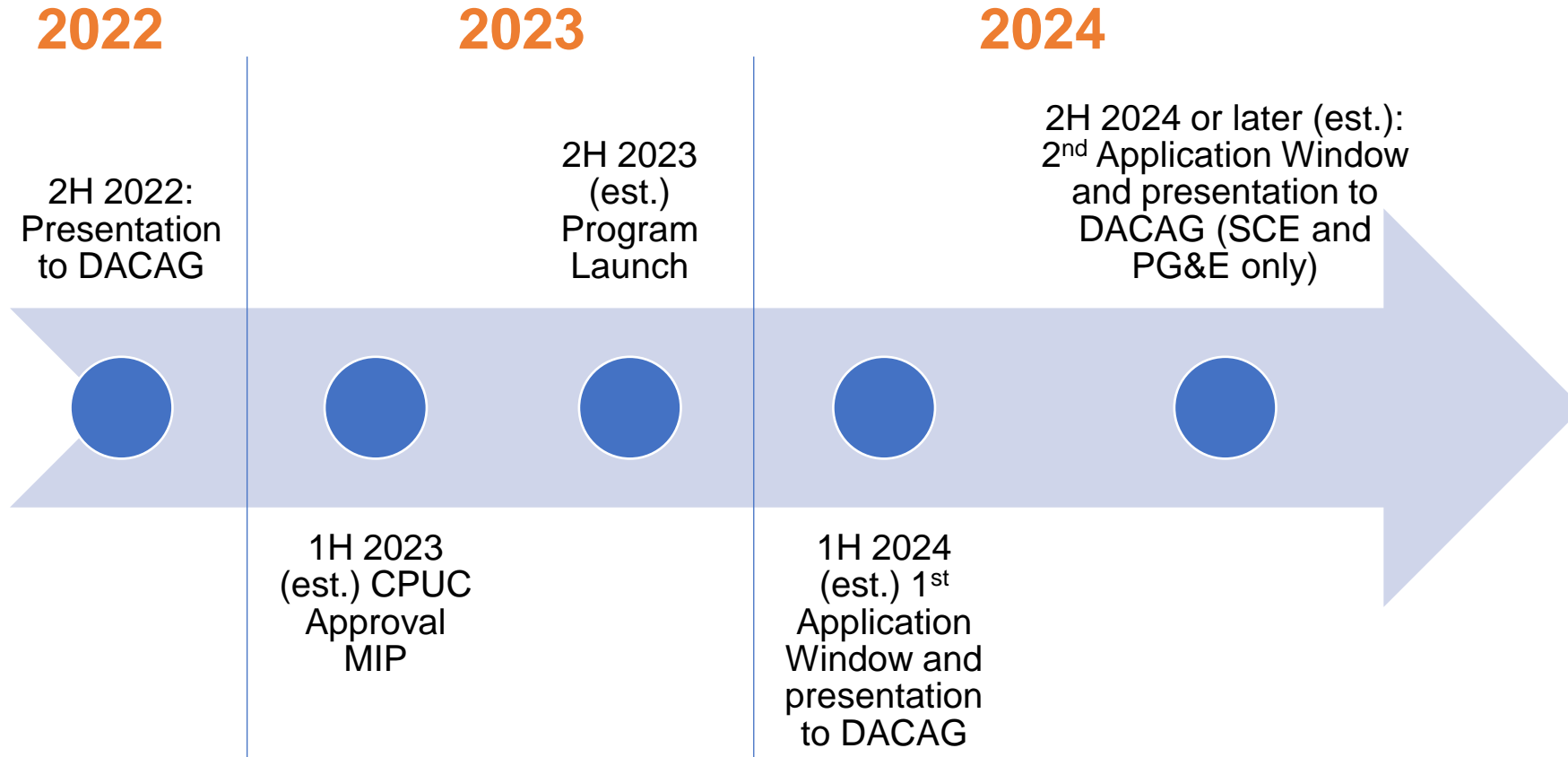
- Anomalous results*, utility has strong evidence that project C appears unviable

	Project Score	Projects Selected
Project A	92	✓
Project B	79	✓
Project C	73	X
Project D	68	✓
Project E	45	X

- The Utility would present its proposal to proceed with funding Projects A, B, and D, including detailed rationale.

*Despite best program design efforts, the Utilities acknowledge that the eligibility and scoring process may produce unintended outcomes not in line with the CPUC Decision(s) authorizing MIP.

Timeframes



Net Ask

- The Utilities estimate:
- SCE, SDG&E, and PG&E will each have at least 1 presentation to the DACAG in 2024, and
 - SCE and PG&E will have a 1-2 additional presentations in 2024-2026
 - The presentation timing will be scheduled several months in advance, considering the DACAG's schedule and availability.



Other Considerations

Confidentiality

- In the event a DACAG member is involved in a project under consideration, that member should be recused from the project review process.



Questions?



APPENDIX

MIP Incentive Components

	Incentive Component	Eligibility	Funding Cap	What It Pays For
Microgrid Incentive Program (MIP)	Incentive Award	MIP Awardees	\$14M/project	Front-of-meter generation and storage, and other microgrid costs ²
	Interconnection Allowance	MIP Awardees	\$1M/project	Interconnection-related costs
	Microgrid Special Facilities Allowance¹	MIP Awardees	\$3M/project	Utility special facilities and study costs to enable the safe <i>islanding</i> of a microgrid
	MIP Application Development Grant	MIP Eligible Applicants	\$25k/project	Costs associated with development of an eligible MIP Application

¹ Largely mirrors the financial component of PG&E’s Community Microgrid Enablement Program (CMEP).

² As detailed in the Joint Utilities’ Microgrid Incentive Program Implementation Plan filed 12/3/21.