

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking Regarding  
Microgrids Pursuant to Senate Bill 1339  
and Resiliency Strategies.

Rulemaking 19-09-009  
(Filed September 12, 2019)

**REPLY COMMENTS OF THE CALIFORNIA HYDROGEN BUSINESS  
COUNCIL TRACK 2 MICROGRID AND RESILIENCY STRATEGIES  
STAFF PROPOSAL, FACILITATING THE COMMERCIALIZATION OF  
MICROGRIDS PURSUANT TO SENATE BILL 1339**

August 28, 2020

Emanuel Wagner  
Deputy Director  
California Hydrogen Business Council  
E-mail: [ewagner@californiahydrogen.org](mailto:ewagner@californiahydrogen.org)

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**I. Introduction**

In accordance with Rule 6.2 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), and the Administrative Law Judge’s ruling seeking comment from interested parties on the staff proposal entitled, “Facilitating the Commercialization of Microgrids Pursuant to Senate Bill 1339” (“Staff Proposal”) issued on July 23, 2020 in the above captioned proceeding, the California Hydrogen Business Council (“CHBC”)<sup>1</sup> respectfully submits reply comments.

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<sup>1</sup> The CHBC is comprised of over 100 companies and agencies involved in the business of hydrogen. Our mission is to advance the commercialization of hydrogen in the energy sector, including transportation, goods movement, and stationary power systems to reduce emissions and dependence on oil. The views expressed in these comments are those of the CHBC, and do not necessarily reflect the views of all of the individual CHBC member companies. CHBC Members are listed here: <https://www.californiahydrogen.org/aboutus/chbc-members/>

## II. Reply Comments

**We appreciate the Commission recognizing in its proposal that hydrogen is one of the fuels to be considered in microgrid planning<sup>2</sup> and that fuel cells are to be considered as a generation resource<sup>3</sup>.**

We strongly support a technology neutral approach to resource eligibility and appreciate the Commission taking such an approach with multiple fuel technology options, including hydrogen and fuel cells. The CHBC echoes the overarching recommendation of the Green Hydrogen Council (GHC) for the Commission to “(s)upport fuel cells, green hydrogen, and other technologies that can uniquely provide resiliency for large loads, including hospitals and other critical infrastructure, and over multi-day PSPS events and avoid increasing reliance on diesel generators.”

**We support Proposal 3 Option 2, which calls for a simple standardized tariff for customer-owned, behind-the-meter microgrids.**

We thank Staff for considering our and other parties’ request to reexamine and potentially exempt some fees, such as departing load and standby charges, as they apply to microgrids.<sup>4</sup>

The CHBC agrees with the National Fuel Cell Research Center (NFCRC) in their support of Proposal 3 Option 2.<sup>5</sup>

1. Net Energy Metering (“NEM”) eligibility should not be required for the standardized microgrid tariff. These are distinct tariffs and programs, with different underlying statutes and intent, and should not be co-mingled. The goal of the current proceeding

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<sup>2</sup> Staff Proposal, pp. 18 (Table 1), 19, 23

<sup>3</sup> Id., p. 18, etc.

<sup>4</sup> Id., p. 65-66

<sup>5</sup> Opening Comments of the National Fuel Cell Research Center, August 14, 2020, pp.7-8

is to rapidly develop a single microgrid tariff that will facilitate the installation of microgrids before the 2021 fire season. This is separate from the goals of net energy metering.

We agree that the goal of the current proceeding should be to rapidly develop a single microgrid tariff to facilitate installations as soon as possible and that there should be no program enrollment or project caps placed in the rate schedule. We believe the Commission should develop a program and tariff as expeditiously as possible that promotes the development of microgrids and does not hinder projects with caps or limits placed on project developers.

The CHBC supports the comments of the NFCRC that any proposed limits on the program are counter to the legislative intent of SB 1339 and that there should be no enrollment caps or project size caps placed on the rate schedule. This would also detract from the legislative intent to create the greatest amount of resiliency and public safety possible in the shortest timespan.<sup>6</sup>

The CHBC supports removing project and program limits and allow the marketplace under the right regulatory structure to dictate the deployment of microgrids where they make sense for project developers and the state.

**We support the comments of several parties that oppose Proposal 4, program pilot projects.**

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<sup>6</sup> Id.

Generation technologies, including hydrogen fuel cells are commercially available and ready to be deployed by project developers where market conditions, including a favorable microgrid tariff, exist. There is no reason to continue facilitating “pilot” projects for commercially available technologies that are ready to be deployed at scale under the right market conditions immediately.

We agree with comments provided by the Bioenergy Association of California (BAC) that the Commission proposal calling for pilot programs or limiting the number of projects is inconsistent with the goals of SB 1339.

Most of the staff proposals appear to be pilot program in scale, by limiting the number of projects, the total megawatts offered, the potential project partners, or the total dollars that can be spent. This is inconsistent with the goals of SB 1339 to commercialize microgrids and facilitate their wide-scale deployment. Every region of the state is vulnerable to grid disruptions of one kind or another (and often are vulnerable to several different kinds of grid disruptions). There are also critical care customers and essential services in every county. It does not make sense, therefore, to limit proposals to 10 projects or 1200 megawatts or other pilot scale limitations.<sup>7</sup>

Similarly, we support the GHC explanation as to why Proposal 4 is inconsistent with SB 1339:

SB 1339 calls for commercialization, not pilots. Microgrids are very well commercialized and do not require additional ratepayer dollars for IOU-only

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<sup>7</sup> Opening Comments of the Bioenergy Association of California, August 14, 2020, p. 9.

pilots that will propagate IOU-only tariffs. Proposal 4 will result in over-piloting of well-understood and widely implemented solutions, and is wholly inconsistent with the statutory obligations laid out by SB 1339. The intent behind SB 1339 focuses on catalyzing the deployment of behind-the-meter microgrids, not utility-scale pilots. GHC also opposes the staff's proposed cap of 15 projects, and believes a higher limit or no limit would better align microgrid commercialization efforts with the clear intent of SB 1339. As such, GHC recommends the Commission solicit proposals from parties to expeditiously develop commercialization and deployment of microgrid and resiliency strategies that are consistent with SB 1339.<sup>8</sup>

#### **IV. Conclusion**

The CHBC thanks the Commission for the opportunity to offer reply comments to parties on the Track 2 Staff Proposal. The CHBC appreciates the Commission including fuel cells as a generation resource. Fuel cells are commercially available at-scale and can assist the state with its grid resiliency and carbon reduction goals. Issuing a microgrid tariff and eliminating any caps or limits on the scale of microgrid deployments will help facilitate this market, and meet our mutual goals.

Dated: August 28, 2020

Respectfully submitted,



Emanuel Wagner  
Deputy Director  
California Hydrogen Business Council

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<sup>8</sup> Opening Comments of the Green Hydrogen Council, August 14, 2020, p. 11.