

**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 ON
PROPOSED DECISION ADOPTING A SUSPENSION OF THE CAPACITY
RESERVATION COMPONENT OF THE STANDBY CHARGE FOR ELIGIBLE
MIGROGRID DISTRIBUTED TECHNOLOGIES.**

July 6, 2021

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I. INTRODUCTION

The California Hydrogen Business Council (CHBC)¹ provides these reply comments in response to parties' June 30, 2021 opening comments² on the June 9, 2021 Proposed Decision (PD) adopting a suspension of the capacity reservation component of the standby charge for eligible microgrid distributed technologies, according to Rule 14.3 of the California Public Utilities Commission (Commission) Rules of Practice and Procedure.

¹ The CHBC is comprised of over 120 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 help the state meet its decarbonization goals. **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/>

² Unless otherwise noted, all citations herein are in reference to the parties' opening comments on the PD dated June 9, 2021.

II. SUMMARY OF REPLY COMMENTS

The CHBC reply comments align with statements made by the National Fuel Cell Research Center (NFCRC), Bloom Energy, and SoCal Gas in relation to annual recertification of performance standards. Additionally, the CHBC's reply comments respond to statements made by the California Environmental Justice Alliance (CEJA), Local Clean Energy Alliance (LCEA), and 350 Bay Area regarding the PD's capacity eligibility requirements by aligning with comments by Bloom Energy and SoCal Gas.

III. DISCUSSION

a. A quarterly recertification requirement for eligible microgrid technologies is inconsistent with other successful programs and would be unduly burdensome.

The CHBC agrees with Bloom Energy, SoCal Gas, and the NFCRC that the PD quarterly recertification requirement for eligible microgrid technologies has no technical benefit on improving such technologies and slows progress towards the transition to 100 percent renewable fuels by adding administrative tasks and costs.³ Annual recertification is sufficient to assure the utilities that microgrids are maintaining compliance with performance standards. Annual recertification is also consistent with other programs, including the Self Generation Incentive Program (SGIP) in which the performance-based incentive component is paid annually based on prior year performance.⁴ Like the SGIP, an annual recertification process for this rulemaking would “allow customers to meet the operational performance requirements in alignment with their business operations.”⁵ The CHBC agrees with Bloom Energy, SoCal Gas, and NFCRC's recommendation the Commission modify the quarterly recertification requirement to an annual recertification requirement.

³ Bloom Energy, SoCal Gas, and NFCRC Opening Comments to PD.

⁴ Self-Generation Incentive Program Handbook, PG&E at page 44.

⁵ SoCal Gas Opening Comments to PD.

- b. The capacity eligibility requirements included in the Proposed Decision are consistent with SB 1339 and sends clear market signals to utilities to invest in gas generation technologies that use renewable fuels.**

CHBC agrees with Bloom Energy and SoCal Gas that the capacity eligibility requirements included in the PD are consistent with Senate Bill 1339, that prioritizes technologies with improved emissions profiles, and sends the right market signals to microgrid developers to invest in gas generation technologies that have the capacity to use renewable fuels.⁶ Renewable fuels, such as renewable natural gas, biogas, or green hydrogen, have been utilized in other generation technologies and have contributed to substantial carbon reduction.⁷ The CHBC echoes comments made by Bloom Energy and SoCal Gas that requiring today's technologies to have the capacity to use renewable fuels is a proactive step by the Commission to reach the state's decarbonization goals.

⁶ Bloom Energy and SoCal Gas Opening Comments to PD.

⁷ SoCal Gas Opening Comments to PD; "Converting High Hydrogen Fuel To Electricity", Solar Turbines, available at: https://www.solarturbines.com/en_US/about-us/news-and-press-releases/converting-high-hydrogen-fuel-to-electricity.html.

The CHBC would like to acknowledge comments made by CEJA, LCEA, and 350 Bay Area in so far as we understand the concerns relative to air pollution in low income and disadvantaged communities.⁸ We do not however support an outright rejection of the PD's concept of incentivizing "renewable fuels". Promoting the use of renewable fuels in microgrids will lower criteria pollutants in these communities, not increase them. To reject their use runs counter to state policy goals that call for improvements to both air quality and the reduction of greenhouse gases. The CHBC would point out that microgrid technologies which run on fuel cell technology produce no criteria pollutant emissions.⁹ These are "zero-emission" that when coupled with a renewable fuel produce zero-emission, low carbon power. Further, the Commission's capacity eligibility requirements guide California's utilities towards a transparent, sustainable decarbonization pathway that includes immediate air quality benefits in communities most impacted by the traditional fossil fuel supply.

IV. CONCLUSION

The CHBC appreciates the Commission considering these reply comments on adopting a suspension of the capacity reservation component of the standby charge for eligible microgrid distributed technologies. We respectfully align with comments made to extend recertification requirements for eligible microgrid technologies from a quarterly to annual basis and comments supporting the PD's eligibility requirements for renewable fuel capacities of gas generation technologies.

Respectfully Submitted,

July 6, 2021



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⁸ CEJA, LCEA, and 350 Bay Area Opening Comments to PD.

⁹ Alternative Fuels Data Center, "Hydrogen Benefits and Considerations." https://afdc.energy.gov/fuels/hydrogen_benefits.html.