FACT SHEET

Proposal Issued to Establish Tariffs for Multi-Property Microgrids

September 17, 2024

Multi-Property Microgrids

The California Public Utilities Commission has issued a Proposed Decision (PD) that would adopt multi-property microgrid (or "community microgrid") tariffs for investor-owned utilities (IOUs), Pacific Gas and Electric Company, San Diego Gas & Electric, and Southern California Edison, that are focused on enabling microgrid technologies without increasing costs to ratepayers.

What is a Microgrid?

- A microgrid is a group of local distributed energy resources and loads connected to each other through the distribution grid and which can disconnect from the grid and operate independently.
- In the event of a grid outage, the electric utility can authorize the microgrid to disconnect from the larger grid and continue to supply energy to its' respective boundaries. This independent operation is also known as "island mode."

Tariffs

- The tariffs would apply to community microgrids that are owned by private entities, tribal or local governments, and Community Choice Aggregators (CCAs).
- Each IOU would continue to own and maintain its existing electric grid within the community microgrid boundary on behalf of all its customers, and customers of an IOU/CCA who are within the community microgrid boundary will remain customers of the IOU/CCA.
- The tariffs will avoid shifting costs from microgrid electric customers to non-participating customers to support ratepayer affordability.

Affordability

- The proposed tariffs enable microgrids and support affordability in a number of ways:
  - Comply with the guidelines set by Senate Bill 1339 (Stern, Stats. 2018, Ch. 566), which requires the CPUC to facilitate the commercialization of microgrids, without shifting costs between ratepayers.
  - Ensure that the tariffs provide sufficient detail, comply with the applicable regulations in the Public Utilities Code, adhere to equity, safety and reliability principles, and avoid cross subsidy from non-benefitting customers to microgrid customers that would negatively impact ratepayer affordability.

Protecting California since 1911

The CPUC regulates privately owned electric, natural gas, telecommunications, water, railroad, rail transit, and passenger transportation companies.

@CaliforniaPUC

- o Align with the CPUC's Environmental and Social Justice goals, including expanding public participation in CPUC decision-making and improving services offered to vulnerable communities.
- The proposed community microgrid tariffs will be used by microgrid projects participating in the Microgrid Incentive Program, a $200 million program previously authorized by the CPUC that supports the development of community microgrids in disadvantaged and vulnerable communities, as well as tribal communities, who have experienced and are likely to experience higher risk of power outages.
- The Microgrid Incentive Program is administered by the IOUs. More information is available at:
  - o PG&E: www.pge.com/mip
  - o SCE: www.sce.com/mip
  - o SDG&E: www.sdge.com/MIP

Microgrid Owners

- The proposed community microgrid tariffs will allow the community microgrid to participate in eligible IOU and CCA tariffs, programs, and procurements; provide distribution services; and participate in the CAISO wholesale market during normal grid conditions.
- During certain grid outage conditions, the community microgrid will be electrically isolated (or islanded) from the broader grid and will use a segment of the utility distribution system to deliver electricity from microgrid resources to customers within the microgrid footprint.

Next Steps

- Party comments are due no later than October 7, 2024, with reply comments due October 14, 2024.
- Public comment can be provided on the Docket Card for the proceeding.
- The first opportunity for the CPUC to vote on the PD is at the CPUC's November 7, 2024, Voting Meeting.

If approved, the PD closes the proceeding and denies Petitions to Modify D.20-06-017 and D.24-04-036 on storage sizing limits and Intervenor Compensation

More Information

- Proposed Decision
- Docket Card (R.19-09-009)
- Resiliency and Microgrids