



CALIFORNIA
ENVIRONMENTAL
JUSTICE ALLIANCE



March 25, 2021

CPUC Energy Division
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RE: Protest of PG&E Advice Letter 6105-E Request to Reserve Temporary Generation for Use at Substations in 2021

Dear CPUC Energy Division Tariff Unit:

The California Environmental Justice Alliance (“CEJA”) and the Sierra Club submit this protest to the California Public Utilities Commission (“Commission”) regarding Pacific Gas and Electric Company’s (“PG&E”) Advice Letter 6105-E. This protest is timely submitted within twenty days of the Advice Letter, which was submitted on March 5, 2021. CEJA and Sierra Club appreciate the opportunity to comment on PG&E’s Advice Letter requesting authorization to reserve temporary generation for substations in 2021.

I. D.21-01-018 requires utilities to document plans for clean substation microgrids operational in 2021 as a prerequisite condition to approving temporary diesel generation in 2021.

In D.21-01-018 (“Decision”), the Commission set out the conditions under which utilities may be authorized to reserve temporary generation for use at substations with safe-to-energize load subject to public safety power shutoff (“PSPS”) transmission outages. The Commission specified that utilities seeking to reserve such generation must submit a Tier 2 advice letter detailing how a number of specific conditions have been met. One of these conditions is that the utility must “document its plans to establish clean substation microgrid projects located at, or

able to serve, at least one substation.”¹ The Decision allows the utility to select from a range of possible options to fulfill its obligation to develop one or more clean substation microgrid projects, including temporary or permanent projects, novel or commercially tested, mobile or stationary, and multi-year staged or instantaneously operational.²

The Decision specifies that these clean substation microgrid projects should be “partially or fully ready for commercial operation by the 2021 fire season.”³ The Decision explains that the requirement for utilities to “initiate” the clean substation projects “gives room for multiple different solutions to be tested, and a broader baseline of knowledge [to] be developed, while working on a full framework in 2021 for future years.”⁴ If a utility determines that it is not feasible to move forward with clean microgrid projects, the utility must document the specific conditions that underly that conclusion in its Tier 2 advice letter.⁵

II. PG&E Has Failed to Adequately Document its Plans to Develop Clean Microgrid Pilot Projects at Substations, as Required by D.21-01-018.

PG&E’s advice letter fails to comply with the requirements of the Decision because it does not adequately document its plans to establish at least one clean substation microgrid project. PG&E’s documentation of its plans consists of a statement that PG&E is currently evaluating bids from natural gas and natural gas-plus-battery storage vendors “to determine whether to propose a Clean Substation Project.”⁶ Despite an earlier statement that “PG&E intends to submit one or more Clean Substation Project(s) for review and approval via a future Tier 3 Advice Letter,”⁷ PG&E later expresses ambivalence about whether it will pursue any project at all. Not only has PG&E not articulated a plan to establish a clean microgrid, but it has also failed to provide a consistent expression of its intent. Despite this clear failure, PG&E requests in this advice letter that the Commission find that the utility has documented its plan to establish Clean Substation Projects.⁸

PG&E’s advice letter is vague and inconsistent on whether the utility will pursue a temporary clean substation project in 2021. As a result, the Commission is not able to assess the adequacy of this prerequisite condition to reserving 2021 temporary generation. While documentation of plans to establish a microgrid need not include every detail of project implementation, it would be reasonable to expect at least enough detail to allow the Commission to assess the general nature of the project(s) and whether actual development, and thus compliance with the Decision’s requirement, is likely. As it now stands, PG&E’s advice letter provides no detail to allow the Commission to confirm that the utility will in fact follow through with its obligation to develop at least one clean substation microgrid project.

¹ See D.21-01-018., App. A, at A-4.

² *Id.* at A-4 to A-6.

³ *Id.* at A-6.

⁴ *Id.* at A-5.

⁵ *Id.* at A-4.

⁶ Advice Letter 6105-E at 30.

⁷ *Id.* at 25.

⁸ *Id.* at 34.

Nor has PG&E made a determination that clean substation microgrid projects are not feasible, as permitted by the Decision. Instead, PG&E misstates the requirements of the Decision and defers that determination to an unknown future date, stating that “PG&E reserves the ability, also set forth in D.21-01-018, to ultimately determine based on its evaluation of the bids that Clean Substation Projects are infeasible for deployment in 2021 given the requirements set forth in the decision.”⁹

PG&E’s determination that it is entitled to reserve the option to decide against pursuing a clean substation at some later date (presumably after the Commission has already approved its request for temporary diesel generation) is in error. As explained above, if PG&E wishes to reserve temporary diesel generation in 2021, the utility must document its plans to establish one or more clean substation projects or make an affirmative determination (supported by specific findings) that such projects are infeasible. This is not a discretionary choice for the utility. PG&E would retain the option to forgo clean substation projects only if it decided against requesting 2021 temporary generation.

III. PG&E Attempts to Defer Further Decisions and Project Details to a Future Cost Recovery Letter, in Violation of D.21-01-018.

PG&E attempts to defer its present obligation to document plans to establish clean substation microgrids by stating that “[f]urther details on PG&E’s diesel-alternative pilot program will be included in an upcoming Tier 3 Advice Letter, per the requirements of the Track 2 Decision,”¹⁰ and “PG&E intends to submit one or more Clean Substation Project(s) for review and approval via a future Tier 3 Advice Letter.”¹¹

PG&E misreads the Track 2 Decision, which directs utilities to file a Tier 3 advice letter if they wish to seek rate recovery for costs for clean substation microgrid project.¹² The description of the project itself must appear in the Tier 2 advice letter, and nowhere does the Decision allow utilities to defer plans for clean substations to a future advice letter.

IV. PG&E’s Temporary Generation RFP Was an Insufficient Effort to Procure Zero-Emission Clean Substation Technologies.

Although PG&E opines that the lack of clean technology bids in response to its temporary generation request for proposals (“RFP”) is due to the “complexity of developing

⁹ *Id.* at 30 (emphasis added).

¹⁰ *Id.* at 3.

¹¹ *Id.* at 25.

¹² D.21-01-018 at 93-94 (“For 2021-2022 clean microgrids projects, we allow the IOUs to recover in rates the costs for clean substation microgrid projects. . . . An IOU must file a Tier 3 advice letter seeking Commission authorization for such rate recovery.”); *id.* at A-9 (cost recovery “would be authorized upon approval of Tier 3 Advice Letter in 2021.”); *id.* at 120, paragraph 15 (purpose of Tier 3 advice letter is to seek “cost authorization for costs incurred to develop a clean substation microgrid project”).

diesel-alternative solutions,” the scope of the utility’s RFP curtailed the potential success of clean energy proposals.¹³

As a preliminary matter, CEJA and Sierra Club are concerned that the short timeline of PG&E’s RFP may have created a significant barrier to participation. It is unclear whether potential bidders were given advanced notice of the RFP, but it appears that PG&E’s RFP was issued only two weeks before bids were due, creating an incredibly short turnaround for vendors to develop bids in response to this complicated RFP. PG&E representatives communicated to CEJA that one potential clean energy bidder requested a deadline extension, but that PG&E declined to extend the deadline. Given the truncated timeline and the rejected bid extension, it is not surprising that PG&E only received bids for fossil fuel technologies.

The RFP’s exclusion of longer-term solutions may have also inhibited clean energy projects. Even though PG&E included piloting “diesel-alternative generation technologies” as a secondary possibility for proposals, the RFP’s primary purpose was to solicit proposals for 2021 temporary generation more broadly.¹⁴ Thus, stationary sources of zero-emission generation, such as solar or solar-plus-storage, were completely ruled out because of the RFP’s temporary scope. In order to judge the potential viability of such zero-emission technologies, PG&E would need to allow vendors to submit bids on permanent pilot projects.

CEJA and Sierra Club are concerned that as a result of the Temporary Generation RFP, PG&E has artificially limited its ability to select renewable options for clean substation projects. While CEJA and Sierra Club understand that PG&E believes that “[t]he complexity of developing diesel-alternative solutions in the long-term, let alone in less than a year, is daunting,”¹⁵ PG&E has in fact had *at least 14 months* to develop robust diesel alternatives proposals. PG&E first proposed using diesel generation at substations in January 2020, and CEJA, Sierra Club, and other parties have opposed the use of diesel temporary generation since that time. PG&E has thus been on notice for at least 14 months that alternatives to diesel would be necessary in 2021. CEJA and Sierra Club are frustrated and disappointed that PG&E has not used that time to investigate and develop alternatives to diesel, and instead appears to rely on a single, rushed RFP.

V. The Commission Should Require PG&E to Submit an Additional Advice Letter Documenting its Plans to Establish Clean Substation Microgrids.

CEJA and Sierra Club appreciate PG&E’s efforts to procure lower-emitting Tier 4 diesel generators and hear PG&E’s concerns that any delay in the approval of this advice letter could limit PG&E’s ability to reserve such generators. While CEJA and Sierra Club believe that

¹³ See Advice Letter 6105-E at 28 (“The complexity of developing diesel-alternative solutions in the long-term, let alone in less than a year, is daunting. These complexities likely led to the dominance of natural gas and battery storage bids in the 2021 Temporary Generation RFO compared to other types of diesel-alternative technologies.”).

¹⁴ See *id.* at 26; see also *id.* App. E, Jan. 20, 2021 Temporary Generation RFP, §1.4 (“PG&E is looking to pilot diesel-alternative generation technologies in 2021 at a limited number of substations and possibly distribution microgrids.”).

¹⁵ *Id.* at 28.

PG&E's failure to comply with the Decision's requirement to develop a clean substation microgrid justifies rejection of this advice letter, CEJA and Sierra Club instead suggest that the Commission require PG&E to submit an additional advice letter that adequately documents its plans to establish at least one clean substation microgrid, including additional efforts beyond PG&E's January 2021 RFP.

VI. Conclusion

CEJA and Sierra Club appreciate the opportunity to comment on PG&E's advice letter. We thank Energy Division and PG&E for considering these comments.

Respectfully submitted,

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