



## Principles of Preferred Resources for Microgrid Development Related to Public Safety Power Shutoffs

- I. **Wires solutions to wires problems.** As the distribution utility serving MCE customers, PG&E should focus on improving the condition and management of its grid. A better PG&E grid will reduce the risk of both utility-caused catastrophic wildfires and long, widespread public safety power shut off (PSPS) events. This focus should include, but not be limited to:
- Grid hardening;
  - Reclosers and SCADA;
  - Targeted undergrounding;
  - Vegetation management;
  - Updating interconnection policies to expedite renewable, storage, and islanding solutions (e.g., eliminating costs to islanding renewable systems that have already been built); and
  - Making system adjustments that allow Net Energy Metering (NEM) customers to deliver power to the grid during PSPS events.

As PG&E appropriately addresses grid upgrades, the need for new, costly, localized generation solutions for microgrid development will be drastically reduced. Any proposal for microgrid development must consider all feasible wire upgrades first before sizing generation for residual load.

- II. **Fossil-fueled backup generation must be temporary.** Any localized fossil-fueled generation PG&E plans to deploy to minimize the impacts of PSPS events must be temporary (i.e., must be used for less than 3 years), for several reasons. First, if PG&E focuses appropriately on maintaining a robust, reliable, and flexible distribution and transmission system, the need for generation solutions will be reduced and/or mitigated in future years. Secondly, due to serious local emissions and health impacts of fossil-fueled generation, PG&E must be required to focus on clean microgrid generation projects in the medium to long term.
- III. **Follow the State's loading order.** PG&E's mismanagement of its grid must not cause the state to backslide on its critical commitments to clean power and GHG reduction. Similarly, the increased wildfire risk must not be met with additional fossil generation, one of the key driving forces of climate change. Simply put, California cannot fight



this fire with fire. Our response must adhere to the loading order adopted by the CEC and CAISO, adapted to distribution scale, as follows:

1. Demand response and energy efficiency. Specific to the PSPS context, this should also include prioritizing essential loads ahead of flexible loads.
  2. Renewable Portfolio Standard (RPS)-eligible renewable generation, including solar, wind, small hydro, geothermal, biomass and biogas (not including offsets).
  3. Batteries and other forms of storage.
  4. Combined Heat & Power (CHP), which allows fossil generation but requires that all waste heat to be captured and put to valuable use, and that all local gas usage is offset with biomethane.
  5. Only as a last resort, and on a temporary basis, should natural gas generation be considered to meet any remaining residual need, with projects that include biomethane offsets prioritized over projects that do not.
- IV. **Full transparency.** PG&E must fully and publicly disclose the costs and emissions impacts<sup>1</sup> of any microgrid and resiliency activities for stakeholder review prior to developing projects and expending ratepayer dollars. Stakeholders must include, at a minimum, local governments, CCAs, the California Public Utilities Commission (CPUC), California Air Resources Board, all Air Quality Management Districts in which generators are being deployed, as well as interested members of the public.
- V. **Collaboration and partnership.** With respect to resiliency initiatives in our communities, PG&E must work collaboratively with MCE by not taking any action inconsistent with MCE's exclusive authority to procure electric generation on behalf of our customers.<sup>2</sup> Accordingly, PG&E must expressly obtain MCE's affirmative approval of any permanent generation<sup>3</sup> sites and technologies within MCE's service area, or outside of MCE's service area but for use as a generation source for any MCE customer. PG&E must also expressly obtain MCE's affirmative approval of any charges or tariffs applied to MCE customers. Should PG&E make unilateral determinations on generation services, technologies, and tariffs for MCE customers, MCE stands ready to pursue all available legal and other remedies inconsistent with MCE's mission, authority, and jurisdiction.
- VI. **Share fairly.** CCAs across PG&E's service territory are making investments in our communities' resiliency. Because the need for these investments arises largely from

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<sup>1</sup> Including, but not limited to, carbon, particulate matter (PM), nitrogen oxide (NOx), sulphur dioxide (SO<sub>2</sub>), mercury, and volatile organic compounds (VOC).

<sup>2</sup> California Public Utilities Code Section 366.2(a)(5).

<sup>3</sup> MCE considers any project with a duration of 3 or more years to be "permanent" or non-temporary.



PG&E's mismanagement of its grid, PG&E should provide funds to support local resiliency projects, including those led by CCAs.