



MICROGRID INCENTIVE PROGRAM TOPIC FRAMING DOCUMENT

Workshop #3 MIP Eligibility

Background

As described in Joint Advice Letter SDG&E 3700-E, Workshop #3 (“Eligibility Criteria”) will feature a discussion about Eligibility Criteria outlined as follows:

A discussion on what types of projects and communities should be eligible to participate in the Microgrid Incentive Program (MIP). The discussion will seek to refine and build upon the project, community and technology criteria set forth in the Track 2 Staff Proposal, as amended by the Track 2 Decision (D.21-01-018). This session will also explore the balance between the benefits of broad eligibility (e.g., engagement from diverse set of communities, greater diversity of project proposals, greater quantity of proposals) and the benefits of more restrictive eligibility (e.g., limiting overhead costs, limiting community impacts of investing in an unsuccessful proposal, expediting implementation).

The eligibility criteria will help align the program design with the Commission’s intent that “available incentives are not immediately booked by parties with advance knowledge and the means to navigate the application process” in essence putting “all projects on equal footing, so that the best projects meet resiliency and equity objectives.” (D.21-01-018 p.64)

A. Communities/Customers

A proposed project should address how it increases electricity reliability for critical public facilities in communities that 1) are at higher risk of electrical outages in the next five-years and 2) have a lower historical level of electric reliability. A proposed project should enable communities with lower ability to fund development of backup generation to maintain critical community services during grid outages. (Staff Proposal at 18-19)

- Does the microgrid need to include critical facilities to be eligible?
- How should a “community” or “multi-customer” be defined for eligibility purposes of the MIP?
- Should a minimum percentage of certain customer types be required to be eligible?
Examples of customer types:
 - low-income residents (as measured by California Alternate Rates for Energy and Family Electric Rate Assistance Program participation or eligibility)
 - access and functional needs residents and electricity dependents (“Access and Functional Needs” as defined by D.19-05-042 are customers on medical baseline or are electricity-dependent Medicare patients)
 - people subject to high levels of pollution (top 25% score using CalEnviroScreen 3.0 criteria)
 - Tribal communities



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- Should the definition of “Disadvantaged Vulnerable Community” from D.20-08-46 be applied here?
- What are the sources of data that can be used to identify these customers?
- Should eligibility be contingent upon letters of support?
 - Who should provide letters of support for the microgrid project? (e.g., Authority Having Jurisdiction? Home-Owners Association? CCA? Incorporated City? County? Others? Any or all of the above?)
- Where do Community Based Organizations feel they can add the most value in supporting/promoting these projects?

B. Enhanced Resilience

Improve ability to mitigate the impact of a large, disruptive event by any one or more of the following mechanisms: 1. Reducing the magnitude of disruption; 2. Extending the duration of resilience; 3. Reducing the duration of disruption; 4. Reducing the duration of recovery.

- Does an application need to include quantifiable evidence of resilience benefits provided by the proposed microgrid project?
- How should resilience benefits be quantified?
- What types of grid outages should the microgrid mitigate in order to be eligible for an incentive?
- What information should the application include to demonstrate the ability to supply critical facilities? (Critical facilities are defined as those facilities included in the list the large investor-owned utilities are required to develop and maintain pursuant to D.19-05-042, Appendix A, p. A4-A5. (Staff Proposal 4, p. 19))
- Should the application identify a minimum number of consecutive hours of microgrid operation (e.g., 96 consecutive hours)?
- Should historical impacts/outages be considered as part of the eligibility criteria?

C. Technology Performance Criteria

Must be able to maintain support for multiple loads and meters without interruption during outage. This program is intended for projects that are more complex with longer islanding duration for multiple customers as well as being targeted toward addressing the needs of vulnerable communities. Single-customer projects are excluded from this program (D.21-01-018 at 66).

- What information must an incentive application include to show that it is not a single-customer project?
- Should eligibility for an incentive require that the application specify technical, operational or microgrid design information? If so, what information must be included?



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D. Renewables

The microgrid project must be supplied by generation resources and/or load management technologies that result in criteria air pollutant and greenhouse gas emissions that are no worse than equivalent grid power. (Staff Proposal at p.19)

- What information should the project be required to include in its application to show that the criteria air pollutant and greenhouse gas emissions are not worse than equivalent grid power?
- How should criteria air pollutant and greenhouse gas emissions for “equivalent grid power” be defined?

E. Safety

Ensure system, public, and worker safety are given the highest priority and are not compromised.

- Should applications be required to address safety? If so, how should safety be addressed?
- What information should the application include to show that the project will ensure system, public and worker safety?

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F. Other Eligibility Considerations

Below are other topics stakeholders are encouraged to provide feedback on.

- Community Impact
 - What positive benefits does a project need to offer customers within the microgrid?
 - How should “grid outages” be defined for purposes of eligibility of the MIP?
- Timing
 - What information should the applicant be required to provide evidence that the microgrid’s planned in service date is feasible?
 - D.21-01-018 (p.65-66) specifies that microgrid projects eligible for the incentive must reach commercial operation within 24 months of the Commission’s adoption of a final joint Microgrid Incentive Program implementation plan. Is 24 months a feasible amount of time for completing both the MIP process, including application submission, project evaluation, awarding of funding, and construction of the project? Are there compelling reasons for seeking modification of this requirement? If so, what are they and how should the requirement be modified?
- Resource Funding Eligibility
 - What information should an applicant be required to provide to determine that the applicant will not be receiving duplicate incentive funding (e.g., SGIP)?
 - What information should an applicant be required to provide that will determine incentive funds will be used only for new DERs (existing DERs are not eligible for incentives)?