

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Southern California Gas  
Company (U 904 G) for Adoption of a  
Microgrid Optional Tariff

Application No. 25-04-XXX

**APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G) FOR  
ADOPTION OF A MICROGRID OPTIONAL TARIFF**

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April 16, 2025

## TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTION.....	2
II. DESCRIPTION OF MICROGRID OPTIONAL TARIFF .....	3
III. POLICIES AND BENEFITS OF THE MOT .....	5
IV. SUPPORTING TESTIMONY .....	8
V. STATUTORY AND PROCEDURAL REQUIREMENTS .....	9
A. Rule 2.1 (a) – (c) .....	9
1. Rule 2.1 (a) – Legal Name.....	9
2. Rule 2.1 (b) – Correspondence .....	9
3. Rule 2.1 (c).....	9
B. Rule 2.2 – Articles of Incorporation .....	10
C. Rule 3.2 – Authority to Increase Rates .....	10
D. Service and Notice – Rule 1.9.....	11
VI. RELIEF REQUESTED .....	11
VII. CONCLUSION .....	11

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Pursuant to California Public Utilities Code (P.U. Code) Sections 454 and 701, and the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure, Southern California Gas Company (SoCalGas) hereby submits this application (Application) to establish a tariff under which SoCalGas will be authorized to provide an optional microgrid tariff service to non-residential customers in its service territory.

As proposed, the Microgrid Optional Tariff (MOT) is an optional program that would provide eligible existing and prospective non-residential customers in SoCalGas’s territory the opportunity to leverage microgrids to meet their energy needs. SoCalGas would be responsible for the planning, design, engineering, procurement, construction, ownership, operation and/or maintenance of the microgrid, and the customer would pay a regular service fee based on all costs associated with the microgrid.<sup>1</sup> Each microgrid would be customized to meet the customer’s specific needs – whether they are energization of new electric demand, greater resilience, greater reliability, more cost certainty, improved sustainability, or a combination of these needs. This program will be funded by the individual tariff customers who enroll in the program and contract for services pursuant to the tariff.

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<sup>1</sup> This fee may include, but would not be limited to, capital-related costs including return, operations and maintenance costs, and administrative costs, notwithstanding ownership as well as the form of and composition of the regular service fee and overall payment arrangements. Ownership and other agreement terms may vary from customer to customer.

## I. INTRODUCTION

Businesses today face a wide variety of energy challenges. Hospitals, emergency services providers, those selling perishable goods, and others have a critical need for uninterrupted energy, while power outages, including public safety power shutoffs (PSPS), continue to occur. Data centers, which have been expanding in recent years, have significant energy needs that may not be addressed by power from the current electric grid. These data centers, as well as companies that are electrifying their transportation fleets, and those that are increasing their electric needs, can face years-long delays for energizing new electric load. Other companies may be seeking more price certainty for their energy needs and want to avoid price fluctuations that can come with potential spikes in electric rates.

This application proposes a solution to address these challenges faced by customers today. As a gas utility serving over 21 million customers and for over 150 years, providing safe, reliable, and affordable energy for California,<sup>2</sup> SoCalGas is well-positioned to provide customers with innovative energy solutions, such as microgrids. The MOT can provide customers with reliability and resilience, along with more price certainty and affordability through a negotiated regular tariff price under the terms of a service agreement. Microgrids could also reduce broader ratepayer costs by avoiding or delaying the need for certain infrastructure expansions and upgrades.

Microgrids offered through the MOT would be customized solutions made to fit customers' specific needs. SoCalGas and the tariff customer will have the ability to utilize and combine various technologies to create a behind-the-meter or off-grid microgrid that will be planned, designed, engineered, procured, constructed, owned, operated and/or maintained by SoCalGas. MOT customers will have the choice and flexibility to select and procure the fuel type that best aligns with their needs, taking into account the availability of clean fuels today, affordability, and sustainability objectives, while transitioning to cleaner fuels as they become more widely available.

In late 2024, SoCalGas commissioned a microgrid market study with Verdant Associates to identify and evaluate the customer sectors and segments in SoCalGas's service territory that could benefit from having behind-the-meter microgrids. The results of the study indicate: (1)

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<sup>2</sup> SoCalGas, *About Us*, available at: <https://www.socalgas.com/about-us>.

there is considerable untapped microgrid potential in SoCalGas's territory, (2) the microgrid potential increases significantly if the financial value of resilience is included in the economic assessment, (3) increasing the knowledge and awareness of the benefits of microgrids is necessary for customer adoption, and (4) additional programs, incentives, and financial mechanisms may help grow the adoption of microgrids. Various stakeholders, including potential customers, equipment manufacturers, and industry organizations, have shown their support for SoCalGas offering microgrid solutions. Their letters of endorsement and affidavits are provided in Attachment A of the Prepared Direct Testimony of Armando Infanzon (Chapter 2).

Approving this Application will also many state goals. As mentioned above, while electric needs increase to meet state goals for decarbonization, microgrids can provide near-term solutions to support these needs without waiting for expansions of the electric grid. With long delays in infrastructure upgrades that can be costly for customers or discourage them from locating in California, the MOT could provide more expedited energy solutions without burdening ratepayers to meet a specific customer's needs. California's decarbonization goals are also supported by the option to have MOT facilities use renewable energy. The MOT can also provide the reliability and resilience needed by critical facilities and other businesses providing essential services to the local community. This can have secondary benefits to the communities where the microgrids are located by keeping those facilities running during power outages. Finally, most simply, state laws explicitly support the adoption of microgrids.<sup>3</sup> Approval of this Application would meet a variety of customer needs while supporting these important state goals.

## **II. DESCRIPTION OF MICROGRID OPTIONAL TARIFF**

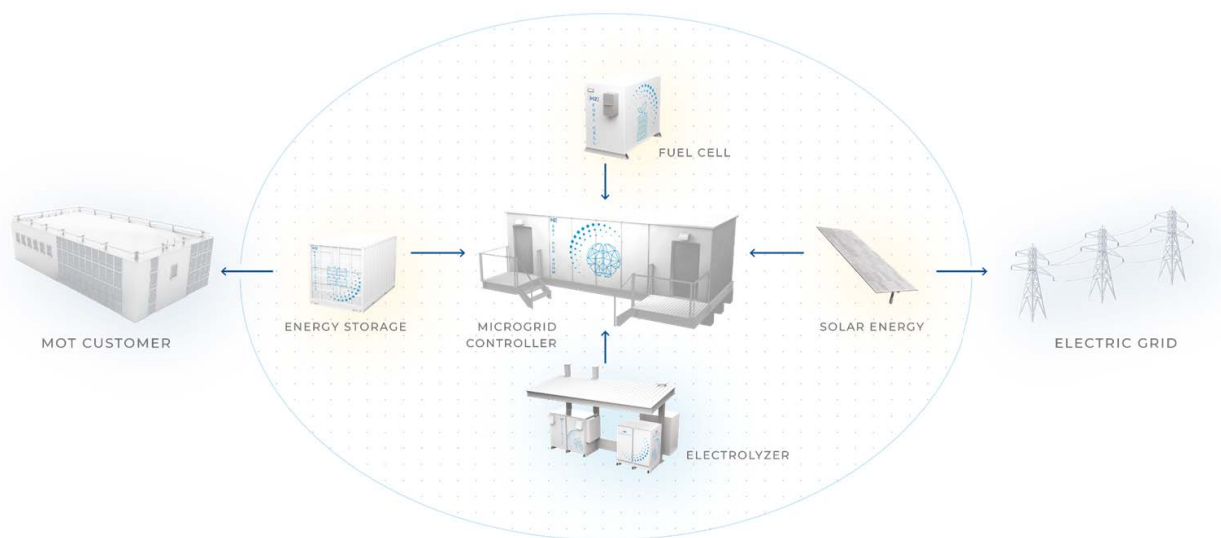
SoCalGas requests Commission approval to plan, design, engineer, procure, construct, own, operate, and/or maintain microgrid facilities, both behind-the-meter and off-grid, for eligible existing and prospective non-residential customers. Under the MOT, customers will be charged a regular service fee under a negotiated contract term. All project costs would be recovered from the tariff customer with no subsidy from or exposure for ratepayers. Eligible

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<sup>3</sup> Senate Bill 1339 (Stern, 2018), *available at*: [https://leginfo.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB1339](https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB1339).

customers who take service under the MOT will benefit from the deployment of a microgrid, which will be composed of a combination of energy production and storage technologies along with a control system and the ancillary equipment necessary to manage the integrated resources of the tariff customer (Figure 1).

**Figure 1 – Illustration of a Microgrid Facility**



The MOT can support new and existing customers with their growing needs for electric capacity, including and not limited to the following sectors: data centers, EV charging infrastructure, commercial and industrial facilities, educational and research institutions, critical facilities, and governmental facilities. Microgrids provide particular benefits to these groups, and research has shown there is unmet potential for microgrids among these market segments.<sup>4</sup> Many of these market sectors are expected to be the main drivers of demand for microgrids in the near-term, driven by new electric demand and load growth, enhanced reliability and resilience, efforts to address affordability concerns, and initiatives to support customers' sustainability goals. SoCalGas anticipates there will be demand among these sectors for the MOT, as explained in Chapter 2 of testimony.

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<sup>4</sup> Prepared Direct Testimony of Armando Infanzon (Chapter 2) at Table AI-1.

SoCalGas will develop and use competitively neutral scripts in answering inquiries concerning the MOT. The neutral scripts will provide information regarding other service options. These neutral scripts can also be utilized by other SoCalGas organizations who engage in periodic discussions with customers.

### **III. POLICIES AND BENEFITS OF THE MOT**

The MOT can support new electric demand and load growth from critical market sectors, provide reliability and resilience, address affordability concerns, and support sustainability goals at no cost to other ratepayers. There is broad policy alignment with and expected benefits that flow from making this type of program available. The primary benefits the MOT can provide are:

- A solution to support new electric demand and load growth from critical market sectors
- Enhanced reliability and resilience for the electric grid and customers
- A solution that can address affordability concerns by providing price certainty and may mitigate increases in electric ratepayer costs for new infrastructure
- Potential environmental benefits and support customer sustainability goals
- Local community benefits such as backup power for critical facilities, jobs, and air quality improvements

Many existing and future policies will drive electric load growth in California. In addition to general trends toward electrification and the electric needs those will bring, the CEC forecasts an increase in load due to new sources of demand such as data centers and transportation electrification.<sup>5</sup> This has already brought serious challenges on various fronts: delayed interconnection as new loads try to connect to the electric grid, reliability challenges during net system peak periods, resilience during extreme climate events, and costly upgrades needed to the electric grid to accommodate increased electric demand.<sup>6</sup> As energy consumption and requests for interconnection are expected to increase, microgrids established by the proposed MOT can provide a near-term solution to energize new electric demand and help alleviate

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<sup>5</sup> CEC, *2023 Integrated Energy Policy Report (IEPR)* (February 14, 2024) at 21-22, available at: <https://www.energy.ca.gov/data-reports/reports/integrated-energy-policy-report/2023-integrated-energy-policy-report>.

<sup>6</sup> *Id.* at 2-9.

interconnection delays and support local electric grid reliability. By providing near term energy solutions to customers, including critical sectors such as data centers and the electrification of the transportation sector, MOT can also facilitate economic development in California.

Challenges created by extreme weather events and the increases in power shutoffs to address the threat of devastating wildfires, have caused reliability<sup>7</sup> and resilience<sup>8</sup> challenges for customers on the electric grid as well as those customers seeking to energize new load. Microgrids can deliver continuous power supply even during power outages. This reliability and resilience makes microgrids a key potential component in addressing the power needs of many industries, allowing customers to maintain continuity of operations.

SoCalGas's MOT can help address these reliability and resilience needs affecting customers that have been acknowledged by the legislature. Deploying microgrids will support reliability and resilience by providing power to MOT customers as an alternative to the electric grid, including during power outages or periods of high electric prices. This reliability and resilience could protect customers from financial and other losses.

The MOT can offer customers economic benefits by providing more price certainty, potential bill savings, and business continuity during a power outage. By generating power onsite, MOT customers can reduce reliance on grid electricity, which is subject to price uncertainty. MOT customers will pay a regular service fee based on costs for the services and/or facility over the negotiated contract term.<sup>9</sup> Therefore, regardless of the price of grid electricity, the MOT service fee can provide more price certainty based on the terms of the MOT agreement.<sup>10</sup>

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<sup>7</sup> Electric reliability refers to maintaining the delivery of power under normal operating conditions.

<sup>8</sup> Resilience is the “ability to prepare for and adapt to changing conditions and withstand and recover rapidly from disruptions. Resilience includes the ability to withstand and recover from deliberate attacks, accidents, or naturally occurring threats or incidents”. See the White House – President Barack Obama, *Presidential Policy Directive -- Critical Infrastructure Security and Resilience* (February 12, 2013), available at: <https://obamawhitehouse.archives.gov/the-press-office/2013/02/12/presidential-policy-directive-critical-infrastructure-security-and-resil/>.

<sup>9</sup> Refer to Prepared Direct Testimony of Victor R. Garcia (Chapter 3) for details on what can be included in these costs.

<sup>10</sup> And for those MOT customers using natural gas or RNG, they will pay the cost for their gaseous fuel as well.



Since all MOT project costs are recovered from the tariff customer with no costs covered by other ratepayers, the MOT would not contribute to the rising cost of electricity. The local energy production provided by the MOT can potentially help reduce the strain on the broader electric grid, delaying or eliminating the need for expensive electric infrastructure projects. As a result, ratepayers can benefit from lower overall costs, as electric utilities can avoid or delay the capital investment associated with certain electric grid upgrades and expansions.

Microgrids offered by the MOT can lead to reduction of GHG emissions through the usage of decarbonized fuels such as RNG and clean renewable hydrogen as well as solar plus storage options, where the customer opts to employ these energy options. For example, SoCalGas has experience in overseeing the construction and operation of a microgrid that incorporates solar energy and clean renewable hydrogen with its Hydrogen Innovation Experience (H2IE). Under a microgrid setup similar to the H2IE, a customer would primarily rely on 100% clean energy, both solar energy and clean renewable hydrogen, for their electricity needs. Additionally, the emissions reductions can be particularly significant if the MOT is used to replace facilities relying on diesel backup generators. When faced with frequent power outages, electric customers can turn to diesel backup generators (BUGs) which leads to increased GHG emissions and local air pollutants like NO<sub>x</sub>, CO, and particulate matter.<sup>11</sup> CARB recognizes this issue,<sup>12</sup> and the South Coast Air Quality Management District (SCAQMD) has acknowledged that the increased number of diesel BUGs being used in their region as emergency engines is due to the increased duration and frequency of PSPS events.<sup>13</sup> The MOT could help reduce the environmental footprint of this electric generation.

Finally, the MOT will provide benefits to the communities where microgrids are deployed, including keeping critical facilities running, supporting economic growth, and improving air quality. The MOT can also support local economic growth and job creation by investing in energy infrastructure and creating new employment opportunities in the

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<sup>11</sup> SCAQMD, *Proposed Rule 1110.4 Emergency Generators* (February 14, 2024) at 11-14, available at: [https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/pr-1110.4/pr-1110-4-working-group-meeting\\_1\\_presentation.pdf?sfvrsn=10](https://www.aqmd.gov/docs/default-source/rule-book/Proposed-Rules/pr-1110.4/pr-1110-4-working-group-meeting_1_presentation.pdf?sfvrsn=10).

<sup>12</sup> CARB, *Emission Impact: Additional Generator Usage Associated with Power Outage* (January 30, 2020), available at: [https://ww2.arb.ca.gov/sites/default/files/2020-01/Emissions\\_Inventory\\_Generator\\_Demand%20Usage\\_During\\_Power\\_Outage\\_01\\_30\\_20.pdf](https://ww2.arb.ca.gov/sites/default/files/2020-01/Emissions_Inventory_Generator_Demand%20Usage_During_Power_Outage_01_30_20.pdf).

<sup>13</sup> *Id.*

communities where the microgrids are installed.<sup>14</sup> Developing and operating microgrids requires a wide range of services, including planning, engineering, construction and ongoing maintenance. Many of these jobs could be supported by qualified contractors in the local community. Finally, the MOT can provide local air quality benefits by reducing customers' dependency on BUGs and diesel and gasoline vehicles. Diesel backup generators emit high levels of harmful pollutants, including NOx, CO, and PM, all of which can contribute to significant negative air quality and public health impacts for the local community

Aside from these benefits, there is strong support specifically for microgrids in the state. Senate Bill 1339 on Electricity Microgrid Tariffs was specifically created to direct the CPUC to take action to undertake a number of activities to further develop policies related to microgrids. The legislation was designed to boost microgrid development and streamline what at times had been a lengthy wait to interconnect microgrid and/or generation projects. The MOT is consistent with and supports this direction to boost microgrid development and deployment.

#### **IV. SUPPORTING TESTIMONY**

In support of the Application, SoCalGas incorporates herein by reference, the testimony of the following witnesses:

**Chapter 1 (Jawaad Malik)** – This Chapter discusses the policy foundations for the proposed MOT and describes how the proposed tariff (attached hereto as Attachment A) is consistent with and supportive of California law and policy objectives.

**Chapter 2 (Armando Infanzon)** – This Chapter describes the proposed MOT, the components of microgrid facilities, the existing microgrid market, the potential of microgrid market in SoCalGas's service territory, and how the services will be delivered to customers.

**Chapter 3 (Victor Garcia)** – This Chapter provides a description of the cost tracking procedures and regulatory treatment that will be put in place so that the costs of the MOT are paid for by customers of the services.

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<sup>14</sup> Gridscape, *Harnessing the Power of Microgrids for Local Job Creation and Economic Growth* (April 18, 2023), available at: <https://grid-scape.com/harnessing-the-power-of-microgrids-for-local-job-creation-and-economic-growth/>.

## **V. STATUTORY AND PROCEDURAL REQUIREMENTS**

### **A. Rule 2.1 (a) – (c)**

In accordance with Rule 2.1(a) – (c) of the Commission’s Rules of Practice and Procedure, SoCalGas provides the following information:

#### **1. Rule 2.1 (a) – Legal Name**

SoCalGas is a public utility corporation organized and existing under the laws of the State of California. SoCalGas’s principal place of business and mailing address is 555 West Fifth Street, Los Angeles, California 90013.

#### **2. Rule 2.1 (b) – Correspondence**

All correspondence and communications to SoCalGas regarding this Application should be addressed to:

Tamlyn Bageris  
Regulatory Case Manager  
SOUTHERN CALIFORNIA GAS COMPANY  
555 West 5th Street, GT14D6  
Los Angeles, CA 90013  
Telephone: (442) 529-2632  
Email: [ttbageris@socalgas.com](mailto:ttbageris@socalgas.com)

A copy should also be sent to:

Elliott Henry  
Managing Attorney  
SOUTHERN CALIFORNIA GAS COMPANY  
555 West 5th Street, Suite 1400  
Los Angeles, CA 90013  
Telephone: (213) 244-8234  
Facsimile: (213) 629-9620  
Email: [ehenry@socalgas.com](mailto:ehenry@socalgas.com)

#### **3. Rule 2.1 (c)**

##### **a) Proposed Category of Proceeding**

SoCalGas proposes that this proceeding be categorized as “ratesetting” within the meaning of Commission Rules 1.3(g) and 7.1(e)(2).

##### **b) Need for Hearings**

SoCalGas does not believe that evidentiary hearings should be required.

**c) Issue to be Considered**

The issue to be considered in this proceeding is whether the Commission should approve SoCalGas's proposed MOT, and the establishment of the MOT Balancing Account and MOT Tracking Account.

**d) Proposed Schedule**

SoCalGas proposes the following schedule for this application:

<b>EVENT</b>	<b>DATE</b>
Application filing date	April 16, 2025
Responses/Protests Due	30 days of Daily Calendar Notice
Replies to responses/protests	Within 10 days (see Rule 2.6)
Prehearing conference	July 15, 2025
Opening intervenor testimony	October 15, 2025
Concurrent rebuttal testimony	November 14, 2025
Evidentiary hearings (if needed)	December 2025
Opening briefs	January 2026
Reply briefs	February 2026
CPUC issues Proposed Decision	May 2026
CPUC issues Final Decision	June 2026

**B. Rule 2.2 – Articles of Incorporation**

A copy of SoCalGas's Restated Articles of Incorporation as last amended, presently in effect and certified by the California Secretary of State, was filed with the Commission on October 1, 1998, in connection with SoCalGas's Application No. 98-10-012, and is incorporated herein by reference.

**C. Rule 3.2 – Authority to Increase Rates**

There is no anticipated revenue requirement that is being proposed from ratepayers associated with the optional tariff program presented herein, other than the specific customers who take advantage of the proposed tariff. The program will not be generally funded by ratepayers. The Application includes a request to establish a balancing account to credit

ratepayers for any general rate case (GRC) embedded costs used in providing the tariff. Because SoCalGas is not seeking authority to increase rates, Rule 3.2 does not apply.

**D. Service and Notice – Rule 1.9**

SoCalGas is serving this Application on all parties to the R.19-09-009 and A.14-08-007 service lists.

**VI. RELIEF REQUESTED**

SoCalGas respectfully requests that the Commission approve this Application in all respects including:

1. Approval of SoCalGas's MOT.
2. Approval of SoCalGas's ratemaking proposal.
3. Granting any other relief as necessary and proper.

**VII. CONCLUSION**

WHEREFORE, SoCalGas respectfully requests that the Commission approve this Application in its entirety.

Respectfully submitted,

SOUTHERN CALIFORNIA GAS COMPANY

By: /s/Elliott S. Henry  
Elliott S. Henry

Attorney for  
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E-mail: [EHenry@socalgas.com](mailto:EHenry@socalgas.com)

April 16, 2025

### **OFFICER VERIFICATION**

I am an officer of Southern California Gas Company and am authorized to make this verification on its behalf. The matters stated in the foregoing application are true to my own knowledge, except as to matters that are stated therein on information and belief, and as to those matters, I believe them to be true.

I declare under penalty under the laws of the State of California that the foregoing is true and correct to the best of my knowledge.

Executed this 16<sup>th</sup> day of April 2025, at Los Angeles, California.

By: /s/Jawaad A. Malik  
Jawaad A. Malik

Chief Strategy and Sustainability Officer for  
SOUTHERN CALIFORNIA GAS COMPANY

# **ATTACHMENT A**

Schedule No. GO-MOT  
MICROGRID OPTIONAL TARIFF - DRAFT

Sheet 1

APPLICABILITY

Applicable to Applicants requesting the Microgrid Optional Tariff (MOT) located on the Premises. MOT Services under this Schedule are conditioned upon arrangements mutually satisfactory to Applicant and Utility for the planning, design, engineering, procurement, construction, ownership, operation, and/or maintenance of required MOT Facilities.

Applicants eligible for the MOT include existing and prospective non-residential customers. The MOT is also available to serve customers for separately metered service to common facilities at residential properties (e.g., swimming pools, recreation rooms, saunas, spas, etc.)

SoCalGas shall provide the MOT on a non-discriminatory basis, dependent only on factors such as safety, technical feasibility, acceptability of commercial terms, and resource availability.

Service under this Schedule is optional, subject to the terms and conditions set forth herein.

TERRITORY

Applicable throughout Utility's service territory.

GENERAL

1. **APPLICANT REQUIREMENTS.** Applicant shall provide Utility with electric, gas, heat, cooling, and/or any other loads, as well as any Applicant energy requirements for Utility to determine through a Feasibility Analysis the appropriate level of the MOT Services required.
2. **DESIGN.** Utility will be responsible for planning, design, engineering, procuring, and/or constructing the MOT Facilities.
3. **OWNERSHIP.** MOT Facilities installed under the provisions of this Schedule may be owned, operated, and/or maintained by Utility and/or its contractors or agents, and/or Applicant. Ownership of the MOT facilities shall be negotiated by the Utility and Applicant on a case-by-case basis. Utility shall have complete discretion as to whether the MOT Facilities will be owned by Utility or Applicant. Applicant shall own, operate, and/or maintain any and all equipment and facilities downstream of the MOT Point of Service Delivery for the energy outputs provided by the MOT Facility, and have the legal rights to and ownership of the energy outputs provided by the MOT Facility and the full power and authority to perform all obligations under the Agreement, including those obligations related to the MOT Facilities and Premises.
4. **PLACEMENT OF MOT FACILITIES AND RIGHTS-OF-WAY.** Applicant shall provide an appropriate location and Protective Structures for the safe and secure placement and operation of MOT Facilities as required by Utility. Applicant shall provide rights-of-way, leases and/or easements as required by Utility, for Utility to install, operate and maintain MOT Facilities on Premises to serve Applicant.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO.  
DECISION NO.

ISSUED BY  
**Dan Skopec**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_



GENERAL (Continued)

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(TO BE INSERTED BY CAL. PUC)

SUBMITTED \_\_\_\_\_

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GO-MOT  
MICROGRID OPTIONAL TARIFF

Sheet 3

(Continued)

GENERAL (Continued)

7. APPLICANT'S RESPONSIBILITIES (Continued)

- d. Applicant shall make arrangements to stop deliveries of fuel and shut down the operation of any existing equipment as needed by Utility including, but not limited to, the following: to tie into existing gas piping, to tie into the electrical system to provide power to the MOT Facilities, to tie into the existing grounding system, to tie into existing control/emergency systems, and as necessary during the MOT Facilities startup, commissioning and throughout the term of the Agreement for scheduled and un-scheduled maintenance.
- e. Applicant (i) shall limit access and take all reasonably necessary steps to prevent MOT Facilities from being damaged or destroyed, (ii) shall not interfere with Utility's ongoing operation of MOT Facilities, and (iii) shall provide adequate notice to Utility through Utility's representative identified in the Agreement prior to any inspection of MOT Facilities by regulatory agencies.
- f. Utility shall incur no liability whatsoever, for any damage, loss, or injury occasioned by or resulting from:
  - i. The selection, installation, operation, maintenance or condition of Applicant's facilities or equipment; or
  - ii. The negligence, omission of proper shut-off valves, breakers, switches or other protective and safety devices, want of proper care, or wrongful act of Applicant, or any agents, employees, or licensees of Applicant, on the part of Applicant installing, maintaining, using, operating, or interfering with its own pipes, fittings, valves, regulators, appliances, fixtures, or apparatus.
- g. Applicant shall meet on an on-going basis the Creditworthiness Requirements and maintain all required amounts and categories of insurance.
- h. Applicant shall indemnify, defend and hold harmless Utility and its authorized officers, employees, and agents from any and all claims, actions, losses, damages and/or liability of every kind and nature in any way connected with or resulting from the violation or non-compliance with any local, state, or federal environmental law or regulation as a result of pre-existing conditions at the Premises, release or spill of any pre-existing hazardous materials or waste, or out of the management and disposal of any pre-existing contaminated soils or groundwater, hazardous or nonhazardous, removed from the ground as a result of the MOT Services or MOT Facilities ("Pre-Existing Environmental Liability"), including, but not

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO.  
DECISION NO.

ISSUED BY  
**Dan Skopec**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED  
EFFECTIVE  
RESOLUTION NO.

Schedule No. GO-MOT  
MICROGRID OPTIONAL TARIFF

Sheet 4

(Continued)

GENERAL (Continued)

7. APPLICANT'S RESPONSIBILITIES (Continued)

h. (Continued)

limited to, liability for the costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remedial work, penalties, and fines arising from the violation of any local, state, or federal law or regulation, attorney's fees, disbursements, and other response costs. As between Applicant and Utility, Applicant agrees to accept full responsibility for, and bear all costs associated with, Pre-Existing Environmental Liability. Applicant agrees that Utility may stop work, terminate MOT Services, redesign the MOT Facilities for a different location or take other action reasonably necessary to install the MOT Facilities without incurring any Pre-Existing Environmental Liability.

- i. Applicant shall be responsible for the additional costs required to modify or maintain MOT Facilities or to provide MOT Services due to any changes in Applicant's requirements or operating conditions or damage to MOT Facilities due to Applicant's negligence or willful misconduct after MOT Facilities' commissioning.

8. UTILITY RESPONSIBILITIES

- a. Utility and/or its contractors or agents will be responsible for the planning, design, engineering, procurement, construction, ownership, operation and/or maintenance of MOT Facilities and equipment from the MOT Receipt Point through the MOT Point of Service Delivery for the energy outputs consistent with the terms of the Agreement.
- b. Utility shall be responsible for applying for any necessary permits to construct and operate the MOT Facilities; Applicant, however, shall be responsible, at its own costs and expense without any dollar contribution or reimbursement from Utility, for any modification(s) to Premises required by any permit, unless otherwise agreed to by the Parties.
- c. Utility and/or its contractors or agents shall be responsible for the operation of the MOT Facilities and shall perform all maintenance, including regular inspections, on MOT Facilities consistent with the manufacturer's recommendations and regulatory requirements.
- d. Utility and/or its contractors or agents may be responsible to remove MOT Facilities at the end of the term of the Agreement or any extensions thereof, and Applicant shall allow Utility a sufficient amount of time to complete removal of MOT Facilities.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO.  
DECISION NO.

ISSUED BY  
**Dan Skopec**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

Schedule No. GO-MOT  
MICROGRID OPTIONAL TARIFF

Sheet 5

(Continued)

RATES

Utility and Applicant will negotiate a rate based on Applicant's unique circumstances and the costs of the MOT Facilities ("Services Fee"). The Services Fee shall be set forth in the Agreement and shall, unless otherwise specified in the Agreement, be billed in regular installments over the term of the Agreement.

The rate structure shall be designed to recover costs, as may be further defined in the Agreement, that may include, but are not limited to, depreciation (inclusive of costs of removal and any costs associated with the removal), cost to build and transfer the facility, returns on capital, income taxes, property taxes, operation and maintenance expense, repair expense, administrative and general expense, franchise fees, uncollectibles, and insurance. Upon early termination of the Microgrid Optional Tariff Services Agreement other than Utility's default under the Microgrid Optional Tariff Services Agreement, Utility shall recover from Applicant an amount based on Utility's unrecovered ownership and removal costs and any early-termination provisions in Utility's subcontracts.

SPECIAL CONDITIONS

1. The definitions of principal or capitalized terms used in this schedule are found either herein, in the Agreement, or in Rule No. 01, Definitions.
2. Service may be denied, suspended or discontinued for nonpayment, unsafe apparatus, or other reasons in accordance with Rule No. 09, Discontinuance of Service.
3. Any disputed bill will be treated in accordance with Rule No. 11, Disputed Bills.
4. As a condition precedent to service under this schedule, a fully executed Agreement generally in the form of the Microgrid Optional Tariff Services Agreement is required. All contracts, rates and conditions are subject to revision and modification as a result of Commission order.
5. Utility may file in the public records, including real estate records, such instruments as may be appropriate or desirable (such as Uniform Commercial Code financing statements and fixture filings) to put others on notice of Utility's ownership of the MOT Facilities.
6. Applicant may request changes to MOT Services or MOT Facilities as a result of changes to Applicant's requirements at any time during the term of the Agreement, however, Utility has sole discretion whether to make any changes to MOT Services or MOT Facilities, and Applicant shall be responsible for the full costs related to the resulting changes in MOT Services or MOT Facilities.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO.  
DECISION NO.

ISSUED BY  
**Dan Skopec**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

Schedule No. GO-MOT  
MICROGRID OPTIONAL TARIFF

Sheet 6

(Continued)

DEFINITIONS

1. **AGREEMENT.** Microgrid Optional Tariff Services Agreement between Applicant and Utility describing MOT Services to be provided to Applicant and MOT Facilities to be installed by Utility, subject to this Schedule and all applicable tariff schedules as filed from time to time with the Commission.
2. **CREDITWORTHINESS REQUIREMENTS.** Applicant shall provide adequate assurance acceptable to Utility to establish Applicant's creditworthiness for MOT Services. Such adequate assurance may be supplemented from time to time thereafter during the term hereof to the extent requested by Utility. The amount of credit required to establish or re-establish credit for MOT Services may be the full cost of the MOT Services consisting of the summation of the regular service fees for the duration of the term of the Agreement.

Applicant shall be required to complete a credit application that includes financial and other relevant information needed to establish credit. Utility shall use financial and other relevant information, along with Applicant's service request and any other available information, to determine Applicant's credit limit. If unsecured credit is granted based on the financial strength of a parental corporation, a parental guaranty will be required.

A guaranty in form, substance and in an amount reasonably acceptable to Utility may be provided by Applicant from Applicant's parent company or some other guarantor acceptable to Utility. Any guarantor must submit to a creditworthiness evaluation and provide necessary financial and other information as requested by Utility.

To assure the continued validity of an established credit facility with Utility, upon Utility's request, Applicant shall be required to furnish Utility with financial and other relevant information reasonably satisfactory to Utility during the term of the Agreement. In the event that Utility determines that a financial change has affected, or could adversely affect the creditworthiness of Applicant, or if Applicant does not provide the requested financial information, Utility may elect to terminate the Agreement. Utility shall provide written notice to Applicant with a commercially reasonable cure time not to be less than three (3) business days prior to termination.

In the event that Utility determines that Applicant qualifies for unsecured credit, security may be required at a future date if Utility reasonably determines that a material change has occurred, or becomes aware of a material change in Applicant's financial position.

(Continued)

(TO BE INSERTED BY UTILITY)  
ADVICE LETTER NO.  
DECISION NO.

ISSUED BY  
**Dan Skopec**  
Senior Vice President  
Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)  
SUBMITTED \_\_\_\_\_  
EFFECTIVE \_\_\_\_\_  
RESOLUTION NO. \_\_\_\_\_

### DEFINITIONS (Continued)

- a. Microgrid controllers, solar technology, fuel cells, linear generators, battery storage, electrolyzers, hydrogen storage, compressors, heat recovery equipment, thermal storage, chillers, electrical conditioning equipment, balance of plant systems and any other equipment needed to provide MOT Services;
- b. Integrated equipment that includes generation equipment and peripheral equipment related to Applicant's specific application; and
- c. Other associated equipment that may be requested by Applicant and agreed to by Utility.

(Continued)

(TO BE INSERTED BY CAL. PUC)

SUBMITTED \_\_\_\_\_

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

Schedule No. GO-MOT  
MICROGRID OPTIONAL TARIFF

Sheet 8

(Continued)

DEFINITIONS (Continued)

4. MOT SERVICES. Plan, design, engineer, procure, construct, own, operate and/or maintain the MOT Facilities located on the Premises to provide energy forms and amounts to be agreed upon by both Utility and Applicant in accordance with the Agreement.
5. MOT POINT OF SERVICE DELIVERY. Physical point(s) of delivery to Applicant downstream of MOT Facilities. Each MOT Point of Service Delivery shall be clearly marked or tagged physically and identified in the Agreement.
6. MOT RECEIPT POINT. Physical point(s) of delivery to Utility upstream of MOT Facilities. Each MOT Receipt Point shall be clearly marked or tagged physically and identified in the Agreement.
7. FEASIBILITY AGREEMENT. Feasibility Analysis Agreement between Applicant and Utility providing a Feasibility Analysis to Applicant, subject to this Schedule and all applicable tariff schedules as filed from time to time with the Commission.
8. FEASIBILITY ANALYSIS. All analyses as required by Utility (including analysis conducted pursuant to the Feasibility Agreement) to determine the scope and pricing for the Agreement.
9. PREMISES. All of the real property and apparatus employed by Applicant on an integral parcel of land undivided (excepting in the case of industrial, agricultural, oil field, resort enterprises, and public or quasi-public institutions) by a dedicated street, highway, or other public thoroughfare, or a railway.
10. PROTECTIVE STRUCTURES. Fences, retaining walls (in lieu of grading), barriers, posts, barricades and other structures as required by Utility, permitting agencies, or other regulations.

(TO BE INSERTED BY UTILITY)

ADVICE LETTER NO.

DECISION NO.

8C24

ISSUED BY

**Dan Skopec**

Senior Vice President

Regulatory Affairs

(TO BE INSERTED BY CAL. PUC)

SUBMITTED \_\_\_\_\_

EFFECTIVE \_\_\_\_\_

RESOLUTION NO. \_\_\_\_\_

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