



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 25-04-006
(Filed April 16, 2025)

**RESPONSE OF THE CALIFORNIA HYDROGEN BUSINESS COUNCIL ON THE
APPLICATION OF SOUTHERN CALIFORNIA GAS COMPANY (U904G) FOR
ADOPTION OF A MICROGRID OPTIONAL TARIFF**

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May 19, 2025

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I. Introduction

The California Hydrogen Business Council (CHBC) appreciates the opportunity to provide a response to the *Application of Southern California Gas Company (U904G) for adoption of a Microgrid Optional Tariff* (“Application”), filed on April 16, 2025. CHBC supports the application of the Southern California Gas Company (SoCalGas) in the Microgrid Optional Tariff (MOT) program to provide non-residential property owners with the benefit of microgrid service of energy. The California Hydrogen Business Council is the largest and longest-established membership-based hydrogen trade association comprised of 100 companies, agencies, and organizations involved in the business of hydrogen and fuel cells.

II. Discussion

Microgrids offer significant flexibility to all types of customers and facility owners based on their specific energy needs. Non-combustion fuel cells – paired with storage, wind, solar, demand response, or other technologies – can serve as the backbone for microgrids that integrate numerous onsite behind-the-meter energy resources and controls. Microgrids that use fuel cell systems as baseload power can immediately disconnect from the grid and island (operate autonomously) from the larger grid when circumstances demand (e.g., during grid outages or Public Safety Power Shutoff events). The fuel cell installation innately operates as an energy management system, with critical loads for backup power already identified and immediately followed in the case of an outage. A fuel cell system can smoothly transition from grid parallel operation to fully power the load for any length of grid outage, without interruption to the

customer, and to seamlessly re-connect to the utility grid network when its power is restored adding to overall system reliability.

Microgrids provide significant benefits to customers in the form of lower emissions, resilience, and the ability to island from the grid. Energy resources like microgrids with hydrogen fuel cell systems can also operate continuously, peak shave, and address capacity shortfalls while also providing backup power. Some fuel cell systems are load-following which facilitate the fuel cell system providing firm baseload power to the microgrid and providing grid services like peak shaving. There are also microgrids that can generate and store hydrogen onsite creating an even more resilient clean energy system.

Without microgrids, temporary diesel combustion generation will be used for backup power, without adding actual capacity on the grid. Further, continued installation of diesel generators for even temporary generation engenders a 20-year highly polluting generation asset, making it even more difficult to meet state, federal, and corporate decarbonization goals. Additionally, the continued and increased use of diesel generators results in negative air quality impacts.

There is substantial demand for microgrids in SoCalGas territory. Microgrids provide resilient solutions that can power critical facilities and important community assets including hospitals, telecommunications, supermarkets, data centers, and water treatment plants, among other facilities. Additionally, it is helpful that SoCalGas structures this tariff as a flexible offering, allowing customers to serve near-term needs with fuels that align with their best use case. This can include natural gas or solar plus storage as well as clean hydrogen powering a fuel cell. It also helps customers meet their energy needs without costly additional investments necessary to expand the electric grid, which would cost ratepayers extra, and provides options that mean customers do not have to have concerns about grid reliability.

With SoCalGas proposing to manage the planning, construction, and maintenance of the microgrid, the value proposition to the customer is increased. This proposal also aligns with SoCalGas's longstanding status as a clean fuels leader, with significant investments in renewable natural gas and hydrogen. The ability to work with several technologies and companies providing equipment is one of the reasons this proposal has support across CHBC membership. At the same time, the MOT allows for the costs of the microgrid to be recovered from the tariff customer without requiring subsidies from other ratepayers, with a fair and reasonable cost tracking mechanism. CHBC considers the minimal ratepayer impact part of the proposal to be one of its most attractive aspects and hopes other parties do as well.

III. Conclusion

The CHBC thanks the Commission for their consideration of this response and looks forward to further collaborating with Commission leadership, staff, and stakeholders to consider this important proposal. CHBC supports the application of SoCalGas to the MOT program to facilitate the use of microgrids to provide ratepayers with significant reliability, resilience, and environmental benefits.

Respectfully submitted,

Dated: May 19, 2025

/s/

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