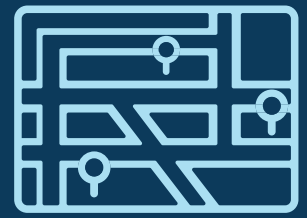


DEVELOPING LOCAL GOVERNMENT MICROGRIDS

MOVING BEYOND THE CHALLENGES



Enthusiasm for Town Center (TC) microgrids remains high as part of the ongoing, national evolution of the delivery and management of electrical power. However, it is clear that current market and regulatory conditions present significant challenges to TC microgrid development.

RECOMMENDATIONS AND RESEARCH

Potential activities and research that could help meet and overcome these challenges include:

- For energy supply purchase projects: developing best practices for government offtakers to research, engage developers, address risks, and develop model contract provisions that serve the life of an EaaS agreement.



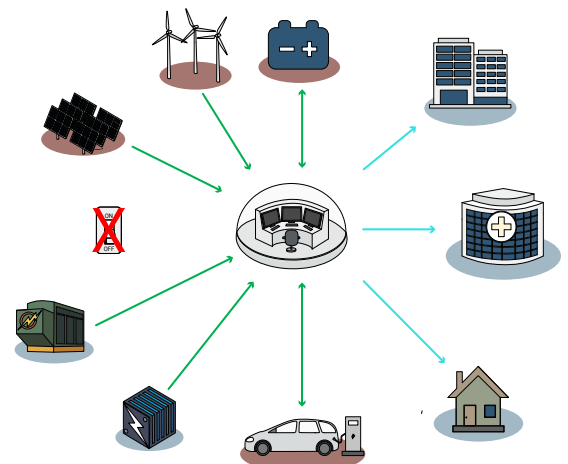
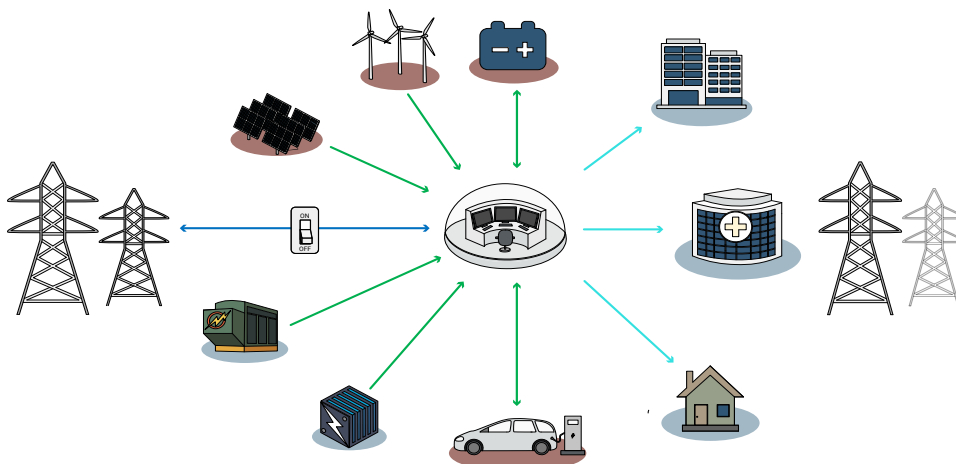
Model EaaS Contracts

- Working with regulators: EDCs and the DER industry should develop regulatory models that address the technical and fiscal impact DER has on EDCs. At a minimum these models should include DER access to public rights of way, regulating EDC interconnects (points of common coupling), and technical management/controls (e.g., voltage regulation and switching).



Regulatory Models

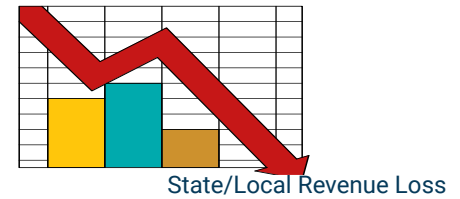
- Examination of the effect of DER cream skimming: where economically advantageous islanded microgrids benefit the owner and negatively affect the economics of the EDC. This should include developing rate reform strategies to assure that needed grid services are financially supported and the costs equitably distributed.



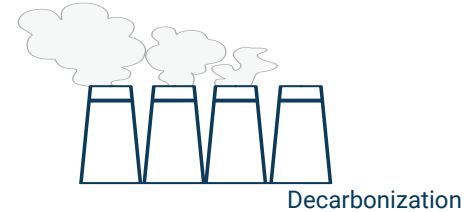
DER Cream Skimming

DEVELOPING LOCAL GOVERNMENT MICROGRIDS

- Examination of the impact projects may have on reduced state or local revenue energy system-related taxes and fees (i.e., social benefit program funding).



- Assessing the effect of state/local decarbonization policies on microgrid development: developing public policies that balance resilience and reliability, GHG/carbon reduction, and the technological maturity of solutions.



- Regulatory efforts to improve EDC baseline reliability and redundancy can be tied to the EDC acceptance and management of third-party DER on their grids.



- Legislation to remove regulatory hurdles such as right of way limits and legislation to eliminate barriers in public agency contracting practices to support financially viable resilience and reliability focused projects.



- Implementation of individual project tariffs that balance EDC technical and financial concerns with the public value of TC microgrid projects.

