

Date of Hearing: June 29, 2022

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Eduardo Garcia, Chair

SB 833 (Dodd) – As Amended March 21, 2022

SENATE VOTE: 39-0

SUBJECT: Community Energy Resilience Act of 2022

SUMMARY: Requires the California Energy Commission (CEC) to develop and implement a grant program for local governments to develop community energy resilience plans, as specified, to address power outages. Specifically, **this bill:**

- 1) Requires the CEC to develop and implement a grant program for local governments to develop community energy resilience plans that help achieve energy resilience objectives and state clean energy and air quality goals.
- 2) Requires the CEC, in developing the grant program, to:
 - a. Prioritize applications from low-income and/or disadvantaged communities that are most likely to experience power outages, followed by all other communities that are most likely to experience power outages.
 - b. Make the application process as simple as possible.
 - c. Conduct a minimum of two public meetings to receive and consider public comment before approving the grant program guidelines and application process.
- 3) Requires a plan to, among other things, identify critical facilities, facilities where the construction of microgrids or other distributed energy resources (DERs) could meet local resilience needs, and potential funding sources for implementing projects in the plan, include a model ordinance template for the expedited permit review of DERs by the local government, and demonstrate consistency with the city, county, or city and county general plan and other local government planning documents, as specified.
- 4) Requires, as a condition of receiving grant funding, a local government to submit its plan to the CEC within six months of adopting the plan.
- 5) Requires that, for a local government located within the service territory of a local publicly owned electric utility (POU), only the POU may apply for the grant program on behalf of the local government.
- 6) Requires the CEC to:
 - a. Maintain a publicly available and searchable database of all local governments receiving a grant.
 - b. Annually submit a program summary to the Legislature and post the summary on its internet website.
 - c. Develop and maintain on its internet website:
 - i. A publicly available community energy resilience planning toolkit.
 - ii. A directory of prequalified consultants.

- iii. A Resilience Valuation Index, as defined, to assist local governments in community energy resilience planning and require the CEC to annually update the index.

EXISTING LAW:

- 1) Assigns the CEC various duties, including applying for and accepting grants, contributions, and appropriations, and awarding grants consistent with the goals and objectives of a program or activity the CEC is authorized to implement or administer. (Public Resources Code §25218)
- 2) Establishes the California Office of Emergency Services (CalOES) as responsible for the state's emergency and disaster response services for natural, technological, or manmade disasters and emergencies, including responsibility for activities necessary to prevent, respond to, recover from, and mitigate the effects of emergencies and disasters to people and property. (Government Code §8585 et seq.)
- 3) Makes funding available, upon appropriation as specified, \$25 million in the 2022–23 and \$75 million in 2023–24 fiscal years to the Strategic Growth Council (SGC), in coordination with the Office of Planning and Research (OPR), for the establishment of a grant program for the construction or retrofit of facilities that will serve as community resilience centers, including hydration stations, cooling centers, clean air centers, respite centers, community evacuation and emergency response centers, and similar facilities to mitigate the public health impacts of extreme heat and other emergency situations exacerbated by climate change, such as wildfire, power outages, or flooding, on local populations. Provides that these centers will serve as both community emergency response facilities and to build long-term resilience, preparedness, and recovery operations for local communities. (SB 155, Public Resources Trailer Bill, Committee on Budget and Fiscal Review, Chapter 158, Statutes of 2021)

FISCAL EFFECT: According to the Senate Appropriations Committee, this bill would incur cost pressure of an unknown amount, but likely in the tens of millions of dollars at least, to fund the grant program, including CEC's costs to administer the program (General Fund or special funds). The author has expressed the intent the grant program not be funded by utility ratepayers.

BACKGROUND:

Public Safety Power Shutoffs (PSPS) – With the continuing threat of wildfire, utilities may proactively cut power to electrical lines that may fail in certain weather conditions to reduce the likelihood that their infrastructure could cause or contribute to a wildfire. This effort to reduce the risk of fires caused by electric infrastructure by temporarily turning off power to specific areas is called a Public Safety Power Shutoff (PSPS). Despite its use as a wildfire mitigation tool, a PSPS can leave communities and essential facilities without power, which brings its own risks and hardships, particularly for vulnerable communities and individuals. From 2013 to the end of 2019, California experienced over 57,000 wildfires (averaging 8,000 per year) and the three large energy companies conducted 33 PSPS deenergizations. The IOUs have been directed to safety-proof, or harden, transmission and distribution systems to prevent ignition of fires as aggressively as possible which will reduce PSPS events. In the meantime, the utilities have been directed to reduce the impacts of PSPS through sectionalizing and other measures including the

use back-up generators (BUGs) to meet myriad needs including those of individual, medically sensitive customers, local critical facilities, and at the substation level, for all customers. In PG&E territory, the use of these measures reduced the footprint of PSPS events from 2019 to 2020 by one-third.

California provides funding for backup power to local governments – The Governor and Legislature have provided funding to support backup power resources to local governments and state agencies. For three budget years grants have been made available by the CalOES to provide local governments and tribes funds to address the impacts of outages. Grants were first funded in the 2019-2020 budget year, which allocated \$75 million in PSPS resiliency grants administered by the CalOES. The funds could be used to procure fixed, long-term emergency electrical generation equipment, continuity plans, risk assessments for critical infrastructure, post event reports, and public education materials or supplies to prepare for electric disruption. The grants helped fund backup power resources for counties, cities, tribal governments, and state agencies. The following year, the state budget appropriated another \$50 million for local governments, special districts, and tribes for grants for back-up power resources to critical facilities and the funding was also continued in the 2021-2022 budget year. However, recognizing that the state can experience every conceivable type of natural and manmade disaster including drought, earthquake, flood, catastrophic wildfire, mudslides, dam failure, cyber security attacks, oil spills, natural gas leak, civil unrest, terrorism, and tsunami – any one of which can cause power outages – the grants now apply more generally to address the impacts of any outage, regardless of cause.

Community Resilience Centers – Additionally, the 2021 Budget *Public Resources Trailer Bill*, SB 155, makes available, upon appropriation by the Legislature in the annual Budget Act, \$25 million in 2022-23 and \$75 million in 2023-24 to the SGC, in coordination with OPR, for the establishment of a community resiliency centers grant program. The funding would be available as grants to local governments for the purposes of supporting facilities that will serve as community resiliency centers to mitigate the public health impacts of climate changes, including power outages.

Microgrids – The California Public Utilities Commission (CPUC) as part of its active proceeding to help commercialize microgrid deployment directed the three large investor-owned electric utilities to develop a microgrid incentive program. The CPUC January 2021 decision creates the Microgrid Incentive Program,¹ and allocates \$200 million to fund clean energy microgrids to support the critical needs of vulnerable populations impacted by a grid outages and test new technologies or regulatory approaches to inform future action, with the costs and funding for these programs to be borne by the counties in which the incentive programs are implemented. The program is intended to provide funding for community, local and tribal government-driven, reliability and resilience projects with benefits including:

- Increased electricity reliability and resiliency in communities that may be at higher risk of electrical outages;
- Increased reliability for critical infrastructure facilities such as fire stations, schools, and nursing homes that keep communities safe;

¹ See <https://www.cpuc.ca.gov/resiliencyandmicrogrids/>

- Reduced impacts of power outages and minimized disruptions for low-income households, individuals who rely on un-interrupted power, utilize assistive and/or medical equipment, or experience other access and functional needs; and
- Reduced greenhouse gas emissions by deploying clean generation technologies and expanding the market for resiliency solutions that do not rely upon diesel generation.

The program is anticipated to launch later in 2022.

Modernizing the Electric Grid for a High DER Future. The CPUC also has a proceeding² to modernize the state's electric grid to integrate a high number of DERs, including electric vehicle charging. The proceeding focuses on preparing the grid to accommodate what is expected to be a high DER future and capturing as much ratepayer value as possible through actions such as clarifying grid roles and responsibilities, vehicle charging infrastructure forecasting, and community engagement.

The proceeding will consider increasing community engagement with distribution grid planning and investigating the evolving roles and responsibilities of utilities, distribution operators, and DER stakeholders, towards achieving the following goals:

- Enable swift evolution of grid capabilities and operations to integrate solar, storage, electric vehicles and charging equipment, flexible load management, and other DERs to safely and reliably meet the State's 100% clean energy goals;
- Improve distribution planning, including charging infrastructure forecasting to support cost-effective and widespread transportation electrification; and,
- Optimize grid infrastructure investments by facilitating community input about planned developments, DER siting plans, and resiliency needs.

COMMENTS:

- 1) *Author's Statement.* According to the author, "SB 833 calls for the creation of a new technical assistance and grant program administered by the California Energy Commission to provide local governments with the resources needed to develop clean energy resilience plans in consultation with local residents and collaboration with utilities. Most local governments in California currently lack the expertise and other resources to conduct energy resilience planning. The program would prioritize enhanced resilience for low-income communities. The increasing frequency of electrical outages, especially those driven by extreme climate events, has imposed enormous costs on California and prompted many homeowners, businesses, and utilities to purchase polluting backup generators. SB 833 offers a better alternative through local planning that enhances energy resilience by strategically developing decentralized, local clean energy resources that leverage significant cost reductions in clean, distributed energy technologies."
- 2) *Diesel Back-up Generation.* One premise of this measure is that local governments could reduce the use of fossil-fueled BUGs to meet electricity needs during planned and unplanned electric outages if they plan for the development of microgrids. Until there is a

² See <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M382/K451/382451995.PDF>

reliable, emissions-free alternative, the use of fossil-fueled BUGs will continue. The availability of that alternative is rapidly evolving.

The CPUC held a workshop in August 2020³ to explore solutions to replace diesel BUGs by supplying power to all customers at a substation level which could be ready in 2021 and would be capable of islanding a circuit for 48 and/or 96 hours. They concluded that available, safe, GHG-free, and cost-effective alternatives to diesel generation were not yet available in the market. Following this, the CPUC issued a ruling soliciting comment on a proposal for an interim approach for minimizing the emissions associated with providing temporary power at substations in 2021 while ensuring reliability at just and reasonable rates as well as a process for completing the transition to clean technologies and fuels in future years. Since that ruling, the commercialization of microgrids has begun, with the CPUC adopting related rates, tariffs, and rules in January, 2021. Under a Proclamation of State Emergency, the CPUC was requested to expedite clean reliability resources. In response, the CPUC directed parties to submit resiliency and microgrid proposals for summer 2022 and summer 2023 reliability which were adopted in December, 2021.

- 3) *What is a clean distributed energy resource?* This bill does not specify what technologies qualify as “clean distributed energy resources” for the purposes of making community energy resilience plans. “Clean distributed energy resource” is likewise not defined in statute.⁴ Structuring the bill in this manner allows local governments the most flexibility to design their plans in a way that matches needs. The bill calls for the CEC to maintain a publicly available Resiliency Valuation Index to assist local governments in making cost-benefit calculations of different resilience investments. This index may help shield local governments from the risk of emerging, costly technologies. Another aspect of the plans that is not defined is “local electrical loads,” which must be met by “local, clean distributed energy resources” in the strategy set forward by the local governments. This language may imply that local governments must plan to meet all electrical load with DERs, rather than the electrical loads needed to maintain stable electrical supply to “identified critical facilities.” **The committee may wish to amend the definition of community energy resilience plans to clarify the scope.**
- 4) *Grants.* Generally, grants are awarded based on a competitive solicitation, however there are instances in which grant monies can be directed to designated institutions non-competitively. For example, the California Department of Parks and Recreation awards funds to local governments for park rehabilitation, creation, and improvement on a per capita basis.⁵ Similarly, the Coastal Commission allows review and awarding of targeted grants to support local governments in planning for sea level rise on a non-competitive, rolling basis.⁶ This bill seeks to prioritize low-income and disadvantaged communities

³ *Diesel Alternatives Workshop*, August 25, 2020, California Public Utilities Commission available at: <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/infrastructure/resiliency-and-microgrids/resiliency-and-microgrids-events-and-materials>

⁴ Although statute does provide a definition of “distributed energy resource” dating back to the energy crisis. Found in Public Utilities Code § 353.1.

⁵ California Department of Parks and Recreation. “Per Capita Program.” (Funded by the Parks and Water Bond Act of 2018, Proposition 68). https://www.parks.ca.gov/?page_id=30095

⁶ California Coastal Commission. “Updated LCP Grant Program Guidelines.” *Local Coastal Program Grant Program Details*. October, 2021. <https://www.coastal.ca.gov/lcp/grants/>

most likely to experience power outages. However, in a competitive grant solicitation, the local governments representing these communities may not have the resources to devote to competitive application processes. Additionally, the CEC would not be allowed to provide technical assistance to local governments in preparing applications under competitive solicitations. **Given these limitations that seem counter to the desire of the author, the committee may wish to consider specifying that the grants for this program shall be awarded by the CEC to local governments on a non-competitive basis.**

- 5) *Timing.* While the bill places no deadline on the CEC to comply with the Community Energy Resilience Act of 2022, the appropriation made by the bill, as it is not otherwise limited by the bill language, will be available “for three years after the date upon which it first became available for encumbrance or expenditure.”⁷ The CEC instead requested a timeline of two years for encumbrance of the funds and four years for liquidation of the funds to allow sufficient time to execute to grant program. **The committee may wish to consider an amendment to grant the requested timeline.**

6) *Prior Legislation.*

SB 155 (Committee on Budget and Fiscal Review) Public Resources Trailer Bill, makes certain funding available in the 2022–23 and 2023–24 fiscal years to the SGC, in coordination with the OPR, for the establishment of a grant program for the construction or retrofit of facilities that will serve as community resilience centers to mitigate the public health impacts of emergency situations exacerbated by climate change, such as wildfire, power outages, or flooding, on local populations. Status – Chapter 158, Statutes of 2021

SB 99 (Dodd, 2021) would have established the Community Energy Resilience Act of 2021, upon appropriation by the Legislature, administered by the CEC, to develop and implement a grant program for local governments to develop community energy resilience plans and expedite permit review of distributed energy resources. Status – held in the Assembly Committee on Appropriations

AB 418 (Valladares, 2021) would have established the Community Power Resiliency Program, to be administered by the Office of Emergency Services, to support local governments’ efforts to improve resiliency in response to power outage events, as specified. Status – Vetoed by the governor.

SB 1314 (Dodd, 2020) proposed similar language as SB 99 (Dodd, 2021). However, it was never heard in a committee. Status – Died, Senate Committee on Natural Resources & Water

SB 1339 (Stern) required the CPUC, in consultation with the CEC, and the California Independent System Operator, to take specified actions by December 1, 2020, to facilitate the commercialization of microgrids for distribution customers of large electrical corporations. Status – Chapter 566, Statutes of 2018

⁷ See Government Code § 16304.

AB 1144 (Friedman) required the CPUC to support resiliency during a deenergization event for communities in high fire threat districts by allocating at least ten percent (\$16.6 million) of the annual allocation of the self-generation incentive program in 2020 for the installation of energy storage and other distributed energy resources for customers that operate a critical facility or critical infrastructure in these communities. Status – Chapter 394, Statutes of 2019

REGISTERED SUPPORT / OPPOSITION:

Support

350 Bay Area Action
350 Humboldt: Grass Roots Climate Action
350 Silicon Valley
Ann Hancock, concerned citizen
Association of Regional Center Agencies
Bioenergy Association of California
Bloom Energy
California Alliance for Community Energy
California Alliance for Retired Americans
California Alliance of Nurses for Healthy Environments
California Energy Storage Alliance
California Environmental Voters
California Solar & Storage Association
California Wind Energy Association
Capstone Green Energy
Center for Sustainable Energy
Central California Environmental Justice Network
City of Half Moon Bay
City of Santa Rosa
Civicwell
Clean Coaliton
Climate Reality Project, San Fernando Valley
Climate Resolve
Coalition for Clean Air
Community Energy Labs
Community Environmental Council
Dayenu Circle of Jewish Silicon Valley
Ecoshift Consulting
Electric Auto Association San Joaquin Valley
Electrify Now
Environment California
Grid Alternatives
Indivisible California Green Team
Indivisible San Jose
Indivisible Ventura
Joint Venture Silicon Valley

League of California Cities
Local Government Sustainable Energy Coalition
Los Angeles County Solid Waste Management Committee/integrated Waste Management Task Force
Mainspring Energy
Menlo Spark
Microgrid Resources Coalition
Monterey; County of
National Parks Conservation Association
Natural Resources Defense Council
Normal Heights Indivisible
North Bay Leadership Council
Peninsula Interfaith Climate Action
Pioneer Community Energy
Recolte Energy
Rising Sun Center for Opportunity
Rooted in Resistance
Rural County Representatives of California (RCRC)
San Diego 350
San Francisco Bay Physicians for Social Responsibility
San Jose Community Energy Advocates
Schneider Electric
Sierra Club California
Silicon Valley Clean Energy
Slo Climate Coalition
Smartblock Communities
Sonoma Clean Power
Team Resilient Palisades
Terraverde Energy
The Climate Center
The Climate Reality Project San Diego Chapter
The Democrats of Rossmoor
The Energy Coalition
Union of Concerned Scientists
Valley Clean Energy Alliance
Ygrene Energy Fund
ZEV 2030
ZNE Alliance

Opposition

None on file.

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