Date of Hearing: June 30, 2021

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Chris Holden, Chair
SB 99 (Dodd) – As Amended April 12, 2021

SENATE VOTE: 40-0

SUBJECT: Community Energy Resilience Act of 2021

SUMMARY: Directs the California Energy Commission (CEC) to develop and implement a grant and technical assistance program to facilitate the development of local government plans and projects to reduce the adverse impacts of electrical power interruptions on critical facilities resulting from scheduled and unintended outages and to expedite the permit approval for distributed energy resources (DERs). Specifically, **this bill**:

1) Requires the CEC to:
    a. Develop a plan for the structure and content of the plans, including development of a formula for prioritizing funds for critical facilities in low-income or disadvantaged communities that are most likely to experience deenergization events;
    b. Develop a process for expedited permit review of DERs;
    c. Conduct two public meetings to consider public comment;
    d. Prioritize funding for proposals that support local collaborations for plans to achieve resiliency and renewable energy goals and integrate electric vehicles as battery storage resources;
    e. Fund technical assistance to providers to assist in plan development;
    f. Maintain a publicly available and searchable database of all funded plans and relevant metrics;
    g. Annually report specified information about the grant program to the Legislature and post the report on its internet website; and
    h. Prepare an annual summary of statewide program expenditures and hire an independent third-party evaluator to quantify and evaluate the effects of the grant program.

2) Specifies that the plans include identification of critical facilities, hubs to accommodate and provide basic services to people who have lost power to their homes, areas most likely to experience utility-planned deenergization, critical facilities likely to need backup generation (BUGs) and possible resources, distribution grid improvements, and locations and funding sources for microgrids. The plans must be consistent with local general plans and other local government planning documents and ensure that a reliable electricity supply is maintained at critical facilities.

3) Requires utilities to share information to identify critical facilities and areas most likely to experience deenergization events.

4) Permits local governments and California Native American tribes to apply for grants and technical assistance and authorizes community choice aggregators and regional energy collaboratives to apply for funding and prepare a community energy resilience plan on

behalf of one or more of the local governments it serves upon request of that local government.

5) Expresses the intent of the Legislature to fund the deployment of microgrids based on community energy resiliency plans from the General Fund.

EXISTING LAW:

1) Requires each electric investor-owned utility (IOU) to develop a wildfire mitigation plan which must include among the specified elements, if deenergizing is used, protocols for the deenergization of transmission infrastructure, for instances when the deenergization may impact customers who, or entities that, are dependent upon the infrastructure. (Public Utilities Code § 8386 [c] [10]).

2) Authorizes an IOU to deploy BUGs or provide financial assistance for BUGs for affected customers. (Public Utilities Code § 8386 [c] [6][D]).

3) Provides funding for cities, counties, special districts, and tribes for preparedness measures in response to power outage events. (Budget Acts of 2019, 2020, 2021)

4) Authorizes cities, cities and counties, and counties to create disaster councils, by ordinance, to develop plans for meeting any condition constituting a local emergency or state of emergency, including, but not limited to, earthquakes, natural or manmade disasters specific to that jurisdiction, or state of war emergency. (Government Code § 8610)

5) Establishes the Office of Emergency Services (OES) 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.)

FISCAL EFFECT: According to the Senate Appropriations Committee:

Unknown cost pressure, potentially in the tens of millions of dollars ongoing (General Fund or special fund), to fund the Community Energy Resilience Act of 2021, the grant program that this bill would establish.

Assuming a grant fund of $10 million, the CEC estimates costs of $750,000 annually (General Fund or special fund) for five positions to administer a grant program as outlined by the bill, plus $250,000 ongoing (General Fund or special fund) for a technical support contract to conduct outreach as well as support database management. The CEC notes that any costs would vary based on the funding amount appropriated for the grant program.

BACKGROUND:

Public Safety Power Shutoffs – 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). However, 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.

COMMENTS:

1) *Author's Statement*. In the face of accelerating climate change impacts, California must address the vulnerability of its electrical grid to disruptive events. Devastating power outages in 2019 and 2020 – including PSPS events as well as the August 2020 capacity shortfall outages – affected millions of electricity customers and cost California billions of dollars.

   These disruptive events highlighted the importance of resilient energy, which is intrinsically local and can best be created through development of DERs within every community. Currently, the inability of local governments and communities to plan and deploy resilient local clean energy alternatives has resulted in vast public and private investment in fossil fuel backup generation, which runs counter to California's decarbonization goals. What is needed, and what SB 99 provides, is a new state policy framework grounded in local government leadership that can realize the full system and societal benefits of DERs

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. However, the reason the use of fossil-fueled BUGs continues is because there is not a reliable, emissions-free, alternative at this time.

   The CPUC held a workshop in August 2020[1] 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 are not yet available in the market.

   Additionally, the committee is unaware of any microgrid in the state that doesn't rely, at least partially, on fossil-fueled resources.

3) *Public Safety Power Shutoffs*. An additional impetus for this bill is concern over the use of deenergization by IOUs to reduce the possibility of the ignition of wildfires by electric lines in times of high heat and wind, and low humidity. The impacts of PSPS events are significant but the use of PSPS is planned to be a temporary measure for most areas. 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

[1] *Diesel Alternatives Workshop*, August 25, 2020, California Public Utilities Commission available at: https://www.cpuc.ca.gov/General.aspx?id=6442463482

sectionalizing and other measures including the use 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.

4) *OES Resiliency Grants*. For three budget years grants have been made available by the OES to local governments and tribes to address the impacts of outages. Grants were first funded in the 2019-2020 budget year to prepare for and respond specifically to PSPS events. 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.

   Funding was continued for the grants in the 2020-21 and 2021-22 budget years. 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.

5) *Microgrid Incentive Program*. The author and sponsor's intent is to "empower locally-driven community energy resilience plans based on clean energy technologies." The CPUC has approved a program to do this. In January 2021, the CPUC authorized the Microgrid Incentive Program,[2] with a $200 million budget, to fund clean energy microgrids to support the critical needs of vulnerable communities impacted by grid outages and to test new technologies or regulatory approaches to inform future action.

   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;
   - 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 at the end of 2021.

6) *Modernizing the Electric Grid for a High DER Future*. Last week the CPUC opened a new proceeding,[3] 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

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[2] *See* https://www.cpuc.ca.gov/resiliencyandmicrogrids/
[3] *See* https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M382/K451/382451995.PDF

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 percent 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.

This new CPUC proceeding has the same goal as the bill before the committee.

7) *Need*? Given the funding for OES resiliency grants and the two proceedings by the CPUC referenced above to investigate and collaborate on the development of local DERS, the need for this bill is not evident, is duplicative in some ways, and ahead of its time in others. *Should the bill move forward, the committee may want to consider amendments to:*

   - *Limit eligibility to local governments and tribes;*
   - *Limit grants to planning and not DER projects (expresses the intent of the Legislature to fund local generation projects from the General Fund);*
   - *Eliminate circuit-specific planning provisions to ensure the impacts of broader outages are planned for;*
   - *Ensure planning is technology neutral; and*
   - *Eliminate the definition of "critical facilities" based on CPUC determinations leaving local governments and tribes to determine their own local priorities.*

8) *Related Legislation*. AB 418 (Valladares) - Establishes the Community Power Resiliency Program, to be administered by the OES, to support local governments' efforts to improve resiliency in response to power outage events, as specified. Status: Pending hearing in Senate Appropriations Committee.

REGISTERED SUPPORT / OPPOSITION:

Support

350 Bay Area Action
Advanced Energy Economy
Alliance of Nurses for Healthy Environments
Bioenergy Association of California
California Alliance for Community Energy
California Community Choice Association
California Energy Storage Alliance
California League of Conservation Voters

California Solar & Storage Association
California Solar and Storage Association
Center for Sustainable Energy
Central California Environmental Justice Network
City of Thousand Oaks
Clean Coaliton
Coalition for Clean Air
Community Energy Labs
Community Environmental Council
Electric Auto Association San Joaquin Valley
Electric Vehicle Charging Association
Electrify Now
Environment California
Grid Alternatives
Joint Venture Silicon Valley
League of California Cities
Little Manila Rising
Local Government Commission
Local Government Sustainable Energy Coalition
Marin Clean Energy (MCE)
Menlo Spark
Mi Familia Vota
Microgrid Resources Coalition
National Parks Conservation Association
Natural Resources Defense Council
Peninsula Interfaith Climate Action
Physicians for Social Responsibility - San Francisco Bay Area Chapter
Recolte Energy
Resilient Palisades
Rising Sun Center for Opportunity
Rural County Representatives of California
San Jose Community Energy Advocates
Schneider Electric
Sierra Club California
Silicon Valley Clean Energy
Slo Climate Coalition
Smartblock Communities
Terraverde Energy
The Climate Center
The Climate Reality Project San Diego Chapter
The Energy Coalition
Union of Concerned Scientists
Ventura; County of
Vote Solar
Watsonville; City of
Ygrene Energy Fund
Zev 2030

Opposition

None on file.

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