



# Council Agenda Report

To: Mayor Farrer and the Honorable Members of the City Council

Prepared by: Mary Linden, Executive Assistant

Approved by: Reva Feldman, City Manager

Date prepared: May 13, 2020 Meeting date: May 26, 2020

Subject: Senate Bill 1215 – Support (Mayor Pro Tem Pierson)

---

**RECOMMENDED ACTION:** At the request of Mayor Pro Tem Pierson, authorize the Mayor to send a letter of support for Senate Bill (SB) 1215, legislation introduced by Senator Henry Stern to allow communities to develop electricity microgrids to help mitigate against disruptive power outages and protect residents and businesses while also helping the State achieve its energy and resiliency goals.

**FISCAL IMPACT:** There is no fiscal impact associated with the recommended action.

**WORK PLAN:** This item was not included in the Adopted Work Plan for Fiscal Year 2019-2020. This project is part of normal staff operations.

**DISCUSSION:** While the State continues to implement its response to COVID-19, the legislature has also begun to design the early stages of a recovery effort for California. Senator Stern is proposing a “resilient recovery” framework focused on a recovery that makes deliberate investments in physical infrastructure and other projects that create jobs and mitigate some of the other major crises facing our state.

As his first component of the resilient recovery, Senator Stern has introduced SB1215, a bill that would allow for the development of community microgrids by permitting non-investor-owned utilities in California to interconnect with the broader energy grid and provide power to the local community in the case of a Public Safety Power Shutoff (PSPS) event or other large scale power disruption. This would enable school districts, local governments, businesses, residential complexes, and others to develop resilient, reliable, clean, and affordable energy to meet the needs of their community.

SB 1215 would also require utilities and local governments to collaborate in identifying which critical circuits or microgrid projects are needed to ensure energy resiliency is achieved. It also requires the California Public Utilities Commission (CPUC) and Office of Emergency Services (OES) to create a database of critical facilities, infrastructure and related critical circuits, and determine whether it serves a high fire-threat district or vulnerable transmission area, which will inform the State on where energy resiliency projects are needed the most.

The text of SB 1215 (Attachment 1) and a fact sheet (Attachment 2) are attached for reference. Mayor Pro Tem Pierson is requesting that the Council authorize the Mayor to send a letter of support for SB 1215 to Senator Stern.

ATTACHMENTS:

1. SB 1215
2. SB 1215 Fact Sheet

AMENDED IN SENATE MAY 12, 2020

**SENATE BILL**

**No. 1215**

---

---

**Introduced by Senator Stern**

February 20, 2020

---

---

~~An act to add Article 16.7 (commencing with Section 8654.15) to Chapter 7 of Division 1 of Title 2 of the Government Code, and to amend Section Sections 218 and 8370 of, and to add Section 8373 to, the Public Utilities Code, relating to electricity, and making an appropriation therefor. *electricity.*~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1215, as amended, Stern. ~~Electricity: microgrids: grant program. *microgrids.*~~

~~(1) The California Emergency Services Act establishes the Office of Emergency Services in the office of the Governor and provides that the office is responsible for the state's emergency and disaster response services for natural, technological, or manmade disasters and emergencies.~~

~~Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing~~

~~(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Under existing law, "electrical corporation" includes every corporation or person owning, controlling, operating, or managing any electric plant, as defined, for compensation within this state, except as specified.~~

~~This bill would exclude from the definition of "electrical corporation" a corporation or person generating electricity from a microgrid, as defined, that includes any component of electric generation that has~~

*received specified incentives and that provides electricity to one or more corporations or persons for use on any real property whether or not the portions of real property are adjacent to each other or intervened by a public street.*

(2) Existing law requires the commission, in consultation with the State Energy Resources Conservation and Development Commission and the Independent System Operator, to take specified actions by December 1, 2020, to facilitate the commercialization of microgrids for distribution customers of large electrical corporations, including developing microgrid service standards necessary to meet state and local permitting requirements and developing methods to reduce barriers for microgrid deployment without shifting costs between ratepayers.

Under existing law, a violation of any order, decision, rule, direction, demand, or requirement of the commission is a crime.

~~This bill would establish the Local Government Deenergization Event Resiliency Program, to be administered by the Office of Emergency Services, to support state and local government efforts to enhance public safety, protect vulnerable populations and individuals, and improve resiliency in response to deenergization events. The bill would establish the Local Government Deenergization Event Resiliency Fund and would continuously appropriate the moneys in the fund for expenditure for purposes of the bill. The bill would transfer an unspecified sum from the General Fund to the fund, thereby making an appropriation. The bill would allocate unspecified sums from the fund to local governments, joint powers authorities, and special districts for various purposes relating to microgrid projects. The bill would also require the office to offer planning grants and technical assistance to local governments to assist in identifying microgrid projects within their jurisdictions, as provided, and would require an identified microgrid project to satisfy specified requirements.~~

The bill would require the commission, in consultation with the Office of Emergency Services, to ~~collect and make publicly accessible a statewide~~ *create a* database of critical facilities and critical infrastructure, and related critical circuits, and identify with respect to each whether it serves a high fire-threat district or vulnerable transmission area. The bill would require an electrical corporation to file an application with the commission for approval of any distribution system improvements that are necessary to allow a microgrid project to operate while disconnected from the distribution system, or to allow a critical circuit to disconnect from the distribution system. The bill would require the

commission to approve, modify and approve, or deny that application. Because the provisions of this bill may require an order or other action of the commission to implement, and a violation of that order or action would be a crime, this bill would impose a state-mandated local program.

(2)

(3) Existing law requires the commission, in consultation with the Independent System Operator, to establish resource adequacy requirements for electrical corporations, community choice aggregators, and electric service providers.

This bill would require the commission and the Independent System Operator to develop a methodology to account for the resource adequacy value of distributed storage no later than March 31, 2021.

(3)

(4) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote:  $\frac{2}{3}$ -majority. Appropriation: ~~yes~~-no. Fiscal committee: yes. State-mandated local program: yes.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Deenergization of electrical infrastructure should be a last
- 4 resort strategy for wildfire prevention by electrical corporations.
- 5 Losing power for any extended period of time results in hardship
- 6 and losses for an impacted community. An electrical corporation
- 7 should take all necessary steps to ensure that any electricity outage
- 8 causes minimal disruption to its customers.
- 9 (b) Cities, counties, and special districts affected by
- 10 deenergization events have essential government services shut
- 11 down during these outages, affecting public health and safety.
- 12 (c) Critical facilities and critical infrastructure are vital public
- 13 resources that serve essential functions. Critical facilities may
- 14 include law enforcement and emergency response facilities,
- 15 schools, hospitals, prisons, and major roads, but can also include
- 16 facilities serving essential needs of a community, including

1 facilities that provide wastewater treatment or health assistance,  
2 pharmacies, grocery stores, gas stations, local nonprofit  
3 organizations, and emergency shelters. Uninterrupted electrical  
4 supply to these facilities is essential in order to maintain public  
5 health and safety.

6 (d) Medically vulnerable electricity customers face unique  
7 threats to health and safety during outages. The longer a power  
8 shutoff lasts, the more dangerous the consequences can become.

9 (e) The Office of Emergency Services’ State of California Threat  
10 and Hazard Identification and Risk Assessment outlines capability  
11 targets for infrastructure systems during defined threats and  
12 hazards. Those infrastructure system capability targets include  
13 stabilizing critical infrastructure functions, including energy,  
14 transportation, telecommunications, water, and wastewater services,  
15 and public health and medical systems, within the first 72 hours  
16 after an incident. In addition, communities that are in vulnerable  
17 transmission areas or in high fire-risk areas should be a priority.

18 (f) Clean and renewable distributed energy resources, including  
19 microgrids, that can disconnect from the grid can serve as a source  
20 of electricity for critical loads during emergencies or disruptions  
21 in the supply of electricity, thereby reducing the fire risk of  
22 providing electrical service, and can improve overall electrical  
23 grid resiliency. These same resources in nonemergencies can  
24 enhance electrical distribution grid reliability, provide economic  
25 benefits, and help the state meet its clean energy and greenhouse  
26 gas emissions reduction goals.

27 ~~SEC. 2. Article 16.7 (commencing with Section 8654.15) is~~  
28 ~~added to Chapter 7 of Division 1 of Title 2 of the Government~~  
29 ~~Code, to read:~~

30  
31 ~~Article 16.7. Local Government Deenergization Event~~  
32 ~~Resiliency Program~~  
33

34 ~~8654.15. (a) For purposes of this article, the definitions in~~  
35 ~~Section 8370 of the Public Utilities Code apply.~~

36 ~~(b) For purposes of this article, the following terms have the~~  
37 ~~following meanings:~~

38 ~~(1) “Electrical corporation” has the same meaning as defined~~  
39 ~~in Section 218 of the Public Utilities Code.~~

1 (2) “Fund” means the Local Government Deenergization Event  
2 Resiliency Fund.

3 (3) “Local publicly owned electric utility” has the same meaning  
4 as defined in Section 224.3 of the Public Utilities Code.

5 (4) “Office” means the Office of Emergency Services.

6 (5) “Program” means the Local Government Deenergization  
7 Event Resiliency Program.

8 8654.16. (a) (1) The Local Government Deenergization Event  
9 Resiliency Program is hereby established, to be administered by  
10 the office, to support state and local government efforts to enhance  
11 public safety, protect vulnerable populations and individuals, and  
12 improve resiliency in response to deenergization events by  
13 electrical corporations or local publicly owned electric utilities.

14 (2) The office shall also provide grant funding through the  
15 program to local governments, joint powers authorities, and special  
16 districts to plan and deploy energy resiliency projects that maintain  
17 energy services during a deenergization event.

18 (b) (1) The Local Government Deenergization Event Resiliency  
19 Fund is hereby established in the State Treasury, under the  
20 administration of the office. The fund shall consist of all moneys  
21 appropriated for purposes of this article, including moneys made  
22 available for this purpose from the General Fund, bond proceeds,  
23 or any other source.

24 (2) Notwithstanding Section 13340, the moneys in the fund are  
25 continuously appropriated, without regard to fiscal years, to the  
26 office for purposes of this article.

27 (3) The sum of \_\_\_\_\_ million dollars (\$\_\_\_\_\_) is hereby  
28 transferred from the General Fund to the fund.

29 8654.17. (a) The office shall allocate the sum of \_\_\_\_\_ dollars  
30 (\$\_\_\_\_\_) from the fund to assist local governments, joint powers  
31 authorities, and special districts to identify and plan microgrid  
32 projects necessary to meet the resiliency needs of critical facilities  
33 and critical infrastructure located in a high fire-threat district or  
34 vulnerable transmission area.

35 (b) The office shall allocate the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_)  
36 from the fund to assist local governments, joint powers authorities,  
37 and special districts to develop microgrid projects necessary to  
38 meet the resiliency needs of critical facilities and critical  
39 infrastructure located in a high fire-threat district or vulnerable  
40 transmission area.

1 ~~(e) The office shall allocate the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_)~~  
2 ~~from the fund to assist local governments, joint powers authorities,~~  
3 ~~and special districts to develop microgrid projects necessary to~~  
4 ~~meet the resiliency needs of medically vulnerable customers and~~  
5 ~~customers from an access and functional needs population located~~  
6 ~~in a high fire-threat district or vulnerable transmission area.~~

7 ~~(d) The office shall allocate the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_)~~  
8 ~~from the fund to local governments, joint powers authorities, and~~  
9 ~~special districts in the form of grants for the purchase of portable~~  
10 ~~renewable backup generators for medically vulnerable customers~~  
11 ~~and customers from an access and functional needs population~~  
12 ~~located in a high fire-threat district or vulnerable transmission area.~~

13 ~~(e) The office shall allocate the sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_)~~  
14 ~~from the fund to local governments, joint powers authorities, and~~  
15 ~~special districts in the form of grants for equipment that is essential~~  
16 ~~to operating critical facilities and critical infrastructure during a~~  
17 ~~deenergization event and for developing and conducting plans that~~  
18 ~~prepare communities for a deenergization event, including by~~  
19 ~~providing risk assessments for critical facilities and critical~~  
20 ~~infrastructure and equipping resource centers for public access.~~

21 ~~8654.18. (a) In addition to the grant funding provided pursuant~~  
22 ~~to Section 8654.17, the office shall offer planning grants and~~  
23 ~~technical assistance to local governments to assist in identifying~~  
24 ~~microgrid projects within their jurisdictions that will meet the~~  
25 ~~resiliency needs of critical facilities and critical infrastructure,~~  
26 ~~critical customers, and customers from an access and functional~~  
27 ~~needs population. When identifying a microgrid project for~~  
28 ~~purposes of this article, a local government shall determine all of~~  
29 ~~the following information:~~

30 ~~(1) Critical facilities and critical infrastructure and other~~  
31 ~~resiliency needs to be served by the microgrid project.~~

32 ~~(2) Other customers to be served by the microgrid project.~~

33 ~~(3) Critical circuits serving the customers within the microgrid.~~

34 ~~(4) The length of time the microgrid can operate when it is not~~  
35 ~~connected to the larger electrical grid.~~

36 ~~(5) The estimated costs of, and estimated sources of financing~~  
37 ~~for, the microgrid project.~~

38 ~~(6) Services that the microgrid project may provide to the~~  
39 ~~distribution and transmission grid, including emergency support~~  
40 ~~for other customers served by the same critical circuit.~~

1 ~~(7) An estimated timeline for installation of the microgrid~~  
2 ~~project.~~

3 ~~(b) A microgrid project for which a local government receives~~  
4 ~~grant funding pursuant to this section shall satisfy all the following~~  
5 ~~requirements:~~

6 ~~(1) The microgrid project's generating capacity shall consist of~~  
7 ~~eligible renewable distributed energy resources.~~

8 ~~(2) The microgrid project shall be capable of operating~~  
9 ~~independent of the larger electrical grid, of disconnecting from~~  
10 ~~that grid, and of meeting the resiliency needs of a critical facility~~  
11 ~~or critical infrastructure, a critical customer, a customer from an~~  
12 ~~access and functional needs population, or any facility that provides~~  
13 ~~essential goods and services that enhance public health and safety.~~

14 ~~(3) Contracts for the performance of the work on the microgrid~~  
15 ~~project shall ensure that workers are paid at least the prevailing~~  
16 ~~wage for work of a similar character in the locality in which the~~  
17 ~~microgrid project is located. The prevailing wage shall be~~  
18 ~~consistent with the prevailing wage for public works determined~~  
19 ~~by the Director of Industrial Relations pursuant to Article 2~~  
20 ~~(commencing with Section 1770) of Chapter 1 of Part 7 of Division~~  
21 ~~2 of the Labor Code.~~

22 ~~(e) On or before June 1, 2021, and each June 1 thereafter until~~  
23 ~~June 1, 2025, a local government approved to receive a planning~~  
24 ~~grant pursuant to this section shall submit a report to the office~~  
25 ~~that provides a summary of each microgrid project and its status.~~

26 *SEC. 2. Section 218 of the Public Utilities Code is amended*  
27 *to read:*

28 218. (a) "Electrical corporation" includes every corporation  
29 or person owning, controlling, operating, or managing any electric  
30 plant for compensation within this state, except where electricity  
31 is generated on or distributed by the producer through private  
32 property solely for its own use or the use of its tenants and not for  
33 sale or transmission to others.

34 (b) "Electrical corporation" does not include a corporation or  
35 person employing cogeneration technology or producing power  
36 from other than a conventional power source for the generation of  
37 electricity solely for any one or more of the following purposes:

38 (1) Its own use or the use of its tenants.

39 (2) The use of or sale to not more than two other corporations  
40 or persons solely for use on the real property on which the

1 electricity is generated or on real property immediately adjacent  
2 thereto, unless there is an intervening public street constituting the  
3 boundary between the real property on which the electricity is  
4 generated and the immediately adjacent property and one or more  
5 of the following applies:

6 (A) The real property on which the electricity is generated and  
7 the immediately adjacent real property is not under common  
8 ownership or control, or that common ownership or control was  
9 gained solely for purposes of sale of the electricity so generated  
10 and not for other business purposes.

11 (B) The useful thermal output of the facility generating the  
12 electricity is not used on the immediately adjacent property for  
13 petroleum production or refining.

14 (C) The electricity furnished to the immediately adjacent  
15 property is not utilized by a subsidiary or affiliate of the corporation  
16 or person generating the electricity.

17 (3) Sale or transmission to an electrical corporation or state or  
18 local public agency, but not for sale or transmission to others,  
19 unless the corporation or person is otherwise an electrical  
20 corporation.

21 (c) “Electrical corporation” does not include a corporation or  
22 person employing landfill gas technology for the generation of  
23 electricity for any one or more of the following purposes:

24 (1) Its own use or the use of not more than two of its tenants  
25 located on the real property on which the electricity is generated.

26 (2) The use of or sale to not more than two other corporations  
27 or persons solely for use on the real property on which the  
28 electricity is generated.

29 (3) Sale or transmission to an electrical corporation or state or  
30 local public agency.

31 (d) “Electrical corporation” does not include a corporation or  
32 person employing digester gas technology for the generation of  
33 electricity for any one or more of the following purposes:

34 (1) Its own use or the use of not more than two of its tenants  
35 located on the real property on which the electricity is generated.

36 (2) The use of or sale to not more than two other corporations  
37 or persons solely for use on the real property on which the  
38 electricity is generated.

39 (3) Sale or transmission to an electrical corporation or state or  
40 local public agency, if the sale or transmission of the electricity

1 service to a retail customer is provided through the transmission  
2 system of the existing local publicly owned electric utility or  
3 electrical corporation of that retail customer.

4 (e) “Electrical corporation” does not include an independent  
5 solar energy producer, as defined in Article 3 (commencing with  
6 Section 2868) of Chapter 9 of Part 2.

7 (f) (1) *“Electrical corporation” does not include a corporation*  
8 *or person generating electricity from a microgrid that includes*  
9 *any component of electric generation that has received an incentive*  
10 *for the installation of energy storage and other eligible distributed*  
11 *energy resources from the self-generation incentive program*  
12 *pursuant to Section 379.9 or an award from the Electric Program*  
13 *Investment Charge program pursuant to Section 25711.5 of the*  
14 *Public Resources Code, and that provides electricity to one or*  
15 *more corporations or persons for use on any real property whether*  
16 *or not the portions of real property are adjacent to each other or*  
17 *intervened by a public street.*

18 (2) *For purposes of this section, “microgrid” has the same*  
19 *meaning as in Section 8370.*

20 (f)

21 (g) The amendments made to this section at the 1987 portion  
22 of the 1987–88 Regular Session of the Legislature do not apply to  
23 any corporation or person employing cogeneration technology or  
24 producing power from other than a conventional power source for  
25 the generation of electricity that physically produced electricity  
26 prior to January 1, 1989, and furnished that electricity to  
27 immediately adjacent real property for use thereon prior to January  
28 1, 1989.

29 SEC. 3. Section 8370 of the Public Utilities Code is amended  
30 to read:

31 8370. For purposes of this chapter, the following definitions  
32 shall apply:

33 (a) “Access and functional needs population” has the same  
34 meaning as defined in Section 8593.3 of the Government Code.

35 (b) “Community choice aggregator” has the same meaning as  
36 defined in Section 331.1.

37 (c) “Critical circuit” means an electrical circuit that supplies  
38 electricity to one or more critical facilities or to critical  
39 infrastructure, as reported to the commission by each electrical  
40 corporation.

1 (d) “Critical customer” means a customer of an electrical  
2 corporation receiving a medical baseline allowance pursuant to  
3 Section 739 who resides within a high fire-threat district or  
4 vulnerable transmission area, or a customer of a local publicly  
5 owned electric utility enrolled in a life support discount program  
6 who resides within a high fire-threat district or vulnerable  
7 transmission area.

8 (e) “Critical facilities and critical infrastructure” means facilities  
9 and infrastructure that are essential to health and public safety that  
10 require assistance and advance planning to ensure their resiliency  
11 during a deenergization event, as reported to the commission by  
12 the Office of Emergency Services based on consultations with  
13 local governments, including, but not limited to, facilities and  
14 infrastructure within the United States Department of Homeland  
15 Security’s critical infrastructure sectors.

16 (f) “Customer” means a customer of a local publicly owned  
17 electric utility or of a large electrical corporation. A person or  
18 entity is a customer of a large electrical corporation if the customer  
19 is physically located within the service territory of the large  
20 electrical corporation and receives bundled service, distribution  
21 service, or transmission service from the large electrical  
22 corporation.

23 (g) “Distributed energy resource” means an electric generation  
24 or storage technology that complies with the emissions standards  
25 adopted by the State Air Resources Board pursuant to the  
26 distributed generation certification program requirements of Section  
27 94203 of Title 17 of the California Code of Regulations, or any  
28 successor regulation.

29 (h) “High fire-threat district” means a geographic area identified  
30 by the commission as a Tier II or Tier III fire-threat area, where  
31 there is an elevated or extreme risk for fires caused by electrical  
32 infrastructure igniting and spreading rapidly.

33 (i) “Large electrical corporation” means an electrical corporation  
34 with more than 100,000 service connections in California.

35 (j) “Local government” means a city, county, or city and county.

36 (k) “Microgrid” means an interconnected system of loads and  
37 energy resources, including, but not limited to, distributed energy  
38 resources, energy storage, demand response tools, or other  
39 management, forecasting, and analytical tools, appropriately sized  
40 to meet customer needs, within a clearly defined electrical

1 boundary that can act as a single, controllable entity, and can  
2 connect to, disconnect from, or run in parallel with, larger portions  
3 of the electrical grid, or can be managed and isolated to withstand  
4 larger disturbances and maintain electrical supply to connected  
5 critical infrastructure.

6 (l) “Project” means a microgrid project that meets the resiliency  
7 needs of a local government, joint powers authority, or special  
8 district and may include microgrid projects that meet the resiliency  
9 needs for critical facilities and critical infrastructure, critical  
10 customers, or customers from an access and functional needs  
11 population that can operate disconnected from the distribution  
12 system for a predetermined period of time.

13 (m) “Resiliency” means the ability to mitigate and recover from  
14 an electrical service disruption using generation resources that  
15 maintain all or essential electrical service to customers, including  
16 critical facilities and critical infrastructure. Electrical service  
17 disruptions include, but are not limited to, emergencies, natural  
18 disasters, planned or unplanned electricity outages, or other events  
19 that may cause disruptions to important public services.

20 (n) “Vulnerable transmission area” means a geographic area  
21 likely to experience a loss of electrical service from a planned  
22 deenergization event caused by an increased fire risk from electrical  
23 infrastructure located within a high fire-threat district.

24 SEC. 4. Section 8373 is added to the Public Utilities Code, to  
25 read:

26 8373. (a) (1) The commission, in consultation with the Office  
27 of Emergency Services, shall collect and make publicly accessible  
28 a statewide create a database of critical facilities and critical  
29 infrastructure, and related critical circuits, and identify with respect  
30 to each whether it serves a high fire-threat district or vulnerable  
31 transmission area, including whether it serves low-income and  
32 disadvantaged communities within a high fire-threat district or  
33 vulnerable transmission area.

34 (2) A local government may apply to the Office of Emergency  
35 Services for grant funding pursuant to Article 16.7 (commencing  
36 with Section 8654.15) of Chapter 7 of Division 1 of Title 2 of the  
37 Government Code for a microgrid project serving critical facilities  
38 or critical infrastructure within its jurisdiction.

39 (3)

1 (2) An electrical corporation shall collaborate *upon request* with  
2 local governments within ~~their~~ *its* service ~~areas~~ *area* to identify  
3 critical circuits and microgrid ~~projects that are eligible for grant~~  
4 ~~funding pursuant to Article 16.7 (commencing with Section~~  
5 ~~8654.15) of Chapter 7 of Division 1 of Title 2 of the Government~~  
6 ~~Code.~~ *projects.*

7 (b) (1) Eligible distributed energy resources procured ~~pursuant~~  
8 ~~to for~~ a microgrid project ~~that receives grant funding pursuant to~~  
9 ~~Article 16.7 (commencing with Section 8654.15) of Chapter 7 of~~  
10 ~~Division 1 of Title 2 of the Government Code~~ may be used by an  
11 electrical corporation, electric service provider, or community  
12 choice aggregator to satisfy its renewables portfolio standard  
13 procurement requirements established pursuant to Sections 399.15  
14 and 399.16, and may be used by a local publicly owned electric  
15 utility to meet its requirements pursuant to Section 399.30.

16 (2) (A) An electrical corporation, electric service provider, or  
17 community choice aggregator may use capacity resulting from  
18 ~~procurement pursuant to this section~~ *a microgrid project* to satisfy  
19 the resource adequacy requirements established in Section 380  
20 and a local publicly owned electric utility may use that capacity  
21 to satisfy its resource adequacy requirements pursuant to Section  
22 9620.

23 (B) The commission and the Independent System Operator shall  
24 develop a methodology to account for the resource adequacy value  
25 of distributed storage no later than March 31, 2021.

26 (c) (1) An electrical corporation shall file an application with  
27 the commission for approval of any distribution system  
28 improvements that are necessary to allow a microgrid project  
29 ~~identified in the reports provided pursuant to Section 8654.18 of~~  
30 ~~the Government Code~~ to operate while disconnected from the  
31 distribution system, or to allow a critical circuit to disconnect from  
32 the distribution system. An electrical corporation shall be  
33 responsible for any upgrades to the distribution system necessary  
34 to allow a critical circuit to disconnect from the distribution system.

35 (2) The commission shall approve, modify and approve, or deny  
36 an application submitted pursuant to paragraph (1).

37 SEC. 5. No reimbursement is required by this act pursuant to  
38 Section 6 of Article XIII B of the California Constitution because  
39 the only costs that may be incurred by a local agency or school  
40 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty  
2 for a crime or infraction, within the meaning of Section 17556 of  
3 the Government Code, or changes the definition of a crime within  
4 the meaning of Section 6 of Article XIII B of the California  
5 Constitution.

O

# SB 1215 (STERN)

## MICROGRIDS: CRITICAL INFRASTRUCTURE, COLLABORATION, & DATA

UPDATED: MAY 8, 2020 (AS PROPOSED TO BE AMENDED)

### SUMMARY

---

This bill is a “green stimulus” and resilient recovery measure that empowers communities to protect themselves from devastating power shutoffs by facilitating the development of community microgrids that serve critical facilities and infrastructure like nursing homes, fire stations and hospitals. Eligible projects must demonstrate a financial need, serve critical facilities and infrastructure, or be a project that coordinates with the utility serving the customer’s community, relevant local governments, and the Office of Emergency Services for emergency and disaster planning and preparedness.

### THE PROBLEM

---

Last fall, thousands of communities were left without power for days at a time when PSPS events cut power to schools, businesses, homes, community centers, and required hospitals and other critical infrastructure facilities to rely on back-up generators. PSPS events will return in the coming fall, the state needs to prepare for and mitigate against these events in part by giving communities the ability to better respond to the events.

Today, only utility companies are allowed to build a microgrid that can serve an entire community. Given the changing nature of our communities and the environment, California needs to allow local governments and communities to protect themselves against power outages, planned and unplanned, to keep the lights on. This will keep schools, care facilities, grocery stores, gas stations, and many other critical facilities open and provide our neighborhoods and our most vulnerable residents with the safety and security they deserve.

### THIS SOLUTION

---

SB 1215 makes it easier for communities to develop microgrids to help them mitigate against disruptive

power outages, and protect their residents and businesses. It also makes it clear that microgrids can help California achieve other state energy and resiliency goals.

Specifically, SB 1215:

- Allows microgrid projects to be developed by local governments, school districts, local communities and businesses to interconnect and maintain power during an outage.
- Requires utilities and local governments to collaborate in identifying which critical circuits or microgrid projects are needed to ensure energy resiliency is achieved.
- Requires the California Public Utilities Commission (CPUC) and Office of Emergency Services (OES) to create a database of critical facilities, infrastructure and related critical circuits, and determine whether it serves a high fire-threat district or vulnerable transmission area, including whether it serves low-income and disadvantaged communities within that area. This will inform the state on where energy resiliency projects are needed the most.
- Recognizes the value of specific distributed energy resources that are include in each microgrid and allow this electric generation or energy storage meet resource adequacy and renewables portfolio standard (RPS) goals where applicable.
- Requires that microgrid projects with local governments receive specific Self-Generated Incentive Program (SGIP) incentives or Electric Program Investment Charge (EPIC) awards to be eligible to form their “community microgrid”.

## **BACKGROUND**

---

Wildfires and wildfire mitigation efforts, such as PSPS events, in 2019 revealed how vulnerable California's communities and its residents can be during power outages. Over the past four years, the Legislature has required all electric utilities to create wildfire mitigation plans, explaining how their PSPS events would not create hazards for people, but the reality is losing power, sometimes for days at a time, did cause tremendous hardships last year.

During the fall of 2019 nearly a million households were subject to PSPS events throughout the state (987,000).<sup>1</sup> The estimated cost of those events was nearly \$10.45 billion (PG&E: \$10.3 billion; So Cal Edison: \$100 million; SDG&E: \$50 million).<sup>2</sup>

There have been countless stories of families who lost everything in their refrigerators, turned around and spent hundreds of dollars restocking their food, only to be subject to another PSPS event and lose it all a second time. Stories of medically vulnerable individuals who lost medication that needed to be refrigerated or did not have sufficient power to run their medical devices made headlines. Community based microgrids will help ensure that we are better prepared to protect California communities and families where it is most important, at home.

## **THIS BILL**

---

SB 1215 provides broader opportunities for community microgrids to be developed to mitigate against disruptive power outage and protect California communities. The bill also requires a data base be collected with important grid information that will assist the state in identifying energy resiliency projects. The bill requires collaboration between an electrical corporation and a local government. Additionally, SB 1215 makes it clear that a microgrid can help achieve other state energy goals and state resiliency goals.

---

<sup>1</sup> <https://woods.stanford.edu/news/stanford-scholar-testifies-us-senate-wildfire-impacts-grid-reliability>

<sup>2</sup> *Id.*