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 8370 of, and to add Section 8373 to, the Public Utilities Code, relating to electricity, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1215, as introduced, Stern. Electricity: microgrids: grant program.

(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 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 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) 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) 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.
The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:
(a) Deenergization of electrical infrastructure should be a last resort strategy for wildfire prevention by electrical corporations. Losing power for any extended period of time results in hardship and losses for an impacted community. An electrical corporation should take all necessary steps to ensure that any electricity outage causes minimal disruption to its customers.
(b) Cities, counties, and special districts affected by deenergization events have essential government services shut down during these outages, affecting public health and safety.
(c) Critical facilities and critical infrastructure are vital public resources that serve essential functions. Critical facilities may include law enforcement and emergency response facilities, schools, hospitals, prisons, and major roads, but can also include facilities serving essential needs of a community, including facilities that provide wastewater treatment or health assistance, pharmacies, grocery stores, gas stations, local nonprofit organizations, and emergency shelters. Uninterrupted electrical supply to these facilities is essential in order to maintain public health and safety.
(d) Medically vulnerable electricity customers face unique threats to health and safety during outages. The longer a power shutoff lasts, the more dangerous the consequences can become.
(e) The Office of Emergency Services’ State of California Threat and Hazard Identification and Risk Assessment outlines capability targets for infrastructure systems during defined threats and hazards. Those infrastructure system capability targets include stabilizing critical infrastructure functions, including energy, transportation, telecommunications, water, and wastewater services, and public health and medical systems, within the first 72 hours after an incident. In addition, communities that are in vulnerable transmission areas or in high fire-risk areas should be a priority.
(f) Clean and renewable distributed energy resources, including microgrids, that can disconnect from the grid can serve as a source
of electricity for critical loads during emergencies or disruptions in the supply of electricity, thereby reducing the fire risk of providing electrical service, and can improve overall electrical grid resiliency. These same resources in nonemergencies can enhance electrical distribution grid reliability, provide economic benefits, and help the state meet its clean energy and greenhouse gas emissions reduction goals.

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

Article 16.7. Local Government Deenergization Event Resiliency Program

8654.15. (a) For purposes of this article, the definitions in Section 8370 of the Public Utilities Code apply.
(b) For purposes of this article, the following terms have the following meanings:
(1) “Electrical corporation” has the same meaning as defined in Section 218 of the Public Utilities Code.
(2) “Fund” means the Local Government Deenergization Event Resiliency Fund.
(3) “Local publicly owned electric utility” has the same meaning as defined in Section 224.3 of the Public Utilities Code.
(4) “Office” means the Office of Emergency Services.
(5) “Program” means the Local Government Deenergization Event Resiliency Program.

8654.16. (a) (1) The Local Government Deenergization Event Resiliency Program is hereby established, to be administered by the office, to support state and local government efforts to enhance public safety, protect vulnerable populations and individuals, and improve resiliency in response to deenergization events by electrical corporations or local publicly owned electric utilities.
(2) The office shall also provide grant funding through the program to local governments, joint powers authorities, and special districts to plan and deploy energy resiliency projects that maintain energy services during a deenergization event.
(b) (1) The Local Government Deenergization Event Resiliency Fund is hereby established in the State Treasury, under the administration of the office. The fund shall consist of all moneys
appropriated for purposes of this article, including moneys made
available for this purpose from the General Fund, bond proceeds,
or any other source.
(2) Notwithstanding Section 13340, the moneys in the fund are
continuously appropriated, without regard to fiscal years, to the
office for purposes of this article.
(3) The sum of ____ million dollars ($____) is hereby
transferred from the General Fund to the fund.
8654.17. (a) The office shall allocate the sum of ____ dollars
($____) from the fund to assist local governments, joint powers
authorities, and special districts to identify and plan microgrid
projects necessary to meet the resiliency needs of critical facilities
and critical infrastructure located in a high fire-threat district or
vulnerable transmission area.
(b) The office shall allocate the sum of ____ dollars ($____)
from the fund to assist local governments, joint powers authorities,
and special districts to develop microgrid projects necessary to
meet the resiliency needs of critical facilities and critical
infrastructure located in a high fire-threat district or vulnerable
transmission area.
(c) The office shall allocate the sum of ____ dollars ($____)
from the fund to assist local governments, joint powers authorities,
and special districts to develop microgrid projects necessary to
meet the resiliency needs of medically vulnerable customers and
customers from an access and functional needs population located
in a high fire-threat district or vulnerable transmission area.
(d) The office shall allocate the sum of ____ dollars ($____)
from the fund to local governments, joint powers authorities, and
special districts in the form of grants for the purchase of portable
renewable backup generators for medically vulnerable customers
and customers from an access and functional needs population
located in a high fire-threat district or vulnerable transmission area.
(e) The office shall allocate the sum of ____ dollars ($____)
from the fund to local governments, joint powers authorities, and
special districts in the form of grants for equipment that is essential
to operating critical facilities and critical infrastructure during a
deenergization event and for developing and conducting plans that
prepare communities for a deenergization event, including by
providing risk assessments for critical facilities and critical
infrastructure and equipping resource centers for public access.
8654.18. (a) In addition to the grant funding provided pursuant
to Section 8654.17, the office shall offer planning grants and
technical assistance to local governments to assist in identifying
microgrid projects within their jurisdictions that will meet the
resiliency needs of critical facilities and critical infrastructure,
critical customers, and customers from an access and functional
needs population. When identifying a microgrid project for
purposes of this article, a local government shall determine all of
the following information:

1. Critical facilities and critical infrastructure and other
   resiliency needs to be served by the microgrid project.
2. Other customers to be served by the microgrid project.
3. Critical circuits serving the customers within the microgrid.
4. The length of time the microgrid can operate when it is not
   connected to the larger electrical grid.
5. The estimated costs of, and estimated sources of financing
   for, the microgrid project.
6. Services that the microgrid project may provide to the
   distribution and transmission grid, including emergency support
   for other customers served by the same critical circuit.
7. An estimated timeline for installation of the microgrid
   project.

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

1. The microgrid project’s generating capacity shall consist of
   eligible renewable distributed energy resources.
2. The microgrid project shall be capable of operating
   independent of the larger electrical grid, of disconnecting from
   that grid, and of meeting the resiliency needs of a critical facility
   or critical infrastructure, a critical customer, a customer from an
   access and functional needs population, or any facility that provides
   essential goods and services that enhance public health and safety.
3. Contracts for the performance of the work on the microgrid
   project shall ensure that workers are paid at least the prevailing
   wage for work of a similar character in the locality in which the
   microgrid project is located. The prevailing wage shall be
   consistent with the prevailing wage for public works determined
   by the Director of Industrial Relations pursuant to Article 2
(commencing with Section 1770) of Chapter 1 of Part 7 of Division 2 of the Labor Code.

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

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

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

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

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

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

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

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

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

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

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

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

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

(k) “Microgrid” means an interconnected system of loads and
energy resources, including, but not limited to, distributed energy
resources, energy storage, demand response tools, or other
management, forecasting, and analytical tools, appropriately sized
to meet customer needs, within a clearly defined electrical
boundary that can act as a single, controllable entity, and can
connect to, disconnect from, or run in parallel with, larger portions
of the electrical grid, or can be managed and isolated to withstand
larger disturbances and maintain electrical supply to connected
critical infrastructure.

(l) “Project” means a microgrid project that meets the resiliency
needs for critical facilities and critical infrastructure, critical
customers, or customers from an access and functional needs
population that can operate disconnected from the distribution
system for a predetermined period of time.

(m) “Resiliency” means the ability to mitigate and recover from
an electrical service disruption using generation resources that
maintain all or essential electrical service to customers, including
critical facilities and critical infrastructure. Electrical service
disruptions include, but are not limited to, emergencies, natural
disasters, planned or unplanned electricity outages, or other events
that may cause disruptions to important public services.
(n) “Vulnerable transmission area” means a geographic area likely to experience a loss of electrical service from a planned deenergization event caused by an increased fire risk from electrical infrastructure located within a high fire-threat district.

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

8373. (a) (1) The commission, in consultation with the Office of Emergency Services, shall collect and make publicly accessible a statewide 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, including whether it serves low-income and disadvantaged communities within a high fire-threat district or vulnerable transmission area.

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

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

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

(2) (A) An electrical corporation, electric service provider, or community choice aggregator may use capacity resulting from procurement pursuant to this section to satisfy the resource adequacy requirements established in Section 380 and a local publicly owned electric utility may use that capacity to satisfy its resource adequacy requirements pursuant to Section 9620.
The commission and the Independent System Operator shall develop a methodology to account for the resource adequacy value of distributed storage no later than March 31, 2021.

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

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

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.