

Introduced by Senator SternFebruary 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 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.

Vote: $\frac{2}{3}$. Appropriation: yes. 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
17 facilities that provide wastewater treatment or health assistance,
18 pharmacies, grocery stores, gas stations, local nonprofit
19 organizations, and emergency shelters. Uninterrupted electrical
20 supply to these facilities is essential in order to maintain public
21 health and safety.

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

25 (e) The Office of Emergency Services' State of California Threat
26 and Hazard Identification and Risk Assessment outlines capability
27 targets for infrastructure systems during defined threats and
28 hazards. Those infrastructure system capability targets include
29 stabilizing critical infrastructure functions, including energy,
30 transportation, telecommunications, water, and wastewater services,
31 and public health and medical systems, within the first 72 hours
32 after an incident. In addition, communities that are in vulnerable
33 transmission areas or in high fire-risk areas should be a priority.

34 (f) Clean and renewable distributed energy resources, including
35 microgrids, that can disconnect from the grid can serve as a source

1 of electricity for critical loads during emergencies or disruptions
2 in the supply of electricity, thereby reducing the fire risk of
3 providing electrical service, and can improve overall electrical
4 grid resiliency. These same resources in nonemergencies can
5 enhance electrical distribution grid reliability, provide economic
6 benefits, and help the state meet its clean energy and greenhouse
7 gas emissions reduction goals.

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

11
12 Article 16.7. Local Government Deenergization Event
13 Resiliency Program
14

15 8654.15. (a) For purposes of this article, the definitions in
16 Section 8370 of the Public Utilities Code apply.

17 (b) For purposes of this article, the following terms have the
18 following meanings:

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

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

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

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

26 (5) “Program” means the Local Government Deenergization
27 Event Resiliency Program.

28 8654.16. (a) (1) The Local Government Deenergization Event
29 Resiliency Program is hereby established, to be administered by
30 the office, to support state and local government efforts to enhance
31 public safety, protect vulnerable populations and individuals, and
32 improve resiliency in response to deenergization events by
33 electrical corporations or local publicly owned electric utilities.

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

38 (b) (1) The Local Government Deenergization Event Resiliency
39 Fund is hereby established in the State Treasury, under the
40 administration of the office. The fund shall consist of all moneys

1 appropriated for purposes of this article, including moneys made
2 available for this purpose from the General Fund, bond proceeds,
3 or any other source.

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

7 (3) The sum of ____ million dollars (\$____) is hereby
8 transferred from the General Fund to the fund.

9 8654.17. (a) The office shall allocate the sum of ____ dollars
10 (\$____) from the fund to assist local governments, joint powers
11 authorities, and special districts to identify and plan microgrid
12 projects necessary to meet the resiliency needs of critical facilities
13 and critical infrastructure located in a high fire-threat district or
14 vulnerable transmission area.

15 (b) The office shall allocate the sum of ____ dollars (\$____)
16 from the fund to assist local governments, joint powers authorities,
17 and special districts to develop microgrid projects necessary to
18 meet the resiliency needs of critical facilities and critical
19 infrastructure located in a high fire-threat district or vulnerable
20 transmission area.

21 (c) The office shall allocate the sum of ____ dollars (\$____)
22 from the fund to assist local governments, joint powers authorities,
23 and special districts to develop microgrid projects necessary to
24 meet the resiliency needs of medically vulnerable customers and
25 customers from an access and functional needs population located
26 in a high fire-threat district or vulnerable transmission area.

27 (d) The office shall allocate the sum of ____ dollars (\$____)
28 from the fund to local governments, joint powers authorities, and
29 special districts in the form of grants for the purchase of portable
30 renewable backup generators for medically vulnerable customers
31 and customers from an access and functional needs population
32 located in a high fire-threat district or vulnerable transmission area.

33 (e) The office shall allocate the sum of ____ dollars (\$____)
34 from the fund to local governments, joint powers authorities, and
35 special districts in the form of grants for equipment that is essential
36 to operating critical facilities and critical infrastructure during a
37 deenergization event and for developing and conducting plans that
38 prepare communities for a deenergization event, including by
39 providing risk assessments for critical facilities and critical
40 infrastructure and equipping resource centers for public access.

1 8654.18. (a) In addition to the grant funding provided pursuant
2 to Section 8654.17, the office shall offer planning grants and
3 technical assistance to local governments to assist in identifying
4 microgrid projects within their jurisdictions that will meet the
5 resiliency needs of critical facilities and critical infrastructure,
6 critical customers, and customers from an access and functional
7 needs population. When identifying a microgrid project for
8 purposes of this article, a local government shall determine all of
9 the following information:

10 (1) Critical facilities and critical infrastructure and other
11 resiliency needs to be served by the microgrid project.

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

13 (3) Critical circuits serving the customers within the microgrid.

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

16 (5) The estimated costs of, and estimated sources of financing
17 for, the microgrid project.

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

21 (7) An estimated timeline for installation of the microgrid
22 project.

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

26 (1) The microgrid project's generating capacity shall consist of
27 eligible renewable distributed energy resources.

28 (2) The microgrid project shall be capable of operating
29 independent of the larger electrical grid, of disconnecting from
30 that grid, and of meeting the resiliency needs of a critical facility
31 or critical infrastructure, a critical customer, a customer from an
32 access and functional needs population, or any facility that provides
33 essential goods and services that enhance public health and safety.

34 (3) Contracts for the performance of the work on the microgrid
35 project shall ensure that workers are paid at least the prevailing
36 wage for work of a similar character in the locality in which the
37 microgrid project is located. The prevailing wage shall be
38 consistent with the prevailing wage for public works determined
39 by the Director of Industrial Relations pursuant to Article 2

1 (commencing with Section 1770) of Chapter 1 of Part 7 of Division
2 of the Labor Code.

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

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

9 8370. For purposes of this chapter, the following definitions
10 shall apply:

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

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

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

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

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

34 ~~(a)~~

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

1 service, or transmission service from the large electrical
2 corporation.

3 ~~(b)~~

4 (g) “Distributed energy resource” means an electric generation
5 or storage technology that complies with the emissions standards
6 adopted by the State Air Resources Board pursuant to the
7 distributed generation certification program requirements of Section
8 94203 of Title 17 of the California Code of Regulations, or any
9 successor regulation.

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

14 ~~(e)~~

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

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

18 ~~(d)~~

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

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

34 (m) “Resiliency” means the ability to mitigate and recover from
35 an electrical service disruption using generation resources that
36 maintain all or essential electrical service to customers, including
37 critical facilities and critical infrastructure. Electrical service
38 disruptions include, but are not limited to, emergencies, natural
39 disasters, planned or unplanned electricity outages, or other events
40 that may cause disruptions to important public services.

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

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

7 8373. (a) (1) The commission, in consultation with the Office
8 of Emergency Services, shall collect and make publicly accessible
9 a statewide database of critical facilities and critical infrastructure,
10 and related critical circuits, and identify with respect to each
11 whether it serves a high fire-threat district or vulnerable
12 transmission area, including whether it serves low-income and
13 disadvantaged communities within a high fire-threat district or
14 vulnerable transmission area.

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

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

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

34 (2) (A) An electrical corporation, electric service provider, or
35 community choice aggregator may use capacity resulting from
36 procurement pursuant to this section to satisfy the resource
37 adequacy requirements established in Section 380 and a local
38 publicly owned electric utility may use that capacity to satisfy its
39 resource adequacy requirements pursuant to Section 9620.

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

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

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

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