March 3, 2020

The Honorable Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

The Honorable Toni G. Atkins
Senate President pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

Re: Budget Priority for FY 2020-2021, $50M for Clean Energy Community Energy Resilience Planning

Hon. Governor Newsom, Senate Pro Tem Toni Atkins and Assembly Speaker Anthony Rendon:

As you know, Public Safety Power Shutoffs (PSPS) during the 2019 fire season imposed billions of dollars in costs on California, provoking a rush by utilities, businesses, local governments and homeowners to purchase fossil-fuel back-up generators.

We are writing to recommend that the state budget for FY 2020-2021 include $50M in funding for clean community energy resilience planning in order to achieve energy resilience needs in alignment with state GHG-emissions reduction goals.

Absent aggressive state leadership in clean energy resilience planning, both public and private investment will continue to focus on installation of fossil fuel generation – which endangers public health and safety, increases greenhouse gas emissions, and commits to stranded costs.

SB1314, recently introduced by Senator Dodd, creates an appropriate forward-looking policy framework, supporting local governments in hiring Resilience Officers and developing clean energy-based Community Energy Resilience Plans, prioritizing low-income communities.

Below is some additional information regarding this recommendation.
Building new fossil fuel powered generation – relying on outdated and polluting technology -- is currently being embraced by utilities and local governments as a PSPS solution.

PG&E’s current proposal to the CPUC to mitigate future PSPS impacts would require spending hundreds of millions of dollars of ratepayer money to install hundreds of megawatts of gas-fired generation at substations. If approved, this could potentially leave ratepayers footing the bill for permanently installed fossil generation, with no local government consultation and little consideration of cleaner, distributed options – all with guaranteed cost recovery and no risk to PG&E. In addition, it is unrealistic for PG&E to complete installation of large new gas-fired generation projects at substations in time for the 2020 fire season, given needs for environmental compliance, local government approval and construction.

Local governments, including municipalities, counties, water districts and others are also rapidly investing in fossil generation. In the fall of 2019, the California Office of Emergency Services issued $75M to help local governments prepare for future PSPS events. In many cases, these state funds are supporting installation of diesel back-up generators, in direct opposition to the state greenhouse gas and pollution reduction goals.

Clean energy resilience through development of microgrids and distributed energy resources (DERs) is a better solution.

Because of rapidly declining prices for solar and battery storage, it is increasingly evident that new fossil-fuel generators are not the most cost-effective option, and that distributed renewable energy is a better path to resilience,\(^1\) taking advantage of the fact that California already has over a million solar roofs installed – resources which are currently not being used during power outages.\(^2\)

Solar plus storage is more cost effective than fossil fuel backup generators when factoring in use over time.\(^3\) While both fossil fuel generators and clean energy options can provide power during an outage, a generator provides no value while the grid is operational, unlike clean resources like solar and storage which can provide revenue and load shifting benefits on a daily basis.

Clean energy resilience has been demonstrated through related state and local efforts.

\(^1\) For a detailed discussion, see the Vox article here, “Wildfires and blackouts mean Californians need solar panels and microgrids,” Oct 28, 2019.

\(^2\) See the recently released paper by Sunrun which explains how distributed energy resources can reliably supply the same services as gas-powered microgrids. The idea is to disconnect distribution substations from the transmission grid during planned outages and use energy stored in batteries at the distribution substation to re-energize individual distribution circuits on the local level. This re-energization would be triggered by a substation-sited energy storage installation.

\(^3\) See the recently-released Vote Solar report, “Resilient Clean Energy for California.”
approximately $90M in 39 projects to enhance resilience, supporting critical facilities including medical centers, fire stations, and community centers. Examples include Kaiser Permanente Medical Center in Richmond, community facilities like the Blue Lake Rancheria, which is credited with helping to save lives of medically-dependent people during the 2019 power shutoffs, and fire stations in Fremont. 4

- **CCA’s have been developing clean energy resilience programs.** For example, Oakland-based East Bay Community Energy (EBCE) is currently evaluating over 500 critical facilities across Alameda and San Mateo Counties for solar and storage, issuing a solicitation for installation during the summer of 2020. EBCE also issued a solicitation for 32 megawatts of distributed storage and has developed a medical baseline resilience program for customers endangered by PSPS events.

- **Local communities have been completing energy resilience plans and projects.** Strategic Energy Plans have been developed in Southern California to enhance resilience for a transmission-vulnerable region through projects such as the Goleta Load Pocket Community Microgrid (GLPCM). In Northern California, the Calistoga Community Microgrid represents a preemptive effort by a city to mitigate the impact of future PSPS events.

The efforts described can be scaled up and integrated into a new state program following up on Senator Dodd’s introduction of **SB 1314**, the Community Energy Resilience Act.

SB 1314 calls for creation of a new grant and technical assistance program administered by the Strategic Growth Council to help local governments create clean energy Community Energy Resilience Plans for emergency backup power generation. The bill is consistent with recommendations in the State’s draft Integrated Energy Policy Report. Under SB 1314, local governments receiving grants would identify areas most likely to experience a loss of electrical service and develop plans to ensure a reliable electricity supply is maintained at identified critical facilities.

4 For a list of examples statewide, see the recently-released Vote Solar report, “Resilient Clean Energy for California.”

5 See page 134 of the draft IEPR report, which notes that “The California Energy Commission, in partnership with the Integrated Climate Adaptation and Resilience Program, should work to develop guidance and resources to support successful engagement of local government and utility stakeholders in energy sector resilience planning.”
The bill sets forth guiding principles for plan development, prioritizing providing support for critical facilities serving low-income communities. SB 1314 also aligns perfectly with The Climate Center’s Advanced Community Energy initiative, which is developing policy to transition California’s electricity system toward a decentralized, integrated grid architecture which is clean, affordable, resilient, equitable, and safe.

The bill aligns resilience goals with other public policy goals. California can accelerate its progress on meeting transportation electrification, energy and emissions reduction goals by holistically addressing resilience needs. For example, the expected increase in market penetration for electric vehicles provides a future back-up power source for homes, businesses and local governments. These will provide thousands of megawatts of mobile energy storage assets which could provide grid resilience services during outages.

**SB 1314 empowers local governments to make their own decisions about where to site new energy resilience infrastructure in their communities, rather than having decisions imposed upon them by distant corporate decisionmakers.**

The pivotal role of local governments in energy resilience planning was highlighted in the CPUC staff report included in the January 21st ALJ ruling in the SB 1339 Microgrid Proceeding. Utilities should collaborate with local governments in developing resilience solutions -- created with public engagement -- that meet state, local and grid needs.

**$50M in General Funds for FY 2020-2021 is needed to start, prioritizing Community Energy Resilience Plans serving critical facilities for low-income communities in high fire threat districts.**

New state funding would make it possible for eligible local governments to hire Resilience Officers, institutionalizing local government capacity to complete planning for grid outages, starting with developing plans to maintain reliable electric service of California’s tens of thousands of critical facilities

Budgeted funds would also be needed to develop state technical assistance resources, building from and integrating state resources already developed by the CEC as well as the State’s Integrated Climate Adaptation and Resilience Program. Materials developed would address the problem of the current disconnect between local government planning and electricity system planning: cities and counties develop general plans and climate action/adaptation plans, typically with little consideration of the electricity grid and no involvement with the electric utility.

Materials developed as part of the program could include a website portal and interactive guide for community resilience planning, design templates and technical guidance for critical-facility microgrids as well as proactive planning approaches to identify local needs and priorities -- providing a statewide clearinghouse for best practices in local government energy planning.

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6 See the CPUC staff report, “Short-Term Actions to Accelerate the Deployment of Microgrids and Related Resiliency Solutions” included in the January 21st ALJ ruling in the SB 1339 Microgrid Proceeding (Rulemaking 19-09-009).
Once plans are developed, communities would be positioned to pursue related available public and private financing for project implementation, including any project implementation funds that may be available through the proposed Resilience Bond, as well as energy-as-a-service contracting with private third-party project developers.

Pending budget availability, the program could eventually be expanded to support development of clean energy resilience support for critical facilities statewide, not limited to jurisdictions with low-income communities in high fire threat districts.

**Absent state leadership and investment in community energy resilience planning, it is likely that investment will continue to focus on polluting and outdated fossil fuel generation – an outcome which endangers public health and safety and is contrary to California’s greenhouse gas emissions reduction goals.**

Thank you in advance for your attention to this issue. Please contact Kurt Johnson at The Climate Center (kurt@theclimatecenter.org) with any technical questions and Lea-Ann Tratten (LTratten@TrattenPrice.com) or Jena Price (JPrice@TrattenPrice.com) of TrattenPrice Consulting with any policy questions related to this recommendation.

Sincerely,

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