



**April 30, 2020**

Honorable Bill Dodd  
Chair, Senate Governmental Organization Committee  
California State Capitol  
Sacramento, CA 95814

**RE: SB 1215 (Stern) – SUPPORT**

**Dear Chairman Dodd,**

I am writing on behalf of Microgrid Resources Coalition to express support for and urge the Senate Energy Committee to pass SB 1215 (Stern) which will create the Local Government Deenergization Event Resiliency Program that allocates funding for public agency microgrids. Microgrids installed at critical facilities in our local communities are a critical tool to mitigating the impacts of PSPS, modernizing our grid, and achieving California's decarbonization and resiliency goals.

Formed in 2013, the Microgrid Resources Coalition (MRC) is a non-profit organization comprised of owners, operators, developers, suppliers and investors in the microgrid industry working together to promote the widespread implementation of microgrids through laws, regulations, and tariffs that support microgrid access to the market, compensation for services, and a level playing field for deployment and operation. MRC engages in a number of state and regional markets across the U.S., as well as FERC. We have been engaged in the Hawaii microgrid tariff docket, District of Columbia's MEDSIS docket, NY's REV, and PJM's carbon pricing working group.

SB 1215 provides the "seed money" for local governments and critical facilities to deploy resilient energy microgrid solutions widely and expeditiously. Microgrids built through this program will provide community resilience and serve the public interest while adding value to these communities through the creation of local jobs and meeting local sustainability policy goals. The seed funding enables critical facilities, public agencies and essential services to make needed investments in clean and resilient energy solutions and provide added value tailored to a community's specific needs to achieve *sustainability and resiliency*.

This is the year to pass legislation for microgrid funding. Incentives for microgrids can start the planning and development process for the construction of resilient infrastructure at critical facilities in communities that need it most. The timing is perfect because the California Public Utilities Commission (CPUC) is currently underway with implementing SB 1339 (Stern, 2018) to create a standardized interconnection process and specific tariffs for customer microgrids.

These tariffs, once created through Rulemaking R. 19-09-009, will create price signals for customer microgrids to provide grid services to the utility, allowing them to support the larger grid in blue sky conditions and provide backup power for facilities to maintain operations during black sky conditions. Unlocking the full value and benefits of microgrids. The CPUC is developing this process right now and expects the proceeding to continue for the next 12-18 months. SB 1215 microgrid funding will enable



microgrid service to be *monetized* and will create incentives to successfully leverage private investment for a significant portion of the overall capital cost of development and construction of resilient energy systems without impacts to ratepayers.

***Microgrids that serve public and community interests are just and reasonable expenditures.***

Funding from the State Budget should be allocated to ALL public agencies, with priority going to areas that that need MORE funding. Hospitals and the healthcare system run on electric and thermal energy. Without reliable, sustainable power at critically located facilities, healthcare systems are left even more vulnerable. If the state experienced a PSPS event during this time, many more lives could be lost. The funding in SB 1215 assists in ensuring the health care facilities have access to 24/7 power to serve their community.

State funding could be directed to the Strategic Growth Council, where SGC has a wildfire and resiliency grant program already in place through Prop 84. It could be modified to include public agency microgrid grants. Another option is to revitalize the California Clean Energy Jobs Creation Fund, created through Prop 39 for school energy projects. This program ensured that all local education agencies were able to access state funding for energy efficiency, solar and other clean energy projects. It was developed as a need-based program with priority given to low-income and DAC schools. The same concept can be applied to local governments ensuring all public agencies have access to funding for resilient energy systems with more aid going to those in areas with increased risks.

Local governments that receive this funding get to choose, with oversight from their own constituents, projects that are specific to their facilities and community's needs. In most microgrid deployments, developers work with communities to leverage public funding to secure private financing. This is done through energy services performance contracting, power purchase agreements or other arrangements that have gone through the public procurement process under 4217. This procurement process ensures sufficient oversight and accountability while also getting these projects built faster and more cost-effectively. Additionally, the process requires paying prevailing wage, creating local jobs and boosting the state's clean energy economy, which is even more critical now following the job losses after the Pandemic.

While resilient energy projects are being built across the state, the IOUs should be prioritizing and putting resources into getting the aforementioned customer microgrid interconnection processes and price signals developed via R. 19-09-009. They should be making substantial investments in interconnection, which should be an allowable cost for recovery, since it is in the best interest of the utilities to have reliable power to serve their customers. The CPUC is rightly focused on the proceeding being focused on resiliency. It should follow the process outlined by the law exactly and it will result in our communities becoming more resilient as intended.

Developers and customers can be mobilized to deploy microgrids in a much faster and greater manner if we create and enhance market mechanisms that encourage and incentivize private capital investment in a distributed fashion to reach all local communities and public entities. California should be looking to unlock new opportunities for customers and the private sector to take on as much of the risk as possible



when making investments in the grid, especially when it comes to microgrids. As such, the state will pay far less in interest financing climate change mitigation and resiliency investments over the next decade

The Pandemic is glaring proof that critical facilities and essential services must be made more resilient. Resilient power is at the top of the list of necessities for our survival and well-being. The state's rainy-day fund needs to be emptied to address the Pandemic – this is what we have been saving it for. It is prudent for more funding to be immediately allocated to power all these facilities with clean, reliable energy resources such as microgrids. This is a smart investment to mitigate the devastation California has experienced and will continue to experience for years to come.

Microgrids and resilient power are needed for the survival of people, businesses, communities, and the state's economy as a whole. They are a high value, impactful, *sustainable* investment for the state to make and SB 1215 is the vehicle to support this important effort.

For these reasons, the Microgrid Resources Coalition respectfully requests your support for SB 1215. Thank you for your leadership in advancing clean energy and community resiliency in California.

Best regards,

**Allie Detrio**  
**Senior Advisor, Microgrid Resources Coalition**