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Climate Center Comments on the critical role of local communities in planning for accelerated build-out of DERs

Additional submitted attachment is included below.

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Comments of The Climate Center

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Order Instituting Informational Proceeding on Distributed Energy Resources in California's Energy Future

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Summary

The Climate Center has an interest in all issues being addressed in this new distributed energy resource (DER) Proceeding. The objective of this filing is to emphasize three issues:

- the unique capability of DERs to provide local decarbonization, resilience and energy equity benefits to all California communities;
- the critical role of local communities in planning for accelerated build-out of DERs; and
- the importance of providing funding and other support to frontline communities, both to perform local energy planning activities and to participate in regulatory proceedings.

The Climate Center appreciates the Commission's foundational assumption in this proceeding that DERs will be an essential component of California's energy future due to their unique ability to advance the State's goals for decarbonization, resilience and energy equity. We fully support the Commission's intent to identify the full range of DER benefits, particularly their benefits to local communities, which would not be recognized by focusing narrowly on the grid benefits of DERs. This focus on local benefits will, in turn, require new approaches to community engagement, which the Commission and the CPUC committed to at the June 1 workshop, in order to identify and measure local benefits based on community needs and priorities as determined by the affected communities themselves through their trusted representatives and Community-Based Organizations (CBOs).

While investor-owned utilities (IOUs) have tools available to enhance energy resilience at the grid level, they lack jurisdiction or control over built environments (streets, parking lots, public and private buildings, etc.) where clean DERs will be installed. Energy resilience and reliability are intrinsically local and are best achieved through deployment of clean DERs, which necessarily means that local governments and tribal authorities need the capability to plan for community energy resilience. Local governments, particularly in lower-income communities, are currently ill-equipped in terms of capacity and technical knowledge to integrate energy resilience into local planning. The findings of this proceeding can help remedy this deficiency by establishing collaborative relationships with local leaders and CBOs, to thereby inform a new state program to systematically support local governments to perform community energy resilience planning, prioritizing frontline communities. To this end, The Climate Center urges the Commission to identify and make available funding support for local community leaders and CBOs to become full participants and partners in this proceeding.

State Reports Have Acknowledged the Need for Planning Support for Local Governments

CPUC Decisions and a CEC Report have recognized that providing support for local governments is a critical prerequisite for achieving community energy resilience. The CPUC, in its June 2020 Decision issued in the microgrid proceeding mandated by SB 1339, directed investor-owned utilities to share information with local jurisdictions to support community resilience efforts, but did not allocate resources to local governments to enable effective energy planning.

The CEC's February 2021 "Public Safety Power Shutoff Workstream Report" noted that "creating standardized pathways for community energy and microgrid projects will enable more projects to be successful" and "communities should design community-focused energy

projects that address their core objectives and recognize their unique needs." This level and scope of community planning will not occur absent increased state support, particularly for local governments in California's most vulnerable communities.

There is a Need for a New CEC Program to Help Local Governments to Systematically Plan for How to Build a Cleaner, Distributed and More Equitable Grid.

Billions of dollars of state and federal money are becoming available for climate and energy resilience. The recently-enacted federal infrastructure bill includes billions for clean energy to help states and tribes adapt to climate disruption. Governor Newsom's proposed May budget revise and the legislature's budget framework contain billions to enhance energy resilience. These funds will not be able to be effectively used for clean energy resilience without local energy planning. Other states are already supporting clean energy infrastructure planning. Massachusetts has a state program supporting local governments with clean energy resilience planning. Colorado recently enacted new legislation calling for microgrid planning. New Jersey has a state program supporting microgrid planning.

Pending State Legislation Addresses This Deficiency: SB 833

Pending state legislation would support local governments in completing needed planning. SB 833, the Community Energy Resilience Act of 2022 (Dodd), calls for the creation of a new technical assistance and grant program administered by the CEC to provide local governments with the resources needed to develop clean energy resilience plans in consultation with local residents and collaboration with utilities.

Siting of DERs (e.g. photovoltaics, battery storage, fuel cells, EV charging stations, etc.) is inherently jurisdictional to local governments and requires compliance with local land use and planning ordinances, yet most local governments in California currently lack the expertise and other resources to conduct energy resilience planning. SB 833 addresses this deficiency.

California's electric distribution utilities have been working to enhance resilience through grid-based options available to them, but they do not control built environments like roofs and parking lots where new DERs could be strategically located. Because energy resilience is inherently local, building a more resilient system requires collaboration between local governments, distribution utilities, and property owners to plan and site DERs in a manner that optimally defrays system upgrade costs through a strategic procurement process. SB 833 fills this current void in state policy by providing technical and financial support to local governments who are best positioned to determine how and where to site resilient energy infrastructure in coordination with the local distribution utility. Rather than making crucial infrastructure investment decisions via a centralized process disconnected from local priorities and needs, SB 833 would foster essential collaboration between local governments and utilities.

SB 833 will enable a community-based complement to the IOU centralized grid planning and investment model to address a glaring problem: development of privately and publicly-owned DER assets are not currently typically considered in the utility planning process. DER deployments at the community level could potentially provide comparable or superior

resilience and reliability benefits at lower cost relative to IOU options. This problem can be resolved once local governments start to independently evaluate the relative economics of different energy resilience options. Wealthier local governments, including Santa Barbara and Los Angeles, have already started doing this.

SB 833 will also help bridge the current disconnect between massive public and private investment in zero emission vehicles and energy planning. California's current electric vehicle fleet has an aggregate capacity of roughly 40 GW and is rapidly growing. So there already exists a large distributed energy storage reserve which could become available to help avoid future outages through integration of local transportation electrification and grid planning, with local governments serving as the critical nexus between EV charging station site owners and distribution utilities.

SB 833 provides a new state policy framework grounded in local government leadership that can realize the full system and societal benefits offered by DERs. Local governments are directly accountable to their residents and serve as the logical nexus between state agencies, regional and local transit agencies, electric utilities and public and private property owners for community energy resilience planning.

State Policy Should Prioritize Provision of Funding to Support Communities of Concern for DER Planning

State policy should prioritize building the distributed, decentralized, clean energy grid of the future in vulnerable communities that suffer the most from power outages and air pollution; this will require providing planning money. In its January 2021 decision in the microgrid proceeding, the CPUC allocated $200M to create a new microgrid incentive program to support development of microgrids in vulnerable communities, but so far has not allocated planning dollars to local communities to enable them to be full participants in planning the local energy systems that will serve them. As noted in CPUC comments filed by the Microgrid Equity Coalition in the Microgrid Proceeding regarding the draft IOU implementation plan for the Microgrid Incentive Program, it is highly unlikely that disadvantaged communities will be able to self-fund preparation of an application to receive project support through the Program. The Governor's May Revise budget proposal included $30M via the CPUC for "capacity building grants" which could potentially be used to help vulnerable communities with needed planning. This is directionally correct, although it only starts to scratch the surface of the currently unmet need with thousands of vulnerable critical facilities in disadvantaged communities statewide.

Conclusion

California is ideally poised to lead the nation with development of policies that capture the resilience benefits of its large and rapidly growing DER capacity, including its million solar roofs and million electric vehicles. With proper planning, this distributed capacity could be integrated and used more effectively as grid assets as well as local energy resilience assets. Realizing this vision will require a new CEC-led effort to systematically support local communities in implementing community energy resilience planning. This state-led effort will be necessary for local communities to effectively utilize billions in new federal and state investments in creating local energy infrastructure to achieve California's decarbonization, equity and resilience goals.