

Date of Hearing: August 20, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 453 (Stern) – As Amended July 17, 2025

Policy Committee: Utilities and Energy

Vote: 18 - 0

Urgency: No

State Mandated Local Program: Yes

Reimbursable: No

**SUMMARY:**

This bill directs the California Public Utilities Commission (CPUC) to review the status of unallocated funds collected as part of the existing Microgrid Incentive Program (MIP).

Specifically, this bill:

- 1) Requires the CPUC to review the status of unallocated funds collected by the state’s largest electric investor-owned utilities (IOUs) and determine if additional actions are needed to advance the MIP.
- 2) If the CPUC determines additional actions are needed to advance the MIP, requires the CPUC to (a) consider the use of a third party to administer the MIP for each applicable IOU and (b), ensure the remaining unallocated funds are allocated to areas that have experienced two or more deenergization events, prioritizing vulnerable communities, including access and functional needs populations that rely on electric medical devices and refrigerated medication, and prioritizing customers that operate critical community infrastructure that supports resiliency during a deenergization event.
- 3) Explicitly requires that any remaining unallocated MIP funds on January 1, 2027, be returned to IOU ratepayers as bill credits and states this bill does not authorize the CPUC to impose an additional charge on ratepayers or to otherwise require the collection of additional funds from ratepayers.

**FISCAL EFFECT:**

Minor, absorbable costs to the CPUC.

While the CPUC does not anticipate costs to result from this bill, it expresses concern that the bill places “a one-time funding directive into permanent statute” and that, “Without a sunset or clear limiting language, the provision could be cited in the future to justify ratepayer funding for privately owned microgrids with primarily private benefits.”

**COMMENTS:**

- 1) **Purpose.** The author intends this bill to lead to investments in microgrid projects, using unallocated funds for an existing program, which the author contends will better protect communities and vulnerable utility customers from harms resulting from deenergization events, such as public safety power shutoffs, used by the IOUs to mitigate wildfire risk.

- 2) **Background.** Generally, a microgrid is an interconnected network of electrical loads and distributed generation resources interconnected to the larger electrical grid that can be “islanded” to operate independent of the electrical grid. In 2018, the Legislature passed SB 1339 (Stern), Chapter 566, Statutes of 2018, to require the CPUC, in consultation with the CEC and CAISO, to take specified actions by December 1, 2020, to facilitate the commercialization of microgrids for distribution customers of large electrical corporations.

The CPUC, subsequent to passage of SB 1339, approved a \$200 million budget for the SB 1339 program, as follows: \$79.2 million for Pacific Gas and Electric (PG&E), \$83.3 million for Southern California Edison (SCE) and \$17.5 million for San Diego Gas and Electric (SDG&E). According to the Assembly Utilities and Energy Committee analysis of this bill, SDG&E reported it has awarded all of its SB 1339 funding, PG&E reported it has awarded about half of its funding, and SCE has reported that it only recently has awarded \$17.5 million for one project and that it has more applications under review.

This leaves about \$43 million in funding available for PG&E and about \$69 million for SCE, money this bill requires be returned to ratepayers if each IOU, respectively, is unable to make use of it by January 1, 2027.

**Analysis Prepared by:** Jay Dickenson / APPR. / (916) 319-2081