



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Submitted on:
(COB Stamp)

Department Name: Community Services
Department No.: 057
Agenda Date: November 18, 2025
Placement: Administrative Agenda
Estimated Time: N/A
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Director(s): Jesús Armas, Director, Community Services Department
Contact: Garrett Wong, Sustainability Division Manager
SUBJECT: Microgrid Incentive Program Applications, District 1 and District 2

^{DS}
JA

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Authorize the Community Services Director to submit three applications (as conceptually illustrated in Attachment A) for New Cuyama East, New Cuyama West and Isla Vista to the Microgrid Incentive Program;
- b) Authorize the Community Services Director and General Services Director to sign the requisite attestation letters to be submitted with the respective applications (Attachment B);
- c) Authorize the Community Services Director to execute the Grant Agreement, if awarded, conditioned on no net cost to the County and subject to concurrence from Auditor, County Counsel and County Executive Officer; and
- d) Determine that the recommended action is not a project per CEQA Guidelines 15262, in which a project involving only feasibility or planning studies for possible future actions which Board has not approved, adopted, or funded.

Summary Text:

Staff request the authority to submit three applications to the Microgrid Incentive Program and execute the grant agreement, if awarded, conditioned on no net cost to the County. The Microgrid Incentive Program (MIP) is a competitive grant program from the California Public Utilities Commission that awards up to \$20 million for the design and development of community microgrids. The Sustainability Division partnered with the Clean Coalition (project team) to explore the feasibility of and submit applications for projects in New Cuyama and Isla Vista. The proposed microgrids would ensure reliable energy for microgrid-connected customers during utility grid power outages and while not impacting customer utility bills (increase nor decrease). The grant program would fund the design, construction and operation of the microgrids for 10 years.

Discussion:

In 2024, the California Public Utilities Commission launched the MIP to facilitate the development, construction and operation of community microgrids throughout the State. The program is designed to serve critical community facilities in rural, tribal, and disadvantaged communities. The microgrids funded through this program should be designed and operated to provide at least 24 hours of self-sufficiency in the event of a utility-outage.

The Sustainability Division partnered with the Clean Coalition (project team) to explore feasibility and submit applications for several projects. Clean Coalition is a Santa Barbara-based nonprofit that specializes in offering technical assistance to organizations seeking to develop advanced energy systems like microgrids. Clean Coalition was instrumental in facilitating the development of 14 microgrids deployed at campuses across the Santa Barbara Unified School District.

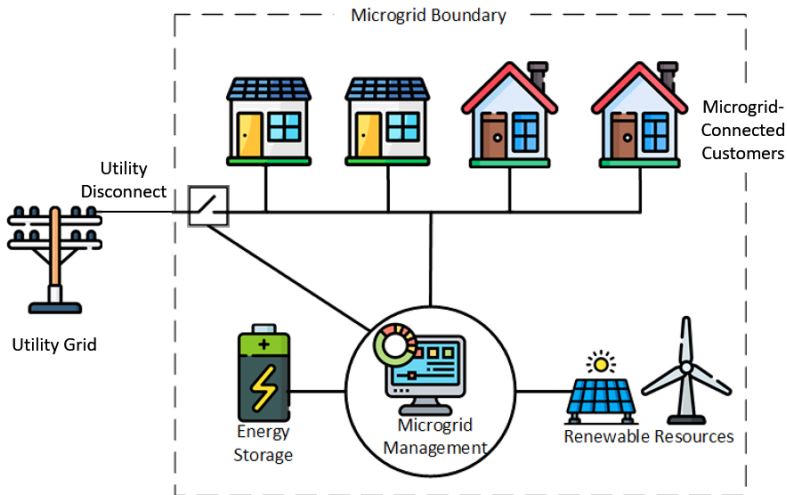
The project team identified three projects to submit to the MIP. The proposed microgrids would ensure reliable energy for microgrid-connected customers during utility grid power outages and would not impact customer utility bills (increase nor decrease). Several customers would benefit from solar arrays providing covered parking and/or lease payments from the siting of solar and battery systems on their properties. These projects would help to achieve the goals and objectives in the 2030 Climate Action Plan and Energy Assurance Plan adopted by the Board in August and October 2024, respectively.

Background:

Utility power outages and Public Safety Power Shutoffs (PSPS) can have significant impacts on community health and safety, business operations and critical community services.

A community microgrid is a hyper local energy system that is self-sufficient with its own energy generation and storage resources and the ability to disconnect - and reconnect - to the larger utility grid. These microgrids are typically designed to provide energy resilience to important community facilities, such as hospitals, police and fire stations. A range of factors determines the size of the microgrid footprint, what community facilities are served and what elements to include in the design. Figure 1 below illustrates the basic concept of a community microgrid.

Figure 1. Community Microgrid Concept



Utility customers that are within the microgrid boundary remain connected to the utility grid. The community microgrid project would install a source of energy (solar), battery energy storage, a microgrid management system and a utility disconnect (grid isolation switch). During regular operations, the microgrid provides energy generation and storage services for the utility grid. During outage events, the microgrid management system will disconnect from the utility grid and direct all energy generation and storage capacity to the microgrid-connected customers. The microgrid-connected customers would not experience any difference in their experience or utility bills during regular operations or outage events. Customers outside of the microgrid boundary would lose their power during the outage event.

The MIP requires that project includes at least three critical community facilities within areas that meet at least one criterion from the Location and Community Requirements (below) to be eligible.

Table 1. Microgrid Incentive Program Project Area Eligibility Requirements

Location	Community
• Tier 2 or 3 High-Fire Threat District • Area that has experienced prior PSPS outage(s) • Elevated earthquake risk zone • Location with lower historical energy reliability	• Census tracts with median household incomes below 60% of the state median • California Native American Tribal Community • Community with highest risk per CalEnviroScreen • Rural area

The project team evaluated several potential areas in the County but found few that met all criteria or had entities that were not responsive or interested in pursuing applications. Three projects were identified in Cuyama Valley and Isla Vista. Conceptual layouts of the projects are in Attachment A. The table below summarizes the highlights of the proposals.

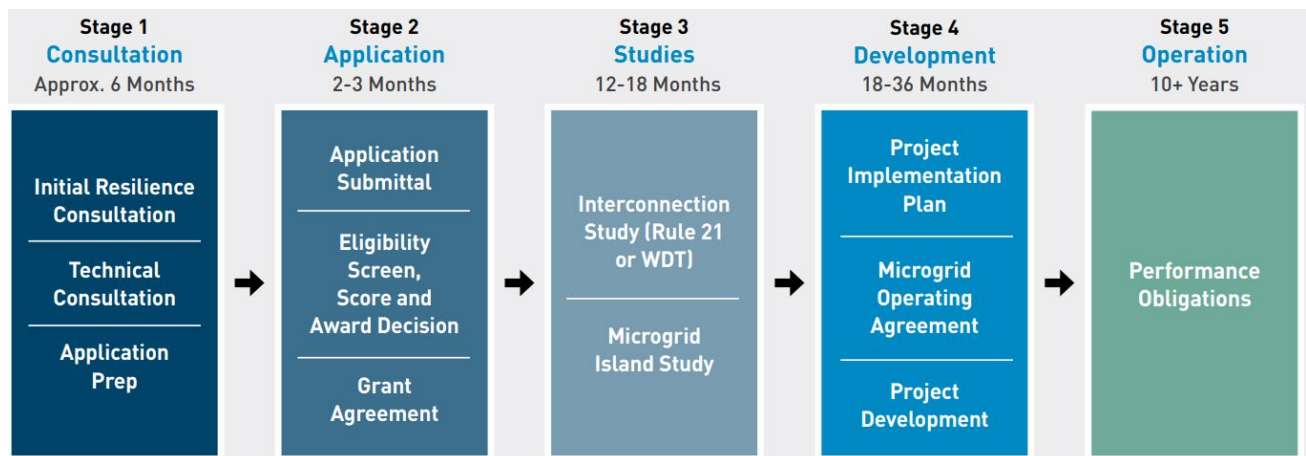
Table 2. Microgrid Project Summaries

Project Name	Isla Vista Community Microgrid	New Cuyama East Community Microgrid	New Cuyama South Community Microgrid
Solar System Size	494 kW DC	701 kW DC	655 kW DC
Battery Size	1,927 kW / 7,708 kWh	979 kW / 3,916 kWh	1,927 kW / 7,708 kWh
Total Customers Served	119 residential customers and 50 non-residential customers	11 non-residential customers	198 residential customers and 23 non-residential customers
Critical Community Facilities & Other Customers	Community Center, Neighborhood Clinic, Sheriff Station, Embarcadero Hall, Theater	Health Clinic, High School, Family Resource Center, Water Treatment Plant, Fire Station and Sheriff Office	County Transfer Station, Road Yard and Aquatic Center, Cuyama Wastewater Treatment Plant, Post Office, Blue Sky Center and Airport
Self-Sufficiency Potential	38 hours up to weeks	73 hours up to months	25 hours up to months
Funding Request	\$12.2M	\$11.2M	\$15.9M

In order to apply, the County must submit the applications and supplemental materials by November 28 to SCE and December 1 to PG&E. The application and funding requests include the full cost of equipment, labor and services, permitting and other related costs associated with the project. Additionally, County staff time, lease payments, community outreach and workforce development programming are also included in the funding requests.

The applications must also include attestation letters (Attachment B) for facilities that have existing backup generators. The letters are to confirm the applicant's agreement to operate the generators only in the event of the microgrid's nonperformance.

Figure 2 below provides an overview of the MIP stages and estimated timeline.

Figure 2. Microgrid Incentive Program Lifecycle

If awarded, staff would need to execute the MIP Grant Agreement (Template, Attachment C and D) to proceed. The agreement sets forth the terms and conditions governing the disbursement and use of approved MIP incentive funding and allowances. The signing of the Grant Agreement marks the conclusion of Stage 2 and triggers the beginning of Stage 3.

An engineering consultant or a microgrid contractor (design, build and operate) will be selected through a competitive process and recommended to the Board for approval to conduct the necessary activities and prepare the necessary documents for Stages 3 and 4.

At Stage 4, a Microgrid Operating Agreement (MOA) would need to be executed with the utilities. This would involve a third party microgrid operator, who would operate the microgrid per program guidelines with no cost to the County or the other connected customers. An operator will be selected through a competitive process and recommended to the Board for approval, if not already selected through the aforementioned process.

Performance Measure:

Awarded Microgrid Incentive Program Applications (up to 3)

Fiscal and Facilities Impacts:

The proposed microgrids would ensure reliable energy for microgrid-connected customers, including the County's facilities, during utility grid power outages while not impacting customer utility bills (increases nor decreases). Several customers could benefit from solar arrays providing covered parking and lease payments for hosting microgrid facilities.

The County facilities that would be directly impacted would be the Isla Vista Community Center and adjacent park area. Where battery and solar facilities are located on County property, the County may receive a lease payment for its use. The lease agreements would need to be negotiated by Real Property Division and approved by the Board.

A third party microgrid operator would operate the microgrid per program guidelines at no cost to the County or the other connected customers. The agreement between the operator and the County would include provisions for the operator to operate and maintain the microgrid facilities.

Fiscal Analysis:

Funding Source	FY [25/26]	FY [26/27]	FY [27/28]	Total
General Fund				
State				
Federal				
Fees				
CPUC	\$75,000		\$39,300,000	\$39,375,000
Total	\$75,000		\$39,300,000	\$39,375,000

The Sustainability Division executed a purchase order with Clean Coalition for an amount not to exceed \$75,000 to develop and submit applications on the County's behalf. Fund balance from 3500 CCSP was used for this purpose. PG&E and SCE will reimburse the County \$75,000 for its application development costs, even if not awarded, after receiving the County's application.

The total funding request from all three applications is \$39.3 million. Staff would execute a grant agreement for each awarded project and initiate activities per the grant program with all budgeted expenses to be reimbursed by the respective utility.

All MIP funds come from utility ratepayers. The program was created and authorized by the California Public Utilities Commission under direction from SB 1339.

Staffing Impacts:

Work related to the grant program can be absorbed by existing staff, free of any request for additional staff.

Special Instructions:

N/A

Attachments:

Attachment A – Proposed Community Microgrid Conceptual Layouts

Attachment B – Attestation Letters

Attachment C – SCE MIP Participant Agreement

Attachment D – PG&E MIP Participant Agreement

Contact Information:

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