



UTILITIES ADVISORY COMMISSION MEETING FINAL MINUTES OF JUNE 6, 2018 REGULAR MEETING

CALL TO ORDER

Vice Chair Ballantine called the meeting of the Utilities Advisory Commission (UAC) to order at 7:00 p.m.

Present: Vice Chair Ballantine, Commissioners Schwartz, Segal, and Trumbull
Absent: Chair Danaher, Commissioners Johnston and Forssell

ORAL COMMUNICATIONS

None

APPROVAL OF THE MINUTES

Commissioner Trumbull moved to approve the minutes from the May 2, 2018 special meeting. Commissioner Segal seconded the motion. The motion carried 4-0 with Vice Chair Ballantine and Commissioners Schwartz, Segal, and Trumbull voting yes.

AGENDA REVIEW AND REVISIONS

None

REPORTS FROM COMMISSIONER MEETINGS/EVENTS

Commissioner Schwartz participated in a webcast for the Voices of Experience Initiative. Information from the Initiative will help City of Palo Alto Utilities (CPAU) take advantage of applications that are now available and that use data from advanced metering infrastructure (AMI). Commissioner Schwartz also participated in another webcast of the Low Income Community Solar Working Group. In light of the California Energy Commission's decision requiring all new homes have either solar on the rooftop or access to community solar, some of the community solar models discussed could be applicable to CPAU.

Commissioner Trumbull understood the requirement applied to all new construction. Commissioner Schwartz clarified that the requirement applied to residences and businesses over a certain size.

UTILITIES GENERAL MANAGER REPORT

Ed Shikada, Utilities General Manager, delivered the General Manager's Report.

Municipal Services Center Open House – Follow-Up to Video - The video you are watching now captures a glimpse of this year's MSC Open House which offered the public a “behind the scenes” view of what it takes to operate the City. More than 350 residents attended to take advantage of special hands-on demonstrations, displays, games and information provided by staff from nearly every department. It was a great way to engage with our residents while celebrating our employees and connection with the community during Public Service Recognition Week, May 6-12.

Tree Line USA - For the fourth year in a row, the City of Palo Alto Utilities has been recognized with the Tree Line USA award by the National Arbor Day Foundation! Tree Line USA recognizes a utility for achieving five core standards of Quality Tree Care, Annual Worker Training, Tree Planting and Public Education, a Tree-Based Energy Conservation Program and Arbor Day Celebration. The City is among an elite group of communities that are recognized as a Tree City USA, with a Tree Line USA Utility, and also a Tree Campus USA with Stanford. This trio of honors is a testimony to the importance of trees in Palo Alto, as well as the collaborative management that exists among City staff across departments.

RP3 Designation – Our Utility has also been recognized as a “Diamond” level Reliable Public Power Provider (RP3) by the American Public Power Association (APPA). Diamond level is the highest honor in this award category! The RP3 program recognizes community-owned, not-for-profit public power utilities that exhibit operational excellence and demonstrate leading practices in: Reliability, Safety, Workforce Development and System Improvement. This recognition is a testament to our Utility's commitment to these values and excellence in the service we provide to the City of Palo Alto.

Mylar Balloon Causes Power Outage for 4,500 Customers - This past weekend a mylar balloon became entangled in power lines in Palo Alto and caused a power outage for about 4,500 utility customers. Unfortunately, this is not an uncommon occurrence, as metallic foil balloons, commonly known as mylar, are a major cause of power outages. We are taking the opportunity to spread awareness about this risk to avoid future incidents, encouraging people to consider an alternative to mylar and to hold onto all balloons when celebrating an occasion.

Annual Walking & Mobile Gas Leak Surveys in Progress - Utilities recently began the annual mobile and walking gas leak detection survey of the City. This routine safety check is conducted every year as required by Department of Transportation Pipeline Safety Regulations, and is carried out to ensure the safety of all who live and work in Palo Alto. Approximately one-half of the City is covered every year so that the entire City gas service system can be reviewed in a two year period. If any gas leaks are found, they are documented and repaired according to Utilities regulations. City contractor, Manesco Corporation, will be performing these gas leak detection surveys through September.

New Water Conservation Legislation - Governor Brown signed into law last week AB 1668 and SB 606 for additional water management planning and urban water use standards. We are working closely with our partners at the Bay Area Water Supply and Conservation Agency (BAWSCA) and Santa Clara Valley Water District to monitor any potential implications to current water use efficiency practices in Palo Alto. Commissioner Trumbull requested a report at an upcoming UAC meeting, so we will be prepared to provide an update as more information becomes available.

Utilities Rates Update – The fiscal year 2019 financial plans and proposed utility rate adjustments will be presented to the City Council on Monday, June 11. If approved, these rates will go into effect July 1. We thank the UAC for review and guidance throughout this process. An overview of these rate changes is available on our website cityofpaloalto.org/RatesOverview and we have provided a printed copy for each Commissioner tonight.

Fiber to the Node RFP - Just a note to let you know that this RFP was issued on May 24. RFP and bid dates can be reviewed via the City's online vendor portal, Planet Bid. Proposals are due June 28.

Upcoming Events

- Leveraging Blockchain for Sustainable Energy - June 7 - This is a panel discussion and networking event hosted by CPAU in partnership with Women in Cleantech and Sustainability and EDF (Electricity of France). Register at cityofpaloalto.org/workshops.
- Re: Maker Fair - June 23 – This free City-sponsored event offers all-ages interactive activities and presentations on sustainable technology and home living.

COMMISSIONER COMMENTS

Commissioner Schwartz shared Nextdoor posts regarding a City contractor requesting entry to a resident's home and utility rates that contained misinformation.

Commissioner Trumbull remarked that meter readers did not believe his assertions that he did not utilize City utilities.

UNFINISHED BUSINESS

None

NEW BUSINESS

ITEM 1: ACTION: Election of Officers.

Commissioner Trumbull suggested Chair Danaher and Vice Chair Ballantine continue serving as Chair and Vice Chair.

Vice Chair Ballantine proposed Commissioner Schwartz serve as Chair or Vice Chair.

ACTION: Vice Chair Ballantine moved to nominate Chair Danaher to continue as Chair and Commissioner Schwartz to become Vice Chair. Commissioner Trumbull seconded the motion. The motion carried 4-0 with Vice Chair Ballantine, and Commissioners Schwartz, Segal, and Trumbull voting yes.

ITEM 2. DISCUSSION: Discussion of Special Resiliency Workshop.

Debra Lloyd, Acting Assistant Director of Utilities Engineering, reported the resiliency workshops fall under Priority 4/Strategy 5 of the Strategic Plan. The first action is to engage in community outreach through the UAC. Timelines for other actions are dependent on the outcome of the workshops. On April 10, staff, Vice Chair Schwartz, and Commissioner Ballantine met to begin planning the workshops. The group proposed the first workshop be held in August over a 2-4-hour period and be structured with two panel discussions and one breakout session. The first panel could be comprised of three or four experts in the field of resiliency. The second panel could be comprised of City staff who would discuss resiliency in the framework of Palo Alto and highlight community assets and potential hazards. During the breakout session, participants could discuss vulnerabilities and protection of assets; identify potential hazards categorized by impact to the community, critical services, built environment, economy, and natural environment; and finally identify the top three priorities. The group proposed a second workshop be held in October over a 1-2-hour period perhaps as part of a UAC meeting. The second workshop could refine a vision and goals based on information and comments learned during the first workshop. Participants could review more specific scenarios such as plans for a second transmission line and development of Distributed Energy Resources (DER). Following the workshops, staff would develop timelines for implementing resiliency efforts, identify further outreach efforts, and present the UAC with a proposed implementation plan in the first quarter of 2019.

Vice Chair Schwartz explained that several hours would be needed for the first workshop because of the complexity and interdependence of issues. The many aspects of resilience need to be viewed holistically in order to understand them. She requested Commissioners comment regarding the length of time.

Councilmember Filseth suggested Commissioners consider the impact of a lengthy workshop on staff as well. The workshop probably should not provide participants with a blank sheet of paper and ask for their ideas. To involve participants in discussion, topics should include actions that individuals can take. For example, participants may be interested in a second transmission line, but there are few if any actions they can take with respect to it.

Commissioner Trumbull concurred with planning a 3-4-hour workshop. Because the focus is community outreach, concepts should be kept short and simple so that the community understands them. Workshop participants should have a glossary of acronyms and terminology as experts do not always explain terms.

Vice Chair Schwartz remarked that carefully selecting the panel participants; involving the community in discussions; and actively recruiting participants who will prepare in advance of the workshop can help the community achieve understanding.

Commissioner Segal also agreed with holding a 3-4-hour workshop and shared Commissioner Trumbull's concern. Workshop information should also provide a sense of the economics for each option.

Commissioner Ballantine stated more time for the workshop would be better.

In response to Councilmember Filseth's question regarding the amount of overlap between resiliency and emergency preparedness, Commissioner Ballantine advised that there is a great deal of overlap between the two. Department of Energy statistical analysis appeared to indicate resiliency and emergency preparedness funding is best spent in preparing for the disaster that cascades into a second disaster.

Vice Chair Schwartz noted consensus for a 3-4-hour workshop. Many experts and businesses that can be invited to the workshop are located in the Bay Area.

Ed Shikada, Utilities General Manager, advised that staff would contact parties to determine possible dates for the first workshop.

ACTION: No action

ITEM 3. DISCUSSION: Long-Term Electric Portfolio Analysis Results and Options for Rebalancing Portfolio in the Next Five to Ten Years.

Shiva Swaminathan, Senior Resources Planner, reported that every five years staff develops criteria to plan and execute portfolio management. Utilities are required to file their Electric Integrated Resource Plans (EIRP) with the California Energy Commission. The Utility's contract with Western for hydroelectricity will expire in 2024. Staff requests Commissioners' input regarding the summary of findings and the EIRP objective and strategies. Based on UAC input, staff will return with a revised EIRP objective and strategies, EIRP regulatory documents, and a work plan for proceeding over the next 3-5 years.

Commissioner Ballantine appreciated the analysis of each portfolio option from a number of perspectives. With the analysis of data, Commissioners can decide how to handle the implications.

Commissioner Segal noted the inherent conflict in the list of EIRP objectives. She questioned whether staff had obtained community input regarding tradeoffs the community is willing to make. Community input is needed to evaluate priorities. EIRP Strategy Number 8 has to be number one because the Utility has to comply with laws. Swaminathan advised that the Council set a premium of no greater than 0.5¢ per kWh when adopting the Renewable Portfolio Standard (RPS) and the Carbon Neutral Plan. Staff achieved the Carbon Neutral Plan with a premium of 0.1¢-0.2¢ per kWh. Now, the decision is how to optimize within the established premium. In December, the UAC suggested Staff focus on minimizing costs while maintaining the RPS and carbon-neutral goals. As to an inherent conflict, staff can present it and the rate impact for discussion.

Vice Chair Schwartz believed tradeoffs were not well understood. The Utility could not be greener than all other electric utilities and have the lowest prices of any electric utility. Councilmember Filseth could assist the UAC with presenting tradeoffs to the Council so that they understand them. The priorities in the community may not align fully with the priorities of the City Council or the UAC. If people really want the

least expensive electric cost, they need to understand that buying Renewable Energy Certificates (RECs) is not the solution. Commissioners need to know the tradeoffs in order to make recommendations to the City Council for direction to staff.

Councilmember Filseth agreed that the City Council and the general public need to understand the meaning of tradeoffs.

Commissioner Trumbull commented that the community does not want to be minimally compliant. The UAC has to sell the notion that being the greenest and the cheapest utility is difficult. In response to Commissioner Trumbull's query regarding the Utility's compliance with regulatory requirements, Swaminathan advised that the Utility is compliant with regulations.

In answer to Vice Chair Schwartz's question regarding the amounts of market power purchases and RECs in the electric supply mix, Jonathan Abendschein, Assistant Director of Utilities Resource Management, explained that the Utility purchased RECs a few years back when the Utility had a deficit from long-term Power Purchase Agreements. The Utility has surpluses from long-term resources that are sold in the summer. In the winter, the Utility has a deficit and brown power is purchased. Commissioner Ballantine remarked that the Utility net meters at a macro scale. In reply to Vice Chair Schwartz's inquiry regarding the purchase of market power in 2020, Swaminathan reported the Utility was not planning to purchase any RECs.

In answer to Councilmember Filseth's query about the CO₂ emitted into the atmosphere over a one-year cycle, Commissioner Ballantine responded the amount is 17% because nighttime power is browner than daytime power. Swaminathan referred to Tables C-1 and C-2 and stated the surplus of 263 GWh of energy displaces 63,000 metric tons of CO₂ per year while the deficit of 201 GWh of energy adds 68,000 metric tons. The net amount of CO₂ is 4,800 metric tons. Total City emissions are approximately 500,000 metric tons; therefore, CO₂ emissions from electricity represent approximately 1% of the total.

In response to Commissioner Ballantine's question regarding potential biogas generation at the City's landfill, Swaminathan explained that staff analyzed a multipurpose project years before, but it did not pencil out.

Abendschein reported legislative and regulatory discussions were underway regarding reporting information on the power content label and counting the carbon in an electric portfolio. Before discussing any changes to the electric portfolio based on carbon emissions, staff wanted to wait for those discussions to unfold. The UAC would have at least two additional meetings to discuss this in more detail. Staff would present a policy discussion of tradeoffs in early 2019.

Commissioner Segal requested staff notify the UAC when the Council's adopted limit on bill impacts related to the Carbon Neutral Portfolio becomes a barrier.

ACTION: No action

ITEM 4. ACTION: Selection of Potential Topic(s) for Discussion at Future UAC Meeting.

None

NEXT SCHEDULED MEETING: August 1, 2018

Meeting adjourned at 8:02 p.m.

Respectfully Submitted
Rachel Chiu
City of Palo Alto Utilities