



DATE: January 9, 2017

AGENDA ITEM # 5

TO: Environmental Commission

FROM: J. Logan, Staff Liaison

SUBJECT: Receive report on Silicon Valley Clean Energy Authority

BACKGROUND

State and Local Mandates

State Assembly Bill 32, the Global Warming Solutions Act, was signed into law in 2006 and directed public agencies in California to support the state-wide target of reducing greenhouse gas (GHG) emissions to 1990 levels by 2020. In addition, California adopted ambitious energy and environmental policies to reduce state-wide greenhouse gas (GHG) emissions to 40% of 1990 levels by 2030 and, to provide 33% of electricity demands in 2020 from renewable resources utilizing clean energy technologies and environmental benefits.

To address the reduction of GHG emissions at the local level, the City Council adopted a Los Altos Climate Action Plan (CAP) on December 10, 2013. The CAP is a comprehensive strategy with goals and measurements to reduce GHG emissions within five focus areas: Transportation, Energy, Resource Conservation, Green Community and Municipal Operations. The CAP was adopted with a target of reducing the community's GHG emissions by at least 15% by 2020 and with an overarching plan for how the City can achieve up to a stretch-goal of 17% reduction in the GHG emissions by 2020.

Community Choice Energy

One method that has the potential to reduce the GHG emission associated with energy consumption is the establishment of Community Choice Energy (CCE), a system that allows cities, counties and Joint Power Authorities (JPA) to aggregate the purchasing power of an identified customer base within a defined area to secure alternative energy supply contracts with the goal of increasing the percentage of energy from renewable sources. The purchase of alternative energy supplies includes renewable sources such as hydroelectric, wind and geothermal as opposed to non-renewable fossil fuels such as coal, oil and natural gas. The consequences inherent in the use of fossil fuels to generate energy are particularly high carbon dioxide equivalents or GHG emissions which contribute to global warming. The ability to form CCEs has been adopted into law in California and a few other states.

In the 2005 Los Altos GHG Community Inventory baseline, residential and commercial electricity account for 18% of Los Altos community-wide GHG emissions. Reducing the GHG intensity of the electricity currently flowing through the PG&E grid by incorporating more energy from renewable sources is an effective way to directly reduce community GHG emissions. If by establishment of a CCE, Los Altos purchased electricity that was 25% cleaner than PG&E-provided grid electricity, the use of renewal-source energy could potentially reduce overall city emissions by up

to 4.5%. If 100% renewable/clean energy were purchased, Los Altos emissions could be reduced by up to 18% and could attain the 2020 stretch goal of 17% reduction in GHG. As such, implementing a CCE has the potential to rapidly reduce community GHGs more so than any other measure currently identified in the Climate Action Plan.

It is noted that the GHG reductions by 2020 are only the first step in the State's GHG reduction goals. The state is proposing additional targets for 2030 and 2050. The initiative of establishing community choices to purchase energy produced by renewal sources is quickly becoming a viable option to achieve GHG reductions. Currently operating Community Choice Energy Programs can demonstrate savings to residents on energy bills and the attainment of sufficient GHG reductions to propel communities to reach short and long-term state goals for clean energy.

In July 2013, the City of Los Altos Environmental Commission explored the concept of GHG reductions that could be achieved by Community Choice Energy and is continuing to hear presentations on the topic and take action for recommendations to Council.

Council Actions

City Council convened a study session on Community Choice Aggregation (Energy) on March 10, 2015. The full staff report and video of the Council CCE study session is posted on the City Website at http://los-altos.granicus.com/GeneratedAgendaViewer.php?view_id=4&clip_id=911

On April 3, 2015 the City of Sunnyvale sent invitations to Santa Clara County cities to participate in the South Bay Technical Feasibility Study currently composed of and partnered by the Cities of Sunnyvale, Mountain View, Cupertino and Unincorporated Santa Clara County. This partnership is investigating the feasibility of a Community Choice Energy program for the South Bay.

At its April 28, 2015 meeting, Council received a staff report proposing CCE Goals and an Approach Plan to formulate and recommend a CCE business model

In accordance with direction given to the Environmental Commission by Council at the March 10, 2015 Study Session, the CCE Subcommittee convened meetings that were held throughout 2015 and part of 2016 to research and determine the feasibility of joining a CCE for the City of Los Altos.

A Regular meeting of the Environmental Commission was held on July 13, 2015 and was immediately followed by a Study Session on CCE. Melody Tovar, Regulatory Programs Divisions Manager, City of Sunnyvale Environmental Services Department delivered a presentation on the Silicon Valley CCE Partnership (SVCCEP).

On August 25, 2015 the Environmental Commission presented a CCE Interim Report to Council and included an update on the progress of the Silicon Valley CCE Partnership.

The Environmental Commission assisted with outreach efforts to promote the CCE Community meeting held at LAYC (Los Altos Youth Center) on January 13, 2016. The presentation provided information about SVCCEP's efforts to form a group of agencies under a Joint Powers Authority to establish a CCE Program within Santa Clara County.

Receive report on Silicon Valley Clean Energy Authority

On January 26, 2016, the Environmental Commission presented its Final CCE Report to Council. Council expressed appreciation to the Commission and directed staff to move forward with the necessary steps for membership in Silicon Valley Clean Energy Authority (SVCEA) and the establishment of a CCA program for Los Altos at its February 9, 2016 meeting. At its February 9 and February 23, 2016 meetings, Council finalized the steps for membership in SVCEA and establishment of a CCA for the City. Mayor Bruins was appointed as the SVCEA regular member of the Board of Directors and Councilmember Mordo as the alternate member.

DISCUSSION

SVCEA held its initial Board of Directors' meeting at the Santa Clara Board of Supervisors chambers on April 13, 2016. The agenda packet and video of the monthly proceedings are available at http://www.svcleanenergy.org/app_pages/view/297.

Commissioner Bray attended the August 27, 2016 SVCEA Board of Directors' Power Supply workshop and provided his comments and briefing of the meeting to the Commission.

The Environmental Commission will review SVCEA monthly agendas, materials and meeting summary notes for purposes of discussion at its Environmental Commission meetings. The results of Commission discussions and recommendations will be provided to Director Bruins. This is in accordance with the Work Plan project to provide resources to Director Bruins on policy and programs guidance. In the event the subcommittee needs to convene for items pertaining to SVCEA, the meeting will be agendaized to the public and will comply with requirements of the Brown Act.

At its November 2016 meeting, Commissioners discussed the GreenPrime opt-up electricity choice for municipal operations and the default GreenStart mix. The Commission requested estimated cost information for both energy choices. This information was provided and discussed. By consensus, the Commission recommends the Council consider the opt-up GreenPrime choice for municipal operations.

At the January 10, 2017 meeting, Council will consider a Subordination Agreement required by SVCEA for purposes of banking and finance procedures. In addition, Council will consider the purchase of GreenPrime or the default GreenStart electricity for municipal operations. Staff reports on these topics are posted on the Council agenda webpage.

Attachment:

- A. January 18, 2017, SVCEA Board of Directors Meeting agenda and relevant materials (provided under separate cover when available)