



## Agenda Report

21-998

Agenda Date: 10/19/2021

### REPORT TO COUNCIL

#### SUBJECT

Action on a Resolution Amending Silicon Valley Power Rate Schedule SB-1 - Standby General Service with Respect to Determination of Reservation Capacity, and Rate Schedule NM - Net Energy Metering Service with Respect to Implementation of an Aggregate Metering Option

#### COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

#### BACKGROUND

Through its Electric Utility, Silicon Valley Power (SVP), the City of Santa Clara provides electric service in the City of Santa Clara using a variety of rate schedules including SVP's Standby Service Schedule (SB-1) and Net Energy Metering Service Schedule (NM) associated with customers who self-generate all of a portion of their electric needs.

##### Schedule SB-1

Rate Schedule SB-1 provides for standby service for customers with self-generation. When a customer uses self-generation in parallel with service from SVP, SVP's Standby Service (Schedule SB-1) is available for any planned or unplanned reduction in customer's generation output and resulting impact on SVP's grid power scheduling and management. This back-up responsibility (or standby service) means that SVP must have the infrastructure and ability to increase power deliveries in order to back-up customers with self-generation, if their own generation is not available for any reason. SB-1 is designed to recover SVP's ongoing cost of being ready to provide this standby service.

Schedule SB-1 was revised by City Council action on December 19, 2017 (Resolution #17-8485) to improve the applicability of Schedule SB-1 to a wider variety of self-generation configurations. Including cases where self-generation was less than 100% of typical customer load. Schedule SB-1 was further amended by City Council action on November 19, 2019 (Resolution #19-8782) to streamline the calculation of capacity reservation charges or amount of capacity required to standby, while achieving substantially the same amount of demand related revenue that SVP would have received under the then current Schedule SB-1. In both the previous and current versions of Schedule SB-1, the amount of reservation capacity was based on the total installed nameplate capacity of customer's self-generation equipment.

##### Schedule NM

NM customers are typically customers with solar generation of less than 1000 kW that supplies only part of the day's load for the customer. Customers served under Rate Schedule NM are not subject to Schedule SB-1.

Pursuant to Public Utility Code 2827, an eligible customer-generator served under SVP Rate Schedule NM with multiple meters may elect to aggregate different accounts in certain circumstances. The customer can aggregate the electrical load of the meters located on the property where the renewable electrical generation facility is located and on all property adjacent or contiguous to the property on which the renewable electrical generation facility is located, if those properties are solely owned, leased, or rented by the same eligible customer-generator. While aggregate metering is allowed in the Public Utility Code, existing SVP Rate Schedule NM does not provide for aggregate metering in these multiple meter situations. Recently, SVP has received several inquiries from commercial and industrial customers seeking the ability to credit their solar generation to their other on-site or adjacent separately-metered electric loads.

#### DISCUSSION

##### Schedule SB-1

The determination of capacity reservation for Schedule B-1 based on customer's total installed nameplate capacity was

meant to be simple and verifiable. However, Schedule SB-1 is applicable to many types of self-generation, including fuel cells - module units that may only lose a portion of their total installed capacity at any particular time, or large solar facilities (in excess of 1,000 KW) - an intermittent resource that is not eligible for Schedule NM thus subject to Schedule SB-1 capacity reservation provisions. This means that only a portion of the total sum of nameplate capacity may require standby services under real world conditions.

Schedule SB-1's current definition of Capacity Reservation does not adequately recognize that a customer's intermittent solar self-generation often will not cause a significant reduction in SVP's demand related revenues under the customer's otherwise applicable rate schedule because the demand revenues may for the most part be captured during non-solar hours. As SVP and SVP's customers have gained more experience with standby customers' installed facilities, staff recognizes that a periodic review is necessary to ensure that the reservation capacity under Schedule SB-1 more accurately reflects the standby service that the customer actually requires from SVP. The proposed change to the determination of Reservation Capacity set forth in new Note D of Schedule SB-1 will allow SVP to make an annual detailed re-assessment of each customer's applicable Reservation Capacity. In addition, staff proposes to clarify Note C with respect to customer's parallel operation and self-generation metering requirements.

#### Schedule NM

SVP has recently received several inquiries and requests from commercial and industrial customers who are seeking to aggregate electric load so that the excess solar generation can be allocated to their other on-site or adjacent separately-metered electric loads. Such allocation is explicitly permitted under Public Utilities Code Section 2827. Therefore, SVP is proposing that a Load Aggregation Option be added to Rate Schedule NM.

#### Proposition 218 and Proposition 26 Exemptions

The charges imposed with the addition of Note D to Rate Schedule SB-1 and the Load Aggregation Option to Rate Schedule NM are exempt from the voter-approval requirements of Proposition 218 and Proposition 26. Proposition 218 expressly exempts electricity service charges (See Cal. Const. Article XIII D, § 3(b)) and Proposition 26 exempts charges imposed for a specific government service directly to the payor that is not provided to those not charged, and which do not exceed the reasonable costs to the local government of providing the service (See Cal. Const. Article XIII C, § 1(e) (2)).

The proposed electricity charges are imposed directly to the payor for the benefit conferred for the electricity service provided and such charges represent the reasonable costs to the City for providing the service. Therefore, in accordance with Proposition 218 and Proposition 26, voter approval is not required to enact the proposed rate schedule amendments.

#### ENVIRONMENTAL REVIEW

The action being considered is statutorily exempt from California Environmental Quality Act ("CEQA") review pursuant to CEQA Guidelines section 15273.

#### FISCAL IMPACT

The dollar impact of adding Note D to Rate Schedule SB-1 and adding a Load Aggregation Option to Rate Schedule NM is not known at this time, but this impact is not expected to be material and staff does not anticipate that a budget adjustment will be needed.

#### COORDINATION

This report was coordinated with the Finance Department and City Attorney's Office.

#### PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>>.

#### RECOMMENDATION

Adopt a Resolution of the City of Santa Clara amending rate schedules to Silicon Valley Power's Standby Service Schedule (SB-1) with respect to determination of Reservation Capacity and amending rate schedule Net Energy Metering Service (NM) with respect to implementation of aggregate metering, effective October 6, 2021.

Reviewed by: Manuel Pineda, Chief Electric Utility Officer  
Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Resolution Amending Rate Schedules SB-1 and Rate Schedule NM
2. Amended Rate Schedule SB-1 to be effective October 6, 2021
3. Amended Rate Schedule NM to be effective October 6, 2021