



Agenda Report

21-21237

Agenda Date: 10/19/2021

SUBJECT

Consideration of the Silicon Valley Power 2020 Power Content Label

COUNCIL PILLAR

Deliver and Enhance High Quality Efficient Services and Infrastructure

BACKGROUND

The Power Source Disclosure (PSD) program was established by Senate Bill (SB) 1305 (Stats. 1997, ch. 796) in an effort to provide retail electricity consumers “accurate, reliable, and simple to understand information on the sources of energy that are used to provide electric services.”

In 2016, the California Energy Commission (CEC) adopted modifications to the regulations to incorporate statutory changes to program rules and reporting requirements as required by Assembly Bill (AB) 162 (Stats. 2009, ch. 313) and AB 2227 (Stats. 2012, ch. 616). AB 1110 (Stats. 2016, ch. 656) modified the PSD Program and Power Content Label by requiring retail suppliers to disclose the greenhouse gas (GHG) emissions intensity (the rate of emissions per unit of electricity) associated with each electricity portfolio beginning in 2021 for the 2020 reporting year. AB 1110 also required the CEC among other things, to determine a format for disclosing unbundled California eligible renewable energy credits (RECs) as a percentage of annual retail sales to be shown as an offset.

The law requires that electricity retail suppliers, like the City of Santa Clara’s Electric Department, dba Silicon Valley Power (SVP), disclose to customers which types of resources are used to generate the electricity being sold to them. SVP is required to use the reporting format developed by the CEC called the Power Content Label (PCL). The data that is used to create the PCL comes from SVP’s Power Source Disclosure (PSD) report that is audited through a third party and submitted to the CEC. Additionally, that CEC combines information from all in-state generation plant owners plus information on electricity imports and exports provided by the California Independent System Operator (CAISO) and other grid balancing authorities serving the state to create California’s overall energy mix, which is called the “CA Power Mix”. The CEC states that the CA Power Mix appears on the PCL as a reference point and it is not an exact apples-to-apples comparison of a retail supplier’s fuel mix..

New Format for 2020

The CEC established a new 2020 PCL that changes how emissions are reported in an effort to create a more streamlined energy procurement accounting system. What this new format means to SVP customers is that SVP’s Power Content Label will now look different than in years past because the new PCL reporting does not count unbundled REC’s unless they are California Eligible Renewables. This does not mean that SVP is purchasing less REC’s, it just means that the PCL that SVP reports to its customers does not include many of the unbundled REC’s that are being purchased through the Green Power Program. Energy procured through Green-e certified power is not recognized by the CEC. Additionally, the new 2020 PCL does not factor in what the carbon intensity of energy is at the

various times when energy is being drawn from the grid. However, SVP will continue to address carbon emissions reductions through all avenues available in order to meet ambitious climate targets set by both the City and the State.

The new 2020 PCL format is broken down into two major sections. The left side of the PCL highlights the carbon intensity of each of the types of electricity products that SVP offers its customers. The right side displays the percentages of energy sources that make up each product. SVP has four types of electricity products offered to our customers. Below we describe how the new PCL format affects the reporting on each product:

- SVP Residential Mix - No change
- SVP Non-Residential - No Change
- SVP Green Power Standard Mix - With the change in the label reporting requirements this year, SVP can no longer show energy offsets that do not fall under the CEC eligible renewable definition. The Green-e certified RECs are not recognized by the CEC unless they are also registered as California Eligible Renewable.
- SVP National Green Power mix - this is a separate label for customers who procure global energy offsets for sustainability and carbon neutrality. The CEC does not recognize any offsets that are not considered California Eligible Renewable and will not allow these Green-e certified renewable RECs be displayed on the California Power Content label.

A notice of PCL availability and link to the SVP website was published on customers' electric utility bill in October and will be published on the Silicon Valley Power website. The PCL will be used in other publications and marketing materials as needed.

DISCUSSION

State Compliance

SVP is in full compliance with the State Renewable Energy Portfolio requirement established in 2004, which has a different set of rules and requirements and time periods separate from the Power Content Label.

Power Content Labels

There are two different Power Content Labels attached. The first label displays only the four energy products and the CA Power Mix per CEC reporting guidelines. This PCL will be submitted to the CEC. The second label includes a combination of the four energy products into SVP's Overall Power mix while also utilizing the California Independent System Operator's (CAISO) emission's factor on an hourly basis for any unspecified energy purchased via the CAISO settled open markets. This combination of SVP's Overall Power mix is comparable to the CA Power Mix. SVP will publish the PCL including the overall SVP power mix. In summary:

- The City's residential load is a 100% carbon-free and renewable energy mix
- The non-residential power mix consists of 31.7% renewable resources. With the inclusion of large hydroelectric generation over 30 MW capacity, SVP's 2020 Power Mix is 48% greenhouse gas (GHG) free.

Information reported in the Power Content Label is the SVP operating data for City-owned power

plants, generation plants operated by the Northern California Power Agency, and Power Purchase agreements. For other specific energy resources, SVP uses information from invoices and RECs that are accounted for in SVP's Western Renewable Energy Generation Information System (WREGIS) account. For those agencies or utilities where a specific generation source (i.e. wind, solar, geothermal, hydro, coal, natural gas, etc.) could not be identified, per the guidelines, staff must assign these resources as "unspecified source of power".

Change over Previous Years

The amount of renewable and carbon free energy in the overall SVP Power Mix decreased compared to the past few years. The decrease in 2020 is largely due the impacts of droughts and wildfires. For example, during an average hydroelectric year, SVP receives over 45% of our clean energy from hydroelectric resources. In 2020, due to drought conditions, SVP only received about half of those expected resources with approximately 23% of its energy from hydroelectric. In 2018, the Camp Fire started in Butte County damaged transmission infrastructure that prevented SVP from receiving electricity from the SVP-owned Grizzly Powerhouse, a small hydro project generating an average 43,000 MWh/year.

Other factors that impact SVP's PCL are the delay in the commercial operation date (COD) of projects SVP has contracted. These delays can occur for a variety of reasons including but not limited to timing and development of transmission expansion, environmental policies, legislative mandates, supply chain issues, and unforeseen events such as the COVID19 pandemic. For example, in 2016, SVP contracted for 49.5 MW of power from the Altamont wind project that was intended to be in commercial operation in 2020. However, due to permitting delays, operations are now not expected until 2023 resulting in approximately 169,000 MWh that did not arrive to our customers.

Upcoming Years

SVP is heavily engaged in clean energy procurement for the future, including negotiations for over 700 MWs of energy totaling over 2,200,000 MWh annually. These resources are in various stages of development and are estimated to achieve commercial operation over the next several years. Additional opportunities are continuously identified by SVP as it is possible that not all negotiations will lead to final agreements or a project will fail to achieve commercial operations. In addition, SVP is working on a Green Tariff program. This voluntary program will enable SVP to procure up to 100% renewable energy for industrial and large commercial customers that want to exceed SVP's current Non-Residential product offering and will be set to ensure any purchases will qualify under the new reporting requirements. This new program will be considered by Council in November/December of this year and will be implemented in 2022.

ENVIRONMENTAL REVIEW

This action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b (5)) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

FISCAL IMPACT

There is no economic or fiscal impact with the exception of staff time in preparing this report.

COORDINATION

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

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>>.

RECOMMENDATION

Note and file SVP's Power Content Label(s).

Reviewed by: Manuel Pineda, Chief Electric Utility Officer

Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. 2020 SVP Power Content Label for CEC
2. 2020 SVP Power Content Label including SVP's overall power mix