



## Agenda Report

19-167

Agenda Date: 2/19/2019

### REPORT TO COUNCIL

#### SUBJECT

Action to Add an Electric Program Manager to Manage and Support the State and City Goals to Reduce Greenhouse Gas Emissions

#### BACKGROUND

In September 2018, SB 100 was signed into law, which sets a statewide policy target of 100% of all retail sales of electricity to come from eligible renewable energy resources and zero-carbon resources (i.e. greenhouse gas (GHG) free) by December 31, 2045. It also sets more immediate interim targets for utilities to supply renewable power and sets consequences for failing to meet those targets. Passage of SB 100 continues to raise the carbon reduction targets set by SB 350, the Clean Energy and Pollution Act, which was passed in 2015. SB 350 also raised targets for energy efficiency activities and has put renewed focus on disadvantaged communities, which includes a subsection of Santa Clara. Combined, these and other state laws, set ambitious GHG-free targets for the energy sector.

At the same time, Silicon Valley Power (SVP) has seen a rise in funding opportunities related to targeted sustainability efforts through the Public Benefits Program, the Carbon Cap and Trade Allowances, and a variety of grant programs. The Public Benefits Program (PBC) has been in place over 18 years in which, by state mandate, SVP collects 2.85% of all customers' bills to specifically support energy efficiency, renewable power activities, low-income programs, and related research and development. In the Carbon Cap and Trade Allowance (Cap and Trade) program, SVP as a load-serving entity has been allocated a declining volume of carbon allowances with the intention that proceeds from the sale of said allowances are used to reduce GHG emission of resources to serve load over time. At the same time, SVP is required to purchase GHG emission allowances that match what is produced from its generation resources. Currently these allowances are sold and/or purchased at quarterly auctions and revenues are used to offset the cost of new renewable resource purchases. Over the past year, SVP has been awarded \$300,000 toward research and development of an energy storage project for GHG reduction. All these mechanisms have restricted uses and also require extensive reporting and verification work.

In the past, a single SVP Program Manager has maintained SVP efforts on customer oriented sustainability activities and primarily with a focus on energy efficiency, with other efforts split among several staff members. Energy efficiency programs have been in place for decades and though easily obtained savings have been realized, the state has again increased what it demands utilities to achieve. Hence, in the coming years, the energy efficiency programs also will require greater focus and more complex analysis, customer support, and education efforts.

As part of the 2019 Council Priority Setting Session, on February 1, the City Council approved Sustainability as the seventh pillar. Consistent with the heightened focus on achieving timely GHG reductions - whether to meet state mandates or the targets set with the City's Climate Action Plan- such efforts need to be properly staffed. Currently the workload associated with potential GHG reduction strategies and activities exceeds staff capacity to develop, track, and manage, and will require dedicated resources for oversight and reporting. Hence SVP faces lost opportunities to provide a wider variety of services to customers that align with the overall state goals of GHG reduction.

### **DISCUSSION**

There are negative consequences to SVP and the City for failure to meet the large array of legislative and regulatory GHG reduction requirements in the form of potential fines, additional mandates being imposed, poor public relations, and failure to meet Council Goals. Frequently, any customer-oriented program takes many years to reach full fruition, so SVP seeks to start now to create new and refine existing programs.

Through the use of funding from PBC and Cap and Trade, it is possible to fund a new Electric Program Manager position without using utility revenues received from customer rate charges. These funding mechanisms are specifically restricted and may only be used for activities such as energy efficiency, renewable energy, GHG reduction, and related research and development. SVP is also aware that the opportunity for various grant funding for sustainability research is rising rapidly in the near future, for which SVP will need the ability to focus staff time for grant applications.

To avoid any lost opportunities, SVP recommends adding an Electric Program Manager position within the Planning & Strategic Services Division, in a proposed new program, the Distributed Energy Resources and Storage Program, funded by the Electric Operating Grant Trust Fund. The Electric Program Manager position would have the following specific focus areas:

- Manage public benefit programs related to renewable energy installations and the growing opportunities for energy storage to support renewable resources and grid reliability;
- Develop and manage any rebate or direct install programs;
- Ensure SVP meets state reporting requirements, contract compliance and record keeping;
- Develop appropriate customer education materials; and
- Work with SVP resource procurement to ensure renewable energy resources are represented in and support the integrated resource plan.

The existing Program Manager assigned to the Public Benefits Program, funded by Electric Operating Grant Trust Fund, would remain focused on energy efficiency and demand response programs, low-income programs, grant developments, and extended customer education on related topics, along with the extended monitoring and verification process required, ensuring vendor contract compliance, record keeping, and meeting all state mandated reporting requirements.

The addition of this position is a key component of the City's recently approved Sustainability Pillar, as SVP is a key driver in meeting the City's sustainability goals. As part of the development of the FY 2019/20 proposed budget, staff will determine what additional staffing and/or consultant work will be needed to fully develop and meet the goals of the new Pillar. Additional items that the City will need to analyze within the Sustainability Pillar include items like water, garbage and recycling, development and building regulations, and the Climate Action Plan update.

**ENVIRONMENTAL REVIEW**

The 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) in that it is a governmental organizational or administrative activity that will not result in direct or indirect changes in the environment.

**FISCAL IMPACT**

Total annual salary and benefits cost for an Electric Program Manager is approximately \$273,000. Sufficient funding is available in the Fiscal Year 2018/19 Electric Operating Grant Trust Fund for this position. Funding for position for the FY 2019/20 will be incorporated for the upcoming proposed budget.

**COORDINATION**

This report was coordinated with the Finance Department and the 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>> or at the public information desk at any City of Santa Clara public library.

**RECOMMENDATION**

Add one (1) Electric Program Manager Position in the Electric Utility’s Electric Operating Grant Trust Fund

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