TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER            DEPARTMENT: UTILITIES

DATE: APRIL 12, 2004            CMR:196:04

TITLE: PALOALTOGREEN PROGRAM PROGRESS AND SUMMARY

This is an informational report and no Council action is required.

BACKGROUND

On June 1, 2003, City of Palo Alto Utilities (CPAU) launched a voluntary program offering a renewable energy option to all residents, businesses, and industrial customers located within its service territory.

The program, branded PaloAltoGreen, purchases tradable renewable energy certificates generated from a combination of 100% new local and regional green energy resources, including wind from the northwest and local solar power. The product composition includes 97.5% wind energy generated from wind farms concentrated around the Columbia River in the river gorge between Oregon and Washington and in the southwestern portion of Wyoming. New solar photovoltaic projects generate the remaining 2.5% of green energy content.

PaloAltoGreen is offered at a premium of 1.5 cents per kilowatt-hour (kWh). For the average Palo Alto household using 650-kWh hours per month, PaloAltoGreen participants will pay an additional cost of $9.75 per month.

In preparing for program launch, CPAU staff targeted a 5% participation rate (1250 of the 27,500 served accounts) within one year of launch. This participation rate would be significant, placing PaloAltoGreen on the National Renewable Energy Laboratory (NREL) “Top Ten” list, based on participation.
DISCUSSION

The PaloAltoGreen program has delivered remarkable results since its launch. The following is a summary of key achievements.

Best-in-Nation Program Enrollment Levels: After eight months, there are approximately 2,000 households and businesses (an astounding 7.0% of served accounts), across Palo Alto enrolled in PaloAltoGreen.

The Department of Energy NREL recently released its list of the 2003 Top Ten utility renewable power programs. PaloAltoGreen renewable energy program ranked second nationally, based on the percentage of utility customer participation. This performance is particularly notable when considered against renewable energy programs in other states, which are often required under law by the state utilities commissions.

Enrollment of Fortune 500 Corporations in Green Energy Procurement Program: Currently only a few dozen Fortune 500 corporations procure renewable energy in the United States. CPAU has successfully signed two of the largest – Lockheed Martin and Agilent Technologies – to the PaloAltoGreen program. The Lockheed Martin commitment received special recognition from the U.S. Environmental Protection Agency.

Significant Environmental Benefits: Participation in PaloAltoGreen provides an opportunity for individuals, households, and organizations to dramatically reduce air pollution emissions. For the average Palo Alto household using 650-kilowatt hours per month, PaloAltoGreen participation prevents the release of over 10,460 pounds (4.75 tons) of carbon dioxide emissions and other matter into the Earth’s atmosphere each year. The environmental benefit is equivalent to the carbon dioxide absorption capacity of 624 trees (nearly 1.25 acres of forest) or the carbon dioxide emissions of driving 11,762 miles.

In 2003, PaloAltoGreen provided substantial environmental benefit from its nearly 2000 participating customers. Based on 2004 projections, CPAU anticipates PaloAltoGreen participants will offset 13,410 tons of carbon emissions, the carbon dioxide absorption capacity of 3,520 acres of trees and the equivalent of taking 3,100 automobiles off our nation’s highways.
**RESOURCE IMPACT**
PaloAltoGreen is a cost pass-through voluntary program and there is no net impact on CPAU’s financial resources. Future revenues and expenses will be included in annual budgets.

**POLICY IMPLICATIONS**
This program is consistent with the Council-approved Utilities Strategic Plan [CMR:432:02] Objective #1 to enhance customer satisfaction by delivering valued products and services. It also supports Key Strategy No.7: implement programs that improve the quality of the environment.

The PaloAltoGreen program also supports the City’s Sustainability Policy Statement, adopted April 2, 2001 [CMR 175:01], and the Green Government Pledge adopted July 19, 1999 [CMR 248:99].

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