TO: HONORABLE CITY COUNCIL

FROM: CITY MANAGER
DEPARTMENT: UTILITIES

DATE: APRIL 17, 2006
CMR: 169:06

SUBJECT: LONG-TERM ELECTRIC ACQUISITION PLAN (LEAP) UPDATE AND REVISED 2006 LEAP IMPLEMENTATION TASKS WITH A REQUEST FOR APPROVAL TO REDIRECT LOCAL GENERATION FEASIBILITY STUDY EFFORTS TOWARD SMALL-SCALE DISTRIBUTED GENERATION AND POWER GENERATION OWNERSHIP ALTERNATIVES OUTSIDE OF PALO ALTO.

RECOMMENDATION
This report requests that City Council approve the Local Generation Feasibility Study Phase I recommendation to redirect the feasibility study efforts to focus on local small-scale distributed generation and potential power plant alternatives outside of Palo Alto.

PROJECT DESCRIPTION
The LEAP Objectives and Guidelines set long-term directions for staff in planning and managing the electric supply portfolio. Many of the implementation tasks in the 2003 Implementation Plan have been completed or mostly completed. The final status update for the 2003 LEAP Implementation Plan and the revised and updated 2006 LEAP Implementation Tasks are presented in the attached UAC report (Attachment A). Implementation tasks that require Council action will be taken to Council for approval as they develop.

BOARD/COMMISSION REVIEW AND RECOMMENDATIONS
There was discussion surrounding several of the information items of the revised LEAP Implementation tasks, highlighted in the meeting minutes (Attachment B). The UAC voted unanimously to recommend approval of the staff recommendation to redirect the local generation feasibility study efforts toward small-scale distributed generation and power generation ownership opportunities outside of Palo Alto.
**RESOURCE IMPACT**
Funding for the Local Generation Feasibility Study is included in CIP Project EL-06004 and is described in the attached UAC Report.

**POLICY IMPLICATIONS**
This recommendation is consistent with the Council-approved Utilities Strategic Plan to enhance customer satisfaction and utility infrastructure, employ balanced environmental solutions, and provide fair and reasonable returns for the City and competitive rates to customers through municipal ownership.

**ATTACHMENTS**
A: UAC Report: Item 3 March 1, 2006
B: Draft UAC meeting minutes excerpts March 1, 2006

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