TO: HONORABLE CITY COUNCIL
FROM: CITY MANAGER DEPARTMENT: UTILITIES
DATE: AUGUST 7, 2006 CMR:315:06
SUBJECT: CITY COUNCIL ENDORSEMENT OF THE CALIFORNIA PUBLICLY
OWNED ELECTRIC UTILITIES’ PRINCIPLES ADDRESSING
GREENHOUSE REDUCTION GOALS

RECOMMENDATION
Staff recommends that City Council endorse the CMUA "California Publicly Owned Electric
Utilities’ Principles Addressing Greenhouse Reduction Goals."

BACKGROUND
On June 5, 2006, the Board of Governors of the California Municipal Utilities Association
(CMUA) adopted a resolution pledging to support state goals for greenhouse gas reduction.
CMUA is a statewide association of local governments serving water, gas, and electricity to
California consumers. The adopted principles support the adoption by each publicly owned
electric utility elected board of the following measures:

- Developing a greenhouse gas reduction plan consistent with the state's reduction goals.
- Proactively implementing state law, which requires that "…each local publicly owned
electric utility, in procuring energy, shall first acquire all available energy efficiency and
demand reduction resources that are cost-effective, reliable, and feasible."
- After first investing in energy efficiency, then pursuing renewable energy supplies, and
other non-greenhouse gas emitting energy resources and clean fossil resources:
  - Continuing to aggressively pursue renewable energy supply
  - Facilitating distributed generation/combined heat and power (DG/CHP) projects.
- Quantifying the financial risk of greenhouse gas-producing resources in the planning and
procurement process, including, but not limited to, a quantified carbon emissions risk
adder (credit) for both in-state and out-of-state resources.
• Considering environmental justice issues in its overall resource procurement and 
greenhouse gas reduction policies.
• Supporting standardized, mandatory greenhouse gases reporting from all significant 
sources.
• Providing measurement and verification of programs that reduce greenhouse gas 
emissions.
• Providing education to customers on ways that they can reduce their greenhouse gas 
emissions, and providing assistance where feasible.

RESOURCE IMPACT
The development and implementation of a climate action plan consistent with the California 
Publicly Owned Electric Utilities’ Principles Addressing Greenhouse Reduction Goals are 
included in the approved budget. Economic impacts of recommended specific actions will be 
brought to Council as part of that plan at a future date, expected in 2007.

POLICY IMPLICATIONS
The CMUA principles are consistent with and complement the Objectives and Guidelines of the 
Council-approved Long-term Electric Acquisition Plan (LEAP) and can serve as a core 
foundation for development of the Climate Action Plan as described in the LEAP 
Implementation Task #1 (CMR 169:06, April 17, 2006), which states, "Promote environmental 
stewardship by completing the California Climate Action Registry process for reporting and 
certifying greenhouse gas emissions, developing a Climate Action Plan for utilities, and 
supporting City efforts to address climate change and other environmental issues."

The principles also support the City’s Sustainability Policy Statement adopted April 2, 2001 
(CMR 175:01), the Green Government Pledge adopted July 19, 1999 (CMR 284:99), and 
elements of the Comprehensive Plan, specifically:

1. GOAL N-9: A clean, efficient, competitively-priced energy supply that makes use of 
cost-effective renewable resources, and Policies
2. POLICY N-44: Maintain Palo Alto’s long-term supply of electricity and natural gas 
while addressing environmental and economic concerns.
3. POLICY N-48: Encourage the appropriate use of alternative energy technologies.

The principles also support the U.S. Mayors Climate Protection Agreement.

ATTACHMENTS
A. California Publicly Owned Electric Utilities’ Principles Addressing Greenhouse Reduction 
   Goals.

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