

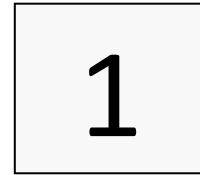
MEMORANDUM

TO: UTILITIES ADVISORY COMMISSION

FROM: UTILITIES DEPARTMENT

DATE: December 5, 2018

SUBJECT: Staff Recommendation that the Utilities Advisory Commission Recommend that the City Council Approve the Continuation of the 2018 Utilities Legislative Guidelines into 2019



REQUEST

Staff requests that the Utilities Advisory Commission (UAC) recommend that the City Council approve the continuation of the 2018 Utilities Legislative Policy Guidelines into 2019.

BACKGROUND

The utility industry is a high-profile and heavily regulated industry subject to continuous legislative action at both the state and federal levels. Such legislation can influence, among other things, customer data, commodity procurement practices, program and rate design, and activities and costs associated with climate protection.

At the state level, hundreds of bills focused on the utility industry can be introduced each year. The number of bills introduced, the pace at which bills change, and the speed at which bills receive a legislative vote requires staff and elected officials to respond quickly if the City is to have any influence on the resulting legislation. Often, a response to an amended bill is required in a matter of a day or two. These timing constraints preclude a return to the UAC and Council for approval each time a response is required.

Therefore, staff annually develops a document identifying guidelines to be applied when evaluating and responding to legislation. While the guidelines are used by staff for evaluating legislation, any advocacy positions taken in alignment with these guidelines will be subject to the approval of the Utilities General Manager or his designee. Although it is impractical to return to the UAC for approval each time staff wishes to act in a timely, sometimes, very quick manner, the issues under debate are known to the UAC and Council through written and verbal updates from the Utilities General Manager or staff.

DISCUSSION

The 2018 Utilities Legislative Guidelines were discussed and approved by the UAC on November 1, 2017, and approved by the City Council on January 22, 2018. The approved guidelines have worked well for staff and, pending UAC discussion, no changes are recommended. The current guidelines are contained in Attachment A.

Attachment B provides a summary of key legislation from 2018. In the presentation, staff will review legislative highlights from the current year and speak to potential items for next year.

Staff returns to the UAC annually to discuss legislation and the efficacy of the current guidelines. Staff therefore proposes that, if adopted, the 2019 guidelines remain in effect from the date of Council's adoption until the next approved update.

RESOURCE IMPACT

There is no direct resource impact associated with adoption of the legislative guidelines. However, actions taken that support the efficient use of the City's assets and resources will help control costs, implement the Council's policies and goals, and protect the interests of utility customers.

ENVIRONMENTAL REVIEW

The UAC's consideration of the legislative guidelines does not meet the California Environmental Quality Act's definition of a "project" under Public Resources Code Section 21065.

ATTACHMENTS

- A. Legislative Guidelines
- B. Summary of Key 2018 Legislation

PREPARED BY:

HEATHER DAULER, Senior Resource Planner

REVIEWED BY:

DEBRA LLOYD, Acting Assistant Director, Utilities
Engineering

DEPARTMENT HEAD:



ED SHIKADA

Assistant City Manager/Utilities General Manager

Approved by City Council on _____, 2019
2019 Utilities' Legislative Policy Guidelines

City of Palo Alto Utilities Department (CPAU) staff will use the below guidelines as well as the City's guidelines to help determine any advocacy position or action on Utilities-related issues. Formal advocacy requires the approval of the Assistant City Manager/Utilities General Manager or his designee.

1. Seek to preserve local government flexibility, discretion, accountability, and oversight of matters impacting utility programs, services, and rates. Oppose action that could reduce the authority or ability of local government to determine how best to effectively operate local programs, services, and activities.
2. Where possible, seek funding and program incentives.
3. Advocate for reasonable government action with minimal customer impact that allows for flexibility and implementation feasibility.
4. Advocate for locally-designed conservation or efficiency programs. Support reasonable State conservation or efficiency requirements that consider local populations, environment, and resources.
5. Inform state and federal policymakers about CPAU's current programs, services, goals, and reporting requirements.
6. Oppose unnecessary, unreasonable, impractical, or costly rates or mandates.
7. Collaborate with and support the efforts of regional agencies and associations whose goals align with ours.
8. Advocate for fair cost allocation and support the principle of beneficiary pays.
9. Support efforts to maintain or improve the security and reliability of our infrastructure.
10. Support government action that cost effectively reduces greenhouse gas emissions.
11. Promote locally-designed residential and commercial electrification programs.
12. Support government action allowing CPAU to maintain customer confidentiality.
13. Educate key accounts about significant policy actions that could affect their business.

Status Report Monday, November 19, 2018

ENERGY

[AB 813](#) ([Holden D](#)) **Multistate regional transmission system organization: membership.**

Current Text: Amended: 8/24/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Dead	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill begins the process of expanding California's grid administrator (CAIOS) into a regional entity.

Issue Area: ENERGY

[AB 893](#) ([Garcia, Eduardo D](#)) **California Renewables Portfolio Standard Program.**

Current Text: Amended: 8/28/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Dead	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Requires retail electricity sellers, including POUs, to procure a proportionate share of electricity products from a statewide total of 4,250 megawatts of qualified renewable energy resources, defined by the bill as (1) a subset of eligible renewable energy resources that consists of certain geothermal energy resources with high performance relative to capacity, and (2) certain solar and wind energy resources that are eligible for specified federal tax credits. The bill would require portions of that 4,200 megawatts to be procured from specified qualified renewable energy resources. POUs must develop a plan for complying with the procurement mandate by June 30, 2019.

Issue Area: ENERGY

[AB 2450](#) ([Quirk D](#)) **Electrically conductive balloons.**

Current Text: Chaptered: 9/5/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Requires manufactures of Mylar balloons to place on the balloons a statement warning of the dangerous risk of fire if the balloon comes in contact with an electrical power line. Any violation is civil in nature. Palo Alto has experienced multiple outages due to balloon contact, as recently as July 2, 2018.

Issue Area: ENERGY

[SB 100](#) ([De León D](#)) **California Renewables Portfolio Standard Program: emissions of greenhouse gases.**

Current Text: Chaptered: 9/10/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Increases the 2030 Renewables Portfolio Standard target from 50% to 60%. Creates the policy of planning to meet all of the state's retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045, for a total of 100% clean energy.

Issue Area: ENERGY

[SB 782](#) ([Skinner D](#)) **Energy data transparency.**

Current Text: Chaptered: 9/22/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Requires an electrical or gas utility to provide to the owner of a property containing two or more buildings on a single parcel, or adjacent parcels with five or more active utility accounts, in aggregate, residential or nonresidential, upon request of the owner, aggregate energy usage data on all such

buildings.

Issue Area: ENERGY

SB 901 (Dodd D) Wildfires.

Current Text: Chaptered: 9/21/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

This bill is the result of the work of an ad-hoc, joint conference committee focused on wildfires and electric utilities. For POUs, this bill, by January 1, 2020 and annually thereafter, requires us to prepare a wildfire mitigation plan and to contract with a qualified independent evaluator to review and assess the comprehensiveness of the plan.

Issue Area: ENERGY

SB 1339 (Stern D) Electricity: microgrids: tariffs.

Current Text: Chaptered: 9/19/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

For POUs, requires that within 180 days of the first request from a customer or developer to establish a microgrid, we make available a a standardized process for the interconnection of a customer-supported microgrid, including separate rates and tariffs, if necessary.

Issue Area: ENERGY

SB 1369 (Skinner D) Energy: green electrolytic hydrogen.

Current Text: Chaptered: 9/19/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Specifies that green electrolytic hydrogen is an energy storage technology to be targeted for increased use. Requires the CPUC, CEC, and CARB to consider green electrolytic hydrogen an eligible form of energy storage, and to consider other potential uses of green electrolytic hydrogen.

Issue Area: ENERGY

ENVIRONMENTAL

SB 881 (Wieckowski D) Flood control: County of Santa Clara: South San Francisco Bay Shoreline Project.

Current Text: Chaptered: 9/22/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Authorizes the state to provide funding to the Santa Clara Valley Water District for the South San Francisco Bay Shoreline Project for flood control in areas along the South San Francisco Bay in Santa Clara County.

Issue Area: ENVIRONMENTAL

WATER

AB 2370 (Holden D) Lead exposure: child day care facilities: family day care homes.

Current Text: Chaptered: 9/22/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Requires a licensed child day care center that is located in a building that was constructed before January 1, 2010, to have its drinking water tested for lead contamination. Water systems like Palo Alto may be responsible for the testing.

Issue Area: WATER

AB 3206 (Friedman D) Water conservation: water meters: accuracy and performance standards.

Current Text: Amended: 6/28/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Dead	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Would require the State Energy Resources Conservation, on or before January 1, 2020, to the extent that funding is available, to adopt regulations setting standards for the accuracy of water meters that, on or after the effective date of those regulations, are installed by a water purveyor or manufactured and sold or offered for sale in the state.

Issue Area: WATER

SB 623 (Monning D) Water quality: Safe and Affordable Drinking Water Fund.

Current Text: Amended: 8/21/2017 [html](#) [pdf](#)

Desk	Dead	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Unofficially dead with major provisions in SB 845.

Issue Area: WATER

SB 845 (Monning D) Safe and Affordable Drinking Water Fund.

Current Text: Amended: 8/22/2018 [html](#) [pdf](#)

Desk	Policy	Dead	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

By January 1, 2020, requires a community water system with 200 or more service connections afford an opportunity for each customer to provide a voluntary remittance as part of the customer’s regular water bill. Monies collected will go to communities with failing water systems.

Issue Area: WATER

SB 966 (Wiener D) Onsite treated nonpotable water systems.

Current Text: Chaptered: 9/28/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Requires the State Water Board to develop standards for onsite nonpotable water treatment and reuse and authorizes local jurisdictions to adopt programs to permit onsite nonpotable water treatment and reuse using those standards. Requires a local jurisdiction, as defined, that elects to establish a program for onsite treated nonpotable water systems to, among other things, adopt, through ordinance, a local program that includes the risk-based water quality standards established by the state board.

Issue Area: WATER

SB 998 (Dodd D) Discontinuation of residential water service: urban and community water systems.

Current Text: Chaptered: 9/28/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Imposes many restrictions on water utilities desiring to terminate residential service to non-paying customers. Requires all public water systems with more than 200 connections to have a written policy on discontinuation of residential water service, provide that policy in multiple languages, include provisions for not shutting off water for certain customers that meet specified criteria, prohibit the shutoff of water service until the bill has been delinquent for 60 days, and caps the re-connection fees

for restoring water service.

Issue Area: WATER

SB 1422 (Portantino D) California Safe Drinking Water Act: microplastics.

Current Text: Chaptered: 9/28/2018 [html](#) [pdf](#)

Desk	Policy	Fiscal	Floor	Desk	Policy	Fiscal	Floor	Conf. Conc.	Enrolled	Vetoed	Chaptered
1st House				2nd House							

Summary:

Requires the State Water Board to adopt requirements for four years of testing of the amount of microplastics in drinking water. Requires the State Water Board to, on or before July 1, 2020, adopt a definition of microplastics in drinking water. It's anticipated that water systems like Palo Alto will be responsible for the testing.

Issue Area: WATER

Total Measures: 16

Total Tracking Forms: 16