Summary Title: Item 4 Legislative Update Presentation

Title: Staff Recommendation That the Utilities Advisory Commission Accept a Staff Presentation on 2019 and 2020 State Legislation, and Recommend That the City Council Adopt the 2020 Utilities Legislative Guidelines

From: City Manager

Lead Department: Utilities

Recommendation
Staff requests that the Utilities Advisory Commission (1) accept the staff presentation regarding 2019 and 2020 state legislation, and (2) recommend that the City Council adopt the 2020 Utilities Legislative Policy Guidelines.

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, commodity procurement practices, reporting requirements, and policy changes. At the state level, over two thousand bills are usually introduced each year, many of which require review to determine if they relate to utilities. The pace at which bills change during the legislative process, and the speed at which bills may receive a legislative vote requires staff 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 Utilities Advisory Commission (UAC) and/or 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 are subject to the approval of the Utilities Director or the Director’s 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 reports and verbal updates from the City Manager, the Utilities Director, or staff.

Discussion
2020 legislative guidelines
On November 1, 2017, the UAC discussed and recommended Council approval of the 2018 Utilities Legislative Guidelines (UAC Report here), so approved by Council on January 22, 2018. (Council Report here). These guidelines were carried over, unchanged, into 2019 after the UAC’s recommendation on December 5, 2018. (UAC Report here). The approved guidelines have worked well for staff and, pending UAC discussion, staff suggests only minor, non-substantive changes for the 2020 guidelines.

The current guidelines with suggested changes are contained in Attachment A. Attachment B provides the clean version with the changes accepted. Staff returns to the UAC annually to discuss legislation and the efficacy of the current guidelines; therefore, staff proposes that once adopted by Council, the 2020 guidelines remain in effect until the next approved update.

On November 12, 2019, the City Council’s Policy & Services Committee received a staff report describing the Utilities Department’s process in developing its legislative guidelines and noting that staff is not suggesting substantive changes in 2020. (P&S Staff Report here) The same information will be communicated to the full Council in January 2020. If the UAC significantly modifies the Utilities Department’s 2020 Legislative Guidelines, staff will submit the changes to Council for approval.

Presentation
In addition to recommending that Council approve the guidelines, staff requests the UAC receive a presentation regarding legislative highlights from 2019, possible 2020 legislation, and related staff activity.

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, thus no environmental review is required.

Attachments:
- Attachment A: 2020 Utilities Legislative Guidelines_Redlined
- Attachment B: 2020 Utilities Legislative Guidelines_Draft
- Attachment C: Presentation
Utilities Legislative Policy Guidelines: 2018-2020 Update

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, such as submitting written letters or comments and meeting with policymakers and/or staff, requires the approval of the Assistant City Manager/Utilities General Manager/Director or his designee.

1. Seek to preserve local government flexibility, discretion, accountability, and oversight of matters impacting utility programs, services, activities, 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, hamper or minimize this flexibility or discretion.

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 CPAU’s.

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 CPAU’s 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.

   Educate key accounts about significant policy actions that could affect their business.
Utilities Legislative Policy Guidelines: 2020 Update

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1. Seek to preserve local government flexibility, discretion, accountability, and oversight of matters impacting utility programs, services, activities, and rates. Oppose action that could hamper or minimize this flexibility or discretion.

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 CPAUs.

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 CPAUs 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.
Agenda

2019/2020 legislation

Staff efforts

Affirm guidelines
Legislation

2019/2020 legislation
Key 2019 bills signed into law

No landmark, impactful, or “big” bills in 2019

Electric: New law impacts our IRP reporting, fairly minimally. Creation of a Wildfire Forecast Center.

Water: Potential for PFAS testing; favorable bills
Two year bills of interest

- Allowing the State to purchase power
- Expanding on SB 100
- CAISO procuring pumped hydro
- Sharing customer information for science
What’s expected next year?
Staff Efforts
Staff efforts – advocacy and education

January 16-17, 2019  Sacramento
NCPA Strategic Issues Conference

February 4, 2019  Sacramento
CMUA/NCPA Capital Day

April 28 – May 2, 2019  Washington DC
NCPA Federal Policy Conference

November 13, 2019  Oakland
CMUA Strategic Outlook Meeting

L-R: Heather Dauler, Senator Jerry Hill, Comm. Greg Scharff, Debbie Lloyd
Staff efforts – policy leadership

Assisted internally in implementing new 2019 laws

Co-Chair of CMUA legislative committee

Participation on policy-related workgroups

Lead efforts to improve association communication
Guideline Affirmation
Motion

The UAC recommends that the City Council approve the 2020 Utilities Legislative Policy Guidelines.