



DRAFT

UTILITIES ADVISORY COMMISSION VIRTUAL MEETING MINUTES OF June 17, 2020 SPECIAL MEETING

Due to technical difficulties the meeting was not recorded.

CALL TO ORDER

Chair Danaher called the meeting of the Utilities Advisory Commission (UAC) to order at 9:04 a.m.

Present: Chair Danaher, Vice Chair Forssell, Commissioners Jackson, Johnston, Scharff (joined at 9:06),
Segal, Smith

Absent: None

ORAL COMMUNICATIONS

None.

APPROVAL OF THE MINUTES

Vice Chair Forssell moved to approve the minutes of the May 20, 2020 meeting. Commissioner Segal seconded the motion. The motion carried 6-0 with Chair Danaher, Vice Chair Forssell, and Commissioners Jackson, Johnston, Segal and Smith voting yes, and Commissioner Scharff absent.

AGENDA REVIEW AND REVISIONS

None.

REPORTS FROM COMMISSIONER MEETINGS/EVENTS

None.

UTILITIES DIRECTOR REPORT

Dean Batchelor, Utilities Director, delivered the Utilities Director's Report.

Utility Sales and Delinquencies - Staff has been tracking changes in water, gas, and electric consumption related to shelter in place. Consumption is currently down across all utilities, though most substantially in the electric utility.

- **Water utility:** In the water utility consumption is currently roughly the same as last year, but about 4% to 6% below the last dry year, 2018. We have seen a substantial decrease in small and large commercial water use compared to 2018, though residential water use is higher.
- **Gas utility:** In the gas utility consumption has been at or above previous year consumption, except that gas usage dropped to summer levels early, in early May rather than in the middle of June. This was primarily due to significant drops in small business gas use. Staff will monitor this summer as shelter in place restrictions are relaxed to see if usage rebounds.
- **Electric utility:** Up until the last two weeks electric utility consumption was 8% to 10% lower than previous years, but in the last two weeks it has rebounded, with consumption similar to previous years. This may be a short term effect of the warmer weather.

- **Utility Bill Delinquencies:** The total dollar balance of utility bills that are between 30 and 90 days overdue was approximately \$750,000 for all utilities, up from \$385,000 in late April. This is still well below the total amount for defaults assumed in the Financial Plans.

Utilities Meter Reading Resumed June 1 - Earlier this year, some meter reading activities were suspended to comply with state and county Shelter-in-Place orders and to protect the health and safety of our community members and CPAU staff. With the recent easing of some of these requirements from the county, we resumed reading all customer utility meters the week of June 1. CPAU staff are being diligent about safety and abiding by social distancing protocols.

Public Safety Power Shutoffs - Bay Area agencies are meeting with PG&E to discuss the potential for Public Safety Power Shutoffs (PSPS) this year. The purpose of PSPS is to reduce the risk of wildfire caused by electric equipment impacted by high winds or other extreme weather events. PG&E will de-energize certain electric circuits and facilities until risks subside. While PG&E does not directly serve electricity to CPAU customers, the City intakes electricity from PG&E's transmission system. The Foothills have been identified as the area at the greatest risk for potential wildfire and may be the only part of Palo Alto that could lose power if PG&E implements a PSPS west of highway 280. Palo Alto customers did not experience outages last year from a PSPS and it is unlikely that an incident will occur this year. CPAU's practice is to closely monitor our own power lines and during periods of extreme weather, make decisions about our local operations based on the safety and best interest of our customers. PG&E has been working on infrastructure upgrades to reduce the number of customers impacted by power shutoffs and enhancing communication protocols to provide better notifications to municipal utilities and customers the agency serves. CPAU is also developing outreach materials to inform our customers about what to expect, including how we will manage our local electric distribution system and communicate with customers if we anticipate a power shutoff in Palo Alto; either from PG&E or on our own distribution system. Find details at cityofpaloalto.org/safeutility

CALeVIP Program status update: CPAU is partnering with four agencies in the California Electric Vehicle Infrastructure Project (CALeVIP) which will provide rebates for electric vehicle charging stations at commercial customer sites and is scheduled to launch this fall. The state program is administered by the Center for Sustainable Energy (CSE). The California Energy Commission and CSE will host a workshop on June 23 to explain the program details. Information is on our website at cityofpaloalto.org/workshops

COVID-19 Update - On Friday, June 5, revisions to the public health order for Santa Clara and other counties took effect. These revisions relax some restrictions on shelter in place, including allowing socially distanced small outdoor gatherings, recreation, and expanded business activities. Health officials strongly recommend that we all stay at home as much as possible and remain in contact with only our family units to try to help prevent the spread of COVID-19. Face coverings are strongly recommended by the county and still required in Palo Alto. The county has observed a recent uptick in COVID-19 cases, which is likely related to loosening restrictions in mid-May. Health officers will continue a regular cadence of making small cautious changes while observing the data on number of cases, expanding testing opportunities and improving efforts at contact tracing. The county provides a library of frequently asked questions on its website and is utilizing 211 for the public. Palo Alto continues to update its cityofpaloalto.org/coronavirus webpage with new information and helpful resources.

Testing: The city and county began offering free voluntary testing for city employees this week at City Hall. Members of the public are welcome to use these testing services, including non-Palo Alto residents. Testing is available June 16 through June 19 from 10am to 4pm in the City Hall lobby. The city is also working with the county to set up mobile testing sites.

Summer Streets: The city is launching a new [Summer Streets](#) initiative to expand outdoor dining and retail options in the California Avenue and downtown core of the city. As of last Thursday, California Avenue is closed to traffic to allow restaurants and retail establishments to spread out on sidewalks, streets, and parking areas for social distancing. This temporary closure is in effect through early July and may be extended longer if deemed necessary. Discussions continue about potentially closing University Avenue as well, but there is much debate within the business community about this. The city is working through processes for efficient and effective permitting, encroachment permissions, and safety practices.

Return to Work: City leadership are discussing a variety of options for return to work plans for staff. This includes developing official policies for on-site versus remote work, administrative leave, and safety protocols to protect everyone in the workforce. Our Utilities operations, metering and customer service teams have

resumed much of their typical work while observing social distancing practices. For staff who can effectively work remotely and remain productive, they will likely continue to do so through the summer or longer. The timeline for an actual physical reporting in to city facilities is dependent upon further updates from the county public health officer and our city's readiness to set up workspaces in order to safely bring employees back.

Budget: City Council continued budget discussions this week in preparation for official adoption of the full budget on June 22. The city's finances have been significantly impacted by the COVID-19 pandemic, particularly in the General Fund. Approximately 100 full-time and part-time staff in other departments face layoffs. Some of those staff in the SEIU may have "bumping rights" over more junior-level staff with the same job descriptions. We do not yet know specifically who will be laid off, nor who in SEIU could possibly "bump" staff in Utilities or other departments. We will do whatever we can to retain our staff.

COMMISSIONER COMMENTS

None.

UNFINISHED BUSINESS

None.

NEW BUSINESS

ITEM 1: DISCUSSION: of Advanced Metering Infrastructure (AMI) Systems and Platforms to Maximize Value of the Utility's AMI Investment for Customers

- Did not record some of the early comments and questions – there were questions about wireless transmission protocols, comments that we should move faster on introducing Phase 2 and Phase 3 features (Slide 15) and various questions about costs>
- Jackson: various questions about TOU rates. Need to communicate to people that TOU is coming. He wanted to know the exact wireless protocol to be used. He was concerned about people hacking the meters and using it to discover whether people were home or not, or to turn their services on or off.
- Cormack: be effective about identifying the benefits to the end users and communicating it to them effectively. Keep the conversation at Council about the benefits rather than about the details of the system. She agreed with Scharff that Phase 2 and Phase 3 should be accelerated. She asked whether we were behind. Swaminathan said we were, though the economic benefits to Palo Alto are lower and he felt this was the right time to do it. Batchelor noted that only one other small POU in Northern CA had implemented AMI – we were not behind our cohort.
- Segal: Agreed with previous comments. Asked about all-electric rates and whether AMI was required. Swaminathan said all-electric rates did not require AMI and staff was working on a rate, but at higher penetrations, AMI would be needed to manage distribution impacts. Jackson speculated it could be possible to submeter electrified loads and reported separately to charge those uses less. Segal said if AMI was needed for electrification, we should accelerate the AMI program.
- Smith: Agreed we should advance the schedule for AMI rollout. Asked if CVR (Phase 3) could be moved up – it seemed less complicated to implement. Swaminathan said that, upon reflection, it could. Smith asked whether water leak reduction had been incorporated into the cost/benefit analysis. Swaminathan said it had.
- Forssell: Suggested a group buy for residential customers to get in-home displays and connectors. Asked about the benefits to commercial customers. Swaminathan spoke about connecting smart meters to energy management systems and its use in installing efficiency measures.
- Scharff: We need to make sure it is easy for the consumer to take advantage of the system. People will not go out and buy extra equipment – it needs to be accessible to everyone. Swaminathan said the myCPAU portal would allow people to access their AMI data (day after), will look at ways to facilitate the benefits of real-time information.

ACTION: None

ITEM 2: DISCUSSION: Discussion of 2020 Sustainability and Climate Action Plan Update: Updated Goals and Key Action

- Christine Luong gave a brief update on the work since the last S/CAP discussion
- Danaher: Make sure micromobility (scooters, e-bikes) is part of the solution. Brought up the example of scooter charging stations on light poles. Luong highlighted that we were considering a micromobility pilot before COVID, but it was canceled due to concerns about transmission.
- Johnston: Looking forward the AECOM analysis to get a sense of costs. Encouraged raising prices as a way to get people to convert, though he acknowledged some of the legal and equity challenges there. It will also require a massive outreach and education effort to get people to accept this – need to reach well beyond the minority of people in the community who are already prepared to electrify. Need to start working on education and outreach right away.
- Smith: We can encourage telecommuting by installing fiber to the home. (Danaher agreed)
- Scharff: Conundrum – do we count offsets? Thinks it is the right thing to do to retain offsets while getting people to reduce gas use in buildings. We could not actually prohibit people from buying gas vehicles. Not realistic to expect this can all get done within eight years. Land use and mobility changes are very, very hard, require a lot of staff time, and it will be difficult to get community buy-in. Encourages us to be honest with ourselves about how hard this will be.
- Public Comment:
 - Colin Roche: Palo Alto High graduate, founded SwiftMile, a micromobility company. Provides a small vehicle charging system you can attach to public infrastructure (e.g. light poles). Wants to work with Palo Alto.
- Jackson: In the interest of time, asked that the minutes reflect the comments he e-mailed before the meeting (see attached), and he would forgo his verbal comments.
- Forssell: Asked why large commercial reduction goals were lower than residential. Tam said commercial building end uses were much harder to electrify. Forssell noted that the Energy section was less than 80% from 1990 levels. Abendschein clarified that greater reductions were required from Mobility and EVs, and less from Energy, and between the three they totaled an 80% from 1990 levels for all emissions. Forssell said that spoke to the importance of calculating the value of upstream emissions to understand accurately those tradeoffs. She noted it should be OK to have Level 1 chargers in residential locations. She thought a carbon tax or something equivalent would be a good approach to the problem (or items in the S/CAP with some equivalence to a carbon tax, like paid public parking), though she understood the potential legal issues with it.
- Segal: Worries about the feasibility of achieving these goals in the time we have before 2030 given competing priorities. Wondered which of these programs have been implemented elsewhere, and what were the successes and failures? Looking forward to the AECOM report. Thinks it would be hard to mandate anything that forces action (e.g. forcing someone to buy a car when they are not otherwise planning to vs. providing incentives when they are in the market) – would be hard to get community buy-in. City should lead by example – buy electric vehicles for City fleet, micromobility for City employees, etc.
- Danaher: Thinks commuting and traffic patterns may shift long term due to the pandemic. Fleets roll over slowly, so EV adoption will be challenging. We will not get a new fleet by 2030. Offsets are a viable transition strategy – should talk more about what they accomplish and why they result in real reductions. Whatever we do, take steps other communities can take as well. Many of these measures would not be replicable. Re-emphasized the value of micromobility as a measure.

ACTION: None

ITEM 3: DISCUSSION: Discussion of City Water System Operations

Tomm Marshall delivered an overview of the City's emergency water supply

ACTION: None

ITEM 4: DISCUSSION: Discussion of the Demand Side Management Report for Fiscal Year 2019

Delayed to the July 1, 2020 UAC meeting in consideration of time.

ACTION: None

NEXT SCHEDULED MEETING: July 1, 2020

Vice Chair Forssell moved to adjourn the meeting. Commissioner Scharff seconded the motion. The motion carried 7-0 with Chair Danaher, Vice Chair Forssell, and Commissioners Jackson, Johnston, Scharff, Segal and Smith voting yes.

Meeting adjourned at 12:21 p.m.

Respectfully Submitted
Tabatha Boatwright
City of Palo Alto Utilities

Honorable Councilpeople:

The S/CAP goals relating to energy, electric vehicles, and water are areas under the purview of the UAC, on which I am a Commissioner, and as such, I've had many opportunities to study, reflect, and receive staff reports on those topics.

My thoughts regarding updated S/CAP goals:

Energy:

The overarching goal here is to reduce GHG emissions, by reducing the use of natural gas ("electrification"), and by increasing energy-use efficiency.

At present, we are not meeting our electrification goals, e.g. "the number of residents who have voluntarily replaced their water heaters is far lower than the goals".

Several proposed actions start with "increase awareness..."

Collectively, we are not doing nearly enough to articulate the problems with natural gas, and the need for electrification.

When I joined the UAC last Summer, I had **NO IDEA** that natural gas use was any problem at all, and it would not surprise me to learn that many/most Palo Altans have yet to hear this message.

I propose:

Council and S/CAP make a definitive proclamation regarding the goal to eliminate the use of natural gas in Palo Alto, including:

- The eventual shutdown of our gas utility
- The elimination (or sharp curtailment) of new connections to the gas utility

This proclamation should be sent as an official notice to every Palo Alto home and building owner.

The recent changes to the Reach Code to require all-electric new residences are a good start, now Council/Staff must follow through to extend this to include new commercial buildings.

Mandate replacement of gas appliances wherever possible, including:

- Prohibit replacement and new installations of gas furnaces, hot-water-heaters, stoves/cooktops/ovens, and clothes-dryers.
- Require replacement of gas appliances on remodels
- Require replacement of gas appliances on sale of home
- Require electrification of houses/buildings in lieu of repairing/replacing existing gas lines.

The financial impact of electrification to home and building owners is exacerbated by the higher cost of electricity (than natural gas).

CPAU must institute an "all-electric" rate plan, to lower the cost of increased electricity usage resulting from electrification.

After the implementation of AMI/smart-meters, explore the possibility of reduced electricity rates for electrification-specific usage (EV charging, HVAC, hot-water-heating, etc.)

Funding the replacement of existing gas appliances will be a challenge to home/building owners, CPAU, and the City.

CPAU must develop and provide the capability to support “on-bill” financing of electrification improvements for homeowners.

Electrification projects may require upgrades of electric utility service and electric panel upgrades. Streamlining permitting, and on-bill financing would help homeowners.

In May, the UAC unanimously recommended that Council/CPAU institute the sale of CPAUs Bucket-1 RECs

in order to raise as much as \$17MM (over several years) for the electric utility.

It is my understanding that this proposal is scheduled for the August 17th Council meeting.

I strongly support this proposal, and if adopted, urge Council and CPAU to use this money to help fund the aforementioned electrification initiatives.

Water:

Increasing the use of recycled water is a key goal.

At the CPAU/system level, planned programs regarding water treatment and desalination will increase the supply of recycled water, however I don't see any significant infrastructure plans for distribution of recycled water back into the City.

I am not aware of any effort to collect or use recycled or “gray water” at the household/building level. Segregating “gray water” from sewage would seemingly require infeasible/unrealistic changes to existing structures, however, we should explore requiring plumbing support for gray-water collection for new construction and “whole home” remodels.

Electric Vehicles:

It is my perception that there is little "lack of awareness" regarding the benefits of EVs among Palo Altans, so minimize additional spending and Staff time for this.

Removing obstacles to EV ownership/use remains an important goal, consider:

- Mandating/incentivizing EV chargers for rental housing
- Streamlining permitting of EV chargers
- Streamlining electric panel upgrades required for EV chargers
- Provide a lower electricity rate for EV charging

Explore penalizing the use and purchase of gas vehicles, perhaps institute a permit/tax/levy on (new?) gas-powered vehicles.

S/CAP As A Concept:

The challenges we face regarding climate change are enormous, involving a multitude of efforts over decades.

Having a document that articulates and defines both our near and longer term goals is an incredibly valuable tool that we all can (and do!) use to evaluate and consider individual new proposals and initiatives.

It is rare and amazing to have our goals and aspirations so well defined and documented, and I commend and thank all Palo Altans, Council, and Staff for their past and ongoing contributions, efforts, and commitment to this process.