



DRAFT

UTILITIES ADVISORY COMMISSION MEETING MINUTES OF JANUARY 5, 2022 SPECIAL MEETING

CALL TO ORDER

Chair Forssell called the meeting of the Utilities Advisory Commission (UAC) to order at 5:00 p.m.

Present: Chair Forssell, Vice Chair Segal, Commissioners Bowie (arrived at 6:22 pm), Johnston, Metz, Scharff and Smith (arrived at 5:03 pm)

Absent:

CLOSED SESSION

ITEM 1: DISCUSSION: Consultation Regarding Current Utility Cybersecurity Programs. Authority: Government Code Section 54957(a).

Chair Forssell announced that the Commission will go into a closed session and return at approximately 5:35 p.m.

The UAC returned to the meeting in progress at 5:54 p.m.

Chair Forssell reported that there were no reportable actions taken during the closed session.

AGENDA REVIEW AND REVISIONS

None.

ORAL COMMUNICATIONS

None.

APPROVAL OF THE MINUTES

Commissioner Johnston moved to approve the draft minutes of the December 1, 2021 meeting as submitted.

Commissioner Metz seconded the motion.

The motion carried 6-0 with Chair Forssell, Vice Chair Segal, and Commissioners Johnston, Metz, Scharff, and Smith voting yes.

Commissioner Bower absent.

UNFINISHED BUSINESS

None.

UTILITIES DIRECTOR REPORT

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

California Arrearage Payment Program: In response to COVID-19, the State established the California Arrearage Payment Program (CAPP) to help qualifying energy utility customers reduce past due energy bill balances. CAPP dedicated \$1 billion in federal American Rescue Plan Act funding. Utility customers do not need to apply to receive assistance under the CAPP program. Energy utilities will apply for CAPP assistance on behalf of customers who incurred a past due balance of 60 or more days during the period of March 4, 2020-June 15, 2021. Utilities will apply CAPP assistance to accounts in the following order:

1. Active residential customers with past due balances who are at risk of disconnection.
2. Active residential customers with past due balances.
3. Inactive residential customers with past due balances.
4. Commercial customers with past due balances.

CPAU initially identified and requested \$1.13 million for qualifying electric and natural gas arrearage accounts. Because statewide CAPP program funding requests exceeded the available budget, energy utilities with qualifying accounts have received a proportional allocation of available funds. CPAU has been awarded a total of \$735,969 (\$486,876 to electric accounts and \$249,093 to gas accounts). Once City Council accepts the award, CPAU will apply funds to customer accounts.

Water Supply Update: The latest California Drought Monitor shows the Bay Area and neighboring counties have moved out of exceptional drought and into extreme or severe drought. Preliminary data for the San Francisco Regional Water System shows total system storage for January 2 at about 75% of capacity and long-term median total system storage around 76%. On November 23, the SFPUC declared a Water Shortage Emergency and called for a voluntary 10% systemwide reduction in water usage in 2022 from the fiscal year 2019-2020 baseline. SFPUC will not impose excess use charges during periods of voluntary rationing. For July 1–December 31, 2021, Palo Alto reduced water usage approximately 10% relative to FY 2019-2020. On January 4, 2022, the State Water Resources Control Board adopted drought-related emergency regulations to reduce California's urban water waste. Palo Alto already includes most of these water waste provisions in its permanent water waste restrictions. However, we will modify Palo Alto's Water Shortage Contingency Plan to incorporate any new requirements.

Hydroelectric Update: The FY 2022 water year is off to a very strong start with large volumes of rain and snow falling in October and December. As of January 3, precipitation totals in Northern and Central California are almost 60% above average for this time of year. However, reservoir levels remain somewhat low – across Northern and Central California, most reservoirs are now about 30-40% full, which is about 50-75% of their average level for this point in time. As a result, Palo Alto's hydroelectric projections for FY 2022 remain low. These resources are projected to produce around 330 gigawatt hours of hydroelectric energy, which is about 40% of our total load and about 31% below the long-term average level of hydro output.

Refrigerator Recycling Program Update: At the end of December 2021, Palo Alto's grant-funded refrigerator recycling program ended. The program was funded by a Bay Area Air Quality Management District grant and launched in March 2019. Through the duration of the program, more than 400 old refrigerators and freezers were collected in Palo Alto, and over 2,000 metric tons of greenhouse gas emissions were avoided by properly disposing of refrigerants.

Batchelor explained that Staff will be requesting Council adopt a 36-month payment plan for folks who have overdue accounts. Staff will be presenting the outage report to City Council on January 10, 2022.

In answer to Chair Forssell's query regarding notifying customers of the option of using a payment plan, Batchelor answered that once approved, Staff will be sending out letters to customers.

UNFINISHED BUSINESS

None.

NEW BUSINESS

ITEM 3: ACTION: Adoption of a Resolution Authorizing Use of Teleconference for Utilities Advisory Commission Meetings During Covid-19 State of Emergency.

Dean Batchelor, Utilities Director, announced that Council will continue their meetings via Zoom due to the rise in Covid-19 cases.

ACTION: Commissioner Scharff moved Staff recommendation that the Utilities Advisory Commission (UAC) Adopt a Resolution (Attachment A) authorizing the use of teleconferencing under Government Code Section 54953(e) for meetings of the Utilities Advisory Commission (UAC) and its committees due to the Covid-19 declared state of emergency.

Seconded by Commissioner Smith.

Motion carries 6-0 with Chair Forssell, Vice Chair Segal and Commissioners, Johnston, Metz, Scharff and Smith voting yes.

Commissioner Bowie absent.

ITEM 3: ACTION: Selection of Budget Subcommittee.

Chair Forssell explained that two or three Commissioners will serve on a Budget Subcommittee and will meet with Staff outside of the regular UAC monthly meetings to learn about and review the budget. The item will come to the full UAC for additional discussion and action.

Commissioner Smith, Commissioner Scharff and Vice Chair Segal volunteered to be on the Budget Subcommittee.

ACTION: Commissioner Smith, Commissioner Scharff, and Vice Chair Segal volunteered to be on the Budget Subcommittee.

The selection carries 6-0 with Chair Forssell, Vice Chair Segal and Commissioners, Johnston, Metz, Scharff and Smith voting yes.

Commissioner Bowie absent.

ITEM 4: DISCUSSION: Discussion and Update on the Permit Processes for Various Energy Technologies.

David Coale requested that Staff provide answers to his questions that were listed in his letter. He strongly supported the City using the SolarApp+ program to reduce plan check time for photovoltaic (PV) systems and eliminate personal bias from the City's inspectors. He encouraged the City to adopt SolarAPP+ first, then evaluate how the process is working for the City, and then make any changes that may be needed.

Daniel Dullitz commented that Palo Alto is widely known for having very specific rules related to the installation of PV systems and installers do not believe those rules are adding value or increasing safety. He suggested that those specific rules be benchmarked. He requested that Staff provide justifications as to why

those rules are in place. If the justifications do not warrant the rule to be continued, then the rule should sunset.

Jonathan Lait, Director of Planning and Development Services, highlighted that good progress has been made with SolarAPP+. Staff predicted that SolarAPP+ will be integrated into the building permitting operation in February 2022. SolarAPP+ will apply to roof-mounted PV systems only. Staff continues to work on including storage systems into SolarAPP+ and it will be part of the program in the near future. Staff also continues to work with the other City Departments who are involved in the development review process for PV systems. When all of the City's departments are ready, the City will go live with SolarAPP+. Staff predicted that the checklists and customer surveys regarding the permitting process will be available in February 2022. The checklists will help contractors know what is required on an application and what items will be evaluated during the inspection.

In reply to Chair Forssell's inquiry regarding what is encompassed in an Electrification Permit, Lait answered that it includes PV, energy storage systems, vehicle chargers, and heat pump water heaters. It does not include service panel upgrades.

Lait shared that at the suggestion of a member of the public, Staff has included the metric of Electrification Permit with solar PV component and energy storage in the benchmarking process. Staff continued to make improvements on processing applications faster than the goal of a 7-day turnaround time. Projects that go beyond the 7-days usually have incomplete applications or Staff was attending to other obligations.

Commissioner Metz suggested that Staff reach out to Graham Richard to discuss applying a quality methodology to the permitting program. He recommended that Staff establish a permitting quality program and train Staff on how to use quality methods. He commented that the goals outlined in the Staff report are vague and need to be refined. He recommended that Staff use quality tools to make systematic improvements. In response to his query regarding if Staff has contemplated using quality tools, Lait stated that Staff is open to ideas that can help further streamline and address the City's challenges. The City had an independent analysis done that compared Palo Alto to other jurisdictions and that helped inform the decisions that have been made so far. Staff has quantitative goals in terms of the intake of an application, processing time, and the final product. When the checklists are in place and SolarAPP+ is implemented, Staff will have to demonstrate through performance that goals are being met and applicants are no longer having a difficult time with the permitting process.

Commissioner Scharff noted that one of the issues that folks encounter is having to have multiple inspections for any project that requires a City Permit. In reply to his question regarding having all inspections be done by one person, Lait clarified that Staff is currently focused on having one inspector inspect roof-mounted PV systems. It becomes complicated when energy storage systems are added. In response to Commissioner Scharff's request for further explanation on the implication of SolarAPP+ and its effects on infrastructure, Dean Batchelor, Utilities Director, stated that permits that come to the counter have an automatic upgrade of 32 to 34 kilovolts (kV) for the transformer. The largest storage system that Staff has seen for one home was 22 to 24 kV but neighborhoods that contain many storage systems will overload the transformers. In reply to Commissioner Scharff's query regarding what Palo Alto requirements go beyond state requirements, Lait believed that the City is following all state Fire and Building Codes. He acknowledged that there were components that went beyond state code but those have been removed. The City owns its own utility and so the City has specific rules where other jurisdictions that fall under Pacific Gas and Electric Company (PG&E) may not have those requirements.

Chair Forssell requested that Staff clarify if the City requires one alternate current (AC) disconnect or multiple disconnects. Lait shared a photo of a system that was installed in 2020. He explained that the City no longer

requires multiple AC disconnects, only one. George Hoyt, Chief Building Official, added that it is cheaper for the applicant to have multiple disconnects versus one disconnect because the larger disconnects are more expensive. The applicant and contractor have discretion on how they want to install their system and Staff's job is to determine that the project is compliant with City regulations.

Commissioner Johnston found the discussion about how Staff is improving the process was very helpful. In answer to his question regarding implementing SolarAPP+ in February 2022, Lait confirmed that the Building Department will be ready to receive SolarAPP+ applications come February. Staff continued to work with other City Departments that are involved in the permit process so that they are ready as well. Batchelor noted that Staff is working on drawings that will show that the AC disconnect should be located next to the electrical panel if possible and those will be provided on SolarAPP+. In response to Commissioner Johnston's query regarding the process SolarAPP+ follows, Hoyt restated that SolarAPP+ will only be receiving applications for roof-mounted PV systems. An applicant will pay a small fee to fill out an application on SolarAPP+ and the automated review cycle will review the application. If the application is approvable, the system will send the application to Staff who will then issue the Building Permit and checklist requirements. Lait restated that SolarAPP+ will not be live until all of the reviewing departments are ready.

Commissioner Smith greatly appreciated the presentation and discussion. In answer to his question regarding the checklists, Lait confirmed that there will be one checklist with the requirements from the Fire Department, the Utilities Department and the Building Department. Hoyt added that the concern with having multiple checklists is requiring the departments to update them regularly. Commissioner Smith understood from the complaints submitted by the public that there is a lack of clarification or lack of understanding as to what specific department is having the concern. He stated that the City has to educate folks that what they do at their house can affect their neighbor's utilities and that transformers have to be updated to allow for higher load capacity. He recommended that the checklist provide greater clarification as to why the City is asking for a disconnect. He felt it would be helpful to have drawings of a PV system that is the preferred layout to help folks with their planning process. In reply to his query regarding supplying drawing, Lait commented that Staff has to be well educated in the process before the City can educate the public. The City's website also has to be updated and will encompass many of the suggestions made by Commissioner Smith. Staff does plan to incorporate in the website drawings and schematics. Commissioner Smith emphasized that for the City to be successful with Fiber To The Home (FTTH), education has to come first, and he felt that applied to PV and storage systems.

Commissioner Scharff left the meeting at 6:48.

Chair Forssell appreciated the report, presentation and Staff addressing Mr. Coale's questions in his email. She supported Staff's recommendation to compile a database of contractors who install PV systems in Palo Alto.

ACTION: None.

The UAC took a break at 7:10 pm and resumed at 7:21 pm.

ITEM 5: DISCUSSION: Discussion of Objective and Scope of Energy Resiliency and Reliability Plan.

Lena Perkins, Senior Resource Planner, stated that this is a listening session with the UAC to understand if Staff has the right elements for the scope of work. She requested that UAC provide comments on the objective, criteria, context, and reliability.

Chair Forssell explained that Council has asked for a specific plan and Staff is seeking feedback from the UAC on that plan. Perkins explained that Council has directed Staff to explore and develop an energy resiliency

and reliability plan with energy storage as one aspect to accomplish several Sustainability Climate Action Plan (S/CAP) and electrification goals.

In thinking about discussion question number three, Commissioner Smith suggested that the City stack rank the options with an assigned percentage of likelihood and percentage of impact. Then staff could use the stack rank to focus the City's efforts. Perkins agreed that approach would help the City understand what disaster it is preparing for and what resources would need to be devoted to that specific disaster.

Commissioner Johnston thanked Commissioner Metz and Commissioner Bowie for their memo. He found it very helpful to focus the discussion on the issue of planning for one to two weeks with no outside electricity or water. If the Office of Emergency Services (OES) is encouraging cities to plan for that, then the Utilities Department should be aware of that. Regarding discussion question number seven, he supported the approach that resiliency is consistent with the City's S/CAP goals but he believed it should be evaluated as a standalone issue. Perkins explained that Council directed Staff to consider energy resiliency along with other S/CAP goals. She agreed that energy resiliency has value beyond climate change. She shared that OES recommends that customers choose what level of resiliency they want and then OES shares information on how that can be accomplished. Commissioner Johnston stated it is helpful for residents' own planning to think about how they will handle one to two weeks of no water or electricity. He remarked that having an assessment of resilience is very important and should be a priority along with the S/CAP.

Commissioner Metz concurred with Commissioner Johnston's last statement. He expressed his appreciation to Staff and OES for their help on the item. He mentioned that resilience and reliability are complimentary to emergency preparedness and response. The key point is to identify what the disaster is, what the impact will be, and then what residents and the City can do to prepare for that disaster. He agreed that another key point is that the City needs to allocate additional resources to emergency preparedness if more preparedness is to be accomplished.

Commissioner Bowie echoed the comment that preparedness and resiliency are separate but complementary. He recommended that as the City is making long-term commitments to resiliency and investments. He said the City should build into the sustainable process how frequent disasters are happening.

Vice Chair Segal remarked that though she did not have any other ideas on how to solicit public input. One thing she was hearing is how much should the utility be responsible for in terms of resiliency and how much will be asked of individual residents. She suggested that UAC and the City have a discussion on propane generators and if those should be part of the resiliency plan. Perkins agreed that the target audience is people that will be the most vulnerable in a disaster and that they may have the least amount of time to engage in the discussion. One theme that has surfaced many times is that resiliency and emergency preparedness are complimentary. When it comes to hardening the electrical system, the City will have to have more planned outages while that work is being done.

Commissioner Bowie commented that groups that can implement their own resiliency should be targeted first because folks who cannot provide their own resiliency will need City help. He suggested engaging folks who live in single-family homes because folks in multi-family homes will not have the space or ability to upgrade their systems.

Chair Forssell remarked that the UAC is addressing many aspects that do not pertain to utilities. She thought of reliability and resiliency in the sense of how fast the City can return services to residents. She recommended that Staff provide clarity on the goal that was listed in question one of the discussion questions. Regarding discussion question number two, she supported changes in climate and natural disasters as objectives. She did not understand energy resiliency due to political conditions, economics and

regulations. Perkins explained that an example of a political conditions could be new environmental constraints on water supplies that diminish the availability of water and hydroelectric power to the City. She agreed that the language needs to be clarified. Chair Forssell noted that UAC and Staff had a prior discussion about evaluation criteria. She suggested that the report explain what type of level of service residents can expect when a disaster occurs.

Perkins mentioned that one outcome from the discussion is a very focused and minimal plan that fills in gaps and conducts high-level assessments without substantial resources. Chair Forssell added that UAC does not have the purview to allocate resources.

Commissioner Metz gave a presentation summarizing the Commissioners' Memo authored by him and Commissioner Bowie. Commissioner Metz said that the initiative focused on what City of Palo Alto Utilities (CPAU) can do to provide minimal energy and water for neighborhood-level emergency preparedness and response. He stated that it is crucial that folks be able to stay in their homes during an emergency. During a disaster, residents will be on their own for a certain amount of time until services can be restored. Most homes could have backup electricity for the first 72-hours but folks in multi-family homes do not have those capabilities. The subcommittee recommended that UAC place neighborhood-level emergency preparedness and response as a top priority. They recommended that UAC discuss how CPAU and Palo Alto OES can address the gap between City services going out and coming back online. The subcommittee also recommended the UAC investigate and recommend the role CPAU will play in neighborhood-level preparedness and response and consider near-term and long-term actions.

Commissioner Bowie was excited about exploring future technologies and how they might work together to address future hazards.

In response to Chair Forssell's request for examples of neighborhood-level preparedness and response, Commissioner Metz answered to have one in every five homes have a PV system with storage and equipment to purify water. Chair Forssell pointed out that the City could maintain a database of who has a PV system in the City. Commissioner Metz mentioned that power storage plays an important role in emergency preparedness. Any type of City initiative should be local so that folks do not have to travel far for help. OES strongly opposed having folks in shelters and that should be avoided when possible. Commissioner Bowie shared that one response could be distributing the cost to neighbors for folks who are willing to outfit their home with power storage and share it with neighbors in an emergency. CPAU could provide education to help facilitate that type of discussion among neighbors. In answer to Chair Forssell's query regarding the Cool Blocks Program, Bowie remarked that Oakland, California has the EcoBlock Program that retrofitted existing residential homes to improve resilience, sustainability and quality of life for community members. He acknowledged that homeowners may be reluctant to agree and/or partner with their neighbors.

Commissioner Johnston commented that the Cool Blocks Program was focused on sustainability more than emergency preparedness. Also, there was a separate group of emergency volunteers that were neighborhood-based that focused on emergency preparedness. Both groups depended on neighbors coming together and agreeing on certain goals.

Perkins explained that the Coastal Conservation Association (CCA) is educating folks on their battery storage and PV initiatives and how they can help during winter storms. The City's utility can provide inserts or other messaging campaigns to educate folks about what options are available for resiliency and preparedness.

ACTION: None.

ITEM 6: ACTION: Staff Requests that the Utilities Advisory Commission (UAC) Recommend that the Council Amend Utilities Rule and Regulation 11, (Billing, Adjustments and Payment of Bills).

Dave Yuan, Strategic Business Manager, announced that Staff recommends a maximum credit card payment limit of \$5,000 per monthly utility account. Any payments over \$5,000 would include a cost-recovery fee of up to 2.7 percent. This action was brought on by the increasingly high cost of credit card fees. The City's Administrative Services Department (ASD) is exploring a Citywide credit card policy to recover the fee. When that is implemented, Staff will reassess the limit. The City has three ways customers can pay their bills and Staff predicted it would take approximately a year to update all three systems with the new limit and charge. MyCPAU and the Covid-19 pandemic have attributed to more folks paying their bills online and Staff predicted that the trend will only increase in 2022. There are benefits to allowing credit card payments including convenience for customers, encouraging self-service, reducing customer service call center and collection costs, and many others. If adopted, Staff will start notifying customers in January and February of 2022 and begin system reconfiguration in March through December of 2022. Staff will revisit the topic when ASD implements their Citywide Policy in Fiscal Year 2023.

In answer to Commissioner Johnston's query regarding the customers who routinely go over the \$5,000 a month threshold, Yuan agreed that the majority of them are commercial customers but there are few residential. Staff has reached out and some of the customers have converted to Automated Clearing House (ACH) payments or wire transfers. In response to Commissioner Johnston's inquiry as to why some have declined to convert, Yuan predicted they wanted to stay with what is convenient. Commissioner Johnston supported Staff's recommendation.

Vice Chair Segal echoed Commissioner Johnston's comments. She mentioned that she is interested to learn about the customers who would fall in the category of having a bill that is over \$1,000 but below \$5,000. She did not want a policy that targeted only a few customers if the threshold was moved down to \$1,000 and suggested that those customers be addressed on a as needed basis. In answer to her question regarding updating the payment systems, Yuan explained that it will be easy to insert the logic into the program as well as change the dollar amount threshold. The harder part will be limiting the program to one account per month. In the past, folks would submit multiple threshold payments to trick the system and avoid the fee. He predicted that there are roughly 700 customers who fall in the \$1,000 to \$3,000 range. If it would be helpful to those customers to pay their delinquent bills, the City would like to offer them the option of paying by credit card. If later ASD implements a Citywide fee, it would not take much work to adjust the limit. Vice Chair Segal remarked that she is sympathetic to folks who have delinquent accounts as well as sympathetic to the Utility Department for paying large sums in credit card fees. Yuan mentioned that 32 percent of payments are credit card payments with 96 percent of accounts falling under the \$1,000 threshold.

Commissioner Smith agreed with Commissioner Johnston and supported Staff's recommendation.

Commissioner Metz agreed with Commissioners Smith and Johnston. He commented that folks who have bills above the \$1,000 and \$5,000 threshold are businesses, and the City is enabling them to use credit cards for free. He mentioned that there is a cost to collecting non-credit card funds. Yuan confirmed that those costs are significantly less than the credit card fee and the smaller the bill, the less the credit card fee is.

Chair Forssell wanted to see more total fee accumulation in higher brackets. Yuan shared a slide discussing the maximum credit card payment options. With the effort to convert customers to other methods of payment, the City has reduced its credit card fee by \$100,000. If the threshold was changed to \$3,000, the City would save another \$60,000 in credit card fees. Chair Forssell remarked that she hoped going to a lower threshold would be more savings for the City, but based on the chart that was not feasible. She supported the Staff recommendation based on the ease of being able to change the threshold in the future.

ACTION: Commissioner Johnston moved Staff recommendation that the Utilities Advisory Commission (UAC) recommend the Council adopt a Resolution (Attachment C) amending Utilities Rule and Regulation 11, (Billing, Adjustments and Payment of Bills).

Seconded by Commissioner Smith.

Motion carries 6-0 with Chair Forssell, Vice Chair Segal and Commissioners Bowie, Johnston, Metz, and Smith voting yes.

Commissioner Scharff absent.

COMMISSIONER COMMENTS and REPORTS from MEETINGS/EVENTS

None.

FUTURE TOPICS FOR UPCOMING MEETINGS: February 02, 2022

In answer to Commissioner Smith's query regarding future meetings with Magellan for FTTH, Dave Yuan, Strategic Business Manager, stated they will be presenting in March 2022. Commissioner Smith requested that the Bucket 1 Renewable Energy Credit (REC) sales be included in the quarterly update along with the financial budget impacts of increased sales.

NEXT SCHEDULED MEETING: February 02, 2022

Vice Chair Segal moved to adjourn. Commissioner Johnston seconded the motion. The motion carried 6-0 with Chair Forssell, Vice Chair Segal, and Commissioners Bowie, Johnston, Metz, and Smith voting yes.

Commissioner Scharff absent.

Meeting adjourned at 8:39 p.m.

Respectfully Submitted
Tabatha Boatwright
City of Palo Alto Utilities