



# City of Palo Alto

## City Council Staff Report

(ID # 9537)

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**Report Type: Consent Calendar**

**Meeting Date: 10/1/2018**

**Council Priority: Environmental Sustainability**

**Summary Title: Approval of the 2017 Annual Power Source Disclosure Report**

**Title: Adoption of a Resolution Approving and Attesting to the Veracity of the 2017 Annual Power Source Disclosure Report**

**From: City Manager**

**Lead Department: Utilities**

### **Recommendation**

Staff recommends that the City Council adopt a resolution (Attachment A) approving the 2017 annual Power Source Disclosure report (Exhibit A to Attachment A) and attesting to its veracity.

### **Background**

Senate Bill 1305 (SB 1305) was approved in 1997 to ensure that all retail suppliers of electricity disclose to consumers the sources of energy used to provide the electric service in an accurate, reliable and easy to understand manner. The SB 1305 Report is commonly referred to as the Power Source Disclosure (PSD) report. The City of Palo Alto submits an annual PSD Report to the California Energy Commission (CEC) by June 1st of each year. The information contained in this reporting is used to prepare the annual Power Content Label (PCL), which is mailed to our customers around October of each year and posted on the City's website at [https://www.cityofpaloalto.org/gov/depts/utl/residents/resources/pcm/power\\_content\\_label.asp](https://www.cityofpaloalto.org/gov/depts/utl/residents/resources/pcm/power_content_label.asp) and on the CEC's website at <http://www.energy.ca.gov/pcl/labels/>.

### **Discussion**

In 2017, the CEC regulation<sup>1</sup> implementing SB 1305 was updated with the changes retroactively effective to October 2016. The changes included a provision that requires utilities to engage a third-party certified public accountant to perform an audit to verify the specific purchases, resales, and self-consumption of energy by fuel type.<sup>2</sup> The regulation includes an exemption from the audit requirement for publicly owned electric utilities, if the governing board of the utility "approves at a public meeting the submission to the Energy Commission of an attestation

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<sup>1</sup> "Power Source Disclosure Program Regulations," California Energy Commission, CEC-300-2017-048, October 2016. Available at: <https://www.energy.ca.gov/pcl/documents/>.

<sup>2</sup> California Code of Regulations Title 20, Section 1394(b)(1).

of the veracity of the annual report.”<sup>3</sup>

This audit exemption, however, can only be applied to one electric service product offered by the utility; any additional products are required to satisfy the audit requirement. In Palo Alto’s case, this means that the Council can attest to the veracity of the City’s annual report for the City’s standard power mix, as described above. However, the City’s voluntary PaloAltoGreen product, which is available to all commercial customers and allows them to pay a small premium in order to receive the City’s standard power mix plus additional wind and solar renewable energy certificates (RECs), is subject to the audit requirement. The PaloAltoGreen program is audited annually by a third-party certified public accountant in order to maintain the Program’s Green-e certification, and this audit is performed in accordance with the applicable CEC procedures. The most recent PaloAltoGreen program audit, for calendar year 2017, was completed in May 2018.

In 2017, CPAU’s hydroelectric generation was above long-term average levels as weather conditions were very wet following five extremely dry years. The City also had three new utility-scale solar projects come online in late 2016. As a result, Palo Alto had an energy surplus and sold the excess generation on the market. The power mix percentages listed in the PSD report reflect the share of the total energy purchased by the City, as opposed to the share of the City’s retail sales.

Utilities Department staff submitted the City’s annual PSD report for calendar year 2017 (Exhibit A to Attachment A) to the CEC in May 2018, along with the associated attestation form. (Please note that all Palo Alto net purchases in 2017 were considered carbon neutral, consistent with the Carbon Neutral Plan ([Staff Report 3550](#).) The 2017 PCL was mailed to each electric customer as a bill insert in September 2018, in accordance with the regulation. The attached resolution (Attachment A) approves the annual PSD Report submission and provides the attestation to the veracity of the report as required for exemption from the third party audit requirement for the City’s standard power mix.

Staff anticipates submitting the City’s annual PSD report for calendar year 2018 to the CEC around May 2019, and providing the 2018 PCL to electric customers around September 2019.

### **Resource Impact**

Adoption of the attached resolution will not result in a financial impact to the City.

### **Policy Implications**

Adoption of the attached resolution will enable the City to comply with the CEC regulation implementing SB 1305 (California Code of Regulations, title 20, sections 1391 to 1394).

### **Environmental Review**

Adoption of the attached resolution is not subject to California Environmental Quality Act

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<sup>3</sup> California Code of Regulations Title 20, Section 1394(b)(2).

(CEQA) review as an administrative government activity that will not result in any direct or indirect physical change to the environment as a result (CEQA Guidelines section 15378(b)(5)).

**Attachments:**

- Attachment A: Resolution Approving Palo Alto's 2017 Power Source Disclosure Report

\*NOT YET APPROVED\*

Resolution No. \_\_\_\_\_

Resolution of the Council of the City of Palo Alto Approving and Attesting to the Veracity of the 2017 Annual Power Source Disclosure Report

R E C I T A L S

A. Senate Bill 1305 was adopted in 1997, establishing an Electricity Generation Source Disclosure Program, (“Power Source Disclosure Program”), which requires retail suppliers of electricity to annually submit a power source disclosure report to the California Energy Commission.

B. The City of Palo Alto is a retail supplier of electricity as defined by the Power Source Disclosure Program (Ca. Code of Regs., title 20, section 1391).

C. The Power Source Disclosure Regulation was updated effective October 31, 2016, requiring an annual audit of the information in the annual Power Source Disclosure Report to be performed by an independent accountant or certified internal auditor, with an exception from this requirement for one electric service product for publicly owned utilities, if the governing body of the publicly owned utility approves at a public meeting the submission to the California Energy Commission of an attestation of the veracity of the annual report.

D. The 2017 Power Source Disclosure Report for Palo Alto’s secondary electric service product, which is provided to commercial customers who participate in the PaloAltoGreen program, was independently audited in May 2018 by an independent accountant.

E. In May 2018, Utilities Department staff prepared and submitted the 2017 Annual Power Source Disclosure Report to the Energy Commission in accordance with the applicable regulations (Ca. Code of Regs, title 20, sections 1391-1394).

The Council of the City of Palo Alto (“City”) RESOLVES:

SECTION 1. The Council approves the submission to the Energy Commission and attests to the veracity of the City’s 2017 Annual Power Source Disclosure Report (attached as Exhibit A to this resolution) which staff submitted to the California Energy Commission in May 2018.

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\*NOT YET APPROVED\*

SECTION 2. The Council finds that the adoption of this resolution is not subject to California Environmental Quality Act (CEQA) review because adoption of this resolution is an administrative government activity that will not result in any direct or indirect physical change to the environment as a result (CEQA Guidelines section 15378(b)(5)).

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

APPROVED AS TO FORM:

APPROVED:

\_\_\_\_\_  
Assistant City Attorney

\_\_\_\_\_  
City Manager

\_\_\_\_\_  
Utilities General Manager

\_\_\_\_\_  
Director of Administrative Services



**ANNUAL REPORT TO THE CALIFORNIA ENERGY COMMISSION:  
Power Source Disclosure Program  
Schedule 1 and 2, applicable to: Load Serving Entities  
For the Year Ending December 31, 2017**

Load serving entities are required to use the posted template and are not allowed to make edits to this format.  
Please fill out the company name and contact information.

## GENERAL INSTRUCTIONS

COMPANY NAME	
	City of Palo Alto Utilities
PRODUCT NAME (If Multiple Products Offered)	
	CPAU Default Product
CONTACT INFORMATION	
Name	James Stack
Title	Senior Resource Planner
Mailing Address	250 Hamilton Avenue, Third Floor
City, State, Zip	Palo Alto, CA 94301
Phone	(650) 329-2314
E-mail	<a href="mailto:james.stack@cityofpaloalto.org">james.stack@cityofpaloalto.org</a>
Website for PCL Posting	<a href="https://www.cityofpaloalto.org/gov/depts/utl/residents/resources/pcm/power_content_label.asp">https://www.cityofpaloalto.org/gov/depts/utl/residents/resources/pcm/power_content_label.asp</a>

Please fill out the schedules that apply to your company's filing requirements. Provide the annual report and attestation together in PDF format and the annual report in an excel file by email to [PSDprogram@energy.ca.gov](mailto:PSDprogram@energy.ca.gov). Remember to fill in the company name above, submit separate reports and attestations for each additional product if multiple electric service products are offered. Report procurements in MWh (not kWh).

**NOTE:** Information submitted in this report is not automatically held confidential. If your company wishes the information submitted to be considered confidential an authorized representative must submit an application for confidential designation (CEC-13), which can be found on the California Energy Commissions's website at [http://www.energy.ca.gov/commission/chief\\_counsel/documents/CEC13.pdf](http://www.energy.ca.gov/commission/chief_counsel/documents/CEC13.pdf)

If you have questions, contact PSD staff at [PSDprogram@energy.ca.gov](mailto:PSDprogram@energy.ca.gov) or (916) 653-6222.



**ANNUAL REPORT TO THE CALIFORNIA ENERGY COMMISSION: Power Source Disclosure Program**  
**For the Year Ending December 31, 2017**  
**SCHEDULE 1: POWER PROCUREMENTS AND RETAIL SALES**  
**Applicable to: Load Serving Entities**

INSTRUCTIONS: Enter information about power procurements supporting all electricity products for which your company is filing the Annual Report. If you need additional rows, add them from the INSERT menu. Please list all purchases (Specified and Unspecified purchases) as line items under the Facility Name heading. If a procurement was for unbundled RECs include the term "REC Only" in parentheses after the facility name in the Facility Name column, and categorize the power as the fuel type of the generating facility from which the unbundled REC was derived. If procured power was from a transaction that expressly transferred energy only and not the RECs associated with that energy, identify the power as "Unspecified Power" in the Fuel Type column.

ALL PROCUREMENTS (Specified and Unspecified)											
Facility Name	Unit No.	Fuel Type	Location (State or Province)	RPS ID	WREGIS GU ID	EIA ID	FERC QF ID	Gross MWh Procured	MWh Resold or Self-Consumed	Net MWh Procured	
WAPA - Nimbus		Hydro	Folsom, CA		W 1161		444	5240.11		5,240.1	
WAPA - Nimbus -- RECs only		Hydro	Folsom, CA		W 1161		444	4551.89		4,551.9	
WAPA - Lewiston		Hydro	CA		W 1108			274.72		274.7	
WAPA - Lewiston -- RECs only		Hydro	CA		W 1108			246.28		246.3	
WAPA - Stampede -- RECs only		Hydro	CA		W 1177			1058		1,058.0	
Richmond LFG		Landfill Gas	Richmond, CA		W 2781	50831		0		-	
Johnson Canyon LFG		Landfill Gas			W 3397			9350		9,350.0	
Half Moon Bay (Ox Mountain)		Landfill Gas	Half Moon Bay, CA		W 2033	56895		41975		41,975.0	
San Joaquin LFG		Landfill Gas			W 3883			31935		31,935.0	
Santa Cruz LFG		Landfill Gas	Watsonville, CA		W 2014	56428		9765		9,765.0	
Butte LFG		Landfill Gas	Paradise, CA		W 2848	57771		0		-	
Keller Canyon		Landfill Gas	Pittsburg, CA		W 2071	56897		14462		14,462.0	
Geothermal Plant #1 - Unit 1		Geothermal	Geysers, CA		W 1254	7368		0		-	
Geothermal Plant #1 - Unit 2		Geothermal	Geysers, CA		W 1255	7368		0		-	
Geothermal Plant #2 - Unit 4		Geothermal	Geysers, CA		W 1257	7369		0		-	
Ukiah, City of (Power sold from share of above plants)		Geothermal	Geysers, CA		see above	see above		0		-	
Geo Solar 1 Clearlake -- self-consumed		Solar	Geysers, CA		W 1509			0		-	
Geo Solar 2 Middletown -- self-consumed		Solar	Geysers, CA		W 2792			0		-	
Geo Solar 1 Clearlake -- RECs only		Solar	Geysers, CA		W 1509			0		-	
Geo Solar 2 Middletown -- RECs only		Solar	Geysers, CA		W 2792			0		-	
Geo OSL -- self-consumed		Geothermal	Geysers, CA		W 4883			0		-	
Geo OSL -- RECs only		Geothermal	Geysers, CA		W 4883			0		-	
Shiloh		Wind	Solano County, CA		W 231	56362		59388.0		59,388.0	
New Spicer Meadows		Hydro	Tuolumne County, CA		W 1260	54554		7916		7,916.0	
High Winds		Wind	Solano County, CA		W 229	56075		38095		38,095.0	
Collierville		Large Hydro	Murphys, CA		W 1258, 1259	54554		233235		233,235.0	
Hydro Solar -- self-consumed		Solar	Murphys, CA		W 1266			11	11	-	
Hydro Solar -- RECs only		Solar	Murphys, CA		W 1266			11		11.0	
EE Kettleman Land - Centaurus		Solar			W 4695			51364		51,364.0	
Elevation Solar C		Solar			W 5298			110659		110,659.0	
Crow Creek Solar		Solar			W 7962			51623		51,623.0	
Hayworth Solar		Solar			W 4719			61759		61,759.0	
Western Antelope		Solar			W 5300			54533		54,533.0	
WAPA - J.F.Carr		Large Hydro	CA		W 1164	2518		31067.1		31,067.1	
WAPA - J.F.Carr - RECs only		Large Hydro	CA		W 1164	2518		491.9		491.9	
WAPA - Folsom		Large Hydro	CA		W 1156 thru 58	2518		70826.48		70,826.5	
WAPA - Folsom - RECs only		Large Hydro	CA		W 1156 thru 58	2518		1146.52		1,146.5	
WAPA - Keswick		Large Hydro	CA		W 1165	2518		36193.04		36,193.0	
WAPA - Keswick - RECs only		Large Hydro	CA		W 1165	2518		522.96		523.0	
WAPA - New Melones		Large Hydro	CA		W 1159, 1160	2518		59863.14		59,863.1	
WAPA - New Melones - RECs only		Large Hydro	CA		W 1159, 1160	2518		2298.86		2,298.9	
WAPA - Shasta		Large Hydro	CA		W 1168 thru 72	2518		240464.25		240,464.3	
WAPA - Shasta - RECs only		Large Hydro	CA		W 1168 thru 72	2518		3972.75		3,972.8	
WAPA - Spring Creek		Large Hydro	CA		W 1174	2518		38667.46		38,667.5	
WAPA - Spring Creek - RECs only		Large Hydro	CA		W 1174	2518		586.54		586.5	
WAPA - Trinity		Large Hydro	CA		W 1175, 1176	2518		34720.01		34,720.0	
WAPA - Trinity - RECs only		Large Hydro	CA		W 1175, 1176	2518		859.99		860.0	
WAPA - O'Neill		Large Hydro	CA		W 1167, 1186	2518		0.58		0.6	
WAPA - O'Neill - RECs only		Large Hydro	CA		W 1167, 1186	2518		5.42		5.4	
WAPA - Gianelli - RECs only		Large Hydro	CA		W 1162, 1288	2518		4036		4,036.0	
Alameda #1 Natural Gas		Natural Gas	Alameda, CA			7450		0		-	
Alameda #2 Natural Gas		Natural Gas	Alameda, CA			7450		0		-	
Lodi CT #1 Natural Gas		Natural Gas	Lodi, CA			7451		0		-	
Lodi CT #2 NG (STIG)		Natural Gas	Lodi, CA			7449		0		-	
Lodi Energy Center		Natural Gas	Lodi, CA			40613		0		-	
East Bay Municipal Utility District		Landfill Gas	Oakland, CA			56036		0		-	
Vansycle II - RECs only		Wind	OR		W 1458	58324		0		-	

**Total Net Purchases** 1,313,164

**Total Retail Sales** 884,422



**ANNUAL REPORT TO THE CALIFORNIA ENERGY COMMISSION:  
 Power Source Disclosure Program  
 For the Year Ending December 31, 2017  
 SCHEDULE 2: ANNUAL POWER CONTENT LABEL CALCULATION  
 Applicable to: Load Serving Entities**

INSTRUCTIONS: Total specific purchases (by fuel type) and enter these numbers in the first column. Null power purchases should be included with Unspecified Power. REC only purchases should be included as part of the fuel type they represent. Total retail sales information from Schedule 1 will autopopulate on this schedule. Any difference between total net purchases and total retail sales will be applied pro-rata to each non-renewable fuel type. Each fuel type total will then be divided by retail sales to calculate fuel mix percentages.

	<b>Net Purchases (MWh)</b>	<b>Percent of Total Retail Sales (MWh)</b>
<b>Specific Purchases</b>		
Renewable	554,206	63%
Biomass & Biowaste	107,487	12%
Geothermal	-	0%
Eligible hydroelectric	19,287	2%
Solar	329,949	37%
Wind	97,483	11%
Coal	-	0%
Large Hydroelectric	758,958	37%
Natural Gas	-	0%
Nuclear	-	0%
Other	-	0%
<b>Total Specific Purchases</b>	<b>1,313,164</b>	<b>100%</b>
<b>Unspecified Power (MWh)</b>	<b>-</b>	<b>0%</b>
<b>Total</b>	<b>1,313,164</b>	<b>100%</b>
<b>Total Retail Sales (MWh)</b>	<b>884,422</b>	

COMMENTS: