



City of Palo Alto

City Council Staff Report

(ID # 11416)

Report Type: Consent Calendar

Meeting Date: 8/17/2020

Summary Title: Rules and Regulations Changes

Title: Adoption of a Resolution Amending Utility Rate Schedule E-15 (Electric Service Connection Charges), and Utilities Rules and Regulations 2, 15, 20, 27 and 29 / Resolution Amending City of Palo Alto Rate Schedule and Utilities Rules and Regulations

From: City Manager

Lead Department: Utilities

Recommended Motion

Staff Recommends the City Council Adopt the Resolution Amending Utility Rate Schedule E-15, and Utilities Rules and Regulations 2, 15, 20, 27 and 29.

Recommendation

Staff recommends that Council adopt the attached Resolution ([Attachment A](#)) amending Utility Rate Schedule E-15, and Utilities Rules and Regulations 2, 15, 20, 27 and 29, as linked in [Attachment H](#).

Executive Summary

In 2019 staff performed a comprehensive review and update of the Utilities Rate Schedules and Rules and Regulations. Council approved Resolutions to amend the Rates in June 2019 ([Resolution 9852](#)) and the Rules and Regulations in October 2019 ([Resolution 9861](#)). During implementation of the new Rates and Rules and Regulations it was found that some proposed changes were inadvertently left out of the revised documents. Staff recommends adoption of amendments to Utility Rate Schedule E-15, and Utilities Rules and Regulations 2 (Definitions and Abbreviations), 15 (Metering), 20 (Special Electric Utility Regulations), 27 (Generating Facility Interconnections) and 29 (Net Energy Metering Service, Billing and Interconnection) to correct the oversight.

Background

The 2019 review and update of the Utilities Rate Schedules and Rules and Regulations by Utilities and Legal Staff was a comprehensive review of all the documents. Council approved Resolutions to amend the Rates in June 2019 ([Council Report ID 10295](#)) and the Rules and Regulations in October 2019 ([Council Report ID 10713](#)). During implementation of the new

Rates and Rules and Regulations staff found that some proposed changes were inadvertently left out of the revised documents. During the review, language within Rate Schedule E-15 recommended to be relocated to the appropriate Rule and Regulation was deleted from the Rate Schedule that was approved in June 2019 but was not replaced within Rules and Regulations 15 and 20 when these were updated and approved in October 2019. In addition, staff found that some definitions and requirements relating to Net Energy Metering (NEM) needed to be updated. The Rules and Regulations addressing NEM included references to [Public Utilities Code \(PUC\) 2827](#), which pertains specifically to the City's original NEM program (NEM 1) but not to the City's NEM Successor (NEM 2) program, and so portions of Rules and Regulations 2, 27 and 29 are amended here to remove those NEM 1 references.

The recommended changes in this Resolution include: changing some definitions in Rule and Regulation 2 so the definitions accommodate Palo Alto's NEM Successor (NEM 2) program; adding the language that was inadvertently left out of Utilities Rules and Regulations 15 and 20 for improved organization of topics and understanding; and removing references to PUC 2827 and its associated requirements where appropriate in Rules and Regulations 27 and 29.

Discussion

Utility Rate Schedule E-15 (Electric Service Connection Charges) – [Attachment B](#)

The current Council approved schedule is up to date and only requires minor edits that were overlooked in the final revision. These edits are necessary for clarity.

Utilities Rule and Regulation 2 (Definitions and Abbreviations) – [Attachment C](#)

The recommended amendments to Rule and Regulation 2 include changes to the definition of Customer-Generator to remove references to Public Utilities Code Section 2827. Specifically, the definition was modified to remove limitations on Generating Facility system size that do not apply under the City's Net Energy Metering Successor (NEM 2) program. The City's original Net Energy Metering (NEM 1) program meets the requirements of California's NEM legislation ([SB 656, 1995](#)), which was developed to encourage private investment in renewable energy resources. While NEM legislation served to incentivize investments in renewables, it was not intended to incentivize development of projects that meet more than a customer's annual electricity needs. Under NEM 2, customers may choose to install Generating Facility systems sized to meet more than their annual electrical needs if, for example, they anticipate an increase in their electrical requirements because of future building or transportation electrification projects.

Additional amendments specify that Generating Facilities may be used to store as well as produce energy, thus clarifying that the definition includes energy storage facilities.

Utilities Rule and Regulation 15 (Metering) – [Attachment D](#)

The recommended amendments to Rule and Regulation 15 include the relocation of the language regarding Utilities Automatic Meter Reading equipment in residential, multi-family or commercial/industrial developments and applicable charges to customers. During the last revision, the language was deleted from Rate Schedule E-15 with the intent to move it to the Utilities Rules and Regulations. Making this change now corrects that oversight.

Utilities Rule and Regulation 20 (Special Electric Utility Regulations) – [Attachment E](#)

The recommended amendments to Rule and Regulation 20 include the insertion of language regarding limits for the installation of new utility wood poles and clarification regarding the type of electric service provided in overhead and underground areas. During the last revision, the language was deleted from Rate Schedule E-15 with the intent to move it to the Utilities Rules and Regulations. Making this change now corrects that oversight.

Utilities Rule and Regulation 27 (Generating Facility Interconnections) – [Attachment F](#)

The recommended amendments to Rule and Regulation 27 include removal of language pertaining to interconnection of Generating Facilities that qualify for service under the City's NEM 1 program. This language is no longer needed since the City reached its NEM 1 Cap and new renewable Generating Facilities are interconnected under NEM 2.

Utilities Rule and Regulation 29 (Net Energy Metering Service, Billing and Interconnection) –

[Attachment G](#)

The recommended amendments to Rule and Regulation 29 include removal of NEM program eligibility requirements that originated from PUC 2827 and pertain specifically to systems installed and interconnected under the City's NEM 1 program. As mentioned above in the section discussing Rule 2 changes, some system size restrictions that applied under the City's NEM 1 program do not apply to systems interconnected under NEM 2.

Resource Impact

Approval of changes to Utility Rate Schedule E-15, and Utilities Rules and Regulations 2, 15, 20, 27 and 29 do not result in any change in net operating revenues or expenses.

Policy Implications

These recommendations do not represent a change in current City policies.

Stakeholder Engagement

These recommendations do not impact stakeholder engagement.

Environmental Review

The approval of the recommended changes does not meet the definition of a "project" under Public Resources Code 21065 or CEQA Guidelines Section 15378(b)(2), thus no CEQA review of this action is required.

Attachments:

- Attachment A: Resolution
- Attachment H: Linked Attachments B thru G

Not Yet Adopted

Resolution No. _____

Resolution of the Council of the City of Palo Alto Amending Utility Rate Schedule E-15 (Electric Service Connection Charges), and Approving Amendments to Utilities Rule and Regulation 2 (Definitions and Abbreviations), Utilities Rule and Regulation 15 (Metering), Utilities Rule and Regulation 20 (Special Electric Utility Regulations), Utilities Rule and Regulation 27 (Generating Facility Interconnections), Utilities Rule and Regulation 29 (Net Energy Metering Service, Billing and Interconnection)

The Council of the City of Palo Alto does hereby RESOLVE as follows:

Section 1. Pursuant to section 12.20.010 of the Palo Alto Municipal Code, Schedule E-15 (Electric Service Connection Charges) of the Palo Alto Utilities Rates and Charges is hereby amended to read as attached and incorporated. The foregoing Utility Rate Schedule, as amended, shall become effective August 17, 2020.

Section 2. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utility Rule and Regulation 2 (Definitions and Abbreviations) is hereby amended as attached and incorporated. Utility Rule and Regulation 2, as amended, shall become effective August 17, 2020.

Section 3. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 15 (Metering) is hereby amended as attached and incorporated. Utility Rule and Regulation 15 as amended, shall become effective August 17, 2020.

Section 4. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 20 (Special Electric Utility Regulations) is hereby amended as attached and incorporated. Utility Rule and Regulation 20, as amended, shall become effective August 17, 2020.

Section 5. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 27 (Generating Facility Interconnections) is hereby amended as attached and incorporated. Utility Rule and Regulation 27, as amended, shall become effective August 17, 2020.

Section 6. Pursuant to Section 12.20.010 of the Palo Alto Municipal Code, Utilities Rule and Regulation 29 (Net Energy Metering Service, Billing and Interconnection) is hereby amended as attached and incorporated. Utility Rule and Regulation 29, as amended, shall become effective August 17, 2020.

Not Yet Adopted

Section 7. Council finds that the adoption of this resolution amending Utility Rules and Regulations does not meet the definition of a “project” under Public Resources Code 21065 or CEQA Guidelines Section 15378(b), thus no CEQA review of this action is required.

INTRODUCED AND PASSED:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

ATTEST:

APPROVED:

City Clerk

Mayor

APPROVED AS TO FORM:

City Manager

Deputy City Attorney

Director of Utilities

Adoption of a Resolution Amending Utility Rate Schedule E-15 (Electric Service Connection Charges), and Utilities Rules and Regulations 2, 15, 20, 27 and 29 / Resolution Amending City of Palo Alto Rate Schedule and Utilities Rules and Regulations

- Attachment B - UTILITY RATE SCHEDULE E-15 - ELECTRIC SERVICE CONNECTION CHARGES
- Attachment C - RULE AND REGULATION 2 - DEFINITIONS AND ABBREVIATIONS
- Attachment D - RULE AND REGULATION 15 - METERING
- Attachment E - RULE AND REGULATION 20 - SPECIAL ELECTRIC UTILITY REGULATIONS
- Attachment F - RULE AND REGULATION 27 - GENERATING FACILITY INTERCONNECTIONS
- Attachment G - RULE AND REGULATION 29 - NET ENERGY METERING SERVICE, BILLING AND INTERCONNECTION