



CITY OF PALO ALTO

UPDATE: Palo Alto City Council Approves Carbon Neutral Natural Gas Plan

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Sustainability eNEWS

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UPDATE: City Council Approves Carbon Neutral Natural Gas Plan

The City Council unanimously approved Palo Alto's "Carbon Neutral Natural Gas Plan" at its December 5 meeting—the next big step in the City's Sustainability and Climate Action Plan. (Council unanimously approved the S/CAP Framework the previous week.)

The Natural Gas Plan achieves carbon neutrality for the gas supply portfolio by 1) purchasing high-quality environmental offsets equivalent to our City and community natural gas emissions (~25% of our carbon footprint); 2) pursuing efficiency strategies to reduce natural gas use, and 3) seeking opportunities to fund *local* offsets as a way to fund actual emissions reductions in Palo Alto and the surrounding region.

"Offsets are a bridge, not an ultimate solution," according to Chief Sustainability Officer Gil Friend. "They provide a cost-effective way to reduce our climate impact now, and a financial instrument to help us substantively reduce our impact further".

Council set a maximum rate impact of 10 ¢/therm, but the offsets will cost only 4 ¢/therm. Council directed staff to return with proposals for how to reduce the reliance on offsets to achieve carbon neutrality, including reducing natural gas use, electrification and the use of local offsets. (At current rates, 10 ¢/therm would add about \$1.80 to the median residential customer's monthly bill during summer and \$5.40 during winter, or about \$43 per year.)

Offsets allow an entity to invest in emissions reductions outside their control that can be created more economically than within their control, and they claim the impact is "offsetting" the remaining emissions. (An environmental offset is a mechanism to drive reductions in emissions of greenhouse

gases (GHGs)). The projects must be high quality and 'additional' – meaning they would not have happened otherwise in the course of normal business. For example, investing in manure management systems on dairy farms reduces methane emissions and generates offsets. Some see offsets as a less valuable approach than “actual” emissions reduction, but the City has utilized offsets as a financial mechanism to accelerate GHG reductions.

In that spirit, Council also directed City staff to propose additional approaches to reduce natural gas usage within Palo Alto. Staff will be identifying and evaluating efficiency and electrification and other options that are not limited to the delivery of the natural gas. Council also directed staff to give preference, when purchasing offsets, to projects closer to home.

With this move, City of Palo Alto Utilities (CPAU) becomes one of the first carbon neutral utilities for both electricity and natural gas in the US.

“Offsets are one of several next steps toward more comprehensively reducing our carbon footprint,” said CPAU General Manager Ed Shikada. “This action is a good reflection of the City's commitment to carbon reduction and staff's creativity and flexibility in developing policy options.”

What does this mean for you? As always start by thinking of benefits rather than commodities: You probably care more about hot showers and comfortable rooms than about therms of natural gas! So be efficient—be sure your building is well insulated; buy efficient appliances; consider electric appliances in place of natural gas. ([City of Palo Alto Utilities](#) has programs that may be able to help you in each of these areas.)



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