



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: June 10, 2014

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Randi Johl-Olson

City Clerk

Telephone: (209) 333-6702

Informal Informational Meeting

- A. Roll Call by City Clerk

- B. Topic(s)
 - B-1 Public Benefits and Renewable Energy Funds (EU)

- C. Comments by Public on Non-Agenda Items

- D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Randi Johl-Olson
City Clerk

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CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Public Benefits and Renewable Energy Funds

MEETING DATE: June 10, 2014

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Receive Public Benefits and Renewable Energy Funds Report.

BACKGROUND INFORMATION: At the request of the City Council, staff will present the current status of the Public Benefits Fund, including options for ongoing and future eligible projects.

The report will also outline other renewable energy funds, including the Solar Surcharge Fund and Greenhouse Gas (GHG) Revenue Funds, along with allowable expenditure options.

In addition, as part of the GHG Fund presentation, staff will provide the City Council with information regarding a renewable energy project available to the City of Lodi for compliance with California's mandated Renewables Portfolio Standard requirements.

FISCAL IMPACT: Council will be provided information regarding the financial impact of the activities identified above. Power costs associated with the proposed renewable energy project will not commence until January 2017 and will be presented as part of the annual budget process.

FUNDING AVAILABLE: Not applicable.

Elizabeth A. Kirkley
Electric Utility Director

APPROVED: _____
Stephen Schwabauer, City Manager



Your Community Owned Utility Since 1910

City Council Meeting
June 10, 2014

Electric Utility Public Benefits & Renewable Energy Funds

Public Benefits / Renewables



- ▣ History
 - Public Benefits
 - Solar Surcharge
 - Greenhouse Gas (GHG / Cap & Trade)
- ▣ Eligible Expenses
- ▣ Revenues
- ▣ Expenditures
 - GHG Expenditure Plan
 - Current / Future Projects
- ▣ Summary

History



- ▣ Public Benefits
 - AB 1890 (1996) – Public Goods Charge
 - 2.85% electric utility revenue
 - No expiration
 - Lodi implemented 1998 – 2.5% rate increase
- ▣ Solar Surcharge
 - SB 1 (2006) – CA Solar Initiative
 - \$6.1M requirement (2008 – 2017)
 - Lodi implemented 2007 - \$0.00125/kWh surcharge
- ▣ Greenhouse Gas
 - AB 32 (2006)
 - Cap & Trade Program began in 2012
 - Enforceable compliance obligation effective in 2013
 - Lodi allowances for consignment (2013 – 2020)



Eligible Expenses

- ▣ Public Benefits Fund
 - Demand-side management
 - Renewable energy resources & technologies
 - Research development & demonstration
 - Low-income services
- ▣ Solar Surcharge Fund
 - Solar incentives customer systems > 1 kW
 - ▣ Annual 7% rebate reduction
 - ▣ Net energy metering cap 5% peak load or 2017



Eligible Expenses (cont'd)

- ▣ Greenhouse Gas Fund
 - Benefit retail ratepayers consistent with AB 32 goals
 - ▣ Renewable resources
 - ▣ Energy efficiency
 - ▣ Customer rebates
 - ▣ Indirect costs associated with Cap and Trade
 - ▣ Low-income programs
 - Similar to Public Benefits Funds

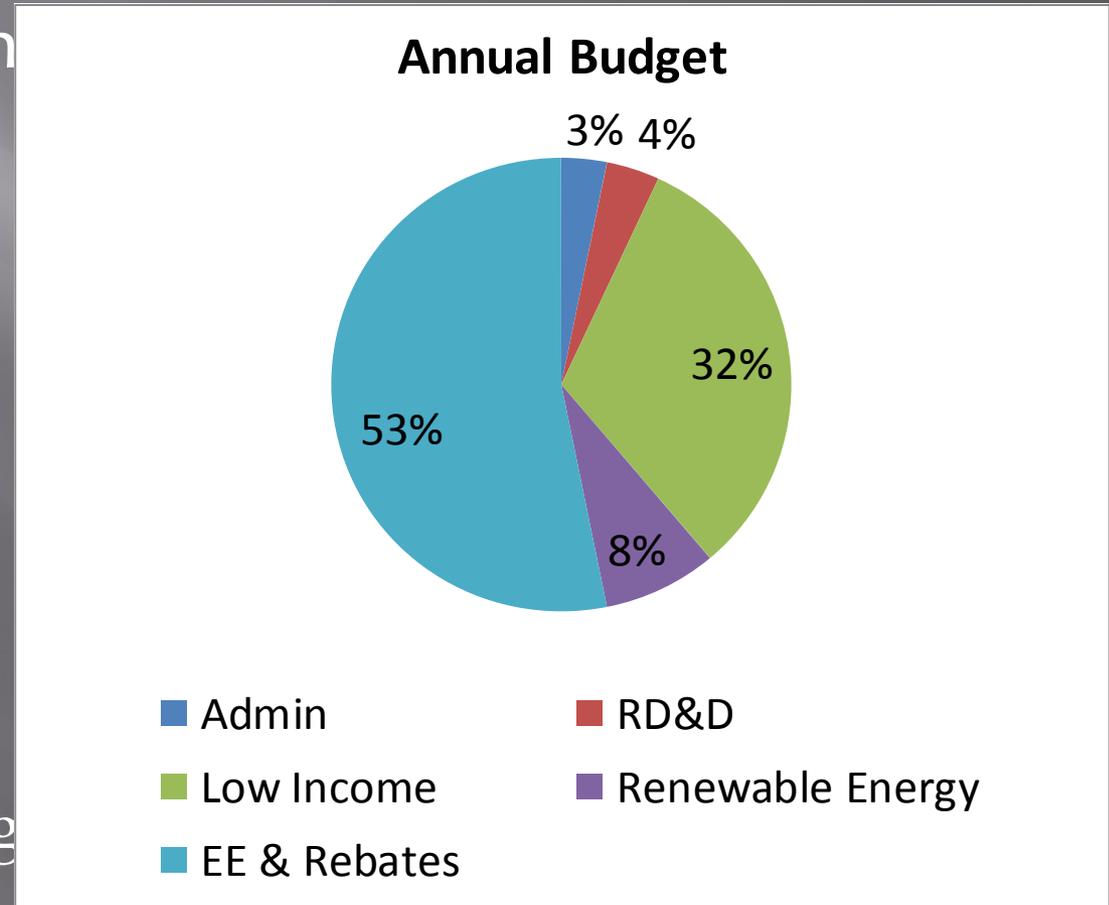
Revenues



- ▣ Public Benefits Fund
 - Over \$20M collected since 1998
 - ~\$1.8M/year
 - Current balance: \$4.5M
- ▣ Solar Surcharge Fund
 - ~\$3.5M collected since 2008
 - ~\$550k/year
 - Minimal carryover each year
- ▣ Greenhouse Gas Fund
 - Over \$2M collected since 2012
 - \$2M/year
 - Current balance: \$2.4M

Recent Expenditures

- Public Benefits Fund
 - Primarily energy efficiency projects and rebates
 - On average:
 - 20% residential
 - 60% commercial
 - 20% City
 - About 2,000,000 kWh/year in savings



Recent Expenditures (cont'd)



- ▣ Public Benefits Fund (cont'd)
 - EU operating fund incurred \$7.1M eligible PB costs since FY 08/09
 - ▣ Only \$2.3M has been transferred or reimbursed
 - ▣ Remaining \$4.8M eligible to reimburse EU operating fund from PB fund
 - ▣ Transfer *would not* change overall EU cash balance
 - ▣ Transfer *would* provide additional funding for EU operations, i.e. distribution system maintenance

Recent Expenditures (cont'd)



- ▣ Solar Surcharge Fund
 - \$3.6M in rebates issued
 - ▣ Primarily residential
 - Installed capacity ~2.5 MW
 - Annual generation ~3,800,000 kWh
- ▣ Greenhouse Gas Fund
 - Minimal expenditures to date < \$50k
 - Indirect costs
 - ▣ Cap and Trade
 - ▣ RPS

GHG Expenditure Plan



- ▣ Annual report to CA Air Resources Board
 - Value of auction proceeds
 - Disposition of revenue
 - Expenditure compliance with State requirements
- ▣ Staff recommendation:
 - Renewable energy (RPS compliance)
 - Energy efficiency
 - i.e. LED Streetlights



Current / Future Projects

- ▣ Ongoing
 - Demand-side management (EE / Rebates)
 - RD&D
 - Solar rebates
 - Low-income services
 - Geysers Effluent Project
- ▣ Future
 - Astoria 2 Solar
 - Other mandated renewable energy generation
 - LED streetlights
 - City Hall Annex chiller

Astoria 2 Solar Project

Recurrent Energy



LA County Line

Astoria 2

Astoria 1



75 MW Solar



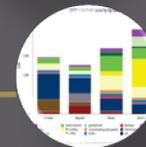
Kern County, CA



CAISO SP-15 – Point of Delivery
(Whirlwind Substation)



Commercial Operation - 12/31/16



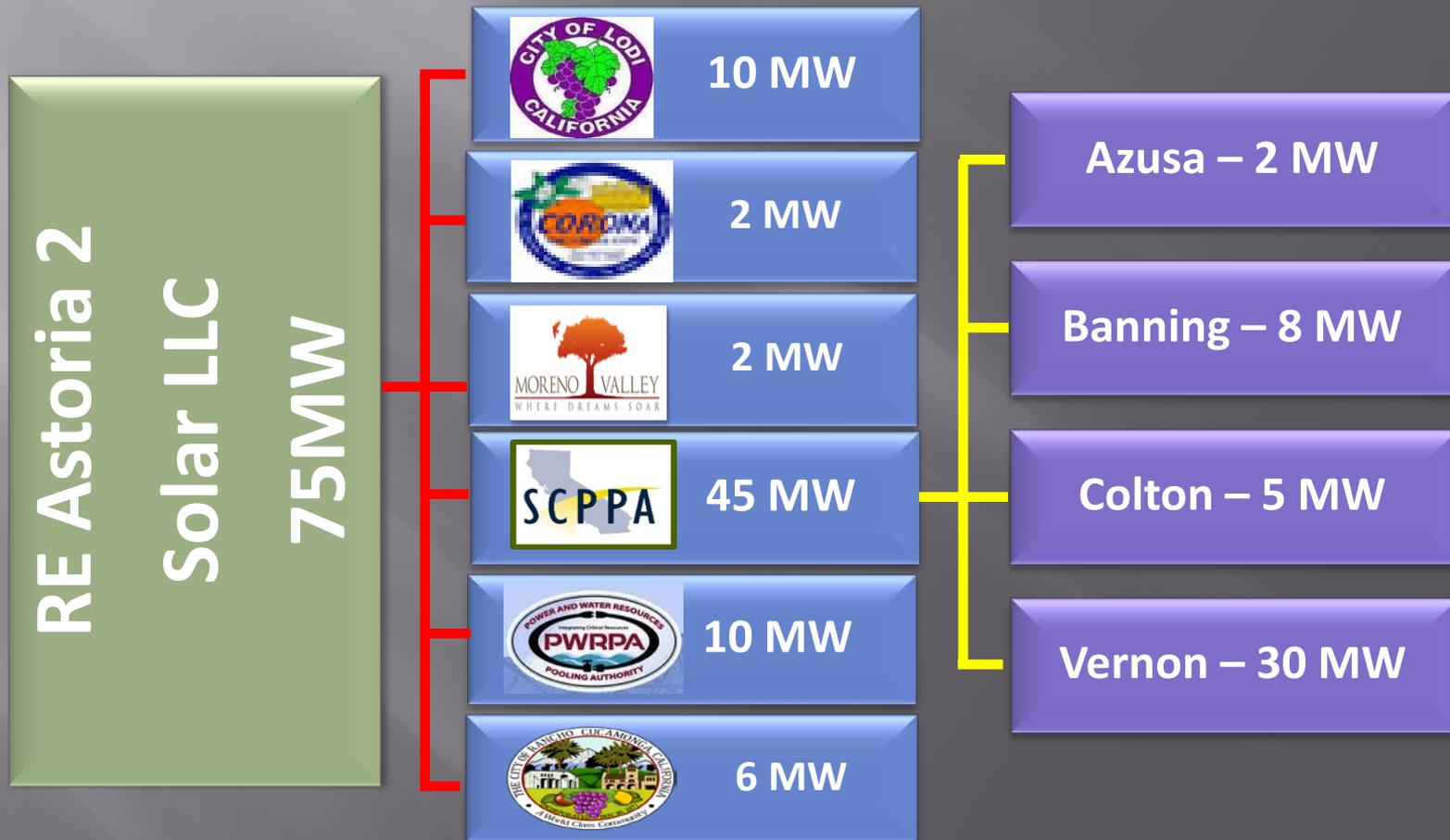
\$64/MWh
20 year term



“Piggy-back” project to
PG&E’s 100 MW Astoria 1

Location of RE Astoria
Kern County, CA

Astoria 2 Participants



Astoria 2 Project Features



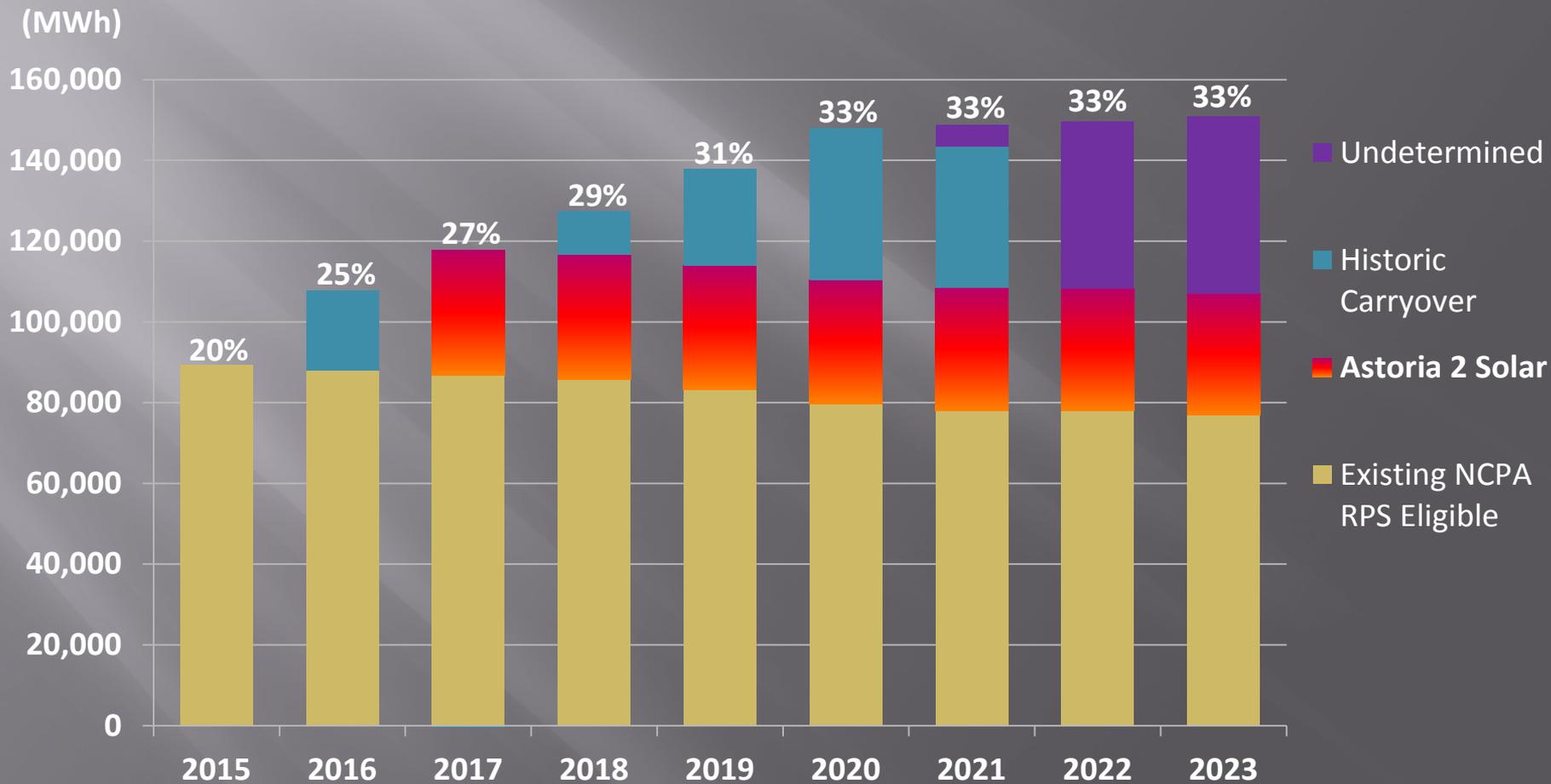
- ▣ Established developer – CA’s 3rd largest
- ▣ Energy guaranteed to meet RPS requirements
- ▣ Fixed price (\$64/MWh contract life)
- ▣ Minimum output guaranteed (80%)
- ▣ Milestones for bringing project online
 - Liquidated damages paid on failure
- ▣ Option to purchase project
 - Buyers have first right of refusal
 - Recurrent must sell project to “qualified entity”

Astoria 2 Economics



- ▣ Lodi's share ~31k MWh/year (7% load)
- ▣ Total cost ~\$2M/year
- ▣ Market price comparison
 - \$335k > FY 2016/17 (half of FY)
 - \$526k > FY 2017/18
 - Future cost differential declines w/ fixed price & rising market prices
- ▣ ~1% increase in purchased power costs
- ▣ Allowable use of GHG Funds

RPS With Astoria 2



Summary



- ▣ Public Benefits Fund
 - Demand-side management – energy efficiency / rebates
 - Research development & demonstration
 - Low-income services
 - Geysers Effluent Project
 - LED streetlights
 - City Hall chiller
 - Reimburse EU Operating Fund
- ▣ Solar Surcharge Fund
 - Solar rebates
- ▣ Greenhouse Gas Revenue
 - Astoria 2 Solar
 - Other renewable energy generation
 - Energy efficiency - LED streetlights