



## LODI CITY COUNCIL

Carnegie Forum  
305 West Pine Street, Lodi

## "SHIRTSLEEVE" SESSION

Date: August 18, 2015

Time: 7:00 a.m.

For information regarding this Agenda please contact:

**Jennifer M. Ferraiolo**

**City Clerk**

**Telephone: (209) 333-6702**

### Informal Informational Meeting

**A. Roll Call by City Clerk**

**B. Topic(s)**

B-1 Receive Presentation from Northern California Power Agency Regarding the State Mandated Public Benefits Program (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.

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Jennifer M. Ferraiolo  
City Clerk

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# CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Receive a Presentation from the Northern California Power Agency Regarding the State Mandated Public Benefits Program

**MEETING DATE:** August 18, 2015

**PREPARED BY:** Business Development Manager

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**RECOMMENDED ACTION:** Receive a presentation from the Northern California Power Agency Regarding the state mandated Public Benefits Program.

**BACKGROUND INFORMATION:** As part of the restructuring of California's electric utility industry, as implemented by AB 1890 (1996), requirements were added directing publicly owned utilities (POUs) to collect a separate surcharge to be used for "public benefits" programs in four categories: (1) cost-effective demand-side management services to promote energy efficiency and energy conservation; (2) new investment in renewable energy resources; (3) research, development and demonstration projects; and (4) services provided for low-income electricity customers.

Jonathan Changus, Member Services Manager & Regulatory Affairs, with NCPA will provide an overview of the State's regulatory requirements for Public Benefit programs, including use of funds and annual reporting.

**FISCAL IMPACT:** Not applicable.

**FUNDING AVAILABLE:** Not applicable.

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Adam Brucker  
Business Development Manager

AB

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APPROVED: \_\_\_\_\_  
Stephen Schwabauer, City Manager

# Overview of the Public Goods Charge

**Jonathan Changus**

**Member Services Manager & Regulatory Affairs**

**August 18, 2015 – City of Lodi**

## AB 1890 (1996)

- Public Goods Charge (PGC) established as at least **2.85%** of retail sales.
- Four categories of programs are eligible to be funded through the PGC:
  1. Cost-effective **demand-side management** services to promote **energy efficiency and energy conservation**
  2. New investment in **renewable energy resources** and technologies
  3. **Research, development and demonstration** programs for the public interest to advance science or technology which is not adequately provided by competitive and regulated markets.
  4. Services provided for **low-income** customers, including energy efficiency, education, weatherization, and rate discounts.

# 1. Energy Efficiency & Conservation

- The focus is on actions taken on the customer side of the meter.
  - “**Demand-side management**” (DSM) is not defined in statute but is generally understood to refer to actions taken by customers.
  - Examples of eligible activities for funding include education & outreach, financial incentives (rebates), market specific programs , and planning, measurement & evaluation.
- **RELATED LEGISLATION:**
  - **SB 1037 (2005)**: requires publicly owned utilities (POUs) to **report annually** on their investments in energy efficiency and demand reduction programs.
  - **AB 2021 (2006)**: states Legislature’s intent that utilities reduce forecasted consumption by 10% over 10 years (**1% annually**)

## 2. New Investment in Renewable Energy Resources

- POU's have used PGC funds for distributed generation incentive programs AND improvements at large scale renewable projects.
  - New injection wells at the Geysers geothermal plant and member-specific power purchase agreements.
  - Solar PV rebates for customers
- **RELATED LEGISLATION:**
  - **SB 1 (2006):** codifies the California Solar Initiative, which includes a requirement for POU's to provide rebates to customers for the installation of solar PV. **SUNSETS at the end of 2016\*\*\***
  - **SBx1 2 (2011):** requires POU's to serve 33% of their retail sales with generation from renewable resources by 2020.
  - **AB 920 (2009):** allows customers to sell excess electricity they produce over the course of a year to their utility.

### 3. RD&D

- POU's use PGC funds to **leverage grant funds** from other organizations:
  - American Recovery & Reinvestment Act (ARRA, 2009) California Energy Commission, American Public Power Association DEED
- PGC RD&D funds can also be used for **membership dues**:
  - APPA DEED, Consortium for Energy Efficiency, Solar Electric Power Association.

- **GRAY AREAS:**
  - *Energy Storage*
  - *Electric Vehicles*
  - *Smart Grid*

## 4. Services for Low-Income Customers

- Additional requirements adopted during the Energy Crisis direct POUs to provide programs for low-income customers, including but not limited to targeted energy efficiency services, education, and weatherization.
- **RELATED LEGISLATION:**
  - **SB 1939 (2000):** Directed POUs that did not have low-income assistance programs as of 2000 to establish them.
  - **SB x2 2 (2001):** Requires POUs to streamline enrollment for low income programs, including rate assistance programs.

- **GRAY AREAS:**
  - *Prop 26*

## Key Considerations

- The statutory parameters and requirements of the Public Goods Charge can be found in **Section 385** of the Public Utilities Code.
- Within these four categories, POUs have **broad discretion** on how to collect, manage, and use funds:
  - On what year(s) is the 2.85% of retail sales based? 1994? 1996? The preceding budget year?
  - No expenditure level requirements
- There is **no annual report** requirement that POUs on their PGC budgets:
  - However, POUs have been asked to provide this data to policymakers in the past and the information is all public.
- The current Legislature is focused on providing access ‘**disadvantaged communities**’ with access to clean energy incentive programs.