

**LODI CITY COUNCIL
SHIRTSLEEVE SESSION
CARNEGIE FORUM, 305 WEST PINE STREET
TUESDAY, AUGUST 18, 2015**

A. Roll Call by City Clerk

An Informal Informational Meeting ("Shirtsleeve" Session) of the Lodi City Council was held Tuesday, August 18, 2015, commencing at 7:00 a.m.

Present: Council Member Kuehne, Council Member Nakanishi, Mayor Pro Tempore Chandler, and Mayor Johnson

Absent: Council Member Mounce

Also Present: City Manager Schwabauer, City Attorney Magdich, and City Clerk Ferraiolo

B. Topic(s)

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

Jonathan Changus of the Northern California Power Agency (NCPA) provided a PowerPoint presentation regarding the State-mandated Public Benefits Program. Specific topics of discussion included an overview of the Public Goods Charge (PGC); AB 1890; energy efficiency and conservation; new investment in renewable energy resources; research, development and demonstration programs; service for low-income customers; and key considerations.

Council Member Nakanishi questioned if the PGC rate of 2.85 percent could increase, to which Mr. Changus responded that most utilities adopted the set 2.85 percent level, while the rare few have opted to establish a higher percentage.

Council Member Kuehne questioned if PGC funding would be available for testing electric meters to ensure they are reading accurately, to which City Manager Schwabauer replied that this funding is not available for that service because there are no energy efficiency consequences associated with reading meters. In the case of a failed meter, customers are not charged for the service. Electric Utility Director Elizabeth Kirkley added that the meters are incapable of providing erroneous readings; the meters either work or fail. She further pointed out that PGC funding can be used to expand services to customers for education, outreach, and energy audits, stating that energy audits are most effective in addressing customer concerns. Mr. Schwabauer agreed, stating that many customers are using significant amounts of power because of antiquated mechanical systems or systems that are too large for their homes and that energy audits can educate customers on ways to reduce their energy costs. In further response to Council Member Kuehne, Ms. Kirkley stated that staff is currently working to implement a program to offer energy audits. Business Development Manager Adam Brucker added that the service is currently being provided on a limited basis and that the City's consultant is researching the matter, as well as costs, to determine if such a program is feasible. Council Member Kuehne suggested that information regarding water usage and conservation be incorporated into the program. Mr. Brucker stated that another program under consideration is a direct install program, whereby the City makes recommendations on equipment and contractors, that would be offered jointly through Electric Utility and Public Works. Mr. Changus stated that combination audit programs for energy and water are fairly common in the industry, adding that there may be State funding through the California Energy Commission to support those activities.

In response to Mayor Pro Tempore Chandler, Mr. Changus stated that investor-owned utilities had a sunset date of 2011 for its PGC, but it continues through Governor Brown as a regulation instead of as legislation.

In response to Council Member Kuehne, Mr. Changus explained that a smart grid is an advanced smart meter and meter data management software geared toward advanced energy services, such as monitoring real-time usage and sending alerts to customers.

In response to Council Member Nakanishi, Mr. Changus stated there has been some legislation movement for investor-owned utilities on smart grids relating to distribution generation, electric vehicle charging, and requiring information on system operations be available, but it has been less focused on public-owned utilities.

In response to Council Member Nakanishi, Ms. Kirkley stated that a portion of the low-income subsidies comes from the public benefits program fund. Mr. Schwabauer confirmed that Lodi's program provides relief to low-income individuals against a certain percentage of their utility bill; however, it does not completely forgive payment of the bill. Individuals who qualify for the assistance must complete an application to receive the discount, which is applied prospectively. Mr. Brucker added that the City contracts with the Lodi Salvation Army and sets aside \$50,000 toward its CARE Program, which is used to assist qualifying individuals with emergency grant money.

In response to Council Member Nakanishi, Mr. Brucker stated that the public benefits program budget is roughly \$1.9 million, and there is likely a fair amount remaining in the account as the new budget year began only a short while ago.

In response to Mayor Pro Tempore Chandler, Mr. Changus stated that, after the solar legislation sunsets in 2016, the per-watt incentive portion will be eliminated while the net metering law is indefinite and that the 2.85 percent PGC will continue until legislators vote otherwise, which triggers a 2/3 vote requirement, thereby making it unlikely to change.

In response to Council Member Nakanishi, Mr. Schwabauer reaffirmed that solar customers can sell their excess energy back to the City; however, the City does not permit residents to construct solar systems that would generate more power than they need because the City must buy back the power at the retail rate, which is a poor business model. In further response, Mr. Schwabauer stated he could not estimate the percentage of solar households it would take to eventually cause harm to the utility rates, but there is harm caused by the fact that some customers are paying full costs while others are not. Mr. Changus stated that, typically, 15 percent or more of excess generators or net meter solar customers on a feeder line can create potential operational issues that may require transformer upgrades. In further reply, Mr. Changus stated that efforts are being made in Sacramento to ensure legislation includes stronger requirements for solar systems, including requiring energy audits or replacement of antiquated systems prior to installing solar systems and restrictions on the size of systems, in order to address the increase in excess generators.

In response to Council Member Nakanishi, Mr. Brucker confirmed that solar rebate funds have been exhausted for the remainder of this year, adding that \$560,000 was designated for the program and those funds were committed quickly. Mr. Changus added that, because the federal tax credits will sunset next year, there has been a significant push from solar companies to encourage customers to install solar systems while the benefit and rebates still exist.

In response to Mayor Johnson, Mr. Changus stated that it is realistic to anticipate an attempt to extend or redefine the solar legislation that could mean minimal to modest increases that public-owned utilities would be expected to provide under the net metering law. He added that a number of utilities are pursuing community-operated systems where they can control locations and address other issues, as well as offering solar to renters and businesses.

In response to Council Member Kuehne, Mr. Schwabauer confirmed that the City has seven electric vehicle charging stations at five different locations; there is no cost to charge electric vehicles; and Council discussed options for charging vehicles, but determined to leave it at no cost due to the fact that the required infrastructure would be more costly than what the City could recover over ten years. In further response regarding charging stations at retail centers, Mr. Schwabauer stated staff is trying to get private infrastructure incentivized and is working with

the developer to install stations at Reynolds Ranch. Mr. Brucker stated that there is a possibility a transformer would need to be upgraded in order to install a charging station at Reynolds Ranch and it is questionable at this time that it will happen. Mr. Changus informed Council that NCPA is exploring potential public funding via grants to install charging stations near freeways and that some utilities fund stations with greenhouse gas monies.

C. Comments by Public on Non-Agenda Items

None.

D. Adjournment

No action was taken by the City Council. The meeting was adjourned at 7:51 a.m.

ATTEST:

Jennifer M. Ferraiolo
City Clerk