



Legislation Text

File #: 17-809, Version: 1

**AGENDA REPORT
REQUEST FOR CITY COUNCIL ACTION**

DATE: 6/21/2017

TO: Honorable Mayor and City Council Members

FROM: Department of Water and Power

SUBJECT:

City Council consideration to adopt the City of Corona Department of Water and Power 10-year Energy Efficiency Savings Targets as required by the California Energy Commission Assembly Bill 2021 and an appropriation in the amount of \$307,000 from the Electric Utility fund's net assets restricted for Public Utilities Commission Public Purpose to fund for various energy efficient programs.

RECOMMENDED ACTION:

That the City Council:

1. Adopt the City of Corona Department of Water and Power 10-Year Energy Efficiency Savings Targets developed in accordance with the requirements cited in Assembly Bill.
2. Appropriate \$307,000 from the Electric Utility fund's net assets restricted for Public Utilities Commission (PUC) Public Purpose in the Electric Utility's Fiscal Year 2017-18 operating budget to fund for various energy efficient programs.

ANALYSIS:

California Assembly Bill 2021 (AB 2021), signed into law in September 2006, expanded upon several of the energy efficiency policies adopted via the passage of Senate Bill 1037 (SB 1037), signed into law in September 2005. This action complies with Section 3 of the statute, requiring each publicly-owned utility (POU) to: "identify all potentially achievable cost-effective electricity efficiency savings and shall establish annual targets for energy efficiency savings and demand reduction for the next 10-year period." Similar to the approach taken to develop public power's energy efficiency status report pursuant to SB 1037, the California Municipal Utilities Association (CMUA), of which City of Corona Department of Water and Power (DWP) is a member, in partnership with the Northern California Power agency (NCPA) and the Southern California Public Power Authority (SCPPA), have joined together to collaborate on the development of individual utility energy efficiency and demand reduction targets. The City of Corona's 2018-2027 targets are identified as outlined in Table 6 of the attachment.

The DWP electric tariff schedules include a Public Benefits Charge ("PBC") to fund energy programs pursuant to Public Utilities Code 385(a). These programs cover the four program categories authorized under California Assembly Bill 1890

(AB 1890), signed into law in September 1996, including: energy efficiency and demand reduction; renewable resources; research, development and demonstration of emerging technologies; and other (program administration, marketing, support, and evaluation, measurement and verification.) The PBC charge is equal to 2.85% of retail electric revenues.

California Senate Bill 1037 established a statewide commitment to cost effective, reliable, and feasible energy efficiency, with the expectation that all utilities consider energy efficiency before investing in other resources to meet growing demand. The bill requires utilities to annually report to its customers and to the California Energy Commission (CEC) its investments in energy efficiency and demand reduction programs.

Assembly Bill 2021 directs the CEC every three years, in consultation with the California Public Utilities Commission and publicly-owned utilities (POUs), to identify all potentially achievable cost-effective, reliable, and feasible electricity and natural gas efficiency savings and establish 10-year statewide energy efficiency savings targets. Assembly Bill 2227 (AB 2227), signed into law in September 2012, changed the frequency of the energy efficiency 10-year target setting requirements from once every three years to once every four years.

Senate Bill 350 (SB 350), signed into law in October 2015, required the annual report to include a comparison of actual energy efficiency savings to the annual target adopted in the most recent 10-year potential study. The bill also directed POUs to develop energy efficiency targets consistent with the statewide energy efficiency targets adopted by the Energy Commission.

The CMUA's consultant developed a quantitative Electric Resource Assessment Model to measure and forecast energy efficiency program effectiveness in a consistent and comprehensive manner. In compliance with the statute DWP, along with 38 other POUs (Table 1), included in their Report to the CEC (*Energy Efficiency in California's Public Power Sector: 11th Edition - 2017*) their energy efficiency program targets for 2018-2027.

DWP's forecasted 10-year cumulative energy efficiency savings target is 2,802 mega-watt hours or 0.35% of cumulative forecasted sales. All of the facilities in the City's bundled customer base meet the California Energy Code Title 24 energy compliance requirements under the California Code of Regulations. As a result, these newer facilities provide less energy efficiency upgrade opportunities than do older facilities.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

The requested \$307,000 appropriation will be included in Electric Utility's Fiscal Year 2017-18 operating budget to fund for various energy efficient programs. This request was not included in the Fiscal Year 2017-18's proposed budget; however, future funding for similar programs will be submitted through the annual budget process. This additional appropriation will come from available reserves in the Electric Utility, specifically the net assets restricted for PUC Public Purpose. Per PUC regulations, 2.85% of sales generated from Greenfield electricity sales are restricted for certain public purpose. The recommended action meets the restricted purpose and can be funded accordingly. The restricted net asset has a balance of \$1,339,558.87 as of April 30, 2017.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

PREPARED BY: CURTIS SHOWALTER, ADMINISTRATIVE MANAGER IV

REVIEWED BY: TOM MOODY, ASSISTANT GENERAL MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

REVIEWED BY: MICHAEL E. ABEL, CHIEF OF POLICE AND ASSISTANT CITY MANAGER

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER

Attachments:

Table 1	Publicly-Owned Utilities that Submitted Energy Efficiency Program Targets
Table 2	Description of DWP's energy efficiency and demand reduction programs that were included in the Report
Table 3	The energy efficiency savings achieved by each POU in 2016
Table 4	The energy savings targets for each of the POUs
Table 5	The 2018 - 2023 energy savings targets for each of the POU in the 2014 - 2023 and 2018 - 2027 forecasts
Table 6	DWP's annual energy efficiency targets for 2018-2027