

# *City of Brisbane*

## *Agenda Report*

To: City Council via City Manager

From: Stuart Schillinger, Administrative Services Director

Subject: Choosing a rate Peninsula Clean Energy Rate Plan for City Facilities and Discussion of City-wide options for Peninsula Clean Energy Rate plans.

Date: July 14, 2016

### **Purpose:**

Ensure the energy the City uses is environmentally sustainable while being fiscally prudent.

### **Recommendation:**

City Council discuss the option of using 100% renewable energy from Peninsula Clean Energy instead of the 50% renewable and 75% Green House Gas Free option.

Also, the City Council may wish to discuss a method of soliciting feedback from residents and businesses if they would like to discuss placing all residents and businesses within the 100% renewable energy option to start at a later date.

### **Background:**

At the February 4, 2016 Council meeting the City Council voted to join the Peninsula Clean Energy Authority of San Mateo County (PCE). This Authority was created to provide energy to all of the customers within San Mateo County. Further the Authority's purpose include reducing greenhouse gas emissions related to the use of power in San Mateo County, providing electric power and other forms of energy to customers at a competitive cost, and promote long-term electric rate stability and energy security and reliability for residents through local control of electric generation resources.

All electricity users within the County will be phased in to receive their energy from PCE instead of Pacific Gas and Electric (PG&E). The City will be one of the customers within Phase 1 implementation which should launch in October of 2016 (according to a presentation made at the June 9, 2016 PCE Board of Directors meeting). At that time the City of Brisbane facilities will be automatically enrolled in the lower rate plan which is 50% renewable and 75% carbon free. This compares to the PG&E mix of energy which is 30% renewable and 58% carbon free.

The City can opt into an option of receiving energy that is 100% from the PCE. If they want to do this the PCE has requested that the City decide at this meeting so they know how much renewable energy to purchase beginning in October. The City also has the option of deciding for all of its residents and businesses to opt into the 100% renewable energy package instead of the base line package.

### **Discussion:**

On June 23, 2016 the PCE Board of directors set its rates for October. The base line package will be about 5% less expensive than the PG&E rate for generating electricity. The only expense that will be effected by the PCE rate is the cost of generating energy. It does not impact the distribution or transmissions costs. The distribution and the transmission will still be provided by PG&E. Generation is cost are approximately 50% of our electricity costs. Therefore, the City will experience a savings of approximately 2.5% from the switch to PCE generated energy. The City spends approximately \$290,000 a year for electricity. A 2.5% savings will result in about a \$7,250 a year savings from switching over to PCE energy.

The cost of moving to the 100% renewable energy source is \$0.01 per kilowatt more than the regular PCE rate. The City uses approximately 1,500,000 Kwh of energy a year. The increase in cost to the City for this would be about \$15,000 a year, or a net cost of about \$8,000.

Energy Used	Current Cost	Cost of Generation	Expected cost of Generation from PCE	Savings from Switching to PCE	Difference in Cost of 100% Renewable	Net Cost to City for Using Renewables
1,500,000 Kwh	\$290,000	\$145,000	\$137,750	\$7,250	\$15,000	\$7,750

If the City Council decides to switch to 100% renewables staff will monitor the budget and if necessary bring back the appropriate budget adjustments in mid-year. However, the PCE Board also discussed there might be a need to reduce rates in January 2017 if PG&E lowers it rates. So there may not be a need to adjust budgets.

The second issue the City Council could decide is a whether or not it would like to look at moving all of the community to the renewable energy source. As stated previously all users would be moved to the base line rate, which should be a savings from their current bills. Each individual users will have the option of opting to use renewable sources only. PCE will reach out and contact all users about their options which would be to remain on the lower mixed energy package, 100% renewable energy package, or to stay with PG&E.


If the Council would like to take up this issue for all users within the boundaries of the City, staff would recommend an extensive outreach program first, to ensure all users would be able to provide input into the decision making process. Staff would estimate that this would take a minimum of three months similar to what was done for the plastic bag ban ordinance or the smoking in multi-residential housing units. Since PCE will go live with Phase 1 in October there may not be enough time for this process to work its way through the public information phase and City Council deliberations. Therefore, staff would recommend to let users choose on an individual basis.

#### **Fiscal Impact:**

The impact from moving to the base line energy mix will be about \$7,000 a year. The cost for moving to the 100% renewable energy mix will be about \$8,000 a year.

**Measure of Success**

The City reduces its carbon footprint while maintaining long-term financial viability.

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Stuart Schillinger  
Administrative Services Director

A handwritten signature in black ink, appearing to read 'Clay Holstine', written over a horizontal line.

Clay Holstine  
City Manager