

DOCKETED

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| Docket Number: | 16-RPS-03 |
| Project Title: | Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities |
| TN #: | 234548 |
| Document Title: | City of Palo Alto Comments - Letter from the City of Palo Alto urging reconsideration of the current proposal |
| Description: | N/A |
| Filer: | System |
| Organization: | City of Palo Alto |
| Submitter Role: | Public Agency |
| Submission Date: | 9/1/2020 1:22:52 PM |
| Docketed Date: | 9/1/2020 |

Comment Received From: City of Palo Alto
Submitted On: 9/1/2020
Docket Number: 16-RPS-03

Letter from the City of Palo Alto urging reconsideration of the current proposal

Additional submitted attachment is included below.

City of Palo Alto

Office of the Mayor and City Council

September 1, 2020

Chair David Hochschild
Commissioner J. Andrew McAllister
Commissioner Janea A. Scott
California Energy Commission
1516 Ninth Street
Sacramento, CA 95814-5512

Commissioner Karen Douglas
Commissioner Patty Monahan

Re: Comments on docket number 16-RPS-03: Proposed Amendments to Regulations Specifying Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities

Dear Commissioners:

As the Mayor of Palo Alto, which owns and operates an electric utility, I write to express concerns with proposed regulatory language regarding the Renewables Portfolio Standard (RPS) program. The City of Palo Alto shares the CEC's interest in renewable energy; as you know, we have maintained a carbon neutral electric portfolio since 2013 and we have always exceeded the state's renewables goals. Our purchasing of renewable energy is part of our city's larger sustainability and GHG reduction efforts. We make these clean energy and sustainability investments all while offering reliable electricity service at low rates despite an ongoing pandemic, widespread wildfires, and IOU Public Safety Power Shutoffs.

It is with this perspective that I write today. Changes made in the recently released 15-day regulatory language regarding the RPS program would require CEC staff to make determinations on the long-term status of our utility's contracts. Our Utility Department staff understand the current statutory provisions regarding procurement from long-term contracts and ownership agreements. Indeed, our city began entering into long term renewable contracts well before the state imposed the mandate. For many years, we have worked to negotiate these agreements in ways that exceed the state's objectives, while meeting the needs of our community.

We believe the proposed regulatory language does not recognize our first-hand contractual experience, our prior work, or the responsibility and accountability of our City Council, our electric utility's governing board. We have staff with years of experience negotiating long term, renewable contracts – and we have a [power mix of 100% renewables](#) to show for it. Additionally, our electric utility staff works closely with our Utilities Advisory Commission, comprised of knowledgeable residents, and is accountable to our City Council. These layers of oversight have served us very well; additional contractual oversight by a state regulatory body is unnecessary, time consuming, and burdensome.

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Moreover, the proposed language would improperly expand the CEC's role beyond that which was envisioned by the Legislature. The proposed language unlawfully grants CEC staff an inappropriate amount of discretion in deciding on the sufficiency of contract provisions relating to resource quantities, terms, and delivery. This allows CEC staff to reach beyond what is defined in the RPS regulations and required by law. This proposed process, coupled with the lack of a timeframe regarding an ultimate determination on the status of our contracts, creates uncertainty regarding our city's existing and future long-term power contracts.

Negotiating these contracts in a way that meets the needs of our community, allows us to maintain low rates, and achieves our city's lofty renewable goals is not an easy task. It takes time, skill, and the approval of both our local Commission and our City Council. Inserting the subjective review of a regulatory body, however well intentioned, is simply not helpful to achieving the state's RPS goals. Additionally, the uncertainty created by the proposed process may unnecessarily result in added compliance costs that may, in turn, increase the cost of electric service for our residents and businesses without providing any meaningful benefit.

For these reasons, I respectfully urge you to reconsider this proposal and to work with the City of Palo Alto, the Northern California Power Agency, and the larger public power community to address these concerns.

Sincerely,

DocuSigned by:


Adrian Fine

Mayor
City of Palo Alto

Cc: Senator Jerry Hill
Assemblymember Marc Berman
Northern California Power Agency
Palo Alto City Council
City of Palo Alto Utilities Advisory Commission
Ed Shikada, Palo Alto City Manger