



LODI CITY COUNCIL

Teleconference Meeting

Streaming Link:

www.facebook.com/cityoflodi

AGENDA – Special Meeting

Date: April 29, 2020

Time: 7:00 p.m.

SPECIAL TELECONFERENCE NOTICE

Pursuant to Executive Order N-29-20:

The Brown Act, Government Code Section 54953, contains special requirements that apply when members of a legislative body participate in a public meeting by telephone. Certain of these requirements have been suspended by Paragraph 3 of Executive Order N-29-20, executed by the Governor of California on March 17, 2020, to mitigate the spread of Coronavirus (COVID-19). In particular, the Executive Order suspends that provision of the Brown Act that requires noticing, posting of agendas, and public access to each location where a member will be participating telephonically, as well as provisions that require physical presence of members of the legislative body or the public for purposes of a quorum or to hold a meeting. Executive Order N-29-20 allows an agency to conduct a teleconference meeting that provides members of the public telephonic or other electronic participation in place of making a physical location for the public to observe the meeting and provide public comment, consistent with other provisions of the Brown Act.

The following members of the Lodi City Council are listed to permit them to appear telephonically at the City Council Meeting on April 29, 2020: Mayor Doug Kuehne, Mayor Pro Tempore Alan Nakanishi, and Council Members Mark Chandler and JoAnne Mounce.

Public Comment:

Members of the public can send written comments to the City Council prior to the meeting by emailing councilcomments@lodi.gov. These emails will be provided to the members of the City Council and will become part of the official record of the meeting.

Members of the public who wish to verbally address the City Council during the meeting should email those comments to councilcomments@lodi.gov. Comments must be received before the Mayor or Chair announces that the time for public comment is closed. The Assistant City Clerk will read three minutes of each email into the public record. **IMPORTANT:** Identify the Agenda Item Number or Oral Communications in the subject line of your email. **Example:** Public Comment for Agenda Item Number C-17.

Pursuant to the Americans with Disabilities Act (ADA) and Executive Order N-29-20, if you need special assistance to provide public comment in this meeting, please contact the Office of the City Clerk at (209) 333-6702 or cityclerk@lodi.gov at least 48 hours prior to the meeting in order for the City to make reasonable alternative arrangements for you to communicate your comments. If you need special assistance in this meeting for purposes other than providing public comment, please contact the Office of the City Clerk at (209) 333-6702 or cityclerk@lodi.gov at least 48 hours prior to the meeting to enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.160 (b) (1)).

Viewing:

Members of the public may view and listen to the open session of the meeting at www.facebook.com/cityoflodi.

For information regarding this Agenda please contact:
Pamela M. Farris
Assistant City Clerk
Telephone: (209) 333-6702

A. Call to Order / Roll Call

B. Regular Calendar

- Res. B-1 Adopt Resolution Approving the Revised Lodi Electric Utility Greenhouse Gas Free Allowance Proceeds Spending Plan; Authorizing One-Time Bill Credits to Lodi Electric Utility Customer Accounts; and Authorizing the City Manager or Designee to Complete All Necessary Accounting Adjustments and/or Transfers (EU)

C. 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.

Pamela M. Farris
Assistant City Clerk

All staff reports or other written documentation relating to each item of business referred to on the agenda are on file in the Office of the City Clerk, located at 221 W. Pine Street, Lodi, and are available for public inspection. If requested, the agenda shall be made available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. To make a request for disability-related modification or accommodation contact the City Clerk's Office as soon as possible and at least 72 hours prior to the meeting date. Language interpreter requests must be received at least 72 hours in advance of the meeting to help ensure availability. Contact Pamela M. Farris at (209) 333-6702. Solicitudes de interpretación de idiomas deben ser recibidas por lo menos con 72 horas de anticipación a la reunión para ayudar a asegurar la disponibilidad. Llame a Pamela M. Farris (209) 333-6702.

Meetings of the Lodi City Council are telecast on SJTV, Channel 26. The City of Lodi provides live and archived webcasts of regular City Council meetings. The webcasts can be found on the City's website at www.lodi.gov by clicking the meeting webcasts link.

Members of the public may view and listen to the open session of this teleconference meeting at www.facebook.com/cityoflodi.



CITY OF LODI COUNCIL COMMUNICATION

AGENDA TITLE: Adopt Resolution Approving the Revised Lodi Electric Utility Greenhouse Gas Free Allowance Proceeds Spending Plan; Authorizing One-Time Bill Credits to Lodi Electric Utility Customer Accounts; and Authorizing the City Manager or Designee to Complete All Necessary Accounting Adjustments and/or Transfers

MEETING DATE: April 29, 2020

PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Adopt a resolution approving the Revised Lodi Electric Utility (LEU) Greenhouse Gas (GHG) Free Allowance Proceeds Spending Plan; authorizing one-time bill credits to LEU customer accounts; and authorizing the City Manager or designee to complete all necessary accounting adjustments and/or transfers.

BACKGROUND INFORMATION: On March 16, 2020, the City of Lodi declared a state of emergency in response to the global health crisis and pandemic brought on by COVID-19 (Coronavirus).

Shortly thereafter, stay at home orders were issued by the State of California and San Joaquin County outlining directives for non-essential services and activities in an effort to slow the spread of the disease. This global pandemic and the resulting response to slow the spread of the disease has impacted both residents and businesses throughout the Lodi community.

To respond to the unprecedented financial strain on our ratepayers, LEU is proposing to use funds not otherwise available to fund day-to-day operating costs of the utility to help mitigate financial hardships likely being realized by LEU customers:

1. Under Public Utilities Code, Section 385, publicly owned utilities (POUs) are required to collect and set aside 2.85 percent of electric charges as a Public Benefits (PB) charge to fund certain activities including energy efficiency, low-income assistance, renewable energy investments, and research and development. All LEU customers contribute to this fund through the electric rates they currently pay. The statute provides flexibility to POUs to implement its expenditure program based on these activities. LEU currently has a PB Fund balance of approximately \$3.5 million with current expenditures primarily focused on low-income rate assistance as well as energy efficiency rebates.
2. In accordance with Cap & Trade Regulations, LEU receives a specified number of free allowances each year and is permitted to consign these allowances at auction and use the proceeds to fund eligible uses as identified in the Revised LEU GHG Free Allowance Proceeds Spending Plan (Plan) approved by the City Council in July 2019 (Resolution 2019-138). With the exception of electrification and wildfire risk reduction activities, eligible use of GHG Funds is similar to that of PB Funds. In addition to these identified eligible uses, Cap & Trade Regulations allow for the return of these proceeds to customers in a non-volumetric manner in the form of a

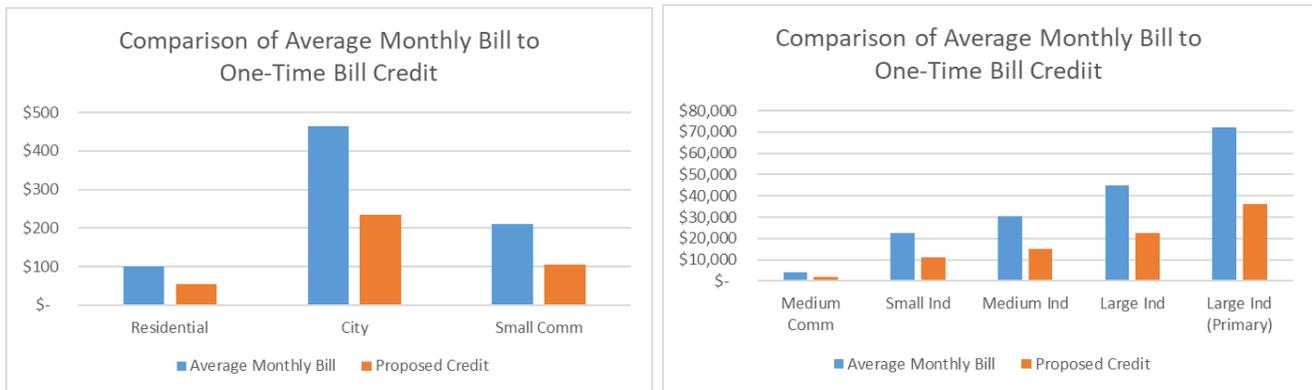
APPROVED: _____
Stephen Schwabauer, City Manager

fixed bill credit. This credit helps mitigate costs incurred by electric ratepayers as a result of Cap & Trade Regulations. In order for LEU to provide this credit, a minor update to its Plan is required, as included in the attached Exhibit A.

Using the aforementioned funds, LEU is proposing to provide one-time bill credits to LEU customer accounts as outlined below beginning with the first billing cycle in May:

- \$55 for residential
- \$105 for small commercial (G1)
- \$235 for City (ES)
- \$1,945 for medium commercial (G2)
- \$11,325 for small industrial (G3)
- \$15,240 for medium industrial (G4)
- \$22,555 for large industrial (G5)
- \$36,150 for large industrial (primary metered) (I1)

The credit will apply to all metered accounts in an active status as of March 16, 2020. The one-time credit represents approximately 50% of the average monthly bill for each respective customer class as illustrated in the charts below:



As can be seen above, the credits are sized to treat all rate classes equally in relation to their respective utility costs. These one-time bill credits will help mitigate costs incurred by ratepayers as a result of State renewable energy mandates¹ as well as provide a kick-start to customers interested in saving money by reducing energy costs with the installation of energy efficient measures.

The total sum of the credits will depend on the actual number of accounts credited but is estimated to total approximately \$3 million. LEU currently has sufficient funding available in both the PB and GHG Funds on a one time basis. However, repeating this one time effort could pose a significant challenge to the funds.

FISCAL IMPACT: Approximately \$3 million dependent on the number of accounts credited.

FUNDING AVAILABLE: Funding is available in LEU's PB Fund 504 and GHG Fund 508. The total dollar value of the proposed credits will be equally allocated between both Funds.

¹ As authorized by CCR Title 17, Division 3, Chapter 1, Subchapter 10, Article 5, Section 95892(d)(3)(D)

Andrew Keys
Deputy City Manager/Internal Services Director

Jeff Berkheimer
Electric Utility Director

PREPARED BY: Melissa Price, Rates & Resources Manager
JB\MP\nb

Exhibit A

LODI ELECTRIC UTILITY GREENHOUSE GAS FREE ALLOWANCE PROCEEDS SPENDING PLAN April 2020

BACKGROUND

The Global Warming Solutions Act of 2006 (AB 32) requires California to return to 1990 levels of greenhouse gas emissions by 2020. SB 32 (Statutes of 2016) requires further reductions in greenhouse gas emissions to 40 percent below 1990 levels by 2030. All programs developed in response to the original AB 32 directives, and periodically refined through the California Air Resources Board's (CARB) Scoping Plan process, contribute to the reductions needed to achieve this goal. The Cap and Trade Program is a key element in California's climate plan and is designed to provide covered entities the flexibility to seek out and implement the lowest-cost options to reduce emissions.

The City of Lodi Electric Utility (LEU), as an electrical distribution utility, receives an annual direct allocation of California Greenhouse Gas (GHG) allowances, or "free allowances." These free allowances are currently scheduled for receipt by the LEU through 2030 per AB 398 and are consigned at auction. The City receives the proceeds which are currently deposited in its Environmental Compliance Fund.

PURPOSE

The purpose of the Greenhouse Gas Free Allowance Proceeds Spending Plan is to identify activities and programs the LEU will pursue to spend the proceeds received at auction in accordance with regulations set forth by the California Air Resources Board. In summary, auction proceeds must be used for the primary benefit of retail ratepayers, consistent with the goals of AB 32.

PLAN

The LEU Greenhouse Gas Free Allowance Proceeds Spending Plan includes the following options and will be reviewed each year as part of the annual budget process as to which specific programs and activities will be implemented:

1. Investments in renewable energy resources including, but not limited to, generation projects, energy storage projects and/or the purchase of generation from eligible renewable energy resources.
2. Investments in energy efficiency programs.
3. Projects or programs that address the potential for impacts of the Cap and Trade regulations including, but not limited to, efforts to mitigate impacts on low-income customers.

4. Fuel switching including, but not limited to, electric vehicle (EV) rebates and/or incentives, EV fueling supply equipment rebates, and/or infrastructure investment for transportation electrification.
5. Projects or activities that reduce emissions of sulfur hexafluoride or hydrofluorocarbons associated with electrical distribution system equipment.
6. Wildfire risk reduction activities.¹
7. Non-volumetric return of proceeds to electric retail ratepayers.
8. Administrative, outreach and education program expenses as permitted.

Specific projects will be identified and funding for those projects will be approved in accordance with existing City policies and procedures.

The LEU will report to the CARB by June 30 of each year, how it has spent, or plans to spend, the proceeds received through auction of its GHG free allowances and will seek approval from its Risk Oversight Committee prior to submitting said report.

¹ Allowable only after CARB adopts a standardized system for quantifying GHG emissions reductions and provided the risk reduction is in conformance with applicable Public Utilities Code.

RESOLUTION NO. 2020-_____

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING THE REVISED LODI ELECTRIC UTILITY GREENHOUSE GAS FREE ALLOWANCE PROCEEDS SPENDING PLAN; AUTHORIZING ONE-TIME BILL CREDITS TO LODI ELECTRIC UTILITY CUSTOMER ACCOUNTS; AND AUTHORIZING THE CITY MANAGER OR DESIGNEE TO COMPLETE ALL NECESSARY ACCOUNTING ADJUSTMENTS AND/OR TRANSFERS

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WHEREAS, on March 16, 2020, the City of Lodi declared a state of emergency in response to the global health crisis and pandemic brought on by COVID-19 (Coronavirus); and

WHEREAS, stay at home orders were issued by the State of California and San Joaquin County outlining directives for non-essential services and activities in an effort to slow the spread of the disease; and

WHEREAS, this global pandemic and the resulting response to slow the spread of the disease has impacted both residents and businesses throughout the Lodi community; and

WHEREAS, to respond to the unprecedented financial strain on our rate payers, Lodi Electric Utility (LEU) is proposing to use funds not otherwise available to fund day-to-day operating costs of the utility to help mitigate financial hardships likely being realized by LEU customers via a one-time bill credit; and

WHEREAS, Public Utilities Code, Section 385 requires Public Benefits (PB) charges collected from ratepayers to fund investments in certain activities including energy efficiency, low-income assistance, renewable energy investments, and research and development; and

WHEREAS, Cap & Trade Regulations allows for the return of proceeds, from the consignment of freely allocated allowances, to customers in a non-volumetric manner in the form of a fixed bill credit; and

WHEREAS, in order to provide this Cap & Trade credit, a minor update to the LEU Greenhouse Gas (GHG) Free Allowance Proceeds Spending Plan most recently approved by Resolution 2019-138 is required, as included in Exhibit A attached hereto; and

WHEREAS, one-time bill credits will help mitigate costs incurred by ratepayers as a result of State renewable energy mandates¹ as well as provide a kick-start to customers interested in saving money by reducing energy costs with the installation and/or implementation of energy efficient measures; and

WHEREAS, the total sum of the credits will depend on the actual number of accounts credited but is estimated to total approximately \$3 million to be equally allocated between LEU's PB Fund 504 and GHG Fund 508; and

WHEREAS, LEU currently has sufficient funding available in both the PB and GHG Funds for this one-time credit.

¹ As authorized by CCR Title 17, Division 3, Chapter 1, Subchapter 10, Article 5, Section 95892(d)(3)(D)

NOW, THEREFORE, BE IT RESOLVED that the Lodi City Council does hereby approve the Revised Lodi Electric Utility Greenhouse Gas Free Allowance Proceeds Spending Plan dated April 2020; and

BE IT FURTHER RESOLVED that the Lodi City Council does hereby authorize one-time bill credits to LEU customer accounts as follows to be equally funded by LEU Public Benefits Fund 504 and Greenhouse Gas Fund 508; and

- \$55 for residential
- \$105 for small commercial (G1)
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BE IT FURTHER RESOLVED that the Lodi City Council does hereby authorize the City Manager or his designee to complete all necessary accounting adjustments and/or transfers.

Dated: April 29, 2020

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I hereby certify that Resolution No. 2020-____ was passed and adopted by the City Council of the City of Lodi in a special meeting held April 29, 2020, by the following vote:

AYES: COUNCIL MEMBERS –
NOES: COUNCIL MEMBERS –
ABSENT: COUNCIL MEMBERS –
ABSTAIN: COUNCIL MEMBERS –

PAMELA M. FARRIS
Assistant City Clerk

Exhibit A

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