



## CITY OF GLENDALE, CALIFORNIA REPORT TO THE CITY COUNCIL

### AGENDA ITEM

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Report: Review of Glendale Water & Power Department Public Benefit Charge Programs, Findings and Recommendations.

- 1) Motion to note and file report
- 2) Motion directing staff

### COUNCIL ACTION

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Item Type: Action

Approved for December 6, 2022 calendar

### EXECUTIVE SUMMARY

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On March 1, 2022, City Council adopted Resolution No. 22-34, which modified the implementation of the EIR Alternative 7 for the repowering the Grayson Power Plant, and directed staff to work on identifying cleaner alternatives. As one of the methods to contribute to the accomplishment of this goal, the City contracted with EcoMotion Inc. to evaluate the existing PBC programs and analyze the potential for increased energy efficiency (EE), load management (LM), and distributed energy resources (DERs) to augment the GWP power system.

### COUNCIL PRIORITIES

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Environmental Stewardship: The retirement of Grayson's aging units provides GWP with a unique opportunity to shift to cleaner alternatives to power the City. GWP seeks to supply reliable and affordable energy in a sustainable manner.

### RECOMMENDATION

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Note and file this report regarding the results of the analysis completed by EcoMotion, and provide staff with further direction as necessary.

### BACKGROUND

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The City of Glendale is fully supportive of ensuring a clean energy future for its citizens. On March 1, 2022, City Council adopted Resolution No. 22-34, modifying the implementation of the EIR Alternative 7 for the repowering the Grayson Power Plant, and instructed staff to proceed with the identification of cleaner alternatives. The City has explored several methods to identify cleaner alternatives, and contracted with EcoMotion to evaluate the existing PBC programs and survey the field of best practices in Energy Efficiency (EE), Load Management (LM), and Distributed Energy Resources

(DERs) to determine what programs and services might be replicated and tailored for use in Glendale.

EcoMotion's President, Ted Flanigan, has a history with documenting utility, behind-the-meter best practices since working for Rocky Mountain Institute in 1986. Later, he was funded by The John D. and Catherine T. MacArthur Foundation to develop The Results Center which created case studies with leading utility programs coast to coast, and later in Asia and Europe. These examples were instrumental for utilities in crafting new program portfolios.

Chaptered in 1996, State Assembly Bill 1890 established the Public Benefit Charge (PBC) through which publicly owned utilities (POUs) have funded customer-directed programs for over two decades. Since January 1, 1998, Glendale Water and Power customers have paid a state-mandated fee on their electric bill known as PBC. The PBC was initially set at 2.85% of retail revenues. In response to increased State regulations and mandates, on or about 2008, the PBC fee was increased to 3.6% of retail revenues in response to the State SB1 local solar and other mandates, and has remained at this level ever since. Pursuant to GMC section 13.44.425, PBC revenues are maintained in a separate fund to be used for programs serving one or more of the following purposes:

- Cost-effective demand-side management services to promote energy-efficiency and energy conservation
- New investment in renewable energy resources and technologies
- Research, development, and demonstration programs
- Services provided for low-income electricity customers, including but not limited to, targeted energy efficiency service, education, weatherization, and rate discounts

EcoMotion has completed the analysis of the existing PBC programs and prepared recommendations based on findings.

## **ANALYSIS**

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### Best Practices Analysis

For this Best Practices Analysis, EcoMotion reached out to its seasoned network, then briefed and interviewed colleagues from organizations including Natural Resources Defense Council, Vermont Energy Investment Corporation, Holy Cross Energy, the Peak Load Management Association, Esource, and Rocky Mountain Institute.

EcoMotion then analyzed exemplary programs at industry-leading utilities such as Seattle City Light; Austin Energy; National Grid; Duke Energy; Puget Sound Energy; Portland General Electric; Consolidated Edison; Commonwealth Edison, and Holy Cross Energy. EcoMotion also examined approaches from Europe including a new United Kingdom program to address this winter's gas shortage due to war in Ukraine. This report presents EcoMotion's examination of programs and services of the California utilities, investor-owned utilities, municipal utilities, and community choice

aggregators. Best practices are presented with comments throughout for Glendale Water and Power.

The report focuses on how GWP can transition to the new utility business model that is decarbonized, decentralized, and that includes virtual power plants, innovative demand response mechanisms, rewards, and recognition strategies, and microgrids with special tariffs for resilience.

### Program Evaluation

The Best Practices Analysis gives GWP a “B” for solid performance delivering energy efficiency programs, a long and incremental process. In some cases, the programs have been award-winning. The report finds that like all of California’s municipal utilities, GWP spends <2% of gross revenues on efficiency programs and saves <2% of usage, a steady tune-up. Other than new construction programs, there have been no breakthroughs where utilities are helping their customers tap 10, 20, 30, and 40% efficiency gains.

EcoMotion salutes GWP for its works carrying out Public Benefit Programs. The Best Practices Analysis does however make clear that of late there have been no major accomplishments in the energy management department. Covid certainly depressed program activity. Thanks to Council direction in 2018, GWP did introduce innovative Demand Response programs in 2021, but unfortunately they are behind schedule in delivering results.

The most exciting program considered in the past few years - the Sunrun virtual power plant – failed to be consummated for a variety of reasons. The Best Practices Analysis notes that this track record speaks to the need for a new and significantly reinvigorated approach in addressing power use on the customer’s side of the meter. A new effort, the report surmises, can be effectively linked with electrification and the decarbonizing of mobility and buildings.

### Seven Recommendations

The Best Practices Analysis concludes with Potential and Recommendations. It presents the need for a culture shift and appropriate staffing to tap into the potentials for Energy Efficiency, Load Management, and Distributed Energy Resources. It presents seven recommendations that represent a pathway for GWP to achieve significant capacity reductions through a 50:50 utility/private sector cost share.

### The Seven Recommendations

1. Create a Movement
2. Mandate Time of Use Rates
3. Give Efficiency a Big Boost
4. Ramp Up Customer Energy Storage
5. Encourage Distributed Energy Resources
6. Fulfill the 10% Solar Mandate
7. Lead in Vehicle Grid Integration

The report concludes with an overview of how electric utilities are shifting from commodity to service providers, and relishes the tapestry of program designs that are part of this transition. Specific programs run by utilities near and far are highlighted for potential replication. The report presents a strategy for GWP to be ever more valuable to the City of Glendale for mutual benefit with residents and businesses.

## **STAKEHOLDERS/OUTREACH**

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N/A

## **FISCAL IMPACT**

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There is no fiscal impact at this time.

## **ENVIRONMENTAL REVIEW**

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No environmental review is required at this time since this is a Report providing an analysis of existing GWP programs.

## **CAMPAIGN DISCLOSURE**

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This item is exempt from campaign disclosure requirements.

## **ALTERNATIVES**

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Alternative 1: Note and file this report providing an analysis of existing PBC programs, and the potential for increased energy efficiency (EE), load management (LM), and distributed energy resources (DERs) to augment the GWP power system.

Alternative 2: Note and File this Report, as well as provide further direction to staff relating to same.

Alternative 3: Consider any other alternative not proposed by staff.

## **ADMINISTRATIVE ACTION**

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### **Prepared by:**

Craig Kuennen, Assistant General Manager - Business Services

### **Approved by:**

Roubik R. Golanian, P.E., City Manager

## **EXHIBITS / ATTACHMENTS**

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Exhibit 1: EcoMotion's Best Practices Analysis