



CITY COUNCIL AGENDA STATEMENT



March 23, 2021

File ID: 21-0081

TITLE

UPDATE OF THE CITY OF CHULA VISTA'S ENROLLMENT OF ITS MUNICIPAL ACCOUNTS WITH SAN DIEGO COMMUNITY POWER 100% RENEWABLE ENERGY OPTION

RECOMMENDED ACTION

Council receive the update.

SUMMARY

In 2014, Chula Vista City Council approved the City Operations Sustainability Plan (Plan) and, since then, a multi-departmental "Green Team" has been working to implement it. The Plan sets numeric goals and identifies implementation strategies in seven focus areas helping to lower city operation costs, creating a healthier workplace and contributing to cleaner air, water and land in the community. On March 1, 2021, San Diego Community Power (SDCP) became the official electricity service provider for the cities of Chula Vista, Encinitas, La Mesa, Imperial Beach and San Diego. City staff is bringing an item forward to enroll in SDCP's 100% renewable electricity service program for all municipal accounts. This is expected to significantly reduce municipal GHG emissions while not significantly increasing electricity bills.

ENVIRONMENTAL REVIEW

The Development Services Director has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that the activity is not a "Project" as defined under Section 15378 of the State CEQA Guidelines because it will not result in a physical change in the environment; therefore, pursuant to Section 15060(c)(3) of the State CEQA Guidelines, the activity is not subject to CEQA. Thus, no environmental review is required.

BOARD/COMMISSION/COMMITTEE RECOMMENDATION

Not Applicable

DISCUSSION

Sustainability is increasingly becoming a focal point for corporations and organizations wishing to create long-term customer and employee value by taking into consideration how their enterprise operates in terms of social, economic and environmental performance. For municipal operations, sustainability can be defined as the City's ability to provide high quality infrastructure, services and programs in a manner which balances

the needs of current and future generations. Through the release of fossil fuel and other greenhouse gases (GHG) the City's operation has a direct contribution to climate change. Although relatively minor in the global scale of GHG emissions the City is working to reduce those emissions as much as possible.

The City Operations Sustainability Plan sets numeric goals in seven focus areas - Energy Use, Water Use, Green Purchasing, Recycling & Waste Reduction, Pollution Prevention, Transportation and Green Buildings & Infrastructure. To help achieve the goals for the Energy Use focus area, the City has conducted efforts to reduce energy use through energy efficiency upgrades such as installing high efficiency HVAC systems, LED lights and multiple arrays of solar energy on City facilities. With the launch of SDCP, we are excited that the City can further reduce its carbon footprint by receiving 100% renewable, 100% carbon-free power from SDCP. SDCP will be launching service in the three phases, listed below. The City has approximately 750 municipal electricity accounts that will be included in all three phases, see below. Specific accounts were selected by SDCP to align with the needs of SDG&E's internal billing services update process.

- Phase 1 – Public Sector – March 2021 – 64 City accounts
- Phase 2 – Commercial – June 2021 – Approximately 600 accounts
- Phase 3 – Residential and Solar – 2022 – All remaining accounts

SDCP offers two product options. A default electricity rate (PowerOn) that includes 50% renewable energy plus 5% additional GHG free electricity and a premium rate (Power100) that includes 100% renewable energy. The default power content from SDG&E's is 39% which is down from 2018's 43%. Under new Power Content Label calculations, that do not include unbundled Renewable Energy Credits, it is further reduced to 31%. Unbundled Renewable Energy Credits are provided to a utility that wants to claim the environmental benefits of electricity without using the electricity, such as with an out of state solar or wind energy facility that does not deliver electricity to the utility. These have been included in previous Power Content Labels, but the state is looking to move away from their use. SDCP does not utilize unbundled Renewable Energy Credits.

The City is planning on enrolling all accounts controlled by the City into the SDCP 100% renewable energy option. This is expected to increase City utility bills slightly by approximately 0.1%. This increase is very small compared to the City's total electricity bill of nearly \$3,000,000 for calendar year 2020. Additionally, that cost increase will be offset by energy savings expected after the completion of the City's most recent phase of solar installations, which is expected to save more than \$600,000 in the first year of operation. Opting up to the 100% renewable electricity product from SDCP will help reduce the City's municipal GHG emissions by an estimated 3,000 metric tons of CO2 equivalent or 30% of total emissions. In addition, this may help reduce GHG emissions from the municipal fleet as the City pivots to utilizing more electric vehicles. The fleet is currently at 26% hybrid or renewable fuel vehicles, but the electric vehicles are charged through SDG&E's Power Your Drive Program. Combined with the City's previous and planned energy efficiency, fleet electrification and local renewable energy generation efforts 100% renewable energy from SDCP will be a significant step forward in making city operations more sustainable.

DECISION-MAKER CONFLICT

Staff has reviewed the decision contemplated by this action and has determined that it is not site-specific and consequently, the 500-foot rule found in California Code of Regulations Title 2, Section 18702.2(a)(11), is not applicable to this decision for purposes of determining a disqualifying real property-related financial conflict of interest under the Political Reform Act (Cal. Gov't Code § 87100, et seq.).

CURRENT-YEAR FISCAL IMPACT

There is no fiscal impact to the current year General Fund budget.

ONGOING FISCAL IMPACT

Once all municipal accounts are transferred to SDCP and upgraded to the 100% renewable energy product staff expect annual electricity bills to increase approximately \$3,000. This cost will be offset by future savings generated once the various energy efficient upgrades are completed.

ATTACHMENTS

None

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