



# Memorandum

**TO:** RULES AND OPEN  
GOVERNMENT COMMITTEE

**FROM:** Lori Mitchell

**SUBJECT:** ENERGY RESILIENCE  
STUDY SESSION

**DATE:** August 12, 2019

Approved

Date

8/12/19

## REPLACEMENT

### REASON FOR REPLACEMENT

This replacement memorandum is being submitted to correct the time of the study session.

### RECOMMENDATION

Set a City Council Study Session entitled *Energy Resiliency* for Thursday, August 29, 2019 from 9:00 a.m. – 12:00 p.m. in the City Council Chambers and approve a draft Study Session agenda.

### PURPOSE

To provide information regarding improved electric resiliency as it pertains to increasing the safety, reliability, and affordability of electricity distribution systems serving the City of San José and by means of establishing more local ownership and control of electricity.

### OUTCOME

That the City Council is informed about considerations for ownership and investment in local electricity infrastructure and more load control of electricity assets in San José.

## **BACKGROUND**

On August 8, 2017, City Council approved an ordinance establishing a Community Choice Aggregation (“CCA”) program to be named San José Clean Energy (“SJCE”) and amending Title 2 of the San José Municipal Code to create the Community Energy Department of the City of San José to manage the CCA.

On August 29, 2017, City Council approved a resolution adopting SJCE’s Implementation Plan and Statement of Intent and directed staff to submit this document to the California Public Utilities Commission (“CPUC”). On September 18, 2017, the Implementation Plan was submitted to the CPUC. The CPUC certified the plan on December 18, 2017.

On November 7, 2017, City Council approved an ordinance to add Title 26 to the San José Municipal Code that provides procedures for the operation and management of SJCE.

On June 25, 2019, City Council adopted a resolution establishing principles to guide advocacy regarding the restructuring of California’s electric power system to ensure the electric generation, transmission and distribution infrastructure serving the City of San José is safe, reliable, clean, and affordable. City Council directed Community Energy staff to hold a study session regarding the process and considerations for pursuing public ownership of San José’s electricity distribution assets.

## **ANALYSIS**

As directed by the City Council, staff recommends scheduling a study session on Energy Resiliency for August 29, 2019. The purpose of the study session is to provide basic information and surface key issues in support of the Council’s consideration for ways of improving the resiliency of San José’s electricity distribution systems through increased local control. While the study session will provide information and context on a range of issues related to improving grid resiliency, it is not intended as a venue for the Council to make any decisions on whether or not to further pursue more load control of electricity distribution assets. Direction to staff to pursue a full feasibility study of municipalization could be provided at a subsequent Council meeting.

A draft study session agenda is attached. Staff proposes that the meeting covers:

- **Energy Availability Threat Assessment:** City staff will provide background on the growing risks and uncertainties related to reliable electricity being delivered to San José residents, government facilities, and businesses.
- **Local Control Analysis:** City staff will highlight ways in which California municipalities can pursue ownership of local electricity assets, as well as a review of the different operating models of municipal utilities and incremental options available, such

as microgrid. Past and current efforts by cities to municipalize will be provided for context.

- **Grid Resiliency:** City staff will define the value of electricity grid resiliency, including as it relates to increased local control and ownership. Examples of grid resiliency measures and case studies will be provided.
- **Municipalization.** City staff will provide an analysis of the costs and benefits of the municipalization, including options of both targeted investment for partial municipalization and acquiring PG&E assets for full municipalization. The discussion will include methods to finance municipalization, as well as the legislative and regulatory steps and potential hurdles involved.
- **Recommendations.** City staff will make recommendations about next steps to take regarding the targeted municipalization; immediate resiliency measures; actions for further analysis of municipalization costs and benefits; and actions in the legislature to enable the full municipalization option.
- **Council Perspective on Next Steps.** Under this section, the Council will have the opportunity to identify additional questions and information needs that councilmembers may have and discuss potential next steps toward more fully evaluating a municipalization feasibility study.

### **COORDINATION**

This memo was coordinated with the, Public Works Department, Office of Emergency Management and the City Attorney's Office.

/s/  
LORI MITCHELL  
Director, Community Energy

For questions Lori Mitchell, Director of Community Energy, at (408) 535-4880.

Attachment:  
Study Session Agenda

# **CITY COUNCIL STUDY SESSION AGENDA**

## **ENERGY RESILIENCY**

**August 29, 2019**  
**9:00 A.M. to 12:00 P.M.**  
**COUNCIL CHAMBERS**

- **Purpose:** To provide information regarding energy resiliency as it pertains to increasing the safety, reliability, and affordability of San José's electricity system by means of establishing local ownership and control of distribution assets.
- **Outcome:** That the City Council is informed about considerations for ownership and investment in local electricity distribution infrastructure and the potential options for public ownership of Pacific Gas and Electric's electricity distribution assets in San José.

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Welcome to the San José City Council meeting!

**The San José City Council meets every Tuesday at 1:30 p.m. and Tuesday at 6 p.m. as needed, unless otherwise noted. If you have any questions, please direct them to the City Clerk's staff seated at the tables just below the dais. Thank you for taking the time to attend today's meeting. We look forward to seeing you at future meetings.**

**Agendas, Staff Reports and some associated documents for City Council items may be viewed on the Internet at <http://www.sanjoseca.gov/index.aspx?NID=5322>. Council Meetings are televised live and rebroadcast on Channel 26.**

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- **Call to Order and Roll Call**

## **CITY COUNCIL STUDY SESSION**

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9:00 a.m. to 12:00 p.m., Council Chambers, City Hall

### **1. Introduction**

### **2. Energy Availability Threat Assessment**

City staff will provide background on the growing risks and uncertainties related to reliable electricity being delivered to San José residents, government facilities, and businesses.

# CITY COUNCIL STUDY SESSION

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**3. Local Control Analysis**

City staff will define the value of electricity grid resiliency, including as it relates to increased local control and ownership. Examples of grid resiliency measures and case studies will be provided.

**4. Grid Resiliency**

City staff will highlight ways in which California municipalities can pursue ownership of local electricity assets, as well as a review of the different operating models of municipal utilities and incremental options available, such as microgrid. Past and current efforts by cities to municipalize will be provided for context.

**5. Municipalization**

City staff will provide an analysis of the costs and benefits of the municipalization, including options of both targeted investment for partial municipalization and acquiring PG&E assets for full municipalization. The discussion will include methods to finance municipalization, as well as the legislative and regulatory steps and potential hurdles involved.

**6. Staff Perspectives on Next Steps**

City staff will provide perspectives about next steps to take regarding the targeted municipalization; immediate resiliency measures; actions for further analysis of municipalization costs and benefits; and actions in the legislature to enable the full municipalization option.

**7. Council Perspective on Next Steps**

- **Public Comments**
- **Adjourn**