

Attachment

Staff Response to Public Comments Received

Project: RIVERSIDE ACCELERATING CLEAN ENERGY BY 2040 STUDY - FUNDS-IN AGREEMENT-NONFEDERAL SPONSOR WITH THE UNITED STATES DEPARTMENT OF ENERGY FACILITY CONTRACTOR ALLIANCE FOR SUSTAINABLE ENERGY, LLC., MANAGER AND OPERATOR OF THE NATIONAL RENEWABLE ENERGY LABORATORY, FOR A TWO-YEAR PERIOD IN THE AMOUNT OF \$8,182,790 PLUS 10% CHANGE ORDER AUTHORITY OF \$818,310, FOR A TOTAL NOT TO EXCEED AMOUNT OF \$9,001,100 – SUPPLEMENTAL APPROPRIATION

Jason Hunter – Public e-Comment for Board of Public Utilities Meeting, October 24, 2022

Comment 1: thought I misread the agenda item when I saw \$9 million. What!? RPU has the experience and track records for doing this kind of planning in-house; no need for high-priced consultants.

Question Posed by Comment 1: Could RPU staff complete the study without hiring NREL or an outside consultant?

Response 1: The Riverside Accelerating Clean Energy by 2040 study (RACE 2040) will include a thorough and comprehensive exploration of options at the City distribution grid level up to the utility grid scale to help the City and its community identify how it can achieve carbon neutrality. The study will require detailed forecasting methodology to determine circuit and distribution system level impacts that will then impact load forecasts.

RPU staff is not able to complete this type of study due to the intricacies and interdependencies of the various options to achieve carbon neutral energy by 2040. While RPU staff is very experienced in developing Integrated Resources Plans, the RACE 2040 Study will go beyond that process and evaluate aspects of the existing and emerging technologies and markets that will be affected by the transition to a carbon neutral economy. The internal staff team also does not have the computing technology (e.g. a supercomputer) available nor the training and experience necessary to complete such a complex study.

The National Renewable Energy Laboratory (NREL) has unbiased, world-renowned scientists, with access to a supercomputer to run millions of iterations to provide a sound evaluation of the optional paths that RPU and the City can take to achieve a carbon neutral energy supply and the distribution grid to support a carbon neutral energy economy.

CURE/Malissa McKeith – Public e-Comment for Board of Public Utilities Meeting, October 24, 2022

Comment 2: CURE supports the concept of undertaking the analysis described in this agenda item, and we look forward to learning more this evening. Having briefly read the contract, **Comment 3:** we are disappointed that the Contractor has sole discretion over what subcontractors are hired rather than the City Council being able to direct local hiring, women owned business, etc. (I think MAYBE there are some qualified entities here. We should know who is being hired as subs before entering into this agreement). Too frequently millions of dollars are spent on contractors with no direct interest (purchasing or otherwise) in our city. This prevents RPU building any local capacity. **Comment 4:** Also, why is the advisory committee function nearly \$900K? Seems excessive given the deliverables of quarterly presentations, etc. **Comment 5:** Even if this sole source contract is legal, is that desirable when we are spending nearly \$10M? With that large sum, Riverside should, in a minimum, get the "optional" items like environmental justice, public health, and economic development included (see page 33 of Agreement) as part of the cost **Comment 6:** Finally, did we contact LADWP or other parties that have used this contractor? Have we seen the deliverables they provided to other customers? **Comment 7:** Whose done due diligence and who negotiated the costs? **Comment 8:** In closing, is this going to be RPU 3.0 where we get a lengthy PPT analysis that we can't afford and that's unrealistic for our city. In the end, Riverside has nominal control over all those diesel trucks, warehouses and cars that add to our pollution and carbon output. **Comment 9:** CURE recommends RPU hold a workshop on this effort to get more public input before the contract is signed and not after the fact. Since this scope is focused on 2040, I would hope there is time to negotiate more favorable terms at a minimum. Thanks.

Response 2: Thank you for supporting the project and sharing the City's commitment to sustainability and stewardship of the environment.

Question Posed by Comment 3: What purchasing requirements must NREL comply with and how did they select the communications subcontractor?

Response 3: NREL is a Government Owned, Contractor Operated (GOCO) facility owned by the U.S. Department of Energy (US DOE), overseen by the US DOE Energy Efficiency and Renewables Division and operated by the Alliance for Sustainable Energy, LLC, a non-profit organization formed to serve as the operator of NREL. NREL is subject to and complies with all federal procurement requirements, including for subcontractors.

As part of the project scope, NREL is tasked with developing and supporting a community Stakeholder Advisory Group (AG) to facilitate an independent process to identify the community's preferences and desire to evaluate options for achieving carbon neutrality by 2040. Because NREL must work closely with the subcontractor that will oversee the

AG, they are responsible to select the company that has met the federal procurement requirements they operate under and that is located in the geographic area of the work they are performing. They have selected Kearns & West to serve as the communications lead for the RACE 2040 Study.

Kearns & West has a local office in the City of Riverside and was founded by Dr. Ken Kearns and Anna L. West. The firm specializes in collaboration and strategic communications in a wide variety of areas including the energy sector. Kearns & West is one of several firms that work with NREL on communications and has experience working and managing advisory groups such as the one that will be formed for the RACE 2040 project.

RPU staff supports the selection of Kearns & West from the contractors that NREL has open contracts with. Kearns & West is a local company with an office located in the City of Riverside that will serve on this project along with staff from other southern California locations.

Question Posed by Comment 4: Why is the advisory group task function nearly \$900,000?

Response 4: The costs for the advisory committee includes both the subcontractor costs as well as NREL staff time, both at the meeting and for the products to be prepared for the advisory committee meetings and for public review throughout the process. These costs, while part of the overall project, will include significant information prepared by NREL researchers and staff to ensure that the advisory group, RPU staff and the community have sufficient information to provide input throughout the development of the RACE 2040 study. This will include reports, presentations, and data that will be made available for the community to review throughout the two-year project and will be the basis for future public communications.

Question Posed by Comment 5: Why are the optional items – evaluations and reports on environmental justice, air quality and public health, and jobs and the economy - not included as part of the project?

Response 5: The optional studies are not included in the study project for a few reasons. First, they would be undertaken at the end of the RACE 2040 study and will be dependent on the outcomes of the core analysis. NREL also does not specialize in the work associated with the three optional items and would need to engage additional researchers from outside organizations at an additional cost. RPU staff elected to wait until the study is nearing completion and then seek out services to complete the additional studies at that time through its own process taking direction from the Board of Public Utilities and the City Council.

NREL's pricing is based solely on time and materials. They are required to recover all costs associated with the projects they work on. They price their projects at the margin. The total project cost of about \$8.2 million is the anticipated cost to provide the research

and analysis necessary for the RACE 2040 Study. Using the data and conclusions of the Study will help the City develop an appropriate scope and process to further evaluate the findings based on these parameters.

Question Posed by Comment 6: Did RPU staff review deliverable products and projects similar to the RACE 2040 study, including the study completed for the Los Angeles Department of Water and Power (LADWP) – the LA 100 Study?

Response 6: Yes. RPU staff did engage with staff at the Los Angeles Department of Water and Power (LADWP) which helped us determine the proposed scope specifics for the City of Riverside. The public facing, final deliverables from LADWP’s project, LA 100: Achieving 100% Renewable Energy in Los Angeles, can be found at: [Full Report | Los Angeles 100% Renewable Energy Study | NREL](#). Additionally, information that was prepared for the study and the advisory group for LADWP’s project, can be found here: [100% Renewable Energy Study \(ladwp.com\)](#). RPU also reviewed a variety of analysis available at NREL’s main website: <https://www.nrel.gov/>

Question Posed by Comment 7: Who completed due diligence and contract negotiation for the RACE 2040 Study proposal?

Response 7: RPU staff completed due diligence and negotiated the costs with legal review from the City Attorney’s Office.

Question Posed by Comment 8: Will the RACE 2040 Study result in an unachievable set of options that the City is unwilling or unable to support?

Response 8: No, this will be a study of the options available to achieving carbon neutrality in the electricity provided to RPU customers as well as options for supporting the community as it transitions to carbon neutrality in its economy and built environment. Increasingly, state regulation is mandating changes to buildings, appliances and transportation in the State. These regulations are placing electrification requirements on fleet vehicles, appliance that will be available for sale, and changing the requirements for buildings towards increasing electrification. RPU needs to change to meet the requirements it faces as an electric utility as well as needing to be able to change to meet the needs of customers who are facing an increasing decarbonized and electrified future. The RACE 2040 study will evaluate options, including the technologies’ ability to achieve the desired outcomes, and what the costs are anticipated to be to support those technologies.

Before future budgets and electric rates are developed, it is important to understand the operational and fiscal requirements of decarbonizations to avoid spending financial resources on projects and infrastructure that do not help the City reach its goals. This study will be a tremendous tool for planning Riverside’s energy future. For example, having this study, that only a few cities in the United States have, should position Riverside well for grants to support decarbonization goals.

The community, through the City and RPU will then determine the path forward.

Question Posed by Comment 9: Should RPU hold a workshop to discuss the RACE 2040 project before Council consideration?

Response 9: RPU staff does not support holding a community workshop to develop any changes to the proposed RACE 2040 Study. While the ultimate timeframe is out to 2040 and 2045 (per state law and policy), RPU and the community are already transitioning to a carbon neutral future. It is a key intent of this project to undertake a stakeholder informed process to build community knowledge and capacity as well as staff and organizational knowledge and capacity throughout the entire Study effort. RPU and our City are already being impacted by the goal of achieving carbon neutrality by 2040. Decisions will need to be made in the next few years related to large infrastructure needs and how programs and system will need to transition. The transition to a carbon-neutral economy that are currently underway including increasing renewable portfolio standard requirements for renewable and zero-carbon electricity generation resources, building codes that are directing construction to be electric only, and the electrification of the transportation sector. Waiting will push RPU and the City further into the situation where it is reacting to the changes instead of planning for them.

Tom Evans – Public e-Comment for Board of Public Utilities Meeting, October 24, 2022

Comment 10: oppose this item. I urge you to postpone a decision on this item until after a workshop where community members can provide quality input. There is no compelling reason to make this decision now particularly since the staff is recommending you spend \$9 million. This item should not be approved for the following reasons. **Comment 11:** 1- It is far too expensive. It is essentially a no bid contract. Even though it is with a federal agency, the actual contractor is a private for-profit LLC. **Comment 12:** 2The \$9 million cost is outrageous. Based on the staff report there are 8 individuals that will be working on the project, this equates to \$500,000/person/year. **Comment 13:** 3The only deliverables are 2 annual reports and presentations and a series of community meetings. The RPU Board represents the community and could broaden your community engagement by holding workshops in various parts of Riverside. **Comment 14:** 4The 6 questions on slide 3 of the Presentation are good questions except the third related to RTRP. This will be a waste of time since RTRP is on its own path. The other 5 questions should be prioritized at a Workshop and pursued separately by different consultants AFTER being put out for bid. The RPU staff has Experienced personnel. Why can't they answer the questions that are being asked? **Comment 15:** 5The second question on slide 3 should be pursued now lead by RPU staff. Community/grid solar with distributed storage is becoming a common concept and there is no reason for RPU to lag in this reliability improvement action. UCR CERT would be an excellent advisor in this regard. **Comment 16:** 6Even though the \$9 mil cost is being paid for from Public Benefit funds, that still is not an excuse to

spend \$8-9 million without talking about what alternatives could be done with that same amount of money. For example, direct rebates to customers, which was the original intent of the public benefit program surcharge. **Comment 17:** 7The proposal includes an Advisory Group at a cost of \$829,438.57. Again, an outrageous cost. it seems that the role of the RPU board has been put to the side. Why aren't you more directly involved in the community input process. After all, you essentially represent the community. As I've noted previously, you can hold workshops to keep the community engaged. Take the time to better clarify the goals and priorities of this analysis and postpone this item. Thanks, Tom Evans

Response 10: Please see Response 9.

Question Posed by Comment 11: **Is the Alliance for Sustainable Energy, LLC a private, for-profit contractor.**

Response 11: The Alliance for Sustainable Energy, LLC is a non-profit (501 (c) (3)) organization formed solely to provide operations and management services of the NREL which is owned by the US DOE. Per the US DOE website:

The National Renewable Energy Laboratory (NREL), located in Golden, Colorado, is the United States' primary laboratory for renewable energy and energy efficiency research and development. NREL is the only federal laboratory dedicated to the research, development, commercialization, and deployment of renewable energy and energy efficiency technologies. As part of its mission, NREL works closely with a number of private partners to transfer technological developments in renewable energy and energy efficiency technologies to the marketplace. NREL is a government-owned, contractor-operated (GOCO) facility, and is funded and overseen by the U.S. Department of Energy's (DOE) Office of Energy Efficiency and Renewable Energy (EERE). This contractual arrangement allows a private entity to operate the lab on behalf of the federal government under a Management and Operating (M&O) contract. (Source: [National Renewable Energy Laboratory Documents | Department of Energy](#))

Question Posed by Comment 12: **How many people will comprise the project team at NREL?**

Response 12: The project team for this project will be comprised of over 35 individual researchers, scientists and staff at the National Renewable Energy Laboratory and include researchers at the University of California, Riverside and a contract with the communications firm, Kearns & West. The eight individuals shown in the PowerPoint presentation are the project leads for various sections of the study. Each researcher will lead a group of 3-5 people. Additionally, NREL's project team will also include administration, project managements, and data management personnel.

Question Posed by Comment 13: **What are the deliverables for the RACE 2040 Study and will it involve community wide engagement?**

Response 13: Deliverables will be provided to RPU and the community throughout the two-year study. These will include presentations, educational materials, and videos during engagement. RPU will receive all resulting data sets and modeling software that NREL utilized in the project as well as a detailed report outlining research methods, analysis, findings and overall evaluation of options. An example of the final report anticipated can be found on NREL’s website – for the LA100 study: [LA100: The Los Angeles 100% Renewable Energy Study | Energy Analysis | NREL](#)

Community engagement will involve information for the entire community. The Advisory Group is asked to remain with the project throughout the project timeline, all information from the advisory group will be publicly available and the entire community is invited to participate in the process. RPU staff will also be available to conduct meetings throughout the community during the two-year study.

Question Posed by Comment 14: Why is RPU staff unable to respond directly to the questions posed in the presentation (on slide 3), including questions related to RTRP?

Response 14: The questions posed on slide 3 of the presentation are simply examples of the recurring questions that RPU has received in a variety of public meeting settings and through public comment. There will be a process to identify the full range of questions that the City Council, Board, community and staff would like to have evaluated as part of the study.

All RPU assets – from its generation facilities to its transmission, including the Riverside Transmission Reliability Project (RTRP), should be considered as part of this study. RTRP will simply to be evaluated as an asset so that it and all assets can be optimized for service to the community in reaching the goal of carbon neutrality.

And, finally, while RPU staff could answer many of these questions, the answers would be incomplete because RPU is not able to evaluate the interactions from the customer level up to the generation scale due to the rapidly changing technologies and lack of the computing power that will be provided by NRELs supercomputer. (Please see Response 1 for further detail.)

Question Posed by Comment 15: Could RPU work with the University of California, Riverside (UCR) CE-CERT to evaluate how best to utilize community and grid scale solar and battery storage?

Response 15: Yes, RPU could work directly with UCR CE-CERT to evaluate options for community and grid scale solar along with battery storage – and will as part of the RACE 2040 Study. NREL is engaging with UCR CE-CERT for some aspects of the study especially to leverage their research in the area of regional transportation. Additionally, RPU would like to evaluate additional options around solar located within the service area that may be smaller scale and evaluate how customer owned battery storage and aggregation could support the State and City’s decarbonization efforts in a cost-effective

way. NREL has expertise in this area and will bring that expertise to the RACE 2040 Study.

Question Posed by Comment 16: What are the alternative uses for the public benefit funds that are being utilized for this project?

Response 16: As stated in the staff report for the RACE 2040 Study:

RPU staff proposes to utilize Public Benefit Charge unprogrammed funds for this project. The public benefit charge is a 2.85% charge paid by all RPU electric customers as required by State law pursuant to Public Utilities Code Division 1, Part 1, Chapter 2.3, Sections 385 and 386. All publicly owned utilities are required to establish the charge and fund investments in the following areas:

- (1) Cost-effective demand-side management services to promote energy efficiency and energy conservation.*
- (2) New investment in renewable energy resources and technologies consistent with existing statutes and regulations which promote those resources and technologies.*
- (3) Research, development and demonstration programs for the public interest to advance science or technology which is not adequately provided by competitive and regulated markets.*
- (4) Services provided for low-income electricity customers, including, but not limited to, energy efficiency services, education, weatherization, and rate discounts.*

The RACE/2040 study supports all four allowed expenditure categories, though the study directly supports the option to use funds for research projects for the public interest that advance science and new technologies that are developing to support a carbon neutral electric utility but are not yet supported by competitive and regulated markets.

If the RACE 2040 Study is not approved, the Public Benefit Funds must be expended on other projects that align with the required uses specified in state law.

Question Posed by Comment 17: Could the RPU Board hold the Advisory Group Workshops?

Response 17: It is possible that the RPU Board could serve as the lead for the Advisory Group. However, RPU staff does not have the full capacity to support such workshops for the two-year project. Additionally, the majority of the work to be completed for the Advisory Group Task will continue to involve NREL's project team and researchers. NREL will be leading the workshops and providing educational materials to help the community understand the options available and the challenges facing a decarbonizing electric grid.

The goal of the outreach is to facilitate as much feedback as possible from known and unknown interests across the City. The City Council and the RPU Board will be involved as an element of the feedback received.

Additional information can be found in Response 4.