



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: OCTOBER 26, 2020

ITEM NO: 11

SUBJECT: SOUTHERN CALIFORNIA PUBLIC POWER AUTHORITY BI-ANNUAL EXPENDITURE REPORT FOR FISCAL YEAR 2019-20

ISSUE:

Recommend that the City Council receive and file this Southern California Public Power Authority bi-annual expenditure report for fiscal year 2019-20.

RECOMMENDATION:

That the Board of Public Utilities recommend that the City Council receive and file this Southern California Public Power Authority bi-annual expenditure report for fiscal year 2019-20.

BACKGROUND:

Riverside Public Utilities (RPU) is a member of the Southern California Public Power Authority (SCPPA), a joint powers authority, formed to capture the economies of scale by collectively working with 12 local publicly owned utilities.

RPU's participation in SCPPA activities is voluntary and undertaken only when participating through SCPPA is expected to add value in the form of: 1) cost savings as compared to Riverside acting individually, and/or 2) staff savings achieved by collaborating on common issues and avoiding the duplication of effort at each utility.

The majority of RPU's expenditures associated with SCPPA relate directly to its participation in the generation, transmission, and renewable projects where there is joint interest by other utilities. RPU has the choice to participate in other joint member utility services such as energy efficiency programs, training, association dues, and legislative or regulatory advocacy where services are procured using economies-of-scale pricing from the collective buying power of SCPPA members, resulting in significant ratepayer savings.

On February 21, 2017, the City Council received an update on RPU's participation and involvement in SCPPA and directed staff to provide a bi-annual report to the Board of Public Utilities (Board) and the City Council on expenditures. City Council also directed staff to seek Board and City Council approval for services procured through SCPPA over \$50,000. Consistent with the City's procurement process, services between \$25,000 and \$50,000 are approved by the City Manager and services up to \$25,000 are approved by the RPU General Manager.

DISCUSSION:

This SCPPA bi-annual expenditure report as of June 30, 2020 covers 12 months of activities for fiscal year (FY) 2019-20.

The following expenditures were paid through SCPPA by the Electric Utility for FY 2019-20:

SCPPA Category		Jul-Dec 2019	Jan-Jun 2020	Fiscal Year Total
Joint Power Supply & Transmission	Generation Projects	\$ 1,415,667	\$ 2,052,747	\$ 3,468,414
Joint Power Supply & Transmission	Transmission Projects	5,444,952	6,313,579	11,758,531
Joint Power Supply & Transmission	Renewable Projects	2,980,929	5,207,932	8,188,861
Other Member Services	Energy Efficiency Programs	634,175	3,889	638,064
Other Member Services	Power Resources Grid Management	56,819	8,141	64,960
Other Member Services	Energy Efficiency Program Support	-	8,483	8,483
Other Member Services	Industry Association	8,889	-	8,889
Other Member Services	Training	20,974	13,830	34,804
Other Member Services	Legislation & Regulatory	45,823	37,605	83,428
Total Actual Expenditures		\$ 10,608,228	\$ 13,646,206	\$ 24,254,434

Existing joint generation, transmission, and renewable project agreements approved by the Board and City Council represent approximately 97% of SCPPA expenditures. The remaining 3% are comprised of energy efficiency programs and other member services. All expenditures were included in the Electric Utility's biennial budget and approved by the Board and City Council as part of the budget process.

In addition, all approved SCPPA procurement requests are tracked and monitored by RPU staff. The attachment lists the SCPPA procurement requests that were approved from July 2019 to June 2020. Timing of actual expenditures will depend on when services are incurred.

SCPPA Project Approvals

Generation, Renewable and Transmission Projects:

Pursuant to the SCPPA Agreement, the City Council approved Riverside's joint participation in the following five (of SCPPA's six) original generation and transmission projects to continue to self-provide electric power for Riverside's energy needs. The transmission agreements allowed for the delivery of power from specific generation projects (in which Riverside had entitlements) located long distances from the City

- Palo Verde Nuclear Generation Station (1981)
- Hoover Upgrading Project (1986)
- Southern Transmission System (1983)
- Mead-Adelanto Transmission Project (1992)
- Mead-Adelanto Transmission Project (1992)

Beginning in 2012, in order to cost-effectively meet California's renewable portfolio standard mandates, Riverside expanded its project participation in SCPPA from the original five generation and transmission projects, to include renewable power purchase agreements (PPA) approved by the Board and City Council. These PPAs also provide economies-of-scale

pricing similar to the initial generation and transmission project. The Renewable Generation PPA projects are all available on our website:

- Columbia II Solar, approved by City Council on 9/24/2013
- Kingbird B, approved by City Council on 9/24/2013
- Summer Solar, approved by City Council on 1/8/2013
- Antelope Big Sky Ranch, approved by City Council on 1/8/2013
- Antelope DSR 1, approved by City Council on 7/28/2015
- Loyaltan Biomass, approved by City Council on 1/23/2018

Energy Efficiency Programs and Program Support:

Beginning in FY 19/20, RPU opted to procure all energy efficiency programs through the City of Riverside's procurement process. Expenditures for energy efficiency programs shown in the first half of FY 19/20 (June-December 2019) primarily included final payments for FY 18/19 Energy Efficiency Program Task Orders that had been approved by the City Council on June 18, 2018. Energy efficiency programs procured through SCPPA Task Orders in FY 18/19 included the following:

RPU Energy Efficiency Programs through SCPPA (Fiscal Year 18/19)*			
Program	Vendor	Service	Program Budget
Load Profiler Program	Automated Energy	Interval meter data with online access	\$75,000
Keep Your Cool Program	Efficiency Services Group	Lighting and refrigeration improvements to customers with large refrigeration load	\$200,000
Upstream High Efficiency Commercial Heating, Ventilation, and Air Conditioning (HVAC) Program	Energy Solutions	Commercial HVAC rebates at the distributor level	\$250,000
LED Buydown Program	GreenLite	LED customer incentives offered at participating retailers	\$300,000
Small Business Direct Installation Program	Lime Energy	Lighting and HVAC improvements to small businesses	\$965,000
Key Account Energy Efficiency Program	Muni-Fed/ Partner Energy	Commercial and industrial in-depth energy efficiency audits	\$200,000
Customer Engagement Program	Oracle/Opower	Residential home energy reports	\$235,000
Business Outdoor Lighting Direct Installation Program	Richard Heath & Associates (RHA)	Outdoor lighting improvements for medium and large businesses	\$965,000
Multifamily & Mobile Home Direct Installation Program	Synergy Companies	Direct installation of energy efficiency measures	\$150,000

Fume Hood Case Studies	AESC	Provided case studies to evaluate the energy savings from fume hoods	\$8,200
Home Energy Audit	OpSolve	Online platform to perform home energy audits	\$12,000
Customer Relationship Management Tool	Salesforce	Online customer relationship software	\$18,000
Refrigerator and freezer recycling program	ARCA	Refrigerator and freezer recycling program	\$45,000
Total			\$3,423,200

The largest Energy Efficiency programs offered through SCPPA in FY 18/19 were RPU's direct installation programs. The programs were designed to reach customer segments such as multi-family, mobile home parks and small businesses which are difficult to reach, underserved customer segments. Direct installation programs were and continue to be very effective in meeting customer energy efficiency needs and generate significant kWh savings. The demand for direct installation programs has grown exponentially since their inception in 2012. Combined, these SCPPA vendor contracts accounted for approximately 20% of RPU's annual energy saving goals reported to the California Energy Commission as required under SB 1037. RPU received economies-of-scale discounts for these Energy Efficiency programs ranging between 4% and 35% depending on the program.

Memberships, Training and Legislative/Regulatory Services:

SCPPA members have been able to secure economies-of-scale pricing on member services such as memberships in industry associations, training and for legislative and regulatory services.

Memberships: Prior to the current fiscal year, RPU paid national association memberships through SCPPA because the utility was able to receive discounted membership pricing due to the economies-of-scale pricing provided to all SCPPA members. These included memberships with the American Public Power Association and Western Energy Institute. However, in FY 19/20, both associations have agreed to directly bill RPU for membership dues and, as such, these memberships will not be paid through SCPPA.

Training: SCPPA is able to provide training on relevant industry topics, hosts workshops facilitated by industry experts, and has hired consultants to provide important market updates, conduct studies of common interest, and represent its interest in various regulatory or legislative matters. Due to the rapid changes occurring in the industry and workforce retirements, the need for training has become even more urgent and vital. RPU only pays for training attended by RPU staff members.

Legislative and Regulatory Services: The electric utility industry is transforming due to rapid changes in both technology and in legislation and regulation. To assist all member agencies, including RPU, SCPPA has secured both legislative and regulatory services from consultants that have expertise in the electric utility industry and with the regulations and issues facing SCPPA members. RPU pays a proportional share for these services.

FISCAL IMPACT:

There is no fiscal impact associated with this Board action.

Prepared by: Carlie Myers, Utilities Assistant General Manager/Business and Customer Services
Approved by: Todd M. Corbin, Utilities General Manager
Approved by: Al Zelinka, FAICP, City Manager
Approved as to form: Gary G. Geuss, City Attorney

Certifies availability of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachment: Approved SCPPA Procurement Requests – 7/1/2019 through 06/30/2020