

Resolution No. 9322
Resolution of the Council of the City of Palo Alto Approving a Carbon
Neutral Plan for the Electric Supply Portfolio to Achieve Carbon
Neutrality by 2013

A. In an effort to combat climate change in December 2007 the City of Palo Alto ("City") adopted the Climate Protection Plan, which set aggressive greenhouse gas (GHG) emission reduction goals to be achieved by the year 2020.

B. In March 2011, the City unanimously approved the Long-term Electric Acquisition Plan (LEAP) a strategic planning document focused on how the City's Utilities Department (CPAU) can successfully balance environmental and economic sustainability as it provides electric service to CPAU customers. LEAP was updated in April 2012 through Resolution 9241.

C. In accordance with the LEAP Climate Protection Strategy #5 to reduce the electric portfolio's carbon intensity, staff evaluated the costs, benefits and impacts of the implementation of an electric portfolio carbon neutral policy and the setting of quantitative goals. Staff's preliminary findings were presented to the Utilities Advisory Commission ("UAC"), Finance Committee and Council and in May 2012, the City Council directed staff to develop a plan to achieve carbon neutrality for the electric supply portfolio by January 2015 (Staff report 2525).

D. On November 5, 2012, Council approved (Staff Report 3194) the following definition of carbon neutrality for the City's electric supply portfolio: A carbon neutral electric supply portfolio will demonstrate annual net zero greenhouse gas (GHG) emissions, measured at the Citygate, in accordance with The Climate Registry's Electric Power Sector protocol for GHG emissions measurement and reporting.

E. Staff presented the Carbon Neutral Plan to the UAC on December 5, 2012 and the UAC voted unanimously (six in favor and one absent) to recommend that the City adopt the Carbon Neutral Plan.

F. On December 16, 2012, UAC Commissioners James Cook (Chair), Steve Eglash and John Melton presented a Commissioner's Memorandum to request the Carbon Neutral Plan be revisited. The Commissioner's Memorandum was discussed at the January 9, 2013 UAC meeting and the UAC voted (four in favor, two opposed and one absent) to recommend to Council that the Carbon Neutral Plan's rate cap be reduced from 0.25 cents/kWh to 0.15 cents/kWh.

G. Subsequent to the January 2013 UAC meeting, staff revised its spending cap recommendation to limit any future electric rate impact to 0.15 cents/kWh.

H. On February 5, 2013, the Finance Committee voted unanimously (four in favor)

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to approve the revised Carbon Neutral Plan, which includes the 0.15 cents/kWh rate cap.

The Council of the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby adopts the resolution approving the Carbon Neutral Plan as provided for in Exhibit A.

SECTION 2. The Council directs staff to return to the UAC and the Council in the event that the cost of City's achievement of carbon neutrality for the electric supply portfolio would exceed an electric retail rate impact of 0.15 cents/kWh.

SECTION 3. The Council finds that any eventual changes to the City's electric rates impacted by Council's adoption of the Carbon Neutral Plan shall not create special taxes because such rates shall be charges imposed for a specific government service or product provided directly to the payor that are not provided to those not charged, and which shall not exceed the reasonable costs to the City of providing the service or product.

SECTION 4. The Council finds that the adoption of this resolution does not constitute a project under Section 21065 of the California Environmental Quality Act (CEQA) and the CEQA Guidelines, and therefore, no environmental assessment is required.

INTRODUCED AND PASSED: March 4, 2013

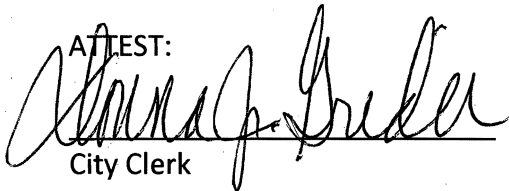
AYES: BERMAN, BURT, HOLMAN, KLEIN, KNISS, PRICE, SCHARFF, SCHMID, SHEPHERD

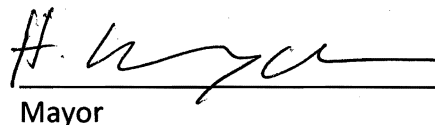
NOES:

ABSENT:

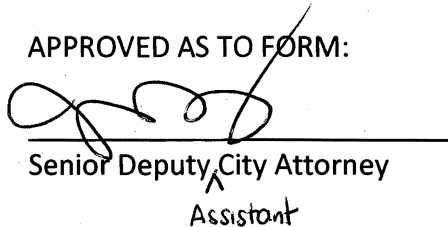
ABSTENTIONS:

ATTEST:

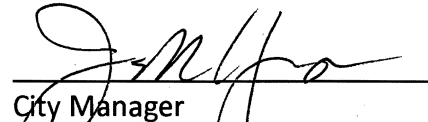

City Clerk


Mayor

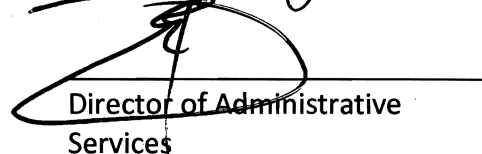
APPROVED AS TO FORM:


Senior Deputy City Attorney
Assistant

APPROVED:


City Manager


Director of Utilities


Director of Administrative
Services