

Agenda Report

December 11, 2017

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: ADOPT A RESOLUTION DESIGNATING THE GENERAL MANAGER AND ASSISTANT GENERAL MANAGER(S) OF THE WATER AND POWER DEPARTMENT AS AUTHORIZED ADMINISTRATORS UNDER THE LOW CARBON FUEL STANDARD PROGRAM OF THE CALIFORNIA AIR RESOURCES BOARD

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed resolution is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15061(b)(3); and
2. Adopt a resolution to designate the General Manager and the Assistant General Manager(s) of the Water and Power Department ("PWP") as the "Authorized Administrator(s)" under the Low Carbon Fuel Standard ("LCFS") Program, established by the California Air Resources Board ("CARB"):

BACKGROUND:

The LCFS program, administered by CARB, uses a market-based cap and trade approach to lowering the greenhouse gas emissions from petroleum-based transportation fuels like reformulated gasoline and diesel through the use of low-carbon fuel alternatives such as electricity and renewable fuels. Under the LCFS program, CARB issues one LCFS credit for each metric ton of avoided greenhouse gas emissions associated with the use of electricity as a transportation fuel. CARB administers three programs to generate LCFS credits relevant to PWP:

1. Residential electric vehicle ("EV") program;
2. Public access EV charging; and,
3. EV fleets.

By participating in the LCFS program, PWP would be eligible to receive LCFS credits from CARB at no cost. These credits can be sold in the marketplace to generate revenues for PWP. The General Manager of PWP is authorized by the City Council to trade such environmental credits under Resolution No. 9063, dated October 4, 2010.

The proceeds derived from the sale of LCFS credits must be used to: (i) benefit current or future EV customers; (ii) educate the public on benefits of EV transportation; and, (iii) provide rate options that encourage off-peak charging to minimize adverse impacts to the electrical grid. For example, funds may be used to provide rebates to customers that purchase an EV program to incentivize existing and future EV purchases in Pasadena. PWP could utilize the proceeds to enhance the existing EV charging infrastructure including upgrading and sub-metering of the City's existing public access and fleet EV chargers. These funds may also be utilized for the deployment of additional public access and fleet EV charging stations, as delineated by the LCFS regulation.

Participation in the LCFS program requires PWP to register with CARB and to designate individuals (or position titles) to administer the LCFS program on behalf of PWP. Adoption of the proposed resolution would designate the PWP General Manager and Assistant General Manager(s) as an "Authorized Administrator" to fulfill the requirements under the LCFS program.

While it is not possible to fully estimate the quantity or value of LCFS credits that PWP may generate and sell, PWP anticipates that the credits from the residential EV program are estimated to generate approximately \$250,000 annually. Additional credits would be generated from the non-residential segments such as Pasadena's EV fleet chargers and public accessed EV chargers based on the actual amount of electricity used.

COUNCIL POLICY CONSIDERATION:

The proposed resolution is consistent with the City's Urban Environmental Accords goals with respect to reducing greenhouse gas emissions and increasing the use of clean vehicles, the City Council's Strategic Planning goals to increase conservation and sustainability, and the 2015 Power Integrated Resource Plan goal of a 60% greenhouse gas emissions reduction by 2030.

ENVIRONMENTAL ANALYSIS:

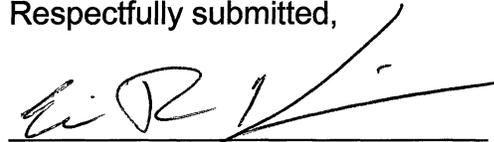
The resolution has been reviewed for compliance with the CEQA and has been determined to be exempt per Section 15061 (b) (3), the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. The proposed resolution is an administrative function and will not cause a change in the environment.

FISCAL IMPACT:

There is no fiscal impact to authorize the proposed resolution to designate the General Manager and the Assistant General Manager(s) of the Water and Power Department as the "Authorized Administrator" under the LCFS Program.

To the extent LCFS credits are granted and sold, PWP will have additional future funding for EV related costs that will offset expenditures from the Light and Power Fund and may increase revenues through increased use of EV's, and will thereby reduce the magnitude of future electric rate increases.

Respectfully submitted,



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