

DOCUMENTS IN THIS PACKET INCLUDE:

LETTERS FROM CITIZENS TO THE
UTILITIES ADVISORY COMMISSION

TRANSCRIPT & COMMENTS -- 07-09-25 UAC meeting -- Utility Director's Report

From Jeff Hoel <jeff_hoel@yahoo.com>

Date Tue 7/22/2025 1:27 PM

To UAC <UAC@PaloAlto.gov>

Cc Hoel, Jeff (external) <jeff_hoel@yahoo.com>; Council, City <city.council@PaloAlto.gov>

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Commissioners,

Here's a TRANSCRIPT & COMMENTS of your 07-09-25 UAC meeting, just the Utilities Director's Report. My COMMENTS are paragraphs in red beginning with "###" .

07-06-25 UAC meeting -- video

<https://midpenmedia.org/utilities-advisory-commission-792025/>

Thanks.

Jeff

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TRANSCRIPT

0:18:38:

Chair Scharff: And that brings us to the Utilities Director's Report

0:18:43:

Director Kurotori: Yes. I have some updates for the Commission. I did want to mention that we do have an Approval Exchange Agreement with the Midpeninsula Open Space District. This will allow us to access to do the final completion of our utility undergrounding in the Foothills Project. So, all the way to the top, serving AT&T and the FAA. So, we're very pleased with that. So, staff will be working very diligently to complete that project. I did want to mention, we're also looking at undergrounding to the service level. So, as we looked at all the customers out there, many were already undergrounded. So, there's just a handful of customers, including Midpeninsula and AT&T and FAA. So, we'll be undergrounding those as well. So, undergrounded all the way. Completely. So, we're very pleased with that expansion of those services that we are providing.

0:19:33:

You may have noticed that staff and City Council has been looking to purchase a property for the storage. We have a lot of storage we need for the Utility itself. So, we're looking at a property within Palo Alto. In the past, we've been leasing property outside, in Mountain View, for our AML project. But with Grid Mod coming up, we really need to have enclosed storage for our transformers and other equipment.

A portion of the Colorado substation is currently being used for unenclosed storage of transformers, breakers, etc. It's crowding the space reserved for the FTTP hut. (Unofficially, I've heard that the hut site might be moved.)

So, we're very pleased with moving that forward as well. So, that will be coming back to the Council in the future.

When it goes to Council, will it be an action item? Will it go to UAC first?

0:20:06:

Just a couple other updates. On the legislative and regulatory side, it's -- We should be noting that the Congress has passed the One Big Beautiful Bill Act, where it has some significant impacts to tax cuts, renewable energy, EV credits, and energy efficiency, etc., etc. So, we are, you know, looking at that, and also the impacts of tariffs. So, a lot of utilities are taking that into account, as we look at our future power purchase agreements. What would that look like? And those impacts. And we'll be having that as part of our discussion today as one of our battery storage procurement projects today. So, I just wanted to let the Commission know about that.

0:20:55:

We also are sending out our Consumer Confidence Report for the water utility. It's our 2024 information, but it comes out in 2025. So, just to let you know about that as well.

0:21:04:

And, more importantly, our MSC Open House is on Saturday, July 26th. The first one I'll be able to attend. I've heard it's a fantastic event. Though I don't know if it will match the 4th of July Barbecue -- or, excuse me, Chili. I was able to be one of the judges for that event. So, it was my first attendance to something so uniquely Palo Alto. So, very pleased to be there. And it was a very good turnout as well. So, that completes my report.

0:21:40:

Chair Scharff: Thank you.

PA Airport Community Microgrid - Clean Coalition support comments to UAC

From Esme Landeck <esme@clean-coalition.org>

Date Wed 7/23/2025 1:20 PM

To UAC <UAC@PaloAlto.gov>

Cc Craig Lewis <craig@clean-coalition.org>; Sam Andre <sam@clean-coalition.org>; Johnny Bollash <johnny@clean-coalition.org>; Ben Schwartz <ben@clean-coalition.org>

 1 attachment (807 KB)

Clean Coalition Written Comment for Palo Alto Utilities Commission (05_el_23 Jun 2025).pdf;

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City of Palo Alto Utilities Advisory Commission,

Please see attached the integrated Public Comment by the Clean Coalition regarding the Utilities Advisory Commission Special Meeting on Wednesday, July 9, 2025 where the Clean Coalition gave verbal comments.

The Clean Coalition urges the City of Palo Alto Utilities Advisory Commission to move forward with the Palo Alto Airport Microgrid project and perform a more accurate and comprehensive economic analysis.

The comment attached specifically supports and gives recommendation regarding Policy Feedback Point 3, promoting residential solar and battery adoption; Policy Feedback Point 5, promoting larger-scale solar and battery programs; Policy Feedback Point 7, expanding policies on microgrids and long-term resiliency; and Policy Feedback Point 8, construction of the Palo Alto airport microgrid.

Thank you for your time and consideration. Please reach out with any further questions.

Best,
Esme Landeck

Esme Landeck
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Clean Coalition
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Palo Alto Utilities
250 Hamilton Ave
Palo Alto, CA 94301

RE: Clean Coalition Public Comments for Palo Alto UAC Meeting on the Electric Utility's Reliability and Resiliency Strategic Plan - July 09, 2025

The Clean Coalition is a technical nonprofit whose mission is to accelerate the transition to renewable energy and a modern grid. The Clean Coalition views *local* renewable energy as a critical component of achieving a clean energy future. The Clean Coalition strongly recommends that the City of Palo Alto Utilities (CPAU) approach its Reliability and Resiliency Strategic Plan (RRSP) with greater urgency.

The Clean Coalition particularly encourages CPAU to take action in regards to Policy Feedback Point 3, promoting residential solar and battery adoption; Policy Feedback Point 5, promoting larger-scale solar and battery programs; Policy Feedback Point 7, expanding policies on microgrids and long-term resiliency; and Policy Feedback Point 8, construction of the Palo Alto airport microgrid. The Clean Coalition supports the City of Palo Alto in pursuing efforts to promote energy reliability and resilience. Moreover, the Clean Coalition urges CPAU to perform an economic analysis for the Palo Alto Airport Microgrid, correcting errors and including additional necessary information.

Recommendation to Move Forward with the Palo Alto Airport Community Microgrid and Perform an Updated Economic Analysis

The City of Palo Alto should absolutely move forward with coordinating a solar and battery Community Microgrid to serve the Palo Alto Airport and the Regional Water Quality Control Plant (RWQCP). The Palo Alto Airport Community Microgrid would greatly enhance the resilience of the Airport and the RWQCP, both of which are Critical Community Facilities (CCFs).

Benefits which come with a Community Microgrid at the Palo Alto Airport include not only a clean source of energy for both the airport and RWQCP, but lower peak electricity demand, less CO2 emissions, reduced grid costs, power reliability, outage resilience, and better emergency preparedness & response. In addition to the strong economics of such a project, CPAU and the Palo Alto UAC must consider other City priorities such as resilience, reliability, local generation, lower emissions, and disaster response.

In addition to the Palo Alto Airport and RWQCP representing a strong site for a Community Microgrid, it would be especially valuable for CPAU to deploy a Community Microgrid in a high-population area of the city where reliability and resilience are particularly important. With the Cubberly Community Center being renovated in the coming years, this could be a prime opportunity for CPAU to implement a Community Microgrid in a dense part of the city where resilient energy is needed most. See the image below for a potential Community Microgrid around the Cubberley Community Center and Mitchell Park area:



The Clean Coalition has evaluated the economics presented in the UAC Agenda Packet and has found that **significant corrections** and **additional data** are needed, including as follows:

- The Airport Microgrid presentation (see page 143 of the UAC Agenda Packet) implies that a PPA for associated solar would cost **\$235/MWh**. However, based on the Clean Coalition's prior work with the City of Palo Alto, including facilitation of the solar parking canopies on the City-owned parking structures, such solar can be procured at about a **\$165/MWh fixed 20-year price**, as it has been procured for nearly 10 years already at the [City-owned parking structures via Palo Alto CLEAN](#). This **cost overestimation of over \$70/MWh requires reevaluation for accuracy**.
- The economic analysis provided does not account for the value-of-resilience (VOR), the amount saved from the energy provided by solar in the face of an energy outage among other disturbances or disasters. Accounting for the VOR would provide significant additional value from what was included in the presentation. The added

VOR can be derived from multiple approaches, as covered well here:

<https://clean-coalition.org/disaster-resilience/>

- Additionally, investing in the Resilience Energy Subscription (RES) allows any facility within the footprint of a Community Microgrid to pay a simple monthly \$/kWh fee on top of its normal electricity tariff for guaranteed daily delivery of locally generated renewable energy during grid outages, ensuring remarkable energy resilience.

The Clean Coalition believes that a much more accurate cost-benefits analysis should be conducted. The existing analyses are lacking in transparency and accuracy, resulting in an overestimation in energy costs and a grossly undervalued economic and resilience benefits of solar-driven Community Microgrids.

More questions that CPAU should be inclined to ask include: what are the costs included in the Palo Alto Airport Microgrid project, how are they calculated, how are they integrated (interest rates, discount rates, durations, etc.), and what are the benefits and savings associated with them.

This recent Clean Coalition webinar on Community Microgrids provides a useful overview of how Community Microgrids deliver an unparalleled trifecta of economic, environmental, and resilience benefits to communities:

<https://clean-coalition.org/news/unleashing-the-community-microgrid-market-segment-from-ann-arbor-to-california-to-hawaii-6-march-2025/>

Resilience Benefits of Solar and Battery Projects

The Clean Coalition urges CPAU to consider more modern approaches to Policy Feedback Points 3 and 5 for the benefit of the entire community. Promoting residential and commercial solar and storage would set the stage for widespread resilience over time.

Community resilience would be drastically improved by installing Solar Microgrids on-site at critical facilities and further elevated with broader Community Microgrids. These solutions would have the added benefit of reducing or eliminating the City's reliance on the delivery of fossil fuels during an emergency. As wildfires, floods, and other natural disasters become more prevalent with climate change, resilience-building projects such as Microgrids should be a top priority for CPAU.

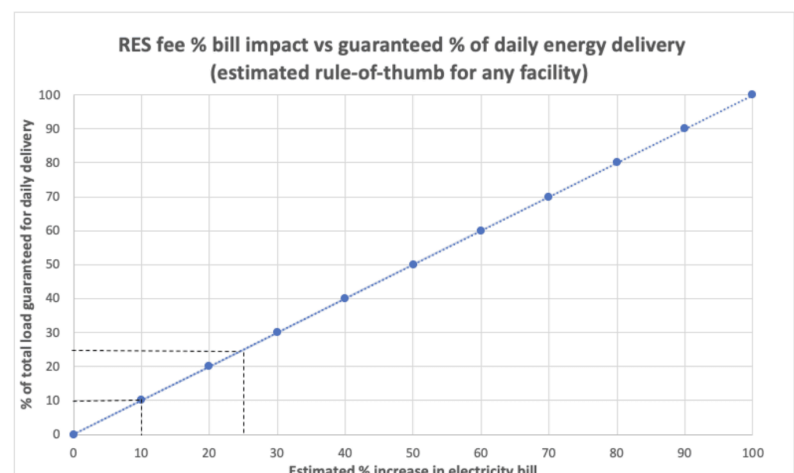
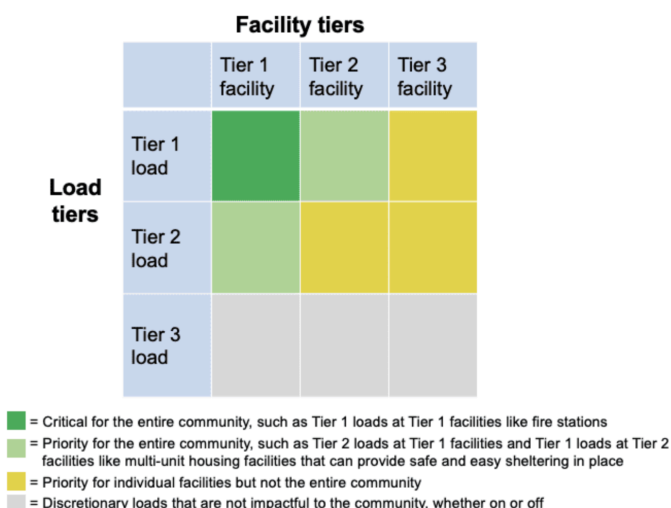
The Clean Coalition's Innovative Value of Resilience (VOR) 123 Methodology and Resilience Energy Subscription (RES)

Properly identifying CCFs and valuing the resilience that they gain from retaining power during grid outages are critical steps in planning for community resilience. When a CCF has certainty that the lights will stay on during an outage, the benefit is to the entire community. The Clean Coalition has developed a methodology called the [Value of Resilience \(VOR\) 123](#) to tier critical loads and value the resilience that Microgrids provide.

Community Microgrids provide unmatched resilience benefits during grid outages due to their generation and storage capabilities. As noted in the Airport Microgrid Feasibility Study, an Airport Microgrid could provide long-term power backup to the Regional Water Quality Control Plant for up to 45 days in September.

Because of these resilience benefits, the Clean Coalition has designed an innovative market mechanism to finance Community Microgrids, called the [Resilient Energy Subscription \(RES\)](#). The RES allows any facility within the footprint of a Community Microgrid to pay a simple monthly \$/kWh fee on top of its normal electricity tariff for guaranteed daily delivery of locally generated renewable energy during grid outages, ensuring remarkable energy resilience. Each facility can decide the percentage of its total electric load to include in its RES and then perform appropriate behind-the-meter (BTM) load management to stay within its guaranteed daily RES load budget during grid outages.

The RES provides an innovative mechanism to secure funding for Community Microgrids, lowering the PPA rates required to fund these projects and ultimately saving ratepayers on their energy bills. See the below charts for more details.



Economic and Environmental Benefits of Solar and Battery Projects

There are numerous monetary benefits to building solar and battery projects for both the ratepayer and the City of Palo Alto. Local generation would help CPAU avoid transmission costs and electrical congestion losses of 10-15%. **PG&E's Transmission Access Charges (TAC) averaged 3 cents/kWh** in January of 2023 and have been rising sharply in the two years since then. Community Microgrids completely avoid TAC as the power they generate would never touch PG&E's transmission lines, instead flowing directly from the Community Microgrid to CPAU customers.

Transmission Access Charges (TAC) Rate for the Investor-Owned Utilities (as of 1 January 2023)

	PG&E	SCE	SDG&E
High Voltage TAC (\$/kWh)	0.0095034 (\$/kWh)	0.0136576 (\$/kWh)	0.0317925 (\$/kWh)
Low Voltage TAC (\$/kWh)	0.0204047 (\$/kWh)	0.0005741 (\$/kWh)	0.0273127 (\$/kWh)
Total TAC Rate (\$/kWh)	0.0299081 (\$/kWh)	0.0142316 (\$/kWh)	0.0591052 (\$/kWh)

- Weighted Average TAC Rate: **0.02538202 \$/kWh**
- Average TAC Rate: **0.03441497 \$/kWh**

Table of Transmission Access Charges (TAC) for the Investor-Owned Utilities as of January 2023

In conclusion, the Clean Coalition urges CPAU to achieve the immediate and long-term benefits of solar and battery projects as well as perform a more accurate and extensive economic analysis in order to accurately understand the benefits of the Palo Alto Airport Microgrid and other solar and battery projects.

With mounting climate threats, rising transmission costs, and a growing need for resilient energy, CPAU has the opportunity to be a leading force for clean and resilient energy. The Clean Coalition's extensive experience in local renewables, paired with proven frameworks like the Value of Resilience (VOR) and Resilience Energy Subscription (RES), can support CPAU in developing economically sound and environmentally impactful solutions. By prioritizing local renewable energy infrastructure, especially through projects like the Palo Alto Airport Community Microgrid, CPAU can provide critical facilities and the broader community with clean, reliable, and cost-effective energy. The time for action is now, and the path forward is clear: invest in solar and battery systems that secure Palo Alto's clean, reliable, affordable, and resilient energy future.

Clarification Requested: Natural Gas Cost of Service and Rate Study Methodology Change

From Meri Gruber <meri.gruber@gmail.com>

Date Mon 9/1/2025 8:41 PM

To UAC <UAC@PaloAlto.gov>; Kurotori, Alan <Alan.Kurotori@paloalto.gov>

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- This is their first mail to some recipients.

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Dear Chair Scharff, Members of the Utilities Advisory Commission and Director Kurotori,

I am reviewing the recent "Natural Gas Cost of Service and Rate Study" dated February 2025, and I want to confirm my understanding of one aspect of the revised methodology.

Based on my reading, it appears that the updated methodology eliminates cross-subsidization between customer tiers. Specifically, under the "City of Palo Alto Natural Gas Cost of Service and Rate Study" dated May 19, 2019, Tier 2 customers were charged more than their actual cost of service, effectively subsidizing Tier 1 customers, who paid less than their cost of service. As I understand it, the February 2025 study revises the methodology to better align rates with actual costs.

Could the Utilities Department staff please confirm whether my understanding is correct?

Thank you for your time and for your service to the community.

Best regards,

Meri Gruber
Greenmeadow
Palo Alto, CA

Clarification Requested: Natural Gas Cost of Service and Rate Study Methodology Change

From Dailey, Karla <Karla.Dailey@paloalto.gov>

Date Tue 9/2/2025 3:47 PM

To Meri Gruber <meri.gruber@gmail.com>

Cc UAC <UAC@PaloAlto.gov>; Kurotori, Alan <Alan.Kurotori@paloalto.gov>; City Mgr <CityMgr@paloalto.gov>

Dear Ms. Gruber,

Thank you for your email and for your interest in this topic.

Rate design studies determine the reasonable cost of providing service based on data about customer usage patterns and characteristics, utility expenses, and forecasts of future operational and capital needs. The Natural Gas Cost of Service and Rate Study from 2019 is available on the City's website and explains in detail how it determined the gas utility rates, including the residential Tier 1 and Tier 2 rates, based on the data that was appropriate and available at that time. Here is the link to the study: https://www.paloalto.gov/files/assets/public/v/1/agendas-minutes-reports/reports/city-manager-reports-cmr/attachments/attachment-h_gas-cosa-final.pdf?t=84125.75

The 2025 study, available at

<https://cityofpaloalto.primegov.com/api/compilemeetingattachmenthistory/historyattachment/?historyId=e1d84eed-96f8-45cd-aa7b-45d0a88fb0df> is based on updated customer data, financial projections and system characteristics.

Thank you again for reaching out.

Karla Dailey
Assistant Director of Utilities, Resource Management

Dear Chair Scharff, Members of the Utilities Advisory Commission and Director Kurotori,

I am reviewing the recent "Natural Gas Cost of Service and Rate Study" dated February 2025, and I want to confirm my understanding of one aspect of the revised methodology.

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Could the Utilities Department staff please confirm whether my understanding is correct?

Thank you for your time and for your service to the community.

Best regards,

Meri Gruber
Greenmeadow
Palo Alto, CA



KARLA DAILEY

Assistant Director of Utilities, Resource Management
Utilities

(650) 329-2523 | karla.dailey@paloalto.gov



Service Feedback

09-03-25 UAC meeting agenda -- has no "Future Topics for Upcoming Meetings" item

From Jeff Hoel <jeff_hoel@yahoo.com>

Date Mon 8/25/2025 7:08 PM

To UAC <UAC@PaloAlto.gov>; Council, City <city.council@PaloAlto.gov>

Cc Hoel, Jeff (external) <jeff_hoel@yahoo.com>

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Commissioners and Council Members,

The packet for the 09-03-25 UAC meeting has been published (68 pages):

<https://www.paloalto.gov/files/assets/public/v/1/agendas-minutes-reports/agendas-minutes/utilities-advisory-commission/archived-agenda-and-minutes/agendas-and-minutes-2025/09-september/09-03-25-packet.pdf>

The agenda has no "Future Topics for Upcoming Meetings" item. (I guess that's in keeping with staff's proposal to skip this item every other meeting. By the way, I think that's a terrible idea.)

In the Minutes for the 07-09-25 UAC meeting (pages 7-36), there IS a "Future Topics for Upcoming Meetings" item. But it just says, "Utilities Director Alan Kurotori referred commissioners to the 12-month calendar. The next UAC meeting will be held on September 3, 2025."

The video for this item says:

<https://midpenmedia.org/utilities-advisory-commission-792025/>

4:11:50:

Chair Scharff: And therefore we move to "Future Topics for Upcoming Meetings." [pause] I think that's you, Alan.

4:12:08:

Director Kurotori: So, we do have the 12-month calendar for the City Council -- Sorry, for the commissioners, as well. I was pausing there because I thought -- the philosophy of giving it every other month. So, that's why I was pausing. In fact, I think that was a little --

4:12:24:

Chair Scharff: I thought we were doing it every other month as well. But --

4:12:26:

Director Kurotori: So I apologize for that. That was my --

4:12:29:

Chair Scharff: Yeah. So, we won't do it this week.

4:12:30:

Director Kurotori: Yeah. I don't think we're doing it this month. So --

4:12:32:

Chair Scharff: OK. Got it. All right. Are there any "Commissioner Comments"?

The upshot seems to be that the "Future Topics for Upcoming Meetings" was essentially skipped on 07-09-25, despite having been agendized, and it will be skipped at the next meeting (09-03-25) as well. (The 08-06-25 UAC meeting was cancelled, so it doesn't count. Right?)

THAT'S NOT GOOD.

How would staff like to amend the 09-03-25 agenda to add a "Future Topics for Upcoming Meetings" item?

I think it would be a good idea for the UAC commissioners to vote on whether the "Future Topics for Upcoming Meetings" item should be monthly or bimonthly. And then Council should vote on the same topic, having received UAC's advice.

Thanks.

Jeff

Jeff Hoel
731 Colorado Avenue
Palo Alto, CA 94303

PS: Incidentally, in the past, the Minutes have used the "Future Topics for Upcoming Meetings" item as the place to report when the next UAC meeting would be. For meetings not having such an item, how will this information be reported?