



COUNTY OF SAN DIEGO

AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

PAM SLATER
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: May 22, 2001

TO: Board of Supervisors

**SUBJECT: SUPPORT FOR ROLLING BLACKOUT REDUCTION PROGRAM
AND CALIFORNIA ENERGY COMMISSION ENERGY EFFICIENCY
LOAN PROGRAM FOR PUBLIC AGENCIES (DISTRICT: ALL)**

SUMMARY:

Overview

There will be an estimated 35 days worth of rolling blackouts throughout California this summer according to the Independent Systems Operator. The financial impact of these blackouts is estimated to be \$16 billion statewide as reported by the San Francisco Chronicle (4/21/01). On top of the overwhelming fiscal disaster that could occur this summer is the safety and health of California residents. During the blackouts that occurred in March, there were several reports about serious traffic accidents that resulted in injury.

SDG&E, in cooperation with local business leaders and other government agencies, has created a program in which electricity curtailment from the ISO could be reduced or even eliminated. There are currently 50 megawatts of back-up generation within the County that owners have agreed to bring online during Stage 3 alerts. These generators are used as alternative sources for business and organizations during power outages. The Rolling Blackout Reduction Program would utilize these generators to replace the amount of electricity that the ISO curtails. The program requires approval from the ISO and CPUC.

In addition, as a result of emergency legislation recently signed by Governor Davis (Assembly Bill 29X), the California Energy Commission (CEC) has made available energy efficiency project loans at a 3 percent interest rate to public agencies. Loans can be for energy efficiency projects in existing or planned buildings/facilities. Loans may be repaid from energy savings within 11 years. They are also providing incentives ranging from a 3 percent to a 15 percent reduction in loan principle if the project is operational by certain dates.

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Recommendation(s)

SUPERVISORS HORN AND JACOB:

1. Direct the CAO to send a letter to Loretta Lynch, President of the California Public Utilities Commission in support of the SDG&E Rolling Blackout Reduction Program.
2. Direct the Executive Director of the Air Pollution Control District to work with SDG&E in identifying all possible sources of back-up generation that could contribute towards the Rolling Blackout Reduction Program and to communicate APCD support to the California Public Utilities Commission.
3. Approve a resolution and authorize participation in the Energy Efficiency Loan from the California Energy Commission (CEC) for up to \$5 million to implement energy efficient projects at County facilities.

Fiscal Impact

This proposal will authorize an energy efficiency loan from CEC to fund multiple energy efficient projects in County facilities up to \$5 million. The debt services payment will come from the utility savings generated in the Countywide Utilities Budget. If approved, this request will result in a debt-services payment lasting an average of 3 to 5 years, but not to exceed 11 years. The payback will vary based on the cost of the electricity.

Business Impact Statement

Advisory Board Statement

BACKGROUND:

California faces a severe financial as well as health and safety crisis with the continued threat of rolling blackouts. During the summer of 2001 (June to September) it is expected that California will suffer through 35 days worth of blackouts. However, San Diego has already begun to experience blackouts. On May 7, the first hot day of many to follow, hit San Diego. A Stage Three alert was called and the ISO curtailed up to 30 megawatts of electricity from our region. The financial impact of these blackouts on our County is estimated to reach an incredulous \$1.6 billion.

SDG&E responds to the ISO requirement of curtailment by shutting off large tracts at a time. The SDG&E service area makes up approximately 7.4 percent of the California grid. During the March blackouts, SDG&E's portion of the curtailment was from 34 to 74 megawatts.

The Rolling Blackout Reduction Program has been developed by SDG&E along with local businesses, community organizations, and elected officials. SDG&E has already received

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commitments from many businesses that own backup generation and who have agreed to reduce their electricity use from the California power grid and turn on their generators at SDG&E's request during Stage Three emergencies. Using these existing generators, the program will provide a reliable generation source of about 50 megawatts - enough energy for approximately 50,000 homes. The ISO agrees that the generation produced by the backup generators would replace the amount of electricity SDG&E would normally be forced to curtail.

While this program may not completely prevent rolling blackouts, it would prevent having to curtail a certain amount SDG&E could place back into the grid. There is a possibility that an amount above the 50 MW already counted by SDG&E may exist that would increase the amount that would be curtailed from the ISO. That is why it is important that the ACPD and SDG&E work together to account for all back-up generation within the County.

In addition, the County has an opportunity to seek low interest loans to fund facility energy efficiency projects. As a result of emergency legislation recently signed by Governor Davis (Assembly Bill 29X), the California Energy Commission (CEC) has made available energy efficiency project loans at a 3 percent interest rate to public agencies. Loans can be for energy efficiency projects in existing or planned buildings/facilities. Loans may be repaid from energy savings within 11 years. They are also providing incentives ranging from a 3 percent to a 15 percent reduction in loan principle if the project is operational by certain dates.

Respectfully submitted,

BILL HORN
Chairman
Supervisor Fifth District

DIANNE JACOB
Supervisor
Second District

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AGENDA ITEM INFORMATION SHEET

CONCURRENCE(S)

COUNTY COUNSEL REVIEW	<input type="checkbox"/> Yes	
Written disclosure per County Charter § 1000.1 required?	<input type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY FINANCE DIRECTOR	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF FINANCIAL OFFICER	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
Requires Four Votes	<input type="checkbox"/> Yes	<input type="checkbox"/> No
GROUP/AGENCY INFORMATION TECHNOLOGY DIRECTOR	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
CHIEF TECHNOLOGY OFFICER	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A
DEPARTMENT OF HUMAN RESOURCES	<input type="checkbox"/> Yes	<input type="checkbox"/> N/A

Other Concurrence(s):

ORIGINATING DEPARTMENT: Fifth and Second Supervisorial District

CONTACT PERSON(S):

Jon Myers
Name
(619) 531-4709
Phone
Fax
Mail Station
E-mail

Name

Phone

Fax

Mail Station

E-mail

AUTHORIZED REPRESENTATIVE:

[Click here & type]

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AGENDA ITEM INFORMATION SHEET
(continued)

PREVIOUS RELEVANT BOARD ACTIONS:

[Click [here](#) and type action(s), or type N/A if not applicable]

BOARD POLICIES APPLICABLE:

[Click [here](#) and type applicable policies, or type N/A if not applicable]

BOARD POLICY STATEMENTS:

[Click [here](#) and type required statement(s), or type N/A if not applicable]

CONTRACT NUMBER(S):

[Click [here](#) and type numbers, or type N/A if not applicable]

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FISCAL IMPACT STATEMENT

DEPARTMENT: [Click here and type]

PROGRAM: [Click here and type]

PROPOSAL: [Click here and type]

			FUTURE YEARS ESTIMATED BUDGET OF PROPOSAL IF ADOPTED	
(a)	(b)	(c)	(d)	(e)
Budgeted Amount For Proposal	Proposed Change in Budgeted Amount	Proposed Revised Current Year Budget (a+b)	1st Subsequent Year	2nd Subsequent Year
Direct Cost				
Revenue/Other Offset				
NET GENERAL FUND COST				
Staff Years				

Sources of Revenue/Other Offset for Proposed Change and Subsequent Years:

Space-Related Impacts: Will this proposal result in any additional space requirements? Yes N/A

Support/Other Departmental Impacts: Yes N/A

Remarks: Yes N/A