

SCOTTSDALE CITY COUNCIL
SPECIAL MEETING MINUTES
TUESDAY SEPTEMBER 15, 2020



CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251

CALL TO ORDER

Mayor W.J. "Jim" Lane called to order a Special Meeting of the Scottsdale City Council at 4:01 P.M. on Tuesday, September 15, 2020.

ROLL CALL

Present: Mayor W.J. "Jim" Lane; Vice Mayor Solange Whitehead; and Councilmembers Suzanne Klapp, Virginia L. Korte, Kathleen S. Littlefield, Linda Milhaven, and Guy Phillips

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Jeff Nichols, City Auditor Sharron Walker, and City Clerk Carolyn Jagger

- 1. Arizona Corporation Commission Energy Rule and Energy Efficiency Standard Request:** Authorize the Mayor to sign a letter to the Arizona Corporation Commission (ACC) supporting adoption of the proposed new Energy Rule currently under consideration (ACC Docket Number RU-00000A-18-0284), and encouraging the inclusion of an energy efficiency standard in the proposed new Energy Rule.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov

Public Works Director Dan Worth gave a PowerPoint presentation (attached) on the proposed new Energy Rule under consideration by the Arizona Corporation Commission.

MOTION AND VOTE – ITEM 1

Vice Mayor Whitehead made a motion to approve Item 1, Arizona Corporation Commission Energy Rule and Energy Efficiency Standard, Option A, in support of amending the Energy Rule to include the energy efficiency standard. Councilwoman Milhaven seconded the motion, which carried 6/1, by roll call vote, with Mayor Lane; Vice Mayor Whitehead; and Councilmembers Klapp, Korte, Littlefield, and Milhaven voting in the affirmative, and Councilman Phillips dissenting.

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

Adjournment

Meeting adjourned at 4:42 P.M.

SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Carolyn Jagger", written over a faint circular stamp.

Carolyn Jagger
City Clerk

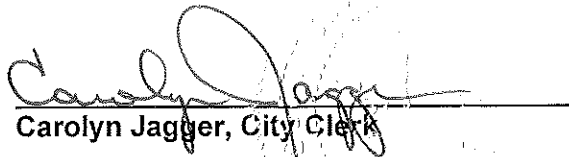
Officially approved by the City Council on October 6, 2020

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Special Meeting of the City Council of Scottsdale, Arizona held on the 15th day of September 2020.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 6th day of October 2020.


Carolyn Jagger, City Clerk

Arizona Corporation Commission: Proposed New Energy Rule

September 15, 2020

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ACC: New Energy Rule

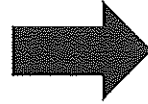
- **Current energy regulations:**
 - Resource Planning and Procurement Rules
 - Renewable Energy Standard and Tariff (REST) rules
 - Electric Energy Efficiency (EEE) Rules
 - Gas Energy Efficiency (Gas EE) Rules
 - Energy Portfolio Standards (EPS)

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ACC: New Energy Rule

■ Current effort at ACC:

- Resource Planning and Procurement Rules
- Renewable Energy Standard and Tariff (RETS) rules
- Electric Energy Efficiency (EEE) Rules
- Gas Energy Efficiency (GEE) Rules
- Energy Portfolio Standards (EPS)



New Energy Rule

- Simplification
- Modernization
- Extension

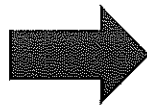
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ACC: New Energy Rule

■ Clean and Renewable Energy:

Current standard:

- By 2024: 15% of energy from renewable sources



New standard:

- By 2035: 50% of retail electricity sales from renewable sources
- By 2035: 10% of retail sales from distributed renewable storage
- By 2050: 100% of retail sales from clean energy sources

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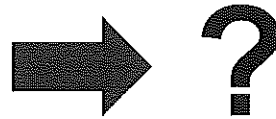
ACC: New Energy Rule

▪ Energy Efficiency:

Current standard:

- Cumulative annual energy savings through energy efficiency equal to 22% of retail sales for previous year
- Last target is 2020; no further mandate beyond Dec 2020

New standard:



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ACC: New Energy Rule

▪ Energy Efficiency:

Current options:

- Staff proposed plan July 29: No energy efficiency mandate
- Proposed alternative:
 - Mandates for further efficiency savings as percentage of prior year retail sales

Year	Cumulative Efficiency Savings
2022	25%
2024	28%
2026	31%
2028	33%
2030	35%

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ACC: New Energy Rule

■ Energy Efficiency:

Considerations:

Reasons for an EE standard:	Reasons for no standard:
<ul style="list-style-type: none">• Least cost way of meeting energy resource req'ts	<ul style="list-style-type: none">• If efficiency measures are truly least cost then the market will support their use
<ul style="list-style-type: none">• States with standards have greater have greater efficiency gains	<ul style="list-style-type: none">• Rebates make equipment cost effective when they are not on their own
<ul style="list-style-type: none">• Impractical to compete with traditional resources in an open bidding process	
<ul style="list-style-type: none">• Environmental benefits: greenhouse gas reduction, reduced water use	

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ACC: New Energy Rule

■ Energy Efficiency:

Impact on Scottsdale:

- APS: 87% of purchased power comes from APS
 - APS intends to maintain an efficiency incentive program
 - Scottsdale participation in current program:
 - \$100k+ annual rebate for peak reduction in Water operations
 - \$30k+ benefit from rebates in facilities programs; should increase up to as much as \$200k
- SRP: 13% of purchased power comes from SRP
 - Not subject to ACC standards for renewable or efficiency
 - Have their own rebate and demand management program in place

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ACC: New Energy Rule

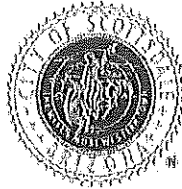
- Next steps:
 - ACC Special Open Meeting, possibly Sep 25
 - If ACC elects to adopt a new Energy Rule, then state rule-making process follows with additional opportunities for public input

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ACC: New Energy Rule

- Questions?

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"Most Livable City"
U.S. Conference of Mayors

Office of
W.J. "JIM" LANE
Mayor

September 15, 2020

Subject: Docket Number RU-00000A-18-0284.

Dear Chairman Burns and Members of the Arizona Corporation Commission,

The City of Scottsdale Mayor and Council applaud the Arizona Corporation Commission in moving to adopt Clean Energy Rules. The City includes its commitment to environmental sustainability in the first statement of its General Plan and, more specifically, highlights energy efficiency and renewable energy as important tools for the City.

Scottsdale is submitting these comments in support of amending the Energy Rule to include the Energy Efficiency Standard which sets energy efficiency targets and provides other demand-side conservation incentives. We feel it is critical to prevent the Energy Efficiency standard from sunseting at the end of 2020. Maximizing use of existing energy resources before investing in new sources is sound policy.

Scottsdale takes advantage of energy efficiency programs offered by the electrical utilities serving the City, and has benefitted from utility rebates and incentives for efficiency and demand-side conservation for more than a decade. The City supports continued rebates and incentives to encourage users to effectively manage energy usage and to partner with business to choose the most environmentally responsible equipment. Energy efficiency measures produce greater results when assisted by utility set-asides and targets. We hope that reducing energy consumption will mitigate the need for new utility-scale power plants while reducing the urban heat island effect and keeping our energy rates as low as possible.

We thank you for your continued leadership in developing and promoting clean and renewable energy in Arizona, and look forward to the positive impacts we will certainly achieve through the adoption and implementation of the new Energy Rule.

A handwritten signature in black ink, appearing to read "W.J. Lane".

W.J. "Jim" Lane
Mayor, City of Scottsdale