



Commission on Climate, Energy, and Sustainability Friday, October 25, 2024, 2:00 PM - 4:00 PM

Conference Room
City Council Ward 6
3202 E. 1st Street
Tucson, Arizona, 85716

Meeting Minutes

1) Call to Order

Meeting called to order at 2:05 PM by Chair Jim Sell

Present:

Michael Catanzaro

Energy Manager, Environmental & General Services
Department (EGSD)

Jim Sell

Representative, Ward 6

Adriana Bachmann

Representative, Ward 2

Ojas Sanghi

Representative, Ward 3

Garrett Weaver

Representative, City Manager

Camila Martins-Bekat

Representative, City Manager, Tucson Electric Power

Dan Stormont

Representative, City Manager

Vanessa Gallego

Representative, Ward 1 (joined at 2:19, attended for duration)

Staff Members & Guests:

Michael Catanzaro

Energy Manager, Environmental & General Services
Department (EGSD)

Fatima Luna

Chief Resilience Officer

Amber Gschwend

GDS Consultants

Howard Choy

GDS Consultants

Eryck Garcia

Mayor's Office - City of Tucson

Clifton Mays

Bob Freitas

Ryan Baron

Joe Salkowski

Russell Lowes

Natalie Shepp

Ryan Baron

Shelly Gordon

Bill

Bob Cook

Lee Ziesche

Jane Conlin

Karina Martine Molina

Christine McLeod

Cody Hooven

Absent:

John Eisele

Representative, City Manager, Environmental
Organization Combating & Adapting to Climate Change

2) Approval of Minutes (September 27)

Comm Weaver said that he would add page numbers to the minutes.

Removed 'and' from City and staff

Removed capitalization on "fixed irrigation system"

Comm. Martins-Bekat moved to approve, Comm. Sanghi seconded.

3) Report from the Chair

Talked about letter to TUSD board (follow up with Jim on exactly what he said about approvals)

Eryck said that submitting the letter to TUSD board is a City Attorney question.

Eryck said he would reach out to his Chief of staff to reach out to the City Attorney.

4) Energy Municipalization Study: GDS Consultants

Howard Choy came on and said that he was leading the study, and turned the presentation over to Amber Gschwend.

Amber Gschwend talked about GDS knowledge of space in the area. Worked on setting up Community Choice Energy (CCE) in California, looked at municipalization, work with city utilities and cooperatives, looking at community forecasting, setting rates, and strategy services in running public utilities.

Reported on plan for a draft report presentation in March.

Final Report Presentation May.

Working on getting data, can get data from public filings.

Mentioned that CCE is not enabled in Arizona currently.

Howard Choy spoke on municipalization.

Municipalization could entail purchasing all, some, or none of the assets; some, all or, none of transmission, and all of the distribution assets.

Study will be looking at revenues and costs of purchase. Operation and maintenance, how to finance, and administration.

Look at purchasing renewable power, and purchasing local renewable power.

Will look at how to technically separate assets. Some sticking points are stations that serve customers both inside of the city and outside of the city, possibilities can be to buy part of an asset, or build a new asset.

Howard Choy talked about Community Choice Aggregation (CCA)

In this model, CCA controls the power. TEP controls the transmission, TEP controls distribution.

CCA revenue will come from rates.

There is no capital outlay to pay for assets.

CCA provides options to procure power outside of what investor owned utilities provide.

Risks of CCA is that customers can opt-out. GDS will be doing a sensitivity analysis to see how opt-outs will affect the bottom line.

CCA does not exist in Arizona. Will look at steps to authorize CCA in Arizona.

Timing CCA is important, California requires a 1 year waiting period to set up a CCA and utilities cannot influence public opinion during the period.

Some borrowing is required. Working with utilities is important. CCAs in California can get funding for initial startup.

Howard Choy reported on Solar Service Agreements and Virtual Power Purchase Agreements.

Looking at contracting vehicles for procuring renewable power for city operations.

Looking at Microgrids

Being looked at for fire risk, power reliability.

Microgrids can take in power, but they can operate in energy markets. That is called a virtual power plant.

Looking at Public Engagement

Howard Choy worked for a county in Los Angeles. His experience is that the more public officials understand scope, the faster decisions are made.

Looking at public stakeholder engagement. Understand stakeholders in the city.

Comm. Weaver asked about seeking information from other, similar municipalities in the country.

Have lots of information from utilities. Worked with nearly every CCA in California.

More assumptions will be made in municipalization.

Comm. Martins-Bekat asked if CCA has been founded in a state without an Regional Transmission Operator (RTO) or Independent System Operator (ISO).

Howard Choy replied that CCAs operate in open energy markets. Most regions are operating in areas with an ISO.

Comm. Martins-Bekat said she didn't know of an RTO or ISO in Arizona.

Comm. Sanghi asked if they will be integrating the social cost of carbon.

Amber Gschwend replied that it could be easily integrated based on EPA data.

Comm. Sanghi asked about Mirogrids and the finding that they're not legal with ACC rules.

Amber Gschwend said that they will be looking solely at financial benefits.

Howard Choy added that there may be regulatory limits, which they will look at in the report.

Jim Sell asked about stakeholder engagement during the report.

Howard Choy said that the city would lead on public engagement.

Comm. Bachmann asked about if input would be done throughout the study, or after.

Howard Choy replied that we will take our lead from the city.

Chair Sell suggested that we do some sort of a survey, even if online.

Comm. Stormont - asked about modeling of CCAs, asked about asset acquisition.

Amber Gschwend to forecast the rates, they have good information on overhead costs, consultants. Will look at 100% renewable. They have rate cases to rely on.

How to price assets, look at range of values, including what assets would cost if built today. Acquiring the assets are difficult if you have an unwilling seller.

Chair Sell moved call to the audience portion up immediately after agenda item 4.

8) Call to Audience

Eve Shapiro - Physician, hopes they study includes the health care costs. 23% of coal. TEP burning coal every year is impacting the health of Tucson. 1000 people per million are impacted by health care costs. We will never hit our climate goals with a for profit utility.

Clifton Mays - Full support of municipal utility. Important to him because of rate hikes.

Bob Cook - Thanked GDS for their presentation. Was a professional urban planner. The TEP IRP is misrepresenting projects. Asked GDS to consider that past data may be underestimating what we're seeing. Hopes that sensitivity analysis may be outside of data trends. This is about fossil fuels vs. renewables. Very happy CoT is doing the study. Looking forward to a robust analysis.

Lee Ziesche - Organizes with DSA, past year has been talking to Tucson residents and public utility. Looking forward to engaging.

In a petition to Mayor and City Council, feels city is getting a good deal. Wants to see look at rates. Wants to see what utilities' roles are in major disasters.

Wants to see breakdown of assets that we've already paid for with rate recovery.

Encouraged community engagement through the process. Benefits to hosting the public in community spaces.

Shelly - Great to see the report. We've been talking to cities across the state. All eyes are on the study. Urged city to not put study in the drawer.

CCE is used in New York, Ohio, Maryland, there are 11 states. CCE is a proven model for lowering rates, and increasing renewable energy. CCAs consistently exceed states renewable energy than state mandates. Although CCA is not authorized, she is working on engaging the legislature.

Hope study addresses reliability of service and cost study.

Rick Rappaport - Volunteer with Arizonans' for Community Choice. We have come a long way here. The CAAP was two years in the making. The resources Tucson has are missing. We cannot negotiate with TEP. CEO got 2.4 Million last year. This is a big boy company, they have clout, they have power. We need a warrior. We have to push the city to put us on equal footing.

Russell Lowes - CCE will lead to a total reduction of CO2 emissions. Has been doing economic modeling for az4cc. Said web address is www.az4cc.org. If City of Tucson pushes for authorization and gets it. It could start a CCE in a few years. Shortly after it starts up, 100% in nine years. It could do so much faster than TEPs plans. CO2 reduction would be 98%, and reduction of water use would be 94%. Rates would be lower by about 16%.

Bruce Plenk - Asked Amber about incumbent utilities being unwilling to sell assets. Wanted to know about other solutions in other places around that. Consider proposing helpful tips for organizing state legislation for CCE. Suggest things that should be in authorizing legislation for CCE. There are existing municipal utilities in AZ to see what can be learning from them, but they are small. Looking forward to seeing what they produce.

Jane Conlin - Thanked for the opportunity to speak. Thanked City of Tucson for bringing study. Not predisposed to one particular method to reaching decarbonization. With Citizens' Climate Lobby, looking at ways to decarbonize. Hoping that GDS would include in their study comparison the time element. In 2023, \$38 Billion worth of weather crisis. This year costs were \$50 Billion. No stable nation can sustain that amount of economic hardship. Said Dr. Shapiro asked for health impact be in risks. Look at time in study. Asked for urgency.

Comm. Sanghi - Observed that CCES never had so many people at a meeting beforehand. Shows the community interest in this proposal.

5) Letter to Council about Resilience and Energy Offices

Chair Sell reported on writing a letter in support of getting more staff on the climate action team.

Comm. Weaver added that it's also important to recognize the work being done with the Heat Advisory Committee.

The decision was made to proceed with writing these letters.

6) Energy Manager Report

EM Catanzaro Reported that there are 72 Completed solar projects. 50 electric vehicles in the fleet with 25 more coming online. Looking at meeting charging needs.

7) Climate Resilience Report

CRO Luna reported that the City of Tucson secured funding for bus stops. Parks and Rec received a grant to remove turf and plant trees.

PDSA secured a grant from DoE in energy conservation building codes.

Distributed over 900 heat relief kits with red cross.

Organizing 2025 heat summit. Will be on February 1st. Will be the starting point for the 2025 heat plan.

Represented the city in the first White House heat summit.

CRO Luna introduced Karina Martinez, joined as community relations coordinator. Brings wealth of knowledge in extreme heat and manufactured homes.

Working on implementation of FEMA health grant. Continue work with departments to transition 100% of tools to electric. Will be developing a dashboard with key performance indicators. Start the process of working with consulting firm to create the city operated

9) Future Agenda items. November/December Meetings

Comm. Martins-Bekat will be absent on the 22nd.

Comm. Stormont mentioned Bob Bortner with Ward 3 has been having trouble getting a traffic circle in his neighborhood. There may be a misunderstanding of traffic circles in blighting in the area.

Chair Sell said we can look at that in November.

10) Adjournment - Chair Sell Adjourned the meeting at 3:34