

# *Caltrain Energy Policy*



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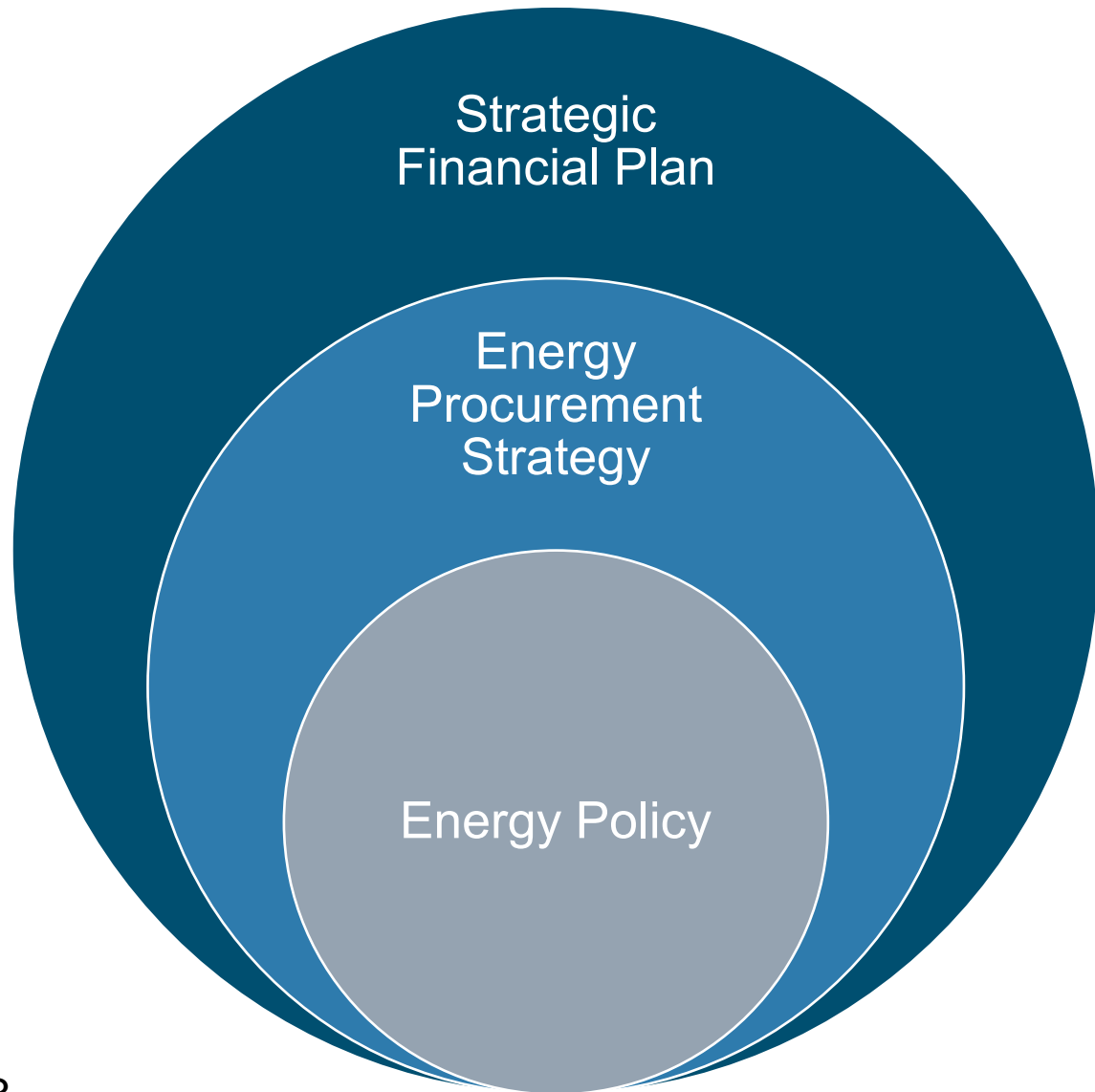
# Agenda

- Why Adopt an Energy Policy?
- Energy Policy in Context
- What Will the Energy Policy Address?
- Draft Policy Language
- Feedback Requested
  - Are there any objectives or key issues missing from the Energy Policy?
  - Are there any additional policy tradeoffs you envision Caltrain facing with respect to energy?
  - Do you have any additional feedback or questions on the policy and its proposed objectives?

# Why Adopt an Energy Policy?

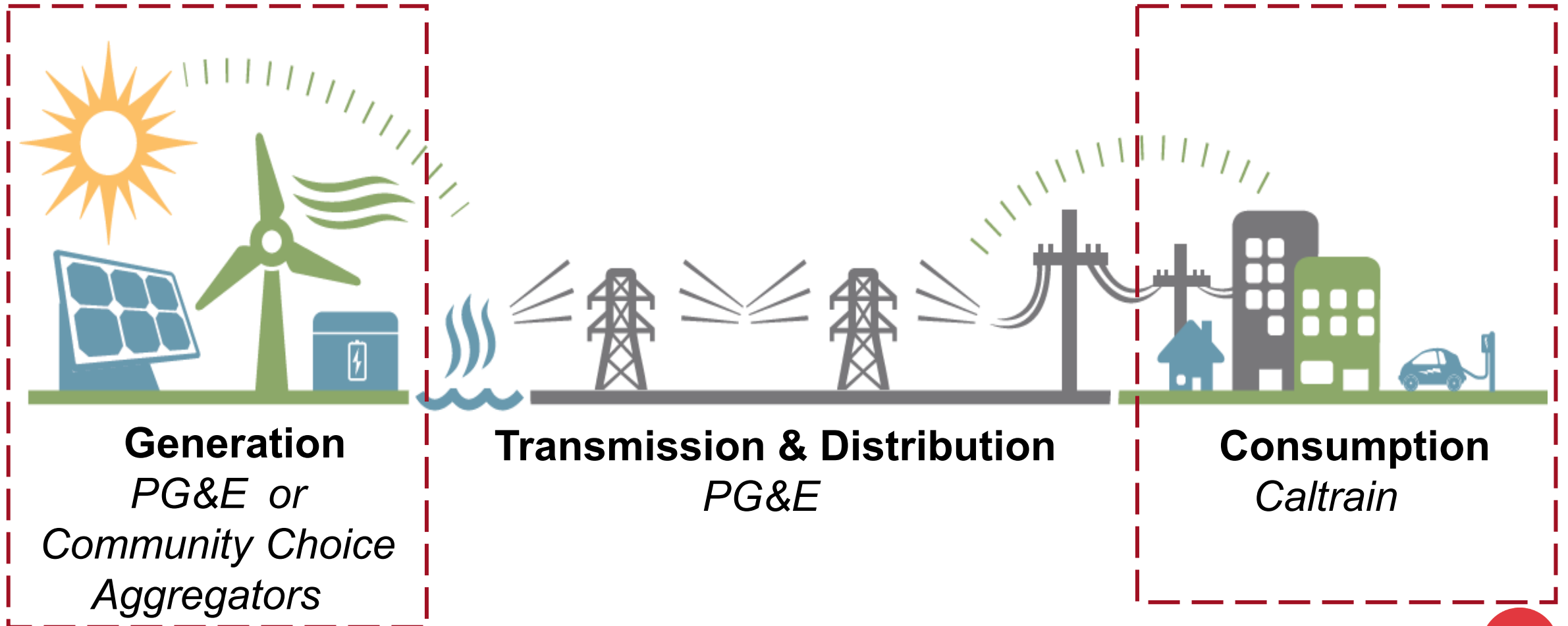
- Guide decisions that must balance sustainability, cost to the agency, volatility and risk
- Provide transparent decision-making to stakeholders and the public
- Increase accountability for significant procurement area

# Energy Policy in Context



1. Strategic Financial Plan: quantify and assess financial risks, address near-term risk, explore opportunities to increase revenue and manage costs (including energy).
2. Energy Procurement Strategy (EPS): makes recommendations for Caltrain's energy procurement, including vendors and terms of procurement – guided by Energy Policy.
3. Energy Policy: sets Caltrain's organizational objectives and values to direct staff work on energy matters; framework for Caltrain staff to evaluate tradeoffs.

# What will the Energy Policy Cover?



# Timeline

January

- Energy Policy to Finance
- SFP to Finance

February

- SFP to Board
- Energy Policy to Board
- EPS ongoing dialogue

April/  
May

- Update Board on EPS
- EPS in development

June

- Finalize recommendations/ approvals for EPS
- Contracts to Board

# Energy Policy Draft Text: Objectives

1. Balance sustainability with financial imperatives
2. Improve Caltrain's environmental sustainability
3. Minimize operational and maintenance impacts
4. Encourage system resilience
5. Support the local economy

# Energy Policy Draft Text:

## Balance sustainability with financial objectives

- Minimize cost and price volatility in electricity purchases while seeking to use 100% renewable energy sources.
- Seek to capture energy from regenerative braking and pursue compensation for energy from regenerative braking.
- Strive to maximize revenue from the Low Carbon Fuel Standard (LCFS) program, which will be committed to funding Caltrain's ongoing operations to the extent regulations allows.



# Energy Policy Draft Text:

## Balance sustainability with financial objectives (2)

- All energy-related investment or capital projects will comport with Caltrain's capital planning and budget priorities.
- Consider implementing or partnering with others to implement distributed energy resource (DER) projects within the Caltrain right-of-way that are financially viable and compatible with the Rail Corridor Use Policy.

# Energy Policy Draft Text:

## Balance sustainability with financial objectives (3)

- Participate in applicable energy programs and opportunities that generate revenues, cost-savings, and/or returns.
- Monitor, and where relevant, engage in regulatory processes at agencies that regulate energy and energy markets and whose decisions may significantly affect Caltrain's operations and financial interests once electrified.

# Energy Policy Draft Text: Improve Caltrain's environmental sustainability

- Seek to reduce the use of fossil fuel and fossil fuel infrastructure throughout the organization.
- Increase the proportion of renewable energy content in Caltrain's energy procurements.

# Energy Policy Draft Text:

## Minimize operational and maintenance impacts

- Prioritize maintaining continuity of rail operations and consider operational impacts and maintenance costs as part of a lifecycle cost analysis for energy-related projects.

# Energy Policy Draft Text: Enhance system resilience

- To deliver its critical transportation services, Caltrain will explore options to increase the resilience of its electric power supply and infrastructure by researching potential energy storage opportunities, microgrids, or other relevant technologies and programs.

# Energy Policy Draft Text: Support the regional economy

- Consider the economic impact of energy procurement practices and projects and seek to positively benefit the regional economy.

# Next Steps

## Today

- Feedback Requested
  - Are there any objectives or key issues missing from the Energy Policy?
  - Are there any additional policy tradeoffs you envision Caltrain facing with respect to energy?
  - Do you have any additional feedback or questions on the policy and its proposed objectives?

## February Board

- Additional discussion if needed
- Adoption if appropriate



FOR MORE INFORMATION

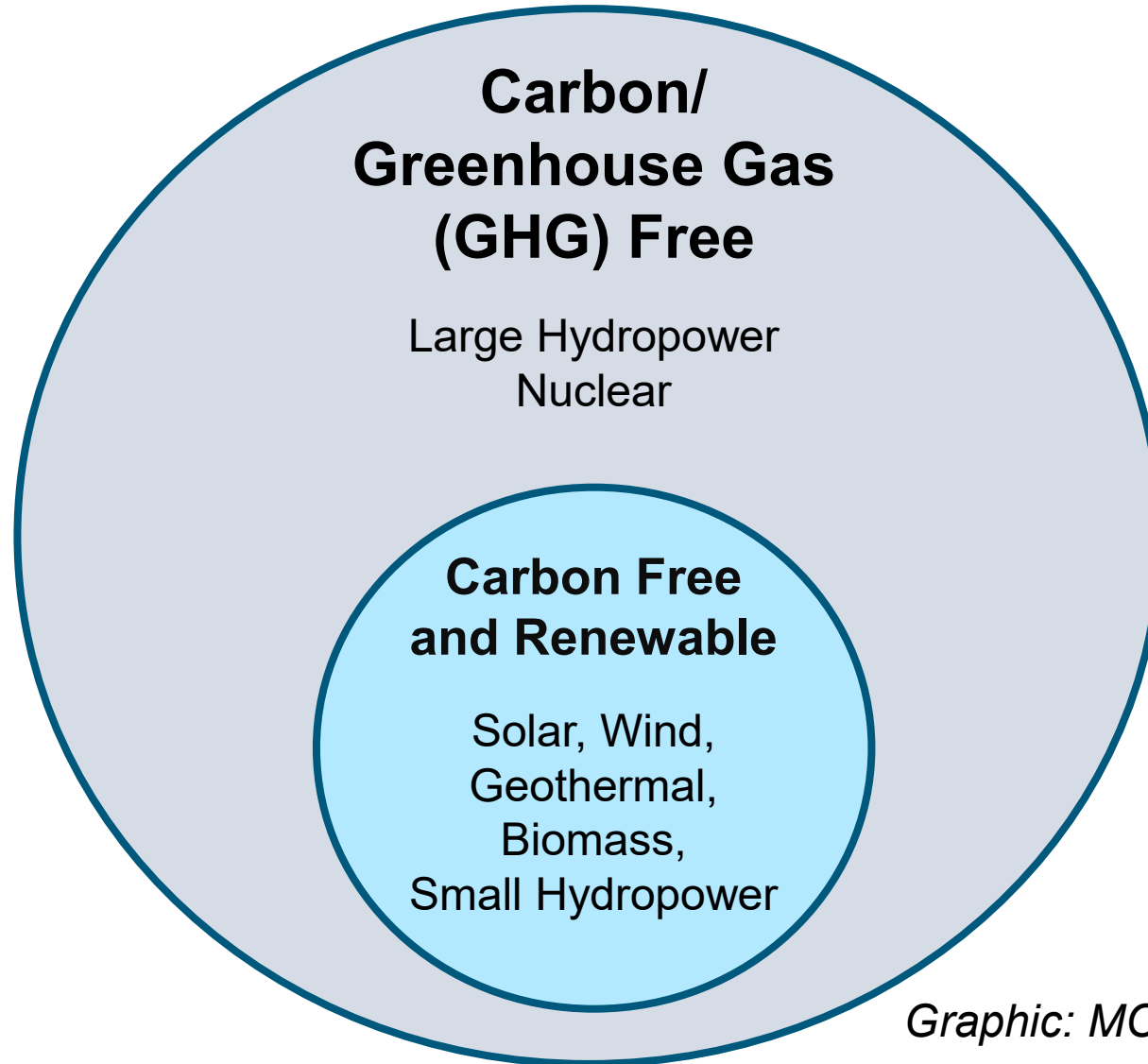
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# Additional Slides

# Renewable vs. Carbon/GHG Free Energy



Graphic: MCE

# Should Caltrain Seek Wholesale Market Access?

Caltrain is currently a commercial electric power customer. It purchases energy from Community Choice Aggregators (CCAs) that is delivered by PG&E over its transmission and distribution infrastructure.

A common question is whether Caltrain should seek wholesale market access and become a “load serving entity” that procures energy directly from generators without being a customer of a utility.

- Wholesale market access is not immediately feasible and would require extensive legal and regulatory review.
- It would likely a legislative change, and competition for limited capacity within existing direct access programs, all of which may be prohibitive in whole or part to accessing the wholesale market directly.

# Should Caltrain Seek Wholesale Market Access? (2)

- Wholesale market procurement was analyzed in 2021 and was estimated to result in an approximately 10% discount on the cost of energy.
- Wholesale market participation would require:
  - Accepting new, material financial risk
  - A team of FTEs to manage an energy program addressing day-to-day market risk and participation
  - Specialized legal counsel, consultants, and ancillary service providers
  - Increased regulatory obligations, compliance, and scrutiny

It is anticipated that these costs and risks, currently managed by utilities and CCAs, would more than exceed any potential savings.

# Should Caltrain Seek Wholesale Market Access? (3)

- Caltrain's electric power demand is not at a scale to negotiate cost effective energy contracts in the wholesale market.
  - For example, when electrified in 2024, Caltrain's annual energy demand will represent approximately 33% of BART's.
  - In the future, opportunities may emerge to procure collaboratively or in consortium with other agencies to increase the scale of energy procurement and subsequently market power and cost savings.
- An alternative approach may be indirectly accessing the wholesale market benefits through partnership with the CCA providers.
- Staff recommends that Caltrain continue to monitor and evaluate wholesale market access, but not pursue it at this time.