

**COUNCIL ACTION:** (For City Clerk use only)

- ADOPTED RESOLUTION NO. \_\_\_\_\_
- APPROVED  APPROVED WITH CHANGES
- CONTINUED TO \_\_\_\_\_  DENIED
- INTRODUCED ORDINANCE NO. \_\_\_\_\_
- NO ACTION TAKEN/DID NOT PASS
- RECEIVED AND FILED  RETURNED TO STAFF
- REFERRED TO \_\_\_\_\_
- SET FOR PUBLIC HEARING



Agenda Report No. 4.A

**AGENDA REPORT  
REQUEST FOR CITY COUNCIL ACTION**

**DATE:** November 6, 2013

**TO:** Honorable Mayor and City Council Members

**FROM:** Department of Water and Power

**SUBJECT:** **CONSIDERATION A RESOLUTION ADOPTING AND IMPLEMENTING A RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN FOR THE CITY OF CORONA DEPARTMENT OF WATER AND POWER IN FURTHERANCE OF RESOLUTION NO. 2012-013 AND AUTHORIZING CERTAIN OTHER ACTIONS IN CONNECTION THEREWITH**

**RECOMMENDED ACTION:**

That the City Council:

1. Conduct a public hearing to receive citizen comments on the adoption of the Resolution.
2. Adopt Resolution 2013-\_\_\_\_ adopting and implementing a Renewable Energy Resources Procurement Plan for the City of Corona Department of Water and Power in furtherance of Resolution No. 2012-13 and authorizing certain other actions in connection therewith.

**ANALYSIS:**

California Senate Bill 2, First Extraordinary Session (SB 2-1X), became effective December 10, 2011, and requires California's electric utilities and other retail sellers to purchase eligible renewable energy resources so that the amount of electricity generated from eligible renewable resources equals or exceeds a specified percentage of the total electricity sold to retail customers in California (California Renewable Portfolio Standard or RPS Program). SB 2-1X directed the California Energy Commission (CEC) to adopt regulations specifying RPS enforcement procedures for local publicly owned electric utilities (POUs); certify and verify eligible renewable energy resources procured by POUs; and refer any compliance failures of POUs to the California Air Resources Board (CARB), which may impose penalties. SB 2-1X further required each POU to adopt a program describing its plans to meet SB 2-1X

requirements (RPS Enforcement Program), and adopt procurement plans following the CEC's adoption of regulations providing guidance for such plans.

On June 12, 2013, the CEC adopted the "Enforcement Procedures for the Renewable Portfolio Standard for Local Publicly Owned Electric Utilities," (CEC Regulations), which became effective as of October 1, 2013, following subsequent approval by the Office of Administrative Law. The CEC Regulations include, among other things:

1. RPS Procurement Targets

| <b>Compliance Period</b>               | <b>RPS Procurement<br/>Obligation<br/>(% of retail sales)</b> |
|--|---|
| 1. January 1, 2011 – December 31, 2013 | Average of 20%  |
| 2. January 1, 2014 – December 31, 2016 | 25% by December 31, 2016                                      |
| 3. January 1, 2017 – December 31, 2020 | 33% by December 31, 2020                                      |

2. Portfolio Content Categories (PCC) – Specific guidelines establishing procurement percentages for each RPS-eligible resource within each Compliance Period.
3. Optional Compliance Measures – Various measures which the governing body of a POU may adopt, including a delay in timely compliance (Delay of Timely Compliance) and limitation on the procurement expenditures (Cost Limitations) used to comply with its RPS requirements which is consistent with CEC Regulations and takes into consideration the factors set forth therein.
4. A requirement that each POU adopt a renewable energy resources procurement plan (RPS Procurement Plan) no later than November 30, 2013.

On February 15, 2012, the City Council adopted Resolution 2012-013 and the Renewable Energy Resources Enforcement Program, expressing the City of Corona Department of Water and Power's (DWP) plan for meeting the requirements of SB 2-1X. Section 10 of the RPS Enforcement Program directed the City Manager or his/her designee to develop and present to the City Council its RPS Procurement Plan. Among other things, the RPS Procurement Plan, contained in Attachment A, to the proposed Resolution, describes the status of the DWP's RPS Procurement efforts and the application of optional compliance measures, including the Delay of Timely Compliance and Cost Limitations.

For Compliance Period 1, DWP has made a good faith effort to meet the RPS procurement targets. The RPS procurement targets for PCC 1 and PCC 3 were met. There is an insufficient supply of uncommitted energy in 2013 from eligible renewable resources that are outside the metered boundaries of a California Balancing Authority to procure PCC 2. DWP has procured additional PCC 1 resources equivalent to the forecasted incremental cost for PCC 2 resources. Therefore, according to the methodology outlined in its RPS Procurement Plan, DWP will not meet the PCC 2 requirements specified in the CEC Regulations, and therefore must rely on the Delay of Timely Compliance and Cost Limitations as optional compliance measures. The initial

delay of timely compliance for PCC 2 resource was set at zero ("Initial Delay of Timely Compliance"). The initial cost limitation is equivalent to the forecasted incremental RPS procurement costs to fully satisfy the Procurement Obligation (\$895,000) (Initial Cost Limitation).

For Compliance Periods 2 and 3, DWP will apply the Cost Limitation Guideline, as described in Section 9.B.6 of the RPS Procurement Plan, each fiscal year during the annual budget approval process to identify the funds available to satisfy the applicable RPS procurement requirement while maintaining prudent reserves. For Compliance Period 2 DWP has met the RPS procurement targets for PCC 1 and PCC 3. DWP will have no obligation to expend funds on RPS procurement in excess of the Cost Limitation Guideline or RPS procurement targets. In the event that the application of the Cost Limitation Guideline results in an amount greater than zero available to purchase eligible renewable energy resources, DWP will seek contracts on a least cost, best fit basis according to the availability of resources, financial feasibility, transmission availability, and other relevant factors to ensure procurement contracts fit DWP's risk profile as a small POU.

**FISCAL IMPACT:**

The RPS Procurement Obligation for Fiscal Year 2013-14 is included in the Fiscal Year 2013-14 Operating Budget for the Electric Utility Fund. RPS Procurement Obligations for future fiscal years will be incorporated in the operating budget of the Electric Utility Fund for the corresponding year.

**ENVIRONMENTAL ANALYSIS:**

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

REVIEWED BY:



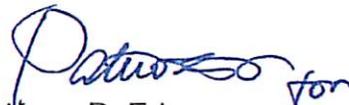
Greg Irvine  
Assistant City Manager

SUBMITTED BY:



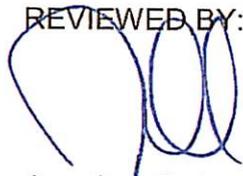
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REVIEWED BY:



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