



APPROVALS	
BUDGET OFFICER	<i>me</i>
CITY ATTORNEY	<i>SMB</i>
CITY MANAGER	<i>d</i>

Report to City Council

TO: Mayor and City Council

FROM: Ahmad R. Ansari, P.E., Public Works Director/City Engineer

AGENDA DATE: June 11, 2013

TITLE: APPROVE RESOLUTION NO. 2013-37 ADOPTING A RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN PURSUANT TO CALIFORNIA SENATE BILL 2-1X (SB2-1X).

RECOMMENDED ACTION

Recommendation:

1. Approve Resolution No. 2013-37 adopting a Renewable Energy Resources Procurement Plan pursuant to California Senate Bill 2-1X.

ADVISORY BOARD/COMMISSION RECOMMENDATION

N/A.

BACKGROUND

California Senate Bill 2-1X (SB 2-1X) became effective December 10, 2011. The bill requires all publicly owned utilities to adopt a Renewable Portfolio Standard (RPS) program with prescribed goals for procuring renewable energy resources and the criteria for achieving such goals. The bill also requires publicly owned utilities to adopt a plan for enforcing the provisions of the bill. The City Council adopted the Renewable Energy Resources Enforcement Program ("RPS Enforcement Program") on January 10, 2012. Through the RPS Enforcement Program, the City Council established the following, consistent with the requirements of SB 2-1X:

- Three (3) compliance periods –
 - Compliance period one: January 1, 2011 through December 31, 2013
 - Compliance period two: January 1, 2014 through December 31, 2016
 - Compliance period three: January 1, 2017 through December 31, 2020

- Procurement targets as a percentage of retail sales –
 - Compliance period one: an average of 20% RPS eligible resource procurement
 - Compliance period two: by December 31, 2016, 25% RPS eligible resource procurement
 - Compliance period three: by December 31, 2020, 33% RPS eligible resource procurement
- Three broad categories of eligible resources based on where and how a resource is procured.
- The criteria by which the City Council may waive or reduce a procurement content requirement, such as conditions beyond the control of the City including inadequate transmission capacity, delays due to permitting, and/or interconnection issues, or inadequate supply of eligible renewable resources.
- The City Council may adopt measures permitting the City to accumulate excess procurement in one period to be applied to any subsequent compliance period.
- The City Council may establish a limitation on the procurement expenditures for all RPS eligible resources.

Section 10 of the RPS Enforcement Program directed the City Manager to develop and present an RPS Procurement Plan to the City Council.

DISCUSSION

The Procurement Plan describes in greater detail how the renewable energy targets established for each compliance period will be achieved.

Compliance Period 1

Moreno Valley Utility (MVU) has purchased eligible renewable energy resources in an amount which is approximately 25% of its total projected RPS procurement obligation for Compliance Period 1. Upon approval of the RPS Procurement Plan by the City Council, MVU will act in good faith to purchase and schedule the maximum amount of eligible renewable energy resources that can be obtained through the end of Compliance Period 1; provided, however, that the amount of dollars expended on eligible renewable energy resources shall not exceed the applicable cost limitations.

Compliance Period 2

For the three-year period beginning January 1, 2014 and ending December 31, 2016 (“Compliance Period 2”) MVU will act in good faith to procure and schedule sufficient RPS-eligible resources to equal the sum of the following: (20 percent of 2014 retail sales) + (20 percent of 2015 retail sales) + (25 percent of 2016 retail sales), provided, however, that the amount of dollars expended on eligible renewable energy resources shall not exceed the applicable cost limitations.

Compliance Period 3

For the four-year period beginning January 1, 2017 and ending December 31, 2020 (“Compliance Period 3”), MVU shall procure sufficient eligible renewable energy resources to equal the sum of the following: (25 percent of 2017 retail sales) + (25 percent of 2018 retail sales) + (25 percent of 2019 retail sales) + (33 percent of 2020 retail sales); provided, however, that the amount of dollars expended on eligible renewable energy resources shall not exceed the applicable cost limitations.

Cost Limitations

The Procurement Plan recommends establishing Cost Limitations regarding the purchases of renewable energy. The Cost Limitation is the maximum amount that the City will spend on renewable energy to prevent MVU rates from exceeding those of SCE, to allow MVU to build reserves, and to allow MVU to comply with other mandates. The Cost Limitation for Compliance Period 1 is proposed to be \$400,000. The Cost Limitation for Compliance Periods 2 and 3 are proposed to be an amount not to exceed 2.5% of total annual revenue from electricity sales to retail customers. The Cost Limitation will be reviewed on an annual basis.

ALTERNATIVES

1. Approve the proposed Resolution, adopting a Renewable Energy Procurement Plan pursuant to California Senate Bill 2-1X. Staff recommends this alternative.
2. Do not approve the proposed Resolution, adopting a Renewable Energy Procurement Plan pursuant to California Senate Bill 2-1X. Staff does not recommend this alternative. *The City could be found non-compliant with the State mandate for renewable energy.*

FISCAL IMPACT

The Procurement Plan proposes renewable energy purchases in an amount not to exceed \$400,000 for Compliance Period 1, and an amount not to exceed 2.5% of total annual revenues from electricity sales to retail customers for Compliance Periods 2 and 3. These amounts will be budgeted each fiscal year in Purchased Power, account 6010-70-80-45510-710110.

CITY COUNCIL GOALS

POSITIVE ENVIRONMENT:

The diversified portfolio of the City’s power supply resources will foster a positive environment and potentially help contribute to the reduction of the State’s reliance on fossil-fueled generation.

NOTIFICATION

Posting of agenda, and notices published in a newspaper of general circulation on May 16 and May 23, 2013.

ATTACHMENTS

Attachment 1 – Proposed Resolution

Attachment 2 – MVU Renewable Energy Resources Procurement Plan.

Prepared By:
Jeannette Olko
Electric Utility Division Manager

Department Head Approval:
Ahmad R. Ansari, P.E.
Public Works Director/City Engineer

Council Action	
Approved as requested:	Referred to:
Approved as amended:	For:
Denied:	Continued until:
Other:	Hearing set for: