



To: Honorable Public Utilities Board

Submitted by: _____/s/_____

Janet Oppio

AGM – Energy Resource Planning

From: Debbie Whiteman
Energy Resources Analyst

Approved by: _____/s/_____

Girish Balachandran

General Manager

Subject: Recommend the Public Utilities Board Approve, by Resolution, Alameda Municipal Power's Renewable Energy Resources Procurement Plan and Enforcement Program for the Renewable Energy Resources Procurement Plan

RECOMMENDATION

By resolution, recommend that the Public Utilities Board (Board) approve Alameda Municipal Power's (AMP) Renewable Energy Resources Procurement Plan and Enforcement Program of the Renewable Energy Resources Procurement Plan, per Senate Bill (SB) X1 2.

BACKGROUND

Senate Bill (SB) X1 2 which was enacted in the 2011-2012 First Extraordinary Session of the Legislature, modifies the state's renewable portfolio standard (RPS) program and sets forth new RPS requirements applicable to publicly owned utilities (POUs). AMP, as a POU, is covered under the new legislation. SB X1 2 establishes minimum quantities of renewables that load serving entities must procure through 2020 and beyond. In addition, the law specifies the types of electric generation resources that qualify as renewable and sets forth limits on the types of resources and power transactions that a load serving entity can claim for purposes of demonstrating compliance with SB X1 2.

Under Public Utility Code (PUC) § 399.3 (c)(3) and § 399.30(e), each POU must adopt and implement a renewable energy resources procurement plan (RPS Procurement Plan) and a program for the enforcement of the RPS Procurement Plan (RPS Enforcement Program) and update these documents as appropriate, at a publicly noticed meeting. This RPS Procurement Plan and RPS Enforcement Program replace the RPS Procurement Plan and RPS Enforcement Program approved by the Board on November 21, 2011, Resolution Nos. 4884 and 4885, respectively, and reflect the many changes that resulted from the California Energy Commission's (CEC) adoption of the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* (RPS Regulations) on June 12, 2013.

DISCUSSION

The RPS Procurement Plan

Exhibit A presents AMP's RPS Procurement Plan. The RPS Procurement Plan requires AMP to procure minimum quantities of electricity products sourced from eligible renewable resources, expressed as a percentage of AMP's total kilowatt hours sold to retail end-use customers during each of three compliance periods, and annually thereafter. In addition to establishing minimum procurement targets for each compliance period, the plan includes the following key components:

1. Defines the procurement content categories for resources used to demonstrate compliance with the targets;
2. Establishes limits on the use of the procurement content categories;
3. Outlines procedures for applying excess renewable energy from one compliance period to a subsequent compliance period;
4. Describes procedures allowing for a delay of timely compliance due to mitigating circumstances;
5. Allows for the adoption of cost limitations for procurement expenditures;
6. Allows for the reduction of the portfolio balance requirements;
7. Describes the process, calculation and criteria for using historic carryover;
8. Summarizes external reporting requirements; and
9. Provides for an annual review of the plan.

The Board's approval of AMP's RPS Procurement Plan will allow the use of all five optional compliance measures, which are listed above as items three through seven. Excess Procurement and Historic Carryover are measures AMP will immediately use to meet its compliance obligations, whereas AMP *may* implement any or all of the other three measures, subject to the RPS Regulations and the Board's approval of their use. Historic Carryover and Cost Limitations warrant further discussion.

- *Historic Carryover*

Historic Carryover is a new optional compliance measure that essentially rewards the POUs that made early investments in renewable energy resources by allowing them to apply procurement generated between January 1, 2004-December 31, 2010 to any RPS compliance period beginning January 1, 2011, provided the generation meets criteria specified in the RPS Regulations. AMP made those early investments and has the opportunity to benefit by including this measure in its RPS Procurement Plan.

- *Cost Limitations*

AMP is adopting the optional Cost Limitations measure to help prevent disproportionate rate impacts resulting from its compliance with the requirements of SB X1 2. The RPS Regulations require a POU to adopt rules for the Cost Limitations measure. AMP selected a Cost Limitation based on the marginal cost of renewables needed to comply with the RPS Regulations. When the marginal cost, in \$/MWh, of the additional renewable resource needed for compliance is greater than the highest contract

price of AMP's existing supply portfolio, the Cost Limitations measure will be triggered. Staff will inform the Board that the measure has been triggered and provide a recommendation on how Staff shall proceed. The Board may direct Staff to (a) cease its RPS related compliance activities pending a reduction in the marginal cost for complying with the RPS Regulations, (b) continue its RPS compliance activities, or (c) take other steps.

AMP considered and rejected the following alternative triggers before selecting the recommended Cost Limitations measure for its simplicity and ease of administration:

1. Compliance would result in a one-time rate increase of one percent.
2. The marginal cost of renewables needed for compliance is greater than the total of the current forecasted power price added to AMP's REC sales price.

The RPS Enforcement Program

Exhibit B presents AMP's RPS Enforcement Program. The RPS Enforcement Program commits the General Manager to initiate an annual review of the RPS Procurement Plan. For reviews conducted after the end of an intervening year within a compliance period, AMP shall ensure that it is making reasonable progress toward meeting the end of compliance period target. For reviews conducted after the end of a compliance period, AMP shall verify that it has met the minimum procurement target applicable to the compliance period. The RPS Enforcement Program further provides that in the event that a target has not been met or will not be met, AMP will assess the applicability of: (a) securing a delay of timely compliance due to the existence of a qualifying mitigating circumstance; (b) excusing performance based on cost limitations on procurement expenditures; and (c) reducing the portfolio balance requirement. The Board must approve the application of any of the three aforementioned options.

In the event it is determined that AMP has failed to comply with the provisions of the RPS Procurement Plan, the RPS Enforcement Program commits the Board to take steps to correct any untimely compliance, including:

1. Reviewing the RPS Procurement Plan to determine what changes, if any, are necessary to ensure compliance in the next compliance period;
2. Requiring quarterly reports from AMP staff regarding the progress being made toward meeting the compliance obligation for the next compliance period;
3. Requiring AMP staff to report on the status of meeting subsequent compliance targets and all steps being taken to ensure that the obligation is timely met.

Both the RPS Procurement Plan and RPS Enforcement Program shall have an effective date of September 1, 2013.

AMP's Augmented RPS

SB X1 2 established the following renewable energy procurement targets: 20 percent by the end of 2013; 25 percent by the end of 2016; and 33 percent by the end of 2020 and beyond. Higher renewable energy procurement targets were voluntarily adopted by the Board (AMP's Augmented RPS) November 21, 2011, Resolution 4887. These targets are: 25 percent for the

years 2011 through 2013; 35 percent for the years 2014 through 2016; and 40 percent for the years 2017 through 2020 and beyond. AMP will satisfy the incremental requirement of AMP's Augmented RPS using historical carryover, excess procurement and other procurement content categories as directed by the Board. The specifics of the mechanisms adopted for compliance with this incremental voluntary requirement may be modified by the Board in any compliance period.

Public Notification

SB X1 2 requires AMP to provide a minimum of 10 days advance notice to the public and the CEC of any meeting held for purposes of deliberating in public on AMP's RPS Procurement Plan. This requirement will be satisfied by notices in the *Alameda Journal*, the City of Alameda's publication of record, posting notice on the AMP website, and emailing a link to the section of AMP's website containing the public notice to the CEC. SB X1 2 also requires that meeting materials related to the RPS Procurement Plan be shared with the public and the CEC contemporaneous with the distribution of such materials to the Board. AMP will satisfy this requirement by posting all Board meetings on the AMP website and providing a link to the CEC.

FINANCIAL IMPACT

There is no direct financial impact associated with the development and approval of the RPS Procurement Plan and RPS Enforcement Program, as required by SB X1 2. The costs of reviewing and reporting are included in AMP's budget projection.

LINKS TO BOARD POLICY AND OBJECTIVES

- Strategy 2: Ensure utility financial health is preserved through short and long-term risk management and planning.
- Strategy 9: Endeavor to maintain local control over utility programs, including energy efficiency, renewable power and distribution system standards.
- Strategy10: Manage short-term and long-term power supply reliability and cost, while maintaining a loading order of efficiency and demand response, renewable energy resources, and clean and efficient fossil generation.

EXHIBITS

- A. AMP's Renewable Energy Resources Procurement Plan per Senate Bill X1 2
- B. AMP's Enforcement Program of the Renewable Energy Resources Procurement Plan per Senate Bill X1 2
- C. Resolution Approving AMP's Renewable Energy Resource Procurement Plan and AMP's Enforcement Program of the Renewable Energy Resources Procurement Plan

ALAMEDA MUNICIPAL POWER

RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN (PER SENATE BILL X1 2)

Approved by the Alameda Public Utilities Board: August 19, 2013

1. INTRODUCTION

Senate Bill (SB) X1 2, enacted in the 2011-2012 First Extraordinary Session of the Legislature, modified the state's renewable portfolio standard (RPS) program and set forth new RPS requirements applicable to publicly owned utilities (POUs). AMP, as a POU, must comply with SB X1 2. Under Public Utilities Code (PUC) § 399.30(a), each POU must adopt and implement a renewable energy resources procurement plan (RPS Procurement Plan) and revise it as necessary. This document replaces the RPS Procurement Plan approved by the Public Utilities Board (the Board) on November 21, 2011, Resolution No. 4884.2, and reflects the many changes and additions included in the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* (RPS Regulations), adopted by the California Energy Commission (CEC) on June 12, 2013.

In addition to the development of an RPS Procurement Plan, and in accordance with SBX1 2, Alameda Municipal Power (AMP) adopted and implemented a separate program for the enforcement of the RPS Procurement Plan before January 1, 2012, in accordance with SB X1 2, and will revise it as appropriate. AMP's enforcement program is not addressed in this document, but rather, in a separate report.

AMP's RPS Procurement Plan consists of several sections:

- A. Purpose of the plan
- B. Basic Requirements – the plan elements that are directly mandated by the legislation
- C. AMP's Augmented RPS – renewables procurement that voluntarily exceeds SB X1 2 requirements
- D. Optional Compliance Measures - measures that address each of the optional provisions set forth in PUC § 399.30(d) and RPS Regulations section 3206
- E. Additional Plan Components – components that include plan review, deliberations and changes

Where appropriate, the RPS Procurement Plan includes section citations to PUC §§ 399.11, et seq, as last amended by Statutes 2012, Chapter 162, Section 157, effective January 1, 2013.

2. PURPOSE

In order to comply with PUC § 399.30(a) and fulfill its generation resource needs, AMP adopts and implements an RPS Procurement Plan that:

Effective: September 1, 2013
Revised August 19, 2013

AGENDA ITEM NO.: 5.I.
MEETING DATE: 08/19/2013
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A. Requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of AMP’s total kilowatt hours sold to its retail end-use customers, in each compliance period, to achieve the targets specified in SB X1 2, and

B. Establishes the framework for doing so.

3. BASIC REQUIREMENTS

AMP will comply with the requirements for renewables procurement targets and the portfolio balance percentages for portfolio content categories (PCC), pursuant to the RPS Regulations. Table 1 summarizes those requirements and sections A through D, which follow, provide more detailed information. The procurement targets listed below are minimum requirements established by the CEC.

Table 1 – Summary of Basic Requirements

Compliance Period	Year	CEC Renewables Procurement Target	Portfolio Balancing Requirements	
			PCC 1	PCC 3
Compliance Period 1	2011	Average of 20 %	≥ 50 %	≤ 25 %
	2012			
	2013			
Compliance Period 2	2014	20 %	≥ 65 %	≤ 15 %
	2015	20 %		
	2016	25 %		
Compliance Period 3	2017	27 %	≥ 75 %	≤ 10 %
	2018	29 %		
	2019	31 %		
	2020	33 %		
Annual Period	2021	33 %	≥ 75 %	≤ 10 %
Annual Period	Etc.	33 %	≥ 75 %	≤ 10 %

A. Compliance Periods

PUC § 399.30(b) defines compliance periods as follows:

- a. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
- b. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.
- c. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- d. Annual Compliance Periods: Annually after 2020.

B. Procurement Targets of Renewable Energy Resources for Each Compliance Period
PUC §§ 399.30(c)(1) and (2) require the following:

- a. During Compliance Period 1 – January 1, 2011 to December 31, 2013, AMP shall procure renewable energy resources equivalent to an average of at least 20 percent of retail sales, applying the following formula:

$$\frac{EP_{2011} + EP_{2012} + EP_{2013}}{RS_{2011} + RS_{2012} + RS_{2013}} \geq 0.20$$

Where:

RS_x = total retail sales made by the POU for the specified year x

EP_x = electricity products retired for the specified year x; this may include excess procurement and historic carryover that the POU has chosen to apply to the compliance period containing year x.

- b. By the end of Compliance Period 2, December 31, 2016, AMP shall procure renewable energy resources equivalent to at least 25 percent of retail sales, applying the following formula:

$$EP_{2014} + EP_{2015} + EP_{2016} \geq 0.20 (RS_{2014}) + 0.20 (RS_{2015}) + 0.25 (RS_{2016})$$

- c. By the end of Compliance Period 3, December 31, 2020, AMP shall procure renewable energy resources equivalent to at least 33 percent of retail sales. During the intervening years of Compliance Period 3, AMP shall increase procurement annually to reflect an imputed 2020 compliance obligation expressed as:

$$(EP_{2017} + EP_{2018} + EP_{2019} + EP_{2020}) \geq 0.27 (RS_{2017}) + (0.29 (RS_{2018}) + 0.31 (RS_{2019}) + 0.33 (RS_{2020}))$$

- d. For the Compliance Period January 1, 2021 to December 31, 2021, and each calendar year thereafter, AMP shall procure renewable energy resources equivalent to at least 33 percent of retail sales.

C. Procurement Requirements – Definitions for Content Categories

Under Public Utilities Code § 399.16 and the RPS Regulations, AMP's RPS Procurement Plan shall consist of Procurement Content Categories (PCC) that meet the criteria for the following eligible renewable energy resource electricity products:

a. Portfolio Content Category (PCC 1)

Resources in this category shall either:

- i. Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. The use of another source to provide real-time ancillary services required to maintain an hourly or sub-hourly import schedule into a California balancing authority shall be permitted, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or
- ii. Have an agreement to dynamically transfer electricity to a California balancing authority.

b. Portfolio Content Category 2 (PCC 2)

Electricity products in this category must be generated by an eligible renewable energy resource that is interconnected to a transmission network within the WECC service territory, and the electricity must be matched with incremental electricity that is scheduled into a California balancing authority.

c. Portfolio Content Category 3 (PCC 3)

Resources in this category shall include eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of Content Category 1 or Content Category 2.

d. Grandfathered Resources (PCC 0)

Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full towards the procurement requirements, if all of the conditions listed below are met. Grandfathered resources shall be counted for RPS compliance without regard to the limitations on the use of each portfolio Content Category as described in the following section.

- i. The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.
- ii. Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute a different renewable energy resource.
- iii. The duration of the contract may be extended if the original contract specified a procurement commitment of fifteen or more years.
- iv. “Eligible renewable energy resource” means an electrical generating facility that meets the definition of a “renewable electrical generation facility” in section 25741 of the Public Resources Code, subject to the following: ” A facility approved by the governing board of a local publicly owned electric utility prior to June 1, 2010, for procurement to satisfy renewable energy procurement obligations adopted pursuant to former section 387, shall be certified as an eligible renewable energy resource by the Energy Commission pursuant to this article, if the facility is a “renewable electrical generation facility” as defined in section 25741 of the Public Resources Code.” (§ 399.12(e)(1)(C).

D. Portfolio Balancing Requirements – Quantity for Content Categories

- a. Compliance Period 1 Procurement Requirements: For Compliance Period 1, AMP shall procure not less than 50 percent of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than 25 percent from Content Category 3.
- b. Compliance Period 2 Procurement Requirements: For Compliance Period 2, AMP shall procure not less than 65 percent of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than 15 percent from Content Category 3.
- c. Compliance Period 3 Procurement Requirements: For Compliance Period 3, AMP shall procure not less than 75 percent of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than 10 percent from Content Category 3.
- d. Annual Procurement Requirements After 2020: Beginning in calendar year 2021 and annually thereafter, AMP shall procure not less than 75 percent of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than 10 percent from Content Category 3.

4. AMP'S AUGMENTED RPS

AMP's Board voluntarily adopted renewables procurement targets that exceed those established in SB X1 2, November 21, 201, Resolution 4887 (AMP's Augmented RPS). These voluntary targets:

- A. Will be subject only to Board specified portfolio balance requirements;
- B. May be satisfied with historical carryover, excess procurement, and any PCC or other type of REC as determined by the Board;
- C. May be satisfied with RECs from any current or past year or compliance period, subject to the 36-month retirement requirement as determined by the Board; and
- D. May be modified by the Board for any given compliance period.

The specifics of AMP's Augmented RPS are provided separately from the RPS Procurement Plan and RPS Enforcement Plan.

5. OPTIONAL COMPLIANCE MEASURES

AMP adopts the use of the five optional compliance measures included in the RPS Regulations and summarized in Table 2. The first two measures - Historic Carryover and Excess Procurement - are measures AMP will immediately use to meet its compliance obligations, whereas AMP *may* implement any or all of the last three measures - Cost Limitations, Delay of Timely Compliance, and Portfolio Balance Requirement Reduction – subject to the Board's approval of their use. Optional compliance measure details are provided in sections A through F, below.

Table 2 – Summary of Optional Compliance Measures

Optional Measure	When Measure May be Used
Historic Carryover	One time calculation for Jan. 1, 2004 –Dec. 31, 2010
Excess Procurement	Calculated annually effective Jan. 1, 2011
Cost Limitations	Use is Triggered by Circumstances
Delay of Timely Compliance	“ “ “ “
Portfolio Balance Requirement Reduction	“ “ “ “

A. Historic Carryover

AMP intends to use Historic Carryover, as defined in the RPS Regulations, to meet its RPS procurement targets. Current calculations indicate that AMP has a significant

amount of historical carryover due to AMP's early investment in renewable energy resources. AMP's use of Historic Carryover is subject to the following provisions:

- a. AMP will apply the following rules that comply with section 3206 (a)(5) of the RPS Regulations and that allow for procurement generated before January 1, 2011 to be applied to AMP's RPS procurement target for the compliance period ending December 31, 2013, or for any subsequent compliance period. The procurement must also meet the criteria of section 3202 (a)(2), be in excess of the sum of the 2004-2010 annual procurement targets defined in section 3206(a)(5)(D) and cannot have been applied to the RPS of another state or to a voluntary claim.
- b. Both the Historic Carryover and the procurement applied to AMP's annual procurement target must be from eligible renewable resources that were RPS-eligible under the rules in place at the time of execution of the ownership agreement.
- c. Historic Carryover must be procured pursuant to a contract or ownership agreement executed before June 1, 2010.
- d. Historic Carryover will be calculated based on the following:

$$Baseline = \frac{(EP_{2001})}{(RS_{2001})} \times RS_{2003} + (0.01 \times RS_{2001})$$

Where,

EP_x = Electricity products procured, retired and applied toward the RPS procurement target for the specified year X

RS_x = Total retail sales made by the POU for the specified year X

and:

$$PT_x = \text{lesser of: } \begin{matrix} 0.20 \times RS_{x-1} \\ \text{or} \\ (RS_{x-1} \times 0.01) + PT_{x-1} \end{matrix}$$

Where,

PT_x = Annual procurement target for year X

- e. The number of RECs qualifying for Historic Carryover is dependent upon the acceptance by the CEC of AMP's applicable procurement claims for January 1, 2004 – December 31, 2010, which are due to the CEC within 90 calendar days after the effective date of the RPS Regulations. The Historic Carryover submittal shall also

include baseline calculations, annual procurement target calculations, and any other pertinent data.

B. Excess Procurement

By adopting the Excess Procurement compliance option, as defined in the RPS Regulations, AMP will satisfy its future RPS compliance targets in the most cost-effective manner by applying excess eligible renewable resources accumulated in one compliance period to any subsequent compliance period. The following conditions must be met to be eligible for Excess Procurement:

- a. Accumulation of Excess Procurement begins on January 1, 2011.
- b. In calculating the quantity of Excess Procurement, AMP shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than 10 years in duration.
- c. Eligible resources must be from Content Category 1, Content Category 2 or Grandfathered Resources to be Excess Procurement.
- d. Resources from Content Category 3 shall not be counted as Excess Procurement.
- e. Excess Procurement shall be calculated as follows for multi-year compliance periods:

$$\text{Excess Procurement} = (EP_{CP}) - (RPS_{CP} + S3_{CP} + STC_{CP})$$

Where,

EP_{CP} = Electricity products retired and applied toward the RPS procurement target for the compliance period CP

RPS_{CP} = The RPS procurement target calculated in section 3204(a) of the RPS Regulations, for the compliance period CP

$S3_{CP}$ = Retired PCC 3 RECs that meet the criteria of section 3202 (a)(1) in excess of the maximum calculated in section 3204 (c) for the compliance period CP

STC_{CP} = All electricity products that meet the criteria of section 3202 (a)(1) or section 3202 (a)(3), are associated with contracts less than 10 years in duration, and are retired and applied toward the RPS procurement target for the compliance period CP.

- f. Excess Procurement shall be calculated as follows for single year compliance periods:

$$\text{Excess Procurement} = (EP_Y) - (RPS_Y + S3_Y + STC_Y)$$

Where,

EP_Y = Electricity products retired and applied toward the RPS procurement target for the year

RPS_Y = The RPS procurement target calculated in section 3204(a) of the RPS Regulations for the year

S3_Y = Retired PCC 3 RECs that meet the criteria of section 3202 (a)(1) in excess of the maximum calculated in section 3204 (c) for the year

STC_Y = All electricity products that meet the criteria of section 3202 (a)(1) or section 3202 (a)(3), are associated with contracts less than 10 years in duration, and are retired and applied toward the RPS procurement target for the year

C. Cost Limitations

AMP elects to establish Cost Limitations per PUC § 399.30(d)(3) and § 399.15(c and d) and the RPS Regulations, to protect AMP's ratepayers in the event additional resources must be procured for compliance.

- a. AMP shall request the Board's approval to implement the Cost Limitation compliance option when the marginal cost, in \$/MWh, of the additional renewable resource needed for compliance is greater than the highest contract price of AMP's existing supply portfolio.
- b. In adopting this option, AMP shall rely on this RPS Procurement Plan and consider:
 - a) procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and b) the potential that some planned resource additions may be delayed or canceled.
- c. In addition to PUC § 399.15(c), AMP may take into account local and regional economic conditions and the ability of AMP's customers to accommodate the rate impact of AMP's procurement of additional energy products. These economic conditions may include, but are not limited to, unemployment, wages, cost of living expenses, the housing market, and cost burden of other utility rates on the same customers. AMP may also consider cost disparities between customer classes within AMP, and between AMP customers and other POU and IOU customers in the region.
- d. AMP shall review the need for cost limitations as part of the annual review process described in Additional Plan Components, section 6 of this document, and inform the Board that the Cost Limitation measure has been triggered.

D. Delay of Timely Compliance

Pursuant to Public Utilities Code § 399.15 and § 399.30 and the RPS Regulations, AMP adopts the option of requesting the Board's approval to delay AMP's timely compliance with SB X1 2 and the RPS Regulations under conditions beyond AMP's control. AMP shall demonstrate to the Board that it would have met its RPS procurement requirements, but for the cause of delay.

a. Acceptable Causes of Delay:

- i. *Inadequate Transmission:* There is inadequate transmission capacity to allow sufficient electricity to be delivered from AMP's eligible renewable energy resource projects using the current operational protocols of AMP's Balancing Authority, the California Independent System Operator (CAISO). In making its findings relative to the existence of this condition, AMP's deliberations shall include, but not be limited to, the following:
 - a) Whether AMP has undertaken, in a timely fashion, reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources. In determining the reasonableness of AMP's actions, AMP shall consider its expectations for full-cost recovery for these transmission lines and upgrades, and
 - b) Whether AMP has taken all reasonable operational measures to maximize cost-effective deliveries of electricity from eligible renewable energy resources in advance of transmission availability.
- ii. *Permitting, interconnection, or other factors that delayed procurement or caused insufficient supply:* In making its findings relative to the existence of this condition, AMP's deliberations shall include, but not be limited to, the following:
 - a) Whether AMP prudently managed portfolio risks, including relying on a sufficient number of resources and viable projects;
 - b) Whether AMP sought to develop one of the following:
 1. its own eligible renewable energy resources,
 2. transmission to interconnect to eligible renewable energy resources, or
 3. energy storage used to integrate eligible renewable energy resources.
 - c) Whether AMP procured an appropriate minimum margin of procurement above the minimum level necessary to comply with the renewables portfolio standard to compensate for foreseeable delays or insufficient supply;
 - d) Whether AMP had taken reasonable measures under its control to procure cost-effective distributed generation and allowable unbundled renewable energy credits;
 - e) Whether actions or events beyond the control of AMP had adversely impacted timely deliveries of renewable energy resources including, but not limited to,

acts of nature, terrorism, war, labor difficulty, civil disturbance, or market manipulation.

iii. *Unanticipated curtailment to address the needs of the balancing authority* as per PUC § 399.15(b)(5)(C).

b. Procedures Upon Approving the Delay

In the event of a delay of timely compliance due to any of the factors set forth above, AMP shall implement the following procedures as per PUC § 399.15:

- i. Establish additional reporting for intervening years to demonstrate that reasonable actions under AMP's control are being taken.
- ii. Demonstrate that all reasonable actions within AMP's control have been taken to ensure compliance.

c. Prior Deficits

In no event shall deficits from prior compliance periods be added to future compliance periods.

E. Portfolio Balance Requirement Reduction

AMP may reduce the portfolio balance requirement for PCC1 for a specific compliance period, consistent with PUC §399.16 (e) and the following:

- a. The need to reduce the portfolio balance requirements for PCC 1 must have resulted because of conditions beyond AMP's control, as provided in the RPS Regulations.
- b. AMP may not reduce its portfolio balance requirement for PCC 1 below 65 percent for any compliance period after December 31, 2016.
- c. AMP must comply with the requirements of section 3206 (a)(4) of the RPS Regulations should it proceed with this option.
- d. AMP must receive the Board's approval to reduce its portfolio balance requirement.

F. Adoption of Optional Compliance Measure Rule or Rule Revision

Any rule or rule revision adopted under Optional Compliance Measures section 3206 of the RPS Regulations shall be submitted to the CEC within 30 calendar days after adoption.

6. ADDITIONAL PLAN COMPONENTS

In addition to the Basic Requirements and Optional Compliance Measures specified above, AMP's RPS Procurement Plan includes the following components:

A. Exclusive Control

Under PUC § 399.30(k), in all matters regarding compliance with the RPS Procurement Plan, AMP shall retain exclusive control and discretion over the following:

- a. The mix of eligible renewable energy resources procured by AMP and those additional generation resources procured by AMP for purposes of ensuring resource adequacy and reliability.
- b. The reasonable costs incurred by AMP for eligible renewable energy resources owned by it.

B. Plan Review

The Board shall review AMP's RPS Procurement Plan in accordance with AMP's "Renewable Portfolio Standard Enforcement Program."

C. Deliberations on the RPS Procurement Plan

The following deliberations are required pursuant to Public Utilities Code §399.30(f) and Section 9605 of the RPS Regulations:

- a. *Public Notice*: Annually, AMP shall post notice of meetings prior to the Board deliberating in public regarding this RPS Procurement Plan.
- b. *Notice to the California Energy Commission (CEC)*: Contemporaneous with the posting of a notice for such a meeting, AMP shall notify the CEC of the date, time and location of the meeting to enable the CEC to post the information on its Internet website.
- c. *Documents and Materials Related to Procurement Status and Plans*: All information related to AMP's renewable energy resources procurement status and future plans that is provided to the Board for its consideration at a noticed public meeting, shall be made available to the public. AMP shall also provide the CEC with an electronic copy of the documents for posting on the CEC's Internet website.

D. Plan Modifications/Amendments

The RPS Procurement Plan may be modified by an affirmative vote of the Board during a public meeting. Any Board action to modify the plan must be publicly noticed in accordance with section 7C of this document.

ALAMEDA MUNICIPAL POWER

**ENFORCEMENT PROGRAM OF THE
RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN
(PER SENATE BILL X1 2)**

Approved by the Alameda Public Utilities Board: August 19, 2013

1. INTRODUCTION

Senate Bill (SB) X1 2 which was enacted in the 2011-2012 First Extraordinary Session of the Legislature, modifies the state's renewable portfolio standard (RPS) program and sets forth new RPS requirements applicable to publicly owned utilities (POUs). AMP, as a POU, is covered under the new legislation. Under Public Utility Code (PUC) § 399.30(e), each POU must adopt and implement a "program for the enforcement" of the RPS Procurement Plan and update this program as appropriate, at a publicly noticed meeting. This document replaces the enforcement program for the RPS Procurement Plan (RPS Enforcement Program) approved by the Public Utilities Board (the Board) on November 21, 2011, Resolution No. 4885 and reflects the many changes that resulted from the California Energy Commission's (CEC) adoption of the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* (RPS Regulations) on June 12, 2013.

2. PURPOSE

This document sets forth the provisions comprising AMP's program for the enforcement of its RPS Procurement Plan.

3. FREQUENCY OF REVIEW

Annually, the AMP General Manager shall cause AMP's RPS Procurement Plan to be reviewed for purposes of assessing compliance with the requirements of SB X1 2 and the RPS Regulations.

4. SCOPE OF REVIEW

AMP's review of its performance under the RPS Procurement Plan shall include annual progress reviews and compliance period reviews, plus the timely filing of RPS compliance reports to the CEC pursuant to SB X1 2 and the RPS Regulations.

A. Annual Reviews

The annual reviews shall include consideration of each of the following elements consistent with the RPS Procurement Plan.

- a. By September 1, 2013, or 30 calendar days after the effective date of the RPS Regulations, whichever is later, ensure that AMP is making progress toward

Effective Date: September 1, 2013

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achieving the 20 percent RPS procurement requirements for compliance period 1 (January 1, 2011-December 31, 2013).

- b. By July 1, 2015, ensure that AMP is making progress toward achieving the 25 percent RPS procurement requirements for compliance period 2 (January 1, 2014-December 31, 2016).
- c. By July 1, 2016, ensure that AMP is making progress toward achieving the 25 percent RPS procurement requirements for compliance period 2 (January 1, 2014-December 31, 2016).
- d. By July 1, 2018, ensure that AMP is making progress toward achieving the 33 percent RPS procurement requirements for compliance period 3 (January 1, 2017-December 31, 2020).
- e. By July 1, 2019, ensure that AMP is making progress toward achieving the 33 percent RPS procurement requirements for compliance period 3 (January 1, 2017-December 31, 2020).
- f. By July 1, 2020, ensure that AMP is making progress toward achieving the 33 percent RPS procurement requirements for compliance period 3 (January 1, 2017-December 31, 2020).

B. Compliance Period Reviews

Compliance period reviews shall include consideration of each of the following elements, consistent with the RPS Procurement Plan:

- a. By July 1, 2014:
 - i. Verify that AMP has procured an average of at least 20 percent of its retail electric sales with eligible renewable resources for the period January 1, 2011 to December 31, 2013, and
 - ii. That the required amount of eligible renewable resources not met with historic carryover or portfolio content category (PCC)0 resources consists of at least 50 percent PCC1 and no more than 25 percent PCC3.
- b. By July 1, 2017:
 - i. Verify that AMP has procured electricity products sufficient to meet or exceed the sum of 20 percent of its 2014 retail electric sales, 20 percent of its 2015 retail electric sales and 25 percent of its 2016 retail electric sales with eligible renewable resources for the period January 1, 2014 to December 31, 2016, and
 - ii. That the required amount of eligible renewable resources not met with historic carryover or PCC0 resources consists of at least 65 percent PCC1 and no more than 15 percent PCC3.

- c. By July 1, 2021:
 - i. Verify that AMP has procured electricity products sufficient to meet or exceed the sum of 27 percent of its 2017 retail electric sales, 29 percent of its 2018 retail electric sales, 31 percent of its 2019 retail electric sales and 33 percent of its 2020 retail electric sales with eligible renewable resources for the period January 1, 2017 to December 31, 2020, and
 - ii. That the required amount of eligible renewable resources not met with historic carryover or PCC0 resources consists of at least 75 percent PCC1 and no more than 10 percent PCC3.
- d. By July 1, 2022 and every July 1 thereafter:
 - i. Verify that AMP has procured electricity products sufficient to meet or exceed 33 percent of its retail electric sales with eligible renewable resources for the previous calendar year, and
 - ii. That the required amount of eligible renewable resources not met with historic carryover or PCC0 resources consists of at least 75 percent portfolio content category PCC1 and no more than 10 percent PCC3.

C. RPS Compliance Reporting

Staff shall inform the Board when AMP submits its RPS compliance reports to the CEC, the content of which shall be consistent with the requirements of the RPS Regulations.

5. FAILURE TO COMPLY WITH THE RPS PROCUREMENT PLAN

A. Inability to meet annual RPS procurement targets

If AMP is unable to comply with the provisions of its RPS Procurement Plan for any year of a compliance period, AMP shall take corrective steps, including reviewing the RPS Procurement Plan and making necessary changes to ensure compliance by the end of the next year.

B. Inability to meet compliance period RPS procurement targets

If AMP is unable to comply with the provisions of its RPS Procurement Plan for any compliance period, AMP shall take corrective steps, including the following:

- a. Reviewing the RPS Procurement Plan and making necessary changes to ensure compliance in the next compliance period;
- b. Requiring quarterly reports from Staff regarding AMP's progress and all steps being taken to ensure AMP's ability to meet its compliance obligation for the next compliance period.

C. If, after following the steps in the preceding section B, AMP is still unable to meet the State's compliance period targets, Staff shall provide the Board with a recommendation for the application of any of the following optional compliance measures, consistent with the provisions of the RPS Procurement Plan:

- a. Delay of Timely Compliance
- b. Cost Limitations
- c. Portfolio Balance Requirement Reduction

6. MODIFICATIONS

This RPS Enforcement Program may be modified by an affirmative vote of the Board during a public meeting with not less than 10 days prior notice given to the public.

CITY OF ALAMEDA
ALAMEDA MUNICIPAL POWER

RESOLUTION NO. ____

**APPROVAL OF ALAMEDA MUNICIPAL POWER'S
RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN
AND
ENFORCEMENT PROGRAM FOR THE RENEWABLE ENERGY RESOURCES
PROCUREMENT PLAN**

WHEREAS, on April 12, 2011, the Governor of the State of California signed Senate Bill 2 of the First Extraordinary Session (SB X1 2) into law; and

WHEREAS, SB X1 2 states the intent of the Legislature is to increase the amount of electricity generated per year from eligible renewable energy resources to an amount that averages 20 percent of total electricity sold to retail customers in California by December 31, 2013, and at least 33 percent by December 31, 2020; and

WHEREAS, under Public Utilities Code Section 399.30(a), each publicly owned utility, including Alameda Municipal Power (AMP), must adopt, update and implement a renewable energy resources procurement plan (RPS Procurement Plan) that requires the utility to procure minimum quantities of electricity products sourced from eligible renewable resources, expressed as a percentage of total kilowatt-hours sold to the utility's retail end-use customers during each of three compliance periods and annually thereafter; and

WHEREAS, the RPS Procurement Plan, among other things: defines compliance periods, includes minimum renewable procurement targets for each compliance period, defines renewable procurement content categories, establishes AMP's adoption of certain optional measures and exemptions from timely compliance due to qualifying mitigating circumstances consistent with SB X1 2 and current RPS regulations; and

WHEREAS, under Public Utilities Code Section 399.30(a), AMP must adopt, update and implement an enforcement program (RPS Enforcement Program) for the RPS Procurement Plan that sets forth actions AMP will take if AMP determines it will not meet its RPS procurement requirements; and

WHEREAS, the AMP General Manager shall annually cause AMP's RPS Procurement Plan to be reviewed in accordance with AMP's RPS Enforcement Program; and

WHEREAS, AMP will provide not less than 10 days public notice of the proposed adoption of the RPS Procurement Plan and RPS Enforcement Program;

NOW, THEREFORE, BE IT RESOLVED that the Public Utilities Board of the City of Alameda hereby approves both AMP's Renewable Energy Resources Procurement Plan and the Enforcement Program of the Renewable Energy Resources Procurement Plan.

BE IT FURTHER RESOLVED that both the Renewable Energy Resources Procurement Plan and the Enforcement Program of the Renewable Energy Resources Procurement Plan shall be effective September 1, 2013.

Approved as to Form

By: _____/s/
Janet C. Kern
City Attorney