

EXHIBIT A

BURBANK WATER AND POWER

FIRST AMENDED CALIFORNIA RENEWABLE ENERGY RESOURCES ACT COMPLIANCE PLAN

ADOPTED OCTOBER 30, 2012

1. Purpose

This document comprises Burbank's continued compliance with the requirements of Senate Bill 2 of the First Extraordinary Session of the 2011-12 California Legislature (also known as "SBX1 2")¹ by presenting an update of Burbank's original November 22, 2011 SBX1 2 Compliance Plan which encompasses the procurement and enforcement plans that every publicly owned utility (POU) is required to implement pursuant to § 399.30 of the Public Utilities Code.

2. Target Quantities of Renewable Energy

Burbank Water and Power (BWP) will increase procurement of electricity from eligible renewable resources towards a portfolio level of 33 percent by 2020, measured by the amount of energy required for retail sales of electricity. Consistent with §399.30(b), energy from eligible/qualified renewable sources will be procured to meet the following targets in the indicated compliance periods.

- **Compliance Period 1** - Between January 1, 2011 and December 31, 2013 the quantity of renewable energy procured shall average at least 20 percent of retail sales.
- **Compliance Period 2** - Between January 1, 2014 and December 31, 2016 the annual quantity of renewable energy procured shall be 23.3 percent of retail sales for the period which is based on 21.7 percent, 23.3 percent and 25 percent of retail sales for 2014, 2015, and 2016 respectively.
- **Compliance Period 3** - Between January 1, 2017 and December 31, 2020 the annual quantity of renewable energy procured shall be 30 percent of retail sales for the period which is based on 27 percent, 29 percent, 31 percent and 33 percent of retail sales for 2017, 2018, 2019, and 2020 respectively. Thereafter, the minimum procurement each calendar year shall be 33 percent of sales.

¹ All statutory references in this document are to sections of the Public Utilities Code unless otherwise indicated.

3. Grandfathered Resources

Contracts entered into prior to June 1, 2010 will be considered as being in compliance with SBX1 2 and counted in full towards SBX1 2 compliance consistent with §399.16(d) for the duration of their terms.

The resources listed in the following Table 1 were procured, or were approved by Council for procurement, prior to June 1, 2010.

Burbank Water and Power							
SBX1 2 Grandfathered Resources							
	2011		2012		2013		
	MWh		MWh		MWh		
Estimated Sales	1,208,000		1,234,500		1,272,000		
Existing Resources at Source							
Micro Hydro (Valley)	804	0.1%	804	0.1%	804	0.1%	
Landfill Micro-Turbines	2,004	0.2%	2,004	0.2%	2,004	0.2%	
Customer Solar	2,628	0.2%	2,628	0.2%	2,628	0.2%	
Utility Solar	3,504	0.3%	3,504	0.3%	3,504	0.3%	
Iberdrola - Wind (Wyoming)	14,192	1.2%	14,192	1.1%	14,192	1.1%	
Pebble Springs - Wind (Oregon)	31,408	2.6%	31,408	2.5%	31,408	2.5%	
Tieton - Hydro (Washington)	24,230	2.0%	24,230	2.0%	24,230	1.9%	
Ameresco - Landfill Gas	14,680	1.2%	14,680	1.2%	14,680	1.2%	
Milford Wind - Utah	26,143	2.2%	26,143	2.1%	26,143	2.1%	
	<u>119,593</u>	<u>9.9%</u>	<u>119,593</u>	<u>9.7%</u>	<u>119,593</u>	<u>9.4%</u>	

TABLE 1

4. Eligible Resources Procured after June 2011

Electricity procured to comply with this Compliance Plan shall meet the eligibility requirements of the Renewable Portfolio Standard (RPS) Resource Eligibility Guide published by the California Energy Commission (CEC) in effect at the time the resource was procured.

In general, electricity produced from the following technologies constitute “eligible” resources: biomass, biomethane, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, low impact hydroelectric generation, digester gas, municipal solid waste, landfill gas, ocean wave, ocean thermal, tidal current, or renewable distributed generation on the customer side of the meter and other sources deemed eligible by the California Energy Commission. Facilities can be located anywhere in the interconnected transmission system.

In order for energy to be eligible it must have an associated renewable energy credit (REC) as defined in §399.12.

5. Portfolio Diversity

Under §399.16(b), a qualified renewable resource must fall within one of the following three procurement content compliance categories (or Buckets):

- Direct Connection – Compliance Category 1- (Bucket 1): Energy from a CEC specified certified resource that is procured and remains a bundled product and is delivered from source-to-sink from any balancing authority to a California balancing authority in real time either using traditional static hourly schedules, or dynamic schedules, without substituting energy from another source with the exception of energy associated with required ancillary services. Energy produced using out-of-state biomethane is classified as a Compliance Category 1 product since the electricity is produced in State.
- Firmed and Shaped – Compliance Category 2 - (Bucket 2): Energy from a CEC specified certified resource procured as a bundled product comprised of RECs and energy which is unbundled then re-delivered to a California balancing authority where the REC is re-bundled and delivered using substituted energy from another source either in real time, or delayed. Such transactions shall be designed to ensure that the same quantity of energy as produced by the facility is delivered to the California balancing within the calendar year that energy is produced.
- Compliance Category 3 - Tradeable RECs - (Bucket 3): Eligible renewable energy resource electricity products, for any fraction of the electricity generated from a CEC specified certified resource, including unbundled renewable energy credits, that do not qualify under the criteria of Buckets 1 and 2.

Consistent with the limits provided for in §399.16(c) the amount of renewable energy from each Bucket that can be used in each compliance period is as follows:

- Bucket 1 – not less than 50 percent for Compliance Period 1, not less than 65 percent for Compliance Period 2, and not less than 75 percent for Compliance Period 3.
- Bucket 2 – not more than 25 percent for Compliance Period 1, not more than 20 percent for Compliance Period 2, and not more than 15 percent for Compliance Period 3.
- Bucket 3 – not more than 25 percent for Compliance Period 1, not more than 15 percent for Compliance Period 2, and not more than 10 percent for Compliance Period 3.

SBX1 2 favors procurement of Bucket 1 resources, followed by a preference for Bucket 2, then Bucket 3. Consistent with that order of preference, in any compliance period where BWP has excess Bucket 2 resources but less than the limit of Bucket 3

resources, the excess Bucket 2 procured resources may be counted as Bucket 3 resources so long as the combined total from Buckets 2 and 3 does not exceed the combined limits for Buckets 2 and 3.

6. Post June 2011 Procurement Plan

The following activity related to compliance efforts by Burbank that have taken place since SBX1 2 went into effect.

Summary of Efforts to Date:

As described in the November 22, 2011 Compliance Plan, BWP indicated that it expected to contract for additional renewable energy resources as follows:

- Biogas: Consistent with authorization from Council on July 16, 2011, BWP has entered into contracts totaling 3,000 Dth/day of biomethane with four different suppliers which will produce approximately 155,000 MWh annually when burned at Magnolia. As this energy will be produced in Burbank, it is a Bucket 1 product.
- Third Party Exchange Agreement: BWP entered into a five-year arrangement with a third party for deliveries of a Bucket 2 compliant product that had delivery of approximately 50,000 MWh annually. However, because of the confusion and uncertainty surrounding the compliance category treatment of biomethane, BWP proposes to restructure this agreement to make it either Bucket 1 or terminate the renewable energy portion of the agreement entirely.

Additional Procurement:

The November 22, 2011 Compliance Plan listed the La Paz development as a grandfathered resource because at that time, staff had received approval from Council to enter into an agreement for the resource. However, the contract for the resource was never executed because of concerns that arose shortly thereafter regarding the viability of the project. Consequently, staff is recommending that La Paz be formally removed from Burbank's Compliance Plan.

To replace La Paz, Burbank intends to substitute it with the following resources:

- Photovoltaic Solar: During the past year, the cost of photovoltaic solar has dropped by almost one-third making it a very attractively-priced source of renewable energy. In view of this, staff proposes to acquire 40 MW of this resource to partially replace La Paz. 40 MW of photovoltaic solar is expected to produce approximately 87,600 MWh annually which corresponds to approximately 7 percent of BWP's energy requirements. The energy from this source would be scheduled on a real-time basis to a California balancing authority so it would be considered a Bucket 1 product.

- **Geothermal:** BWP is also working a contract with a geothermal developer for 2 MW. This resource would amount to approximately 16,000 MWh annually which corresponds to slightly more than 1 percent of BWP's energy requirements. The energy from this source would be scheduled on a real-time basis to a California balancing authority so it would be considered a Bucket 1 product.

The following Table 2 identifies the resources and quantity of renewable energy BWP expects to receive during each year of Compliance Period 1. It starts with Grandfathered Resources that are listed in Table 1. The numbers shown in blue font for 2011 correspond to actual production in 2011.

Consistent with §399.30(a) and (b), the plan ensures that the quantity of renewable energy that will be procured during Compliance Period 1 is at least an average of 20 percent of retail sales in that time frame.

**Burbank Water and Power
SBX1 2 Period 1 Compliance Plan**

		2011		2012		2013	
		MWh		MWh		MWh	
Estimated Sales		1,125,257		1,234,500		1,272,000	
Existing Resources at Source							
Micro Hydro (Valley)		-	0.0%	804	0.1%	804	0.1%
Landfill Micro-Turbines		-	0.0%	2,004	0.2%	2,004	0.2%
Customer Solar		-	0.0%	2,628	0.2%	2,628	0.2%
Utility Solar		-	0.0%	3,504	0.3%	3,504	0.3%
Iberdrola - Wind (Wyoming)		13,445	1.2%	14,192	1.1%	14,192	1.1%
Pebble Springs - Wind (Oregon)		24,344	2.2%	31,408	2.5%	31,408	2.5%
Tieton - Hydro (Washington)		31,459	2.8%	24,230	2.0%	24,230	1.9%
Ameresco - Landfill Gas		9,077	0.8%	14,680	1.2%	14,680	1.2%
Milford Wind - Utah		19,491	1.7%	26,143	2.1%	26,143	2.1%
		97,816	8.7%	119,593	9.7%	119,593	9.4%
Bucket 1	Biogas 3,000 Dth/Day	40,252	3.6%	155,000	12.6%	155,000	12.2%
	Photovoltaic 40 MW	-	0.0%	-	0.0%	9,000	0.7%
	Geothermal 2 MW	-	0.0%	-	0.0%	-	0.0%
		40,252	3.6%	155,000	12.6%	164,000	12.9%
Bucket 2	MS	-	0.0%	40,000	3.2%	-	0.0%
	Other	-	0.0%	-	0.0%	-	0.0%
		-	0.0%	40,000	3.2%	-	0.0%
Bucket 3	Other	-	0.0%	-	0.0%	-	0.0%
TOTAL		138,068	12.3%	314,593	25.5%	283,593	22.3%
For Compliance Period				20.0%			

Note: Number in blue font are actual RECs entered into WREGIS.

TABLE 2

Although this Procurement Plan is focused on Compliance Period 1, APPENDIX 1 shows how Burbank intends to meet the aforementioned RPS compliance requirements during the entire 2011 to 2020 timeframe. If the opportunities presented in this Compliance Plan are successfully contracted for, Burbank will have sufficient renewables under the contracts to meet the compliance obligations of all three compliance periods specified in SBX1 2.

The Procurement Plan for any compliance period will be updated as soon as practicable whenever the General Manager determines that procurement efforts will fall short by more than 5 percent in any calendar year

7. Administration

Burbank has little need, if any, for additional energy except for a few hours each year under extreme high load situations such as during a heat storm. As such, Burbank has no “unmet long-term generation resource needs” as referenced in §399.30(a), nor does it contribute to any “unmet needs” of the state as a whole. Nevertheless, Burbank is committed to meeting the target quantities of renewable energy identified above subject to the following.

- Pre-existing Contracts: Contracts entered into prior to June 1, 2010, (or projects which were approved by Council prior to that date, like La Paz which had contracts executed after June 1, 2010) that were consistent with the laws, rules, and regulations in effect at the time, will be considered as being in compliance with SBX1 2 and their output will be counted for the duration of their terms.
- Rate Impacts: Consistent with §399.30(d) the addition of renewable energy resources should not require a disproportionate increase in retail electricity rates above the rates approved by the City Council.
- Transmission Availability: Burbank does not lie within the balancing area of the California Independent System Operator and thus has limited access to points on the transmission grid within California other than to its own service territory. Consequently, Burbank’s ability to access resources inside California is limited. Hence, as described in §399.15(b)(5), a limiting factor to achieving the goals of SBX1 2 may be transmission, or the ability to get resources in amounts consistent with the provisions of the Portfolio Diversity section of this document. If this turns out to be the case, in order to achieve prescribed RPS procure goals, it will be acceptable for Burbank to acquire additional resources from limited “bucket” categories.
- Inability to find Suitable Projects: BWP is a relatively small utility and as such, on its own, cannot provide the level of interest necessary to build or fully subscribe anything but a relatively small development. Accordingly, if Burbank finds itself unable to find sufficient partners to justify getting new

projects built, or contracted for, such inability will be considered reasonable justification for not meeting procurement goals.

- Excess Procurement: Consistent with §399.30(d) excess procurement in one compliance period may be applied without limit to a subsequent compliance period in the same manner as allowed for retail sellers pursuant to §399.13 for any of the three eligibility “buckets.”
- Additional Factors That May Delay Timely Compliance: Consistent with §399.15(b)(5), issues with permitting, interconnection, development (e.g., permitting, financing, etc.), operational problems (fires, balancing authority constraints, accidents, outages, etc.) or other circumstances that may delay procurement of renewable energy resource projects, or insufficient supply of eligible renewable energy resources are all legitimate reasons that may justify a delay of timely compliance.
- Regulatory Delays Affecting Procurement: Burbank’s ability to meeting the requirements of SBX1 2 is expected to be tied to the ability of obtaining timely approvals from the CEC regarding resource eligibility and resource certification. Consequently, delays attributable to the CEC, and other regulatory agencies, to the extent they delay energy delivery and REC creation is a legitimate excuse/reason for not achieving compliance goals.
- Limiting or Delaying Compliance Obligation: The City Council reserves for itself, the authority to limit or delay compliance with the obligations set forth herein to the fullest extent permitted by SBX1 2. Should Council exercise such authority, it shall do so at a properly noticed public meeting consistent with the following:
 - Council shall establish additional reporting requirements to satisfy future procurement requirements consistent with §399.15(b)(6).
 - Council shall not waive enforcement unless all necessary reasonable efforts have been taken to achieve compliance §399.15(b)(7).
 - Consistent with §399.15(b)(9) there will be no carryover of deficits between compliance periods.

8. Enforcement

The General Manager of Burbank Water and Power shall have the duty and responsibility of executing the RPS Program outlined above and insuring that is done in full compliance with SBX1 2 and any applicable regulations issued there under. The General Manager shall inform the City Council at a public meeting in the event that BWP will not meet the procurement requirements set out above. The General Manager shall develop and present a plan to bring BWP into compliance.

Beginning in 2013, the General Manager will provide Council an annual informational update on the progress made during the preceding calendar year towards meeting the procurement goals specified in the Procurement Plan described in the previous section.

