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**REDDING ELECTRIC UTILITY**  
Resources Division

**RPS-001 Renewables Portfolio  
Standard Procurement and  
Enforcement Plan**



Redding Electric Utility

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## Introduction

Senate Bill 2 in the First Extraordinary Session (SBX1-2)<sup>1</sup> defines the California Renewables Portfolio Standard (RPS) and imposes minimum renewable energy procurement targets for all retail sellers and publicly-owned utilities (POUs), including the City of Redding (Redding). SBX1-2 authorized the California Energy Commission (CEC) to develop procedures for enforcement of the RPS for POUs. As part of that enforcement authority, the CEC adopted “Enforcement Procedures for the Renewables Portfolio Standard for Local, Publicly-Owned Electric Utilities” (RPS Enforcement Regulations).<sup>2</sup> This document describes Redding’s RPS Procurement and Enforcement Plan, as required by the Public Utility Code, which must be approved by Redding’s City Council.

### 1.1 Utility Code

REU must comply with many state laws that govern certain aspects of utility operations. These include the following code sections, which relate to California’s Renewable Portfolio Standard:

- Renewable Portfolio Standard requirement Public Utilities Code (PUC) § 399.30(a)(1)
- Compliance Period and Procurement Targets PUC § 399.30(b) and (c)
- Portfolio Content Categories PUC § 399.16(b) and (c)
- RPS POU Compliance PUC § 399.30(n)
- Optional Compliance Measures PUC § 399.30(d)

## 2. RPS Procurement Plan

### 2.1 Purpose

The purpose of the RPS Procurement Plan is to identify the policies and procedures for Redding to meet the RPS requirements and any future adopted state-defined renewable goals. The most recent adoption, SB350, mandates that 50 percent of retail sales must be created by eligible renewable energy sources by 2030. SB350 also requires Redding to produce an Integrated Resource Plan that will guide the Procurement Plan.

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<sup>1</sup> SBX1-2 (Simitian, Stats. 2011, Ch. 1) was signed by California’s Governor on April 12, 2011, and made significant revisions to Public Utilities Code §§ 399.11-399.32, the California Renewables Portfolio Standard Program. Various provisions of § 399.11, *et seq.*, were subsequently modified.

<sup>2</sup> The CEC adopted the RPS Enforcement Regulations on June 12, 2013, in Order No. 13-0612-5.

## 2.2 Compliance Periods and Procurement Targets

Compliance periods are multiyear, required targets. Although Compliance Periods 1 and 2 have passed, they are included below for reference:

### A. Compliance Period 1

- (1) During Compliance Period 1, January 1, 2011, to December 31, 2013, Redding shall procure, at a minimum, renewable energy resources equivalent to an average of 20 percent of retail sales over the three (3) years of the compliance period.

Expressed as:

$$EP\ 2011 + EP\ 2012 + EP\ 2013 \geq .20 (RS\ 2011 + RS\ 2012 + RS\ 2013)$$

Where:

**RS X** = total retail sales made by POU for the specified year X.

**EP X** = electricity products procured 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. Compliance Period 2

- (1) For Compliance Period 2, January 1, 2014, to December 31, 2016, Redding shall procure renewable energy resources to meet or exceed the sum of 20 percent of retail sales for each of 2014 and 2015, and 25 percent of retail sales for 2016.

Expressed as:

$$EP\ 2014 + EP\ 2015 + EP\ 2016 \geq 0.20(RS\ 2014) + 0.20 (RS\ 2015) + 0.25 (RS\ 2016)$$

### C. Compliance Period 3

- (1) For Compliance Period 3, January 1, 2017, to December 31, 2020, Redding shall procure renewable energy resources to meet or exceed 33 percent of retail sales by 2020. During the intervening years of Compliance Period 3, Redding shall increase procurement to reflect an imputed 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. Compliance Periods beyond 2020

- (1) Compliance periods beyond 2020 are not formally established; however, SB350 requires a 50 percent renewable standard by 2030.

The following table summarizes the annual “soft” targets, but compliance is determined over the entire compliance period using the formulas above.

Compliance Period 3					
...	2017	2018	2019	2020	...2030
...	27%	29%	31%	33%	50%

*Table 1: RPS Renewable Requirement*

## 2.3 Portfolio Content Categories

In addition to meeting the renewable energy procurement target, the RPS established Portfolio Content Categories (PCC) that outline the eligible renewable energy resource products that must be procured to ensure compliance with minimum and maximum values as summarized in Table 2.

### A. PCC1: (RPS Enforcement Regulations 3203(a))

- (1) PCC1 electricity products must be bundled at the time of procurement to be classified as PCC1, and the POU may not resell the underlying electricity from the electricity product back to the eligible renewable energy resource from which the electricity product was procured. The electricity products must be generated by an eligible renewable energy resource that is interconnected to a transmission network within the Western Electricity Coordinating Council (WECC) service territory. For purposes of this section 3203, the first point of interconnection to the WECC transmission grid is the substation, or other facility, where generation tie lines interconnect from the eligible renewable energy resource to the network transmission grid.
  - (a) Electricity products must be generated by an eligible renewable energy resource that has its first point of interconnection within the metered boundaries of a California balancing authority area.
  - (b) Electricity products must be generated by an eligible renewable energy resource that has its first point of interconnection to an electricity distribution system used to serve end-users within the metered boundaries of a California balancing authority area. For purposes of this section 3203, the first point of interconnection to an electricity distribution system is within the service area boundaries of a utility distribution company.
  - (c) Electricity products from the eligible renewable energy resource with a first point of interconnection outside the metered boundaries of a California balancing authority area must be scheduled into a California balancing authority area without substituting electricity from another source. For purposes of this section 3203, electricity generated by the eligible renewable energy resource must be scheduled into a California

balancing authority area on an hourly or sub-hourly basis. The POU's governing board, or other authority as delegated by the POU governing board, must have approved an agreement before the electricity is generated to schedule the electricity from the eligible renewable energy resource into the California balancing authority area on an hourly or sub-hourly basis. If there is a difference between the amount of electricity generated within an hour and the amount of electricity scheduled into a California balancing authority area within that same hour, only the lesser of the two amounts shall be classified as PCC1.

- (d) Electricity products must be subject to an agreement between a California balancing authority area and the balancing authority in which the eligible renewable energy resource is located and executed before the product is generated to dynamically transfer electricity from the eligible renewable energy resource into the California balancing authority area.
- (3) Electricity products originally qualifying in PCC1 that do not meet the criteria of section 3203 (a)(2)(A) and are resold – (D) shall not be counted in PCC1.

#### **B. PCC2: (RPS Enforcement Regulations Section 3203(b))**

- (1) PCC2 electricity products 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 area.
- (2) PCC2 electricity products must be bundled when procured and must meet all of the following criteria:
  - (a) The first point of interconnection to the WECC transmission grid for both the eligible renewable energy resource and the resource providing the incremental electricity must be located outside the metered boundaries of a California balancing authority area.
  - (b) The incremental electricity used to match the electricity from the eligible renewable energy resource must be incremental to the POU. For purposes of this section 3203, "incremental electricity" means electricity that is generated by a resource located outside the metered boundaries of a California balancing authority area; prior to the date of contract or ownership agreement, electricity is not in the portfolio of the POU claiming the electricity products for RPS compliance from eligible renewable energy resources with which the incremental electricity is

being matched; is executed by the POU, or other authority, as delegated by the POU governing board.

- (c) The governing board, or other authority as delegated by the governing board, executes the contract or ownership agreement for the incremental electricity at the same time or after the contract or ownership agreement for the electricity products from the eligible renewable energy resource is executed.
- (d) The incremental electricity must be scheduled into the California balancing authority area within the same calendar year as the electricity from the eligible renewable energy resource is generated.
- (e) The electricity from the eligible renewable energy resource must be available to be procured by the POU and may not be sold back to that resource.

**C. PCC3: (RPS Enforcement Regulations section 3203(c))**

All unbundled renewable energy credits and other electricity products procured from eligible renewable energy resources located within the WECC transmission grid that do not meet the requirements of either PCC1 or PCC2 fall within PCC3.

**D. PCC0: (RPS Enforcement Regulations section 3204(a)(2))**

- (1) Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full toward the procurement requirements if all of the following conditions are met:
  - (a) The renewable energy resource met the Commission's RPS eligibility requirements that were in effect when the original procurement or ownership agreement was executed.
  - (b) Any contract amendments or modifications occurring after June 1, 2010, do not increase the nameplate capacity, expected quantities of annual generation, or substitute a different renewable energy resource.
  - (c) If contract amendments or modifications after June 1, 2010, increase nameplate capacity or expected quantities of annual generation, increase the term of the contract, or substitute a different eligible renewable energy resource, only the MWhs or resources procured prior to June 1, 2010, shall count in full toward the RPS procurement targets. The remaining procurement must be classified into PCC1, 2,

or 3, and follow the portfolio balance requirements in accordance with RPS Enforcement Regulations section 3204 (c).

- (d) The duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) years or more.

	Compliance Period 1 2011-2013	Compliance Period 2 2014-2016	Compliance Period 3 2017-2020
<b>PCC1</b> (Minimum)	50%	65%	75%
<b>PCC2</b> (No Direct Restriction)	n/a	n/a	n/a
<b>PCC3</b> (Maximum)	25%	15%	10%
<b>PCC0</b>	Is not subject to portfolio balancing requirements		
Beyond 2020 is to be determined			

*Table 2: RPS Balancing Requirement*

## 2.4 Redding's Plan for RPS Compliance

### 2.4.1 Existing Eligible Renewable Resources

Redding currently has the following renewable energy resources under contract and/or ownership that meet the RPS eligibility requirements:

#### **Wind**

*Big Horn Wind Project (PCC0)* - In 2006, Redding entered into a 20-year contract with possible 5-year extension for wind energy through the M-S-R Public Power Agency by participation in the Big Horn Wind Project. Redding has contracted for 70 MW of capacity that yields approximately 180,000 MWh of eligible renewable energy annually.

#### **Hydro (<30MW)**

*Whiskeytown Hydro (PCC0)* - In the mid-1980s, Redding invested in small hydro-generation at Whiskeytown Dam. The Whiskeytown Project has a capacity of approximately 3 MW and yields roughly 26,000 MWh of eligible renewable energy annually.

*WAPA Small Hydro Program (PCC0)* - Redding participates in WAPA's Small Hydro Program; this contributes approximately 6,000 MWh of eligible renewable energy to Redding annually.

## 2.4.2 Procurement Plan for Future Renewable Resources

In order to meet the RPS mandates, Redding plans to preserve its existing PCCO resources, carry forward excess procurement from one compliance period to the next, and look for valuable opportunities to diversify and expand its RPS portfolio while protecting Redding's customers from excessive rate increases that could jeopardize economic growth and viability within the City. The Integrated Resource Plan will be the guiding document and tool for choosing the optimal plan.

## 3. RPS Enforcement Program

### 3.1 Enforcement Policy

In compliance with the requirement for the governing board of a POU to adopt a program for enforcement of the legislation prior to January 1, 2012, the Redding City Council passed Resolution 2011-197 "Resolution of the City Council of the City of Redding to Revise the Renewable Portfolio Standard for the City of Redding's Electric System" on December 20, 2011. Resolution 2011-197 adopted the following RPS targets:

- A. An average of 20 percent in 2011 through 2013;
- B. 25 percent by 2016; and
- C. 33 percent by 2020 and thereafter.

Resolution 2011-197 also adopted the following Enforcement Policies:

- A. Redding will make a reasonable effort in the context of Good Utility Practice to be in compliance with the requirements of SBX1-2.
- B. Redding will report annually to the City Council on its status of compliance with SBX1-2.
- C. Redding will notify the City Council of any potential for lack of compliance with the requirements of SBX1-2 that may be considered for a notice of violation and penalty imposition.
- D. Redding will provide an explanation and analysis to the City Council on such potential for lack of compliance with SBX1-2, as well as a plan of corrective action and timeframe for returning the City to compliant status.
- E. At such time, the City Council will direct staff on its recommended course of action.

## 3.2 Optional Compliance Measures

Specific optimal compliance measures are permitted, and are adopted, by Redding and the City Council. Redding adopts the following optional compliance measures, which may be utilized in the event that factors beyond reasonable control interfere with its ability to meet the procurement requirements set forth in Public Utilities Code §399.30 and § 3206 of the RPS Regulations.

### A. Excess Procurement:

Redding shall be allowed to apply Excess Procurement from one compliance period to subsequent compliance periods using the criteria outlined in § 3206(a)(1) of the RPS Enforcement Regulations beginning on January 1, 2011, and shall be calculated as set forth in RPS Enforcement Regulations § 3206(a)(1)(D).

### B. Delay of Timely Compliance:

Enforcement of timely compliance shall be waived if Redding demonstrates that any of the conditions defined in RPS Enforcement Regulations § 3206(a)(2) are beyond the control of Redding, and Redding would have met its RPS procurement requirements but for the cause of delay.

### C. Cost Limitations for Expenditures:

Redding establishes a Cost Limitation on the procurement expenditures for all eligible renewable energy resources used to comply with the RPS, consistent with RPS Enforcement Regulations § 3206(a)(3).

The Cost Limitation applied to each RPS procurement expenditure will consider the following:

- (1) Incorporating the annual RPS expenditure into Redding's current portfolio should not require rate increases of more than 1.5 percent per year at any time during the life of the considered RPS procurement.
- (2) The per-kilowatt-hour cost of the considered RPS procurement expenditure should not exceed, nor be projected to exceed, 75 percent of Redding's current per-kilowatt-hour retail residential energy charge.
- (3) When estimating the considered RPS procurement expenditure, the following costs will also be included:

- (a) The costs associated with firming and shaping, and/or storage, as needed for intermittent resources; and
- (b) The costs associated with delivery of the renewable energy.

In the event that procurement expenditures exceed the adopted Cost Limitation, Redding shall re-evaluate its RPS Procurement Plan to ensure that other options are not available that would otherwise allow Redding to meet its RPS procurement requirement. Such review will include a re-evaluation of current procurement commitments, planned procurements, long-term commitments, and the availability of alternative resources in other portfolio content categories.

#### **D. Portfolio Balance Requirement Reduction:**

Redding shall be allowed to reduce the portfolio balance requirement for Procurement Content Category 1<sup>3</sup> for a specific compliance period if conditions beyond the control of Redding occur that warrant a delay in timely compliance (as adopted under § 2.2 (B) of the RPS Enforcement Program) as defined in § 3206(a)(4) of the RPS Enforcement Regulations.

If Redding uses this reduction measure, Redding will update its RPS Procurement Plan with the adjusted information and submit such updated plan to the CEC.

## **4. Review and Updating Requirements** (RPS Enforcement Regulations §3205(a))

Redding is required to complete an Integrated Resource Plan that will guide the Procurement plan.

- A. Redding will provide the following notice regarding new or updated renewable energy resources procurement plans:
  - (1) Redding shall post notice in accordance with Chapter 9 (commencing with §54950) of Part 1, Division 2, Title 5 of the Government Code, whenever the City Council will deliberate in public on the RPS Procurement Plan.
  - (2) Along with the posting of the notice of a public meeting to consider the RPS Procurement Plan, Redding shall notify the CEC of the date, time, and location of the public meeting to consider the RPS Procurement Plan. This requirement is satisfied if Redding provides the CEC with the uniform resource locator (URL) that directly links to the notice for the public meeting. Alternatively, an e-mail

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<sup>3</sup> Procurement Content Category 1 is defined in § 3203 (a) of the RPS Enforcement Regulations.

with information on the public meeting in Portable Document Format (PDF) may also be provided to the CEC.

- (3) Redding will notify the CEC if any URL provided by Redding no longer contains the correct link, and Redding will send the CEC a corrected URL that links to the information, or a PDF containing the information, as soon as it becomes available.
- (4) If Redding distributes information to its City Council related to its renewable energy resources procurement status, or future procurement or enforcement programs for the City Council's consideration at a public meeting, Redding shall make all relevant information available to the public at the same time it is distributed to City Council, and shall provide an electronic copy of that information to the CEC for posting on the CEC's website.
- (a) This requirement is satisfied if Redding provides the URL that directly links to the documents or information regarding other manners of access to the documents to the CEC. Alternatively, an e-mail with the information in PDF may also be provided to the CEC.
- (b) Redding will notify the CEC if any URL provided no longer contains the correct link, and Redding will send the CEC a corrected URL that links to the information, or a PDF containing the information, as soon as it becomes available.

## 5. Review and Revision History

Revision Number	Revision Date	Summary of Changes
1	10/15/2013	Original version adopted by City Council Date: October 15, 2013
2	10/07/2014	Annual update: Removed Lewiston and added Colusa
3	06/05/18	Combined Procurement and Enforcement plan. Included SB350 updates, removed Colusa biomass project, and rearranged information for a more clear, concise document.