



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: MAY 14, 2013
FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL
SUBJECT: ADOPTION OF PROCUREMENT PLAN FOR CALIFORNIA RENEWABLE ENERGY RESOURCES ACT

ISSUE:

The item for City Council consideration is approval of a Renewable Portfolio Standard (“RPS”) Procurement Plan for Riverside Public Utilities as required by the California Renewable Energy Resources Act.

RECOMMENDATIONS:

That the City Council:

1. Adopt the Riverside Public Utilities Renewable Portfolio Standard Procurement Plan (Attachment 1); and
2. Delegate implementation of the Renewable Portfolio Standard Procurement Plan to the City Manager, or his designee.

BOARD RECOMMENDATION:

On May 3, 2013, the Board of Public Utilities unanimously approved this item.

BACKGROUND:

In the past ten years, the California Legislature has enacted increasingly more stringent renewable energy legislation governing the procurement of renewable energy by California electric utilities. In 2002, California Senate Bill (“SB”) 1078 required California Investor Owned Utilities (“IOUs”) to procure 20% of their retail customer needs using renewable resources by 2017. California SB 107, enacted in 2006, accelerated the renewable procurement goal for IOUs to 20% by 2010.

Although Riverside was not required to establish RPS goals by these early legislative mandates, Riverside has nevertheless voluntarily procured renewable resources to meet increasing percentages of Riverside’s retail energy requirements.

On April 12, 2011, the California Renewable Energy Resources Act (“SBX1-2”) was enacted. Unlike previous State laws, SBX1-2 is applicable to Publicly Owned Utilities (“POUs”). This Act revised the State Renewable Energy Resources Program to set targets for electricity generated by renewable resources of at least 33% of statewide retail sales by December 31, 2020. SBX1-2 also defines targets for three separate compliance periods, and three categories of renewable resources with progressively increasing requirements for the category primarily composed of renewable generating resources located within California.

Oversight of compliance with SBX1-2 by POUs is provided in part by their respective local governing bodies and in part by the California Energy Commission (“CEC”). Oversight of compliance by IOUs is provided by the California Public Utilities Commission (“CPUC”). The CEC and CPUC continue to conduct regulatory rulemaking processes to fully implement SBX1-2; these processes are expected to conclude by summer 2013.

SBX1-2 required POUs to adopt an RPS Enforcement Program by the end of calendar year 2011. Riverside’s Board of Public Utilities and the City Council adopted its RPS Enforcement Program on November 18 and December 13, 2011, respectively. Riverside’s adopted RPS Enforcement Program contains cost limitations and delay-of-timely compliance rules that limit the retail rate increases to no more than 3% per year to achieve all RPS procurement goals. This rule is necessary to protect Riverside’s retail electric ratepayers against unacceptably high costs of renewable resources in the future.

SBX1-2 and the proposed CEC regulations pertaining to the implementation of SBX1-2 require POUs to adopt their RPS Procurement Plan within 60 days of the issuance of final CEC regulations—currently anticipated to be on July 1, 2013. Riverside’s RPS Procurement Plan incorporates renewable energy procurement policy regulations that are consistent with the SBX1-2 mandates and the CEC draft final guidelines (Attachment 1). More specifically, the Procurement Plan incorporates the following basic elements:

- a. Compliance period definitions
- b. RPS procurement targets
- c. Portfolio balance requirements consistent with SBX1-2 legislation

Additionally, the Procurement Plan incorporates discretionary rules and guidelines that the local governing authority of POUs can establish provided such rules and guidelines are consistent with CEC regulations. Accordingly, Riverside’s Procurement Plan incorporates the following discretionary elements:

- a. Rules for calculating excess RPS procurement
- b. Rules for delay in compliance with the regulations due to reasons beyond Riverside’s control
- c. Rules for calculating historic carryover of RPS resources

The Procurement Plan further describes RPU’s procurement efforts to date towards achieving the RPS goals, e.g.: (a) RPU has already procured or contracted for enough new short- and long-term renewable resources to meet the procurement requirements of SBX1-2 during Compliance Period 1 (2011-2013); (b) RPU will soon procure/contract sufficient new short- and long-term renewable resources to meet the RPS procurement target for Compliance Period 2 (2014-2016); and (c) RPU’s ongoing efforts to procure additional renewable resources for Compliance Period 3 (2017-2020) and beyond.

FISCAL IMPACT:

The adoption of the RPS Procurement Plan is required in order to comply with CEC regulations, and compliance costs will continue to be incorporated into the Electric Utilities financial plan.

Prepared by: David H. Wright, Public Utilities General Manager

Certified as to

availability of funds: Brent A. Mason, Finance Director/Treasurer

Approved by: Belinda J. Graham, Assistant City Manager
for Scott C. Barber, City Manager

Approved as to form: Gregory P. Priamos, City Attorney

Attachments:

1. City of Riverside RPS Procurement Plan
2. Board of Public Utilities Public Minutes of May 3, 2013