



## COUNCIL COMMUNICATION

# 4301

City Clerk Use Only

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|-----------------|---|
| <b>DATE:</b>    | October 24, 2011  |
| <b>TITLE:</b>   | Interim Renewable Portfolio Standards Program   |
| <b>CONTACT:</b> | James Takehara / x1666 / <a href="mailto:jtakehara@roseville.ca.us">jtakehara@roseville.ca.us</a><br>Michael Wardell / x5622 / <a href="mailto:mwardell@roseville.ca.us">mwardell@roseville.ca.us</a> |

Meeting Date: November 16, 2011

### SUMMARY RECOMMENDATION

Staff recommends City Council adopt a resolution to adopt a program for enforcement of the City's Interim Renewable Portfolio Standards Program to comply with the California Renewable Energy Resources Act.

### BACKGROUND

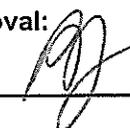
The California Renewable Energy Resources Act requires electric utilities in California to have 33% of their electric resources from renewable sources by 2020. Additionally, there are interim compliance requirements between 2011 and 2020 that mandate specific, increasing renewable resource goals be met, up to the 33% requirement.

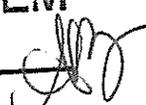
The law, which was signed by the Governor in April 2011, requires one immediate action by the City of Roseville. The Roseville City Council must adopt a plan to enforce a renewable portfolio standard program that outlines how the City's electric utility will comply with the law. The plan to enforce the program must be adopted on or before January 1, 2012. The program must be approved by the City Council at a public hearing and the hearing must be publicly noticed at least 30 days prior to the hearing date. The Notice for Public Hearing was published on October 15, 2011 in the Roseville Press Tribune.

The California Energy Commission (CEC) is in the initial stages of drafting regulations to define and enforce the law. They are not expected to complete the regulations until late next year. The regulations will address specific requirements for enforcing a renewable portfolio standard program. Electric staff is participating in the regulatory rule making process as opportunities arise. The Northern California Power Agency is also engaged in the regulatory process representing Roseville and its other members.

Since the final regulations are expected to be completed well after the City's requirement to approve the plan to enforce the program, staff is recommending approval of an interim renewable portfolio standard program to satisfy the law's requirements. Electric staff plans to amend and replace this interim program once the CEC completes the regulatory process. The interim program is designed to comply with the law and keep open all options for minimizing the impacts on Electric customers. For

Routing Approval:

\_\_\_\_\_ ASD  \_\_\_\_\_ ACM  \_\_\_\_\_ ATTY

**AGENDA ITEM**  
# 9.2 

example, Electric staff is reviewing the potential to include cost containment provisions in the final program. The final program will require City Council approval.

The Northern California Power Agency provided a template resolution specific to this requirement for member agencies to use. Staff has used this template, with some revisions, to create the interim renewable portfolio standards program resolution which is attached to this Council Communication.

**FISCAL IMPACT**

There is no fiscal impact associated with approval of the attached resolution. The fiscal impact of the California Renewable Energy Resources Act is not known at this time. Staff will present the fiscal impacts of the law to City Council, once they are known.

**ECONOMIC DEVELOPMENT/JOBS CREATED**

This project is not applicable to economic development or job creation.

**ENVIRONMENTAL REVIEW**

The agreement is not considered a "project" as defined by the California Environmental Quality Act ("CEQA") (CEQA Guidelines §15378). Consequently no CEQA action is required.

Respectfully submitted,

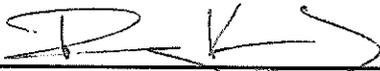


James Takehara  
Electric Resource Analyst II



Michelle Bertolino  
Electric Utility Director

**APPROVED:**



Ray Kerridge  
City Manager

RESOLUTION NO. 11-421

A RESOLUTION OF THE CITY OF ROSEVILLE  
ADOPTING A PROGRAM FOR ENFORCEMENT OF THE INTERIM RENEWABLE  
PORTFOLIO STANDARDS PROGRAM

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROSEVILLE AS FOLLOWS:

**WHEREAS**, the State of California has an existing California Renewables Portfolio Standard Program (RPS program) that is intended to increase the amount of electricity generated each year from eligible renewable energy resources;

**WHEREAS**, on April 12, 2011, the Governor of the State of California signed California Senate Bill 2 of the First Extraordinary Session (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the *California Renewable Energy Resources Act*;

**WHEREAS**, on September 9, 2011, the California Legislature ended the First Extraordinary Session;

**WHEREAS**, SBX1-2 becomes effective on December 10, 2011, ninety-one days after the end of the First Extraordinary Session;

**WHEREAS**, SBX1-2 states the intent of the Legislature that the amount of electricity generated per year from eligible renewable energy resources be increased to an amount that equals at least 20% of the total electricity sold to retail customers in California per year by December 31, 2013, and 33% by December 31, 2020;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(a), the City must adopt and implement a renewable energy resources procurement plan (hereinafter referred to as the "RPS Procurement Plan") to fulfill unmet long-term generation resource needs, that requires the City to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of the total kilowatt-hours sold to the City's retail end-use customers each compliance period, to achieve specified procurement targets;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes compliance periods (Compliance Periods) pursuant to Public Utilities Code section 399.30(b). Such Compliance Periods shall be January 1, 2011 to December 31, 2013, inclusive (Compliance Period 1), January 1, 2014 to December 31, 2016, inclusive (Compliance Period 2), January 1, 2017 to December 31, 2020, inclusive (Compliance Period 3), and each calendar year after 2020;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes specified procurement targets (Procurement Targets) of renewable energy resources for each Compliance Period pursuant to Public Utilities Code section 399.30(c)(1) and (2). Procurement Targets must average twenty percent (20%) of retail sales for the period January 1, 2011 to

December 31, 2013, must meet twenty-five percent (25%) of retail sales by December 31, 2016, must meet thirty-three percent (33%) of retail sales by December 31, 2020, and must meet thirty-three percent (33%) of retail sales for all years thereafter;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes provisions that address a demonstration of reasonable progress in 2014 and 2015 to ensure the twenty five percent (25%) RPS procurement requirement by 2016, and reasonable progress in each of 2017, 2018, and 2019 to ensure the thirty three percent (33%) RPS procurement requirement by 2020, pursuant to Public Utilities Code section 399.30(c)(2);

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes definitions for three renewable product content categories (Content Categories) pursuant to Public Utilities Code section 399.30(c)(3) and consistent with Public Utilities Code section 399.16;

**WHEREAS**, the City's RPS Procurement Plan shall include "Content Category 1"; consistent with Public Utilities Code section § 399.16(b)(1) (A) and (B), Content Category 1, shall include renewable energy resource electricity products that either (a) 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, and which may include the use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or (B) have an agreement to dynamically transfer electricity to a California balancing authority;

**WHEREAS**, the City's RPS Procurement Plan shall include "Content Category 2"; consistent with Public Utilities Code section 399.16(b)(2), Content Category 2 shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority;

**WHEREAS**, the City's RPS Procurement Plan shall include "Content Category 3"; consistent with Public Utilities Code § 399.16(b)(3), Content Category 3 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 for Content Category 1 or Content Category 2;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes the minimum procurement requirements (Procurement Requirements) of eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 for each Compliance Period, consistent with Public Utilities Code section 399.30(c)(3) and section 399.16;

**WHEREAS**, the City's RPS Procurement Plan shall include Content Category 1 Procurement Requirements of not less than fifty percent (50%) of the eligible renewable energy resource electricity for Compliance Period 1, not less than sixty-five percent (65%) of the eligible renewable energy resource electricity for Compliance Period 2, and not less than seventy-five percent (75%) of the eligible renewable energy resource electricity for Compliance Period 3 and every year thereafter, consistent with Public Utilities Code section 399.16(c)(1);

**WHEREAS**, the City's RPS Procurement Plan shall include Content Category 3 Procurement Requirements of not more than twenty-five percent (25%) of the eligible renewable energy resource electricity for Compliance Period 1, not more than fifteen percent (15%) of the eligible renewable energy resource electricity for Compliance Period 2, and not more than ten percent (10%) of the eligible renewable energy resource electricity for Compliance Period 3, consistent with Public Utilities Code section 399.16(c)(2);

**WHEREAS**, the City's RPS Procurement Plan shall include Content Category 2 resources to meet the remaining RPS obligation for any given Compliance Period;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that provides a definition for contract or ownership agreements originally executed prior to June 1, 2010 (Grandfathered Resources) consistent with Public Utilities Code section 399.16(d). Grandfathered Resources shall include any contract or ownership agreement originally executed prior to June 1, 2010 for resources that were RPS eligible under the rules in place when the contract was executed, and for which any subsequent contract amendments or modifications occurring after June 1, 2010 do not increase the nameplate capacity for the facility or expected quantities of annual generation, or substitute a different renewable energy resource; the duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes rules for application of excess procurement (Excess Procurement) of eligible renewable energy resource electricity from one Compliance Period to a subsequent Compliance Period consistent with Public Utilities Code section 399.30(d)(1) and in the same manner as section 399.13(a)(4)(B). Beginning January 1, 2011, Excess Procurement from one Compliance Period may be applied to a subsequent Compliance Period; to determine the quantity of Excess Procurement for the applicable Compliance Period, the City shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration, and shall not include any resources designated as Content Category 3;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that includes conditions for delaying timely compliance consistent with Public Utilities Code section 399.30(d)(2) and section 399.15(b). The City may approve a waiver of timely compliance (Waiver of Timely Compliance) in the event that there is inadequate transmission capacity (§ 399.15(b)(5)(A)), permitting, interconnection, or other factors that delay procurement, or insufficient supply (§ 399.15(b)(5)(B)), unanticipated curtailment are mandated to address needs of the balancing authority (§ 399.15(b)(5)(C)), or related factors existed;

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that establishes procedures to employ in the event of an approval of a Waiver of Timely Compliance, which provisions require the City to establish additional reporting for intervening years to demonstrate that reasonable actions under the City's control are being taken (§ 399.15(b)(6)) and to demonstrate that all reasonable actions within the City's control have been taken to ensure compliance in the future (§ 399.15(b)(7)); in no event shall the deficit from prior compliance periods be added to subsequent compliance periods in the event of a Waiver of Timely Compliance (§ 399.15(b)(9));

**WHEREAS**, the City will adopt and implement an RPS Procurement Plan that establishes procedures that address cost limitations for expenditures on renewable resources (Cost Limitations for Expenditures) consistent with Public Utilities Code section 399.30(d)(3) and section 399.15(c). Cost Limitations for Expenditures shall be applicable to procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard, and shall be based on factors that include, but are not limited to, the most recent renewable energy procurement plan, procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and the potential that some planned resource additions may be delayed or canceled;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(m), the City shall retain discretion over the mix of eligible renewable energy resources procured by the City and those additional generation resources procured by the City for purposes of ensuring resource adequacy and reliability, and the reasonable costs incurred by the City for eligible renewable energy resources owned by it;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(e), the City is required to adopt a program for the enforcement of the RPS program;

**WHEREAS**, pursuant to the provisions of Public Utilities Code section 399.30(e), the City must adopt a program for enforcement of the RPS program on or before January 1, 2012;

**WHEREAS**, the City Council, in compliance with Public Utilities Code section 399.30(e), desires to adopt a program for the enforcement of the RPS program (Interim RPS Program); and,

**WHEREAS**, the City Council, in compliance with Public Utilities Code section 399.30(e), has provided not less than thirty days' notice of the proposed adoption of the Interim RPS Program.

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF ROSEVILLE  
DOES HEREBY RESOLVES AS FOLLOWS:**

1. The City shall have a program for the enforcement of RPS program, which shall include all of the provisions set forth herein and shall be known as the City's "RPS Enforcement Program";
2. The Interim RPS Program shall be effective January 1, 2012;
3. Not less than ten (10) days' advance notice shall be given to the public before any meeting is held to make a substantive change to the Interim RPS Program;
4. Annually, the Director of City's Electric Utility shall cause to be reviewed, the City's RPS Procurement Plan to determine compliance the Interim RPS program;
5. Annual review of the RPS Procurement Plan shall include consideration of each of the following elements:
  - A. By December 31, 2013 (end of Compliance Period 1):
    - Verify that City has met an average of twenty percent (20%) of retail sales with eligible renewable resources from the specified Content Categories for the period January 1, 2011 to December 31, 2013.
    - If targets are not met, the City must:
      - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan,
      - Review the applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan.
  - B. By December 31, 2014:
    - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the RPS Procurement Plan.
  - C. By December 31, 2015:
    - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the RPS Procurement Plan.
  - D. December 31, 2016 (end of Compliance Period 2):
    - Verify that the City has met twenty-five percent (25%) of retail sales with eligible renewable resources from the specified Content Categories for the period ending December 31, 2016;

- If targets are not met, the City must:
  - Review the applicability of applying Excess Procurement from Compliance Period 1 consistent with the provisions of the RPS Procurement Plan,
  - Ensure that any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan,
  - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan.
  
- E. By December 31, 2017:
  - Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan.
  
- F. By December 31, 2018:
  - Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan.
  
- G. By December 31, 2019:
  - Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty three percent (33%) renewable resources electricity, consistent with the RPS Procurement Plan.
  
- H. December 31, 2020 (end of Compliance Period 3), and annually thereafter,
  - Verify that that the City met thirty-three percent (33%) of retail sales with eligible renewable resources from the specified Content Categories, consistent with the RPS Procurement Plan;
  
  - If targets are not met, the City shall direct Roseville Electric to:
    - Review the applicability of applying Excess Procurement from a previous Compliance Period consistent with the provisions of the RPS Procurement Plan,
    - Ensure that any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan,
    - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan.

6. If it is determined that the City has failed to comply with the provisions of its RPS Procurement Plan, the Roseville Electric shall take steps to correct any untimely compliance, including:
  - a. review the City's RPS Procurement Plan to determine what changes, if any, are necessary to ensure compliance in the next Compliance Period;
  - b. report quarterly to the City Council regarding the progress being made toward meeting the compliance obligation for the next Compliance Period;
  - c. report to the City Council regarding the status of meeting subsequent compliance targets, and all steps being taken to ensure that the obligation is timely met.
  
7. Effective Date: This Resolution shall be effective on January 1, 2012.

PASSED AND ADOPTED by the Council of the City of Roseville this \_\_\_\_ day of \_\_\_\_\_, 20 \_\_, by the following vote on roll call:

AYES            COUNCILMEMBERS:  
 NOES            COUNCILMEMBERS:  
 ABSENT        COUNCILMEMBERS:

\_\_\_\_\_  
 MAYOR

ATTEST:  
 \_\_\_\_\_  
 City Clerk