



CITY OF SHASTA LAKE NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN:

that the City Council of the City of Shasta Lake, California will hold a public hearing at the City Council Chambers at 4488 Red Bluff Street, Shasta Lake, California, on Tuesday, December 17, 2013, with the session commencing at 6:00 P.M., or as soon thereafter as possible, to consider adoption of a Resolution approving a renewable energy procurement plan and an enforcement plan in accordance with SBX1-2.

DESCRIPTION:

In 2002, California established its Renewable Portfolio Standard Program, with the goal of increasing the percentage of renewable energy in the state's electricity mix to 20% of retail sales by 2017. In 2006, Senate Bill 107 codified California's 20% by 2010 RPS goal. Publicly owned utilities, like the City of Shasta Lake, set their own RPS goals recognizing the intent of the legislature is to achieve the 20% by 2010 target. In response to SB 107, the City of Shasta Lake adopted policies and practices in an effort to meet a 20% RPS goal.

In April 2011 new legislation, Senate Bill X1-2, was signed by Governor Brown requiring all utilities to meet a 33% Renewable Portfolio Standard (RPS) goal by 2020. By legislative mandate, the City of Shasta Lake must adopt the new RPS goals of an average of 20% of retail sales from renewable resources for the period 2011-2013, 25% by the end of 2016, and 33% by the end of 2020. In order to accomplish this, there must be changes to the City's existing policies and practices. In addition, the City of Shasta Lake is required to provide both a plan for procurement to reach this RPS goal as well as an associated enforcement program, which must be approved by Council and submitted to the California Energy Commission by the end of this calendar year. The purpose of this item is to update and amend the existing policy.

Members of the public may address the City Council regarding the items in this notice. In compliance with the American with Disabilities Act, if you need special assistance to participate in this meeting, please call (530) 275-7407. Notification 48 hours prior to the meeting is requested to enable the City to make reasonable arrangements to ensure accessibility to this meeting.

CONTACT:

Tom Miller
Electric Utility Director
City of Shasta Lake

In the Superior Court of the State of California
in and for the County of Shasta

CERTIFICATE OF PUBLICATION
RECORD SEARCHLIGHT

SHASTA LAKE CITY
PO BOX 777
SHASTA LAKE CA 96019

REFERENCE: 00600080 TONI COATES
6791726 CITY OF SHASTA LAKEN

State of California
County of Shasta

I hereby certify that the Record Searchlight is a newspaper of general circulation within the provisions of the Government Code of the State of California, printed and published in the City of Redding, County of Shasta, State of California; that I am the principal clerk of the printer of said newspaper; that the notice of which the annexed clipping is a true printed copy was published in said newspaper on the following dates, to wit;

PUBLISHED ON: 12/06

FILED ON: 12/06/13

I certify under penalty of perjury that the foregoing is true and correct,
at Redding, California on the above date.

Berge

RECORD SEARCHLIGHT
1101 Twin View Blvd, Redding, CA 96003



CITY OF SHASTA LAKE
NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN:
that the City Council of the City of Shasta Lake, California will hold a public hearing at the City Council Chambers at 4488 Red Bluff Street, Shasta Lake, California, on Tuesday, December 17, 2013, with the session commencing at 8:00 P.M., or as soon thereafter as possible, to consider adoption of a Resolution approving a renewable energy procurement plan and an enforcement plan in accordance with SBX1-2.

DESCRIPTION:
In 2002, California established its Renewable Portfolio Standard Program, with the goal of increasing the percentage of renewable energy in the state's electricity mix to 20% of retail sales by 2017. In 2006, Senate Bill 107 codified California's 20% by 2010 RPS goal. Publicly owned utilities, like the City of Shasta Lake, set their own RPS goals recognizing the intent of the legislature is to achieve the 20% by 2010 target. In response to SB 107, the City of Shasta Lake adopted policies and practices in an effort to meet a 20% RPS goal.

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CONTACT:
Tom Miller
Electric Utility Director
City of Shasta Lake

December 6, 2013

6791726

RESOLUTION CC 13-96

A SHASTA LAKE CITY COUNCIL RESOLUTION APPROVING THE RENEWABLES PORTFOLIO STANDARD (RPS) ENFORCEMENT PROGRAM AND RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN; ATTACHMENTS A & B

WHEREAS, the Renewable Portfolio Standard (RPS) and Enforcement Plans were last updated by staff and Council on December 12, 2011; and

WHEREAS, due to new legislation, Senate Bill X 1-2 signed by Governor Brown, utilities are now required to meet a 33% Renewable Portfolio Standard (RPS) goal by the year 2020; and

WHEREAS, by legislative mandate, the City of Shasta Lake must adopt the new RPS goals of an average of 20% of retail sales from renewable resources for the period 2011-2013, 25% by the end of 2016, and 33% by the end of 2020; and

WHEREAS, staff has revised the existing policies with guidance from the California Energy Commission's Renewable Portfolio Standards Eligibility Commission Guide Book.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Shasta Lake approves attachments A and B, Renewables Portfolio Standard (RPS) Enforcement Program and Renewable Energy Resources Procurement Plan to comply with Senate Bill X 1-2.

PASSED, APPROVED, AND ADOPTED this 17th day of December 2013, by the following vote:

AYES: CHAPMAN-SIFERS, DIXON, FARR, WATKINS, MORGAN
NOES: NONE
ABSENT: NONE



PAMELYN MORGAN, Mayor

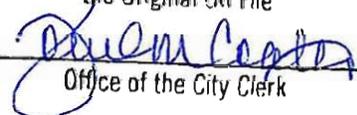
ATTEST:



TONI M. COATES, CMC, City Clerk

I Certify That This is a True
and Correct Copy of
the Original On File

By: _____



Office of the City Clerk



CITY OF SHASTA LAKE
CITY COUNCIL MEETING MINUTES

MINUTES OF THE REGULAR MEETING
HELD TUESDAY, DECEMBER 17, 2013 AT THE
CITY COUNCIL CHAMBERS, 4488 RED BLUFF ST, SHASTA LAKE, CALIFORNIA

1.0 CITY COUNCIL MEETING - 6:00 p.m.

Mayor Morgan called the meeting to order at 6:00 p.m.

Council Members present: Chapman-Sifers, Dixon Farr, Morgan, Watkins

Council Members absent: None

2.0 AWARDS AND RECOGNITIONS

3.0 COMMUNICATIONS

3.1 Presentations:

Council Member Chapman-Sifers presented a Certificate of Appreciation to Central Valley Feed for their community support and hosting of the pet adoption event.

3.2 Public Comment Period:

3.3 Commission and Committee Reports:

4.0 CONSENT AGENDA

4.1 Acceptance of the regular meeting minutes of December 3, 2013.

4.2 Resolution CC13-95 authorizing the County of Shasta to submit to the California Department of Resources Recycling and Recovery a beverage container recycling and litter reduction fund application for fiscal year 2013/2014 funding cycle.

4.3 Check Register Information Item
11/21/2013 Wires 1576-1578 & Checks 50766-50837, \$1,231,796.72
11/29/2013 Payroll \$115,737.88
Total: \$1,347,534.60

Motion/Vote

By motion made/seconded (Watkins/Farr), and carried, the consent agenda was approved.

5.0 PUBLIC HEARINGS:

Public Hearing, discussion, and possible action for the adoption of a Resolution approving the Renewable Energy Procurement Plan and Enforcement Plan in accordance with SBX1-2.

Motion/Vote

By motion made/seconded (Farr/Chapman-Sifers), and carried, Resolution CC13-96 was approved as amended.

6.0 REGULAR AGENDA

6.0 Electric Utility Director's Staff Report - Purchase Power Arrangements for 2014.

6.1 Discussion and possible action on a Resolution approving an increase in the cleaning deposit for rental of the John Beaudet Community Center from \$150 to \$500 for events at which alcohol is served.

Motion/Vote

By motion made/seconded (Watkins/Chapman-Sifers), and carried, Resolution CC13-97 was approved.

6.2 a) Discussion and possible action on a Resolution of the City Council approving the Successor Agency of the Redevelopment Agency's Long Range Property Management Plan.

Motion/Vote

By motion made/seconded (Watkins/Dixon), and carried, Resolution CC13-98 was approved.

b) Possible action on a Resolution of the Successor Agency of the Shasta Lake Redevelopment Agency approving the Long Range Property Management Plan as revised December 2, 2013.

Motion/Vote

By motion made/seconded (Chapman-Watkins), and carried, Resolution CC13-99 was approved.

6.3 Mayor Morgan made/confirmed the following appointments:

- Finance Committee – Morgan and Watkins
- Check Register Review – Morgan and Chapman-Sifers
- Public Facilities Committee – Watkins and Chapman-Sifers
- Public Safety Committee - Morgan
- Local Agency Formation Organization (LAFCO) - Farr
- Mayor's City Select Committee - Morgan
- Redding Area Bus Authority (RABA) – Dixon and Chapman-Sifers (alternate)
- Redding Area Water Council & NSVIRWVG - Farr
- Shasta Regional Transportation Agency (SRTA) – Watkins and Morgan (alternate)
- Department of Housing and Community Action – Chapman-Sifers
- Shasta County Area Commission on Aging - Dixon

2 + 2 with Gateway Unified School District – Morgan and Chapman-Sifers (alternate)
Youth Violence Prevention Council – Chapman-Sifers
Medical Marijuana Committee – Farr and Chapman-Sifers

7.0 COUNCIL/STAFF REPORTS/COMMENTS

7.1 Staff Comments

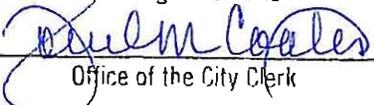
7.2 Council Comments/Reports:

8.0 ADJOURNMENT

With no further business to come before the City Council, Mayor Morgan adjourned the meeting at 7:55 pm.



TONI M. COATES, CMC
City Clerk

I Certify That This is a True
and Correct Copy of
the Original On File
By: 

Office of the City Clerk



Report and Recommendations
Reviewed and Approved

X.X

City Manager

AGENDA ITEM
City Council Meeting

TO: John N. Duckett, Jr., City Manager
FROM: Tom Miller, Electric Utility Director
DATE: December 10, 2013
SUBJECT: Renewable Portfolio Standard (RPS) and Enforcement Plans
FILE #:

SUMMARY:

Staff recommends that City Council update the City's Renewable Portfolio (RPS) and Enforcement Plan policies. These policies were last updated by staff and Council on December 12, 2011.

BACKGROUND:

In 2002, California established its Renewable Portfolio Standard Program, with the goal of increasing the percentage of renewable energy in the state's electricity mix to 20% of retail sales by 2017. In 2006, Senate Bill 107 codified California's 20% by 2010 RPS goal. Publicly owned utilities (POU), like the City of Shasta Lake, set their own RPS goals recognizing the intent of the legislature is to achieve the 20% by 2010 target. In response to SB 107, the City of Shasta Lake adopted policies and practices in an effort to meet a 20% RPS goal.

In April 2011, new legislation Senate Bill X1-2 was signed by Governor Brown requiring all utilities to meet a 33% Renewable Portfolio Standard (RPS) goal by 2020. By legislative mandate, the City of Shasta Lake must adopt the new RPS goals of an average of 20% of retail sales from renewable resources for the period 2011-2013, 25% by the end of 2016, and 33% by the end of 2020. The City of Shasta Lake is required to provide both a plan for procurement to reach this RPS goal as well as an associated enforcement program, which must be approved by Council and submitted to the California Energy Commission (CEC).

In April 2013, the CEC published the seventh edition of the Renewable Portfolio Standards Eligibility Commission Guide Book. This latest edition provided clarification and insight for POU's renewable portfolio compliance and establishing financial constraints for enforcement activities. It is staff's desire to refine the City's existing policies and update according to the last CEC guidance.

FISCAL IMPACTS:

ATTACHMENTS:

Renewable Portfolio Standard Policy
Enforcement Plan Policy

DISTRIBUTION:

Attachment A
Renewables Portfolio Standard Enforcement Program

This Enforcement Program shall apply to the City of Shasta Lake (“City”) and shall, in conjunction with the City’s Renewable Energy Resources Procurement Plan, replace Resolution CC 11-85.

Section 1: Definitions

The definitions set forth in Public Resources Code (“PRC”) § 25741 and Public Utilities Code (“PUC”) § 399.12 are incorporated herein. Capitalized terms in this RPS Enforcement Program, as first identified in parentheses, shall have the meaning given to such term in the body of this RPS Enforcement Program.

The following definitions shall also apply to the City’s RPS Enforcement Program:

CPUC: The California Public Utilities Commission.

Energy Commission: The State Energy Resources Conservation and Development Commission.

City Council: The regulatory authority for the City.

Renewable Energy Resources: An electrical generating facility or electricity product that complies with the requirements of PUC §§ 399.12(e), 399.12(h), or 399.16(d).

Renewable Energy Resources Procurement Plan: The plan adopted by the City Council pursuant to PUC § 399.30.

RPS Regulations: The Energy Commission’s “Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities,” as adopted on June 12, 2013, and effective as of October 1, 2013.

Section 2: Compliance Periods

The City Council adopts the following compliance periods as required by PUC § 399.30(b):

Compliance Period One: January 1, 2011 through December 31, 2013

Compliance Period Two: January 1, 2014 through December 31, 2016

Compliance Period Three: January 1, 2017 through December 31, 2020

Section 3: Renewable Energy Resources Procurement Targets

The City Council adopts the following Renewable Energy Resources Procurement Targets as a percentage of retail sales, pursuant to PUC § 399.30(c)(1)-(2):

Compliance Period One:

An average of 20% Renewable Energy Resources procurement for the period of January 1, 2011 through December 31, 2013.

Compliance Period Two:

By December 31, 2016: 25% Renewable Energy Resources procurement.

Compliance Period Three:

By December 31, 2020: 33% Renewable Energy Resources procurement.

Section 4: Procurement Content Categories

The Electric Utility Director shall assign all RPS-eligible resources procured by the City to their appropriate procurement content category in accordance with the provisions of PUC § 399.30(c)(3), consistent with PUC § 399.16.

Section 5: Grandfathering of Procurement Content Category Requirements

The Electric Utility Director of the City shall count all resources meeting the requirements of PUC § 399.16(d) in full towards the procurement requirements set forth in the City's RPS Enforcement Program, if all of the following conditions are met: (1) the renewable energy resource was eligible under the rules in place as of the date when the contract was executed; and (2) 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; provided that the duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.

Section 6: Delay of Timely Compliance

The City Council may adopt measures permitting the City to delay timely compliance with the requirements of this enforcement program pursuant to PUC § 399.30(c)(2), consistent with the requirements of PUC § 399.15(b)(5).

Section 7: Banking Rules

The City Council may adopt measures permitting the City to accumulate, beginning January 1, 2011, excess procurement in one compliance period to be applied to any subsequent compliance

period provided that the quantity of excess procurement is determined in the same manner as allowed for retail sellers pursuant to PUC § 399.13(a)(4)(B), consistent with Section (a)(1)(E) of the Energy Commission's RPS Regulations.

Section 8: Cost Limitations

The City Council may establish a limitation on the procurement expenditures for all Renewable Energy Resources used to comply with this enforcement program. In establishing such limit, the City Council shall rely on elements consistent with PUC § 399.15(c)(1)-(3). The Electric Utility Director may include a cost limitation value in the Renewable Energy Resources Procurement Plan. This cost limitation value shall be updated on a periodic basis.

Section 9: Renewable Energy Resources Procurement Plan

The City Council expressly directs the Electric Utility Director to present a Renewable Energy Resources Procurement Plan to the City Council, in compliance with PUC § 399.30(a). As necessary, the Electric Utility Director shall present an updated Renewable Energy Resources Procurement Plan to the City Council. The City Council staff shall post a public notice whenever the City Council will deliberate in public on the Renewable Energy Resources Procurement Plan. The City Council staff shall also provide data annually to the Energy Commission and to report annually to the City customers and the Energy Commission in accordance with PUC § 399.30.

Section 10: Enforcement

The City Council directs the Electric Utility Director to inform the City Council at a public meeting in the event that City will not meet the procurement requirements set out in Section 4 above, subject to flexible compliance mechanisms of Sections 6, 7, and 8. The Electric Utility Director shall develop and present a plan to bring City into compliance.

Attachment B
Renewable Energy Resources Procurement Plan

This Renewable Energy Resources Procurement Plan (“RPS Procurement Plan”) shall apply to the City Shasta Lake (“City”) and shall, in conjunction with the City’s Renewables Portfolio Standard Enforcement Program, replace Resolution CC 11-85.

Section 1: Purpose

This document comprises the City’s RPS Procurement Plan. This RPS Procurement Plan describes how the City will achieve its RPS procurement requirements in compliance with the Renewables Portfolio Standard Program, as codified in the California Public Utilities Code (PUC) §§ 399.11-399.31, and with the Energy Commission’s RPS Regulations.

Section 2: Definitions

The definitions set forth in Public Resources Code (“PRC”) § 25741, Public Utilities Code PUC § 399.12, and the City’s RPS Enforcement Program are incorporated herein. Capitalized terms in this RPS Procurement Plan, as first identified in parentheses, shall have the meaning given to such term in the body of this RPS Procurement Plan.

Section 3: Adoption of the RPS Enforcement Program

As required by PUC § 399.30, the City Council adopted an RPS policy that included both a program for the enforcement of the Renewables Portfolio Standard and a RPS procurement plan on December 13, 2011, through Resolution CC 11-85. In conjunction with the adoption of this updated Procurement Plan, the City adopts an updated RPS Enforcement Program. Together, these documents replace Resolution CC 11-85.

Section 4: Specified RPS Procurement Targets

In the RPS Enforcement Program, the City Council adopted general RPS procurement targets for each of the three compliance periods. Pursuant to PUC § 399.30(b) and (c), the City Council adopts and further specifies the RPS procurement targets, as follows:

Compliance Period 1

For the three-year period beginning January 1, 2011 and ending December 31, 2013, the City shall procure sufficient RPS-eligible resources to equal an average of 20 percent of retail sales. The City shall not be required to procure a specific quantity of RPS-eligible resources in any individual year during this compliance period.

Compliance Period 2

For the three-year period beginning January 1, 2014 and ending December 31, 2016, the City shall procure sufficient RPS-eligible resources to equal the sum of the following: (20 percent of 2014 retail sales) + (20 percent of 2015 retail sales) + (25 percent of 2016 retail sales). The City shall not be required to procure a specific quantity of RPS-eligible resources in any individual year during this compliance period.

Compliance Period 3

For the four-year period beginning January 1, 2017 and ending December 31, 2020, the City shall procure sufficient RPS-eligible resources to equal the sum of the following: (27 percent of 2017 retail sales) + (29 percent of 2018 retail sales) + (31 percent of 2019 retail sales) + (33 percent of 2020 retail sales). The City shall not be required to procure a specific quantity of RPS-eligible resources in any individual year during this compliance period.

Subsequent Annual Compliance Periods

For each subsequent annual compliance period, the City shall procure sufficient RPS-eligible resources to equal an average of 33 percent of retail sales.

Section 5: RPS Procurement Requirements

PUC § 399.30(c)(3), consistent with PUC § 399.16, as implemented by the Energy Commission's RPS Regulations specifies certain procurement requirements that are applicable to "electricity products," which refers to either: (1) electricity and the associated renewable energy credit ("REC") generated by an eligible renewable energy resource; or (2) an unbundled REC.

A. Procurement Associated with Pre-June 2010 Contracts and Ownership Agreements

Pursuant to PUC § 399.16(d), electricity products associated with contracts or ownership agreements that were executed prior to June 1, 2010 and which met certain specified eligibility requirements, must count toward the POU's RPS Procurement Targets without regard to the portfolio content categories ("PCCs").

B. Procurement Associated with Post June 2010 Contracts and Ownership Agreements

Pursuant to PUC § 399.16(b)-(c), as implemented by the Energy Commission's RPS Regulations, electricity products associated with contracts or ownership agreements that were executed after June 1, 2010 must be classified into the following three PCCs:

- PCC1: Electricity products that are procured as bundled and that are associated with an eligible renewable energy resource that either: (1) has its first point of interconnection within a California balancing authority ("BA"); (2) has its first point of interconnection to a distribution system used to serve end users within a California BA; (3) is scheduled into a California BA without substituting electricity

from another source; or (4) is dynamically transferred into a California BA.

PCC2: Electricity products that are procured as bundled and that are associated with an eligible renewable energy resource that is located within the WECC but outside of a California BA, and for which the renewable energy is matched with an equal amount of incremental energy that is scheduled into a California BA.

PCC3: All electricity products that are associated with eligible renewable energy resources, but that do not meet the definition of PCC1 or PCC2.

C. Portfolio Balance Requirements Applicable to Procurement Associated with Post-June 2010 Contracts and Ownership Agreements

Pursuant to PUC § 399.16(c), as implemented by the Energy Commission’s RPS Regulations, the following portfolio balance requirements are applicable to all electricity products that are credited towards the RPS Procurement Quantity Requirements that are associated with contracts or ownership agreements executed after June 1, 2010:

	Compliance Period 1	Compliance Period 2	Compliance Period 3	Subsequent Annual
PCC1	= 50%	= 65%	= 75%	= 75%
PCC2	No Limitation	No Limitation	No Limitation	No Limitation
PCC3	= 25%	= 15%	= 10%	= 10%

Section 6: Forecast of Retail Sales and RPS Compliance Obligations

Compliance Period 1

January 1, 2011 – December 31, 2013

	2011	2012	2013	Total
Actual/Forecasted Retail Sales (MWh)	176,989	177,813	180,000	534,802
RPS Procurement Obligation (% of total)				20%
RPS Procurement Obligation (MWh)				106,960

Compliance Period 2

January 1, 2013 – December 31, 2016

	2014	2015	2016	Total
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Forecasted Retail Sales (MWh)	171,250	182,590	183,959	537,799
RPS Procurement Obligation (% of total)	20%	20%	25%	
RPS Procurement Obligation (MWh)				116,758

Compliance Period 3
January 1, 2017 – December 31, 2020

	2017	2018	2019	2020	Total
Forecasted Retail Sales (MWh)	185,357	176,785	188,244	189,734	740,120
RPS Procurement Obligation (% of total)	27%	29%	31%	33%	
RPS Procurement Obligation (MWh)					222,282

Section 7: RPS Procurement

A. RPS Contracts Executed Prior to June 1, 2010

The City entered into various contracts prior to June 1, 2010 that are eligible renewable resources and that meet the requirements specified in PUC § 399.16(d). These contracts are summarized in the following table:

Counter Party	Resource Name	Tech. Type	Execution Date	Term	CP1 Forecasted Generation
Western Area Power Administration	Central Valley Project	Small Hydro	Nov. 14, 2000	25 years	2,143 MWh
City of Redding	Whiskeytown Small Hydro	Small Hydro	Aug. 21, 2007	10 year	52,608 MWh

B. RPS Contracts Executed After to June 1, 2010

In a good faith attempt to comply with the requirements of the RPS, the City entered into a contract for unbundled RECs to cover a portion of its Compliance Period 1 obligations. Unbundled RECs are the most cost effective and administratively simple mechanism for procuring renewable generation.

Counter Party	Resource Name	Tech. Type	Execution Date	Term	CP1 Forecasted Generation
3Degrees Group Inc.	White Creek Wind 1, WA	RECs - Wind	Nov. 10, 2011	1 year	25,000 MWh
Karbone, Inc	Biomass One, LP, OR	RECs - Biomass	May 21, 2013	1 year	25,000 MWh

C. Planned RPS Procurement

The City is currently seeking out additional renewable energy contracts and fully expects that it will secure sufficient resources to meet its Compliance Period 2 procurement quantity targets.

Section 8: Banking Rules

Pursuant to PUC § 399.30(d)(1), and consistent with Section 8 of the RPS Enforcement Program, the City Council adopts the following rules for excess procurement:

- A. The City may apply excess procurement in one compliance period to a subsequent compliance period, subject to the following limitations:
 - 1. Electricity products that exceed the maximum limit for PCC3, as specified in PUC § 399.16(c), must be subtracted from the calculation of excess procurement.
 - 2. Electricity products procured under contracts of less than 10 years in duration shall be subtracted from the calculation of excess procurement, unless the electricity product meets the grandfathering requirements of PUC § 399.16(d).
- B. The City may begin accruing excess procurement as of January 1, 2011.
- C. Excess procurement meeting these requirements may be applied to any future compliance period and shall not expire.

Section 9: Delay of Timely Compliance

Pursuant to the authority granted to the City Council by PUC § 399.30(d)(2) to adopt conditions that allow for delaying timely compliance consistent with PUC § 399.15, and consistent with Section 3206(a)(2) of the CEC Regulations, the City Council adopts the following rule:

- A. Enforcement of timely compliance shall be waived if the City Council makes a finding that a condition beyond the City's control will prevent timely compliance, and City would have met its RPS procurement requirements but for the cause of delay. Such a finding shall be limited to one of the following conditions:

1. **Inadequate Transmission Capacity:** The City Council interprets this to mean the inability to bring eligible renewable resources into the control area due to transmission limitations. This includes instance where transmission outages may prevent renewable energy from entering into the market.

2. **Permitting, interconnection, or other circumstances that delay procured renewable energy resource projects or insufficient supply of eligible renewable energy resources:** The City Council interprets this to include, but not be limited to, the following examples:
 - a. **Development:** The renewable resource developers' inability to obtain financing, permits, lack interconnection abilities, or rights to build the project. This also includes the utilities inability to provide financing for a project.

 - b. **Operation:** Any unforeseen circumstances preventing the renewable resource from being developed or delaying output. This includes outages at the renewable energy facility. For example, if there is a drought, transmission outages or facility outages will prevent resources from delivering energy into the control area.

 - c. **Regulatory Delays:** Instances where state agencies delay timely requests, by the City, for registering renewable resources, certifying renewable resources, and accepting renewable resources into its renewable portfolio. In addition, these also include changes to state mandates, which may lead to a delay in compliance.

3. **Unanticipated curtailment to address needs of a balancing authority:** The City Council interprets this to include the Balancing Authority of Northern California (BANC) directing a renewable resource to modify their energy obligations, due to the needs of the balancing authority. This may cause the City to be short of compliance for a certain period. The City Council has the authority to waive the City's compliance for these types of situations.

Section 10: Adoption of Cost Limitation

A. Cost Limitation Rule

Pursuant to PUC § 399.30(d)(3), and consistent with Section 9 of the RPS Enforcement Program, the City Council shall rely on the following information to establish a limitation on the procurement expenditures for all RPS-eligible resources:

1. The information contained in this RPS Procurement Plan.

2. Procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources.
3. The potential that some planned resource additions may be delayed or canceled.

In developing the cost limitation, the City Council shall ensure that:

1. The limitation is set at a level that prevents disproportionate rate impacts.
2. The costs of all procurement credited toward achieving the renewables portfolio standard are counted towards the limitation.
3. Procurement expenditures do not include any indirect expenses, including imbalance energy charges, sale of excess energy, decreased generation from existing resources, transmission upgrades, or the costs associated with relicensing any utility-owned hydroelectric facilities.

If the cost limitation is insufficient to support the projected costs of meeting the City’s RPS targets, as specified in Section 6 above, the City may refrain from executing any further contracts for eligible renewable energy resources.

B. Procurement Expenditures Counted Towards the City’s Cost Limitation

The City shall count towards its cost limitation all direct costs associated with the procurement of electricity products pursuant to the contracts identified in Section 7 above. For a bundled contract, this includes the dollars per MWh price associated with the procurement of electricity and the associated REC, as identified in the contract. For an unbundled contract, this includes the dollars per REC price, as identified in the contract.

C. Relevant Factors

To determine what cost limitation is necessary to prevent disproportionate rate impacts, the City Council has considered the following factors:

1. **Local Economy:** Shasta County suffers from chronically high unemployment, exceeding the state average by a significant amount in each of the last five years:

		2008	2009	2010	2011	2012
Unemployment Rate	Shasta	10.0%	14.6%	15.8%	14.9%	13.4% ¹
	State	7.2%	11.3%	12.4%	11.8%	10.5%

According to the 2010 Census Shasta Lake has a population of approximately 10,081. Additionally, the Census also reveals the median

¹ Based on data obtained from the California Employment Development Department website: <http://www.labormarketinfo.edd.ca.gov/>.

household income in Shasta Lake is \$43,895, compared to the state average of \$61,632. Shasta Lake by most State and Federal definitions is considered a “Disadvantaged Community” with a median household income less than 80 percent of the statewide average.

Due to the local economy, the City’s ratepayers are disproportionately impacted by increases in electric rates both because high rates threaten the viability of local businesses and because economically vulnerable ratepayers are impacted to a greater degree by increased electric rates.

2. **Customer Base:** Unlike most other POUs in the state, the City does not have a diversified customer base. Instead, the City has a single industrial customer that accounts for over half of all retail sales. The remainder of the City’s customers are primarily residential customers. The nature of the City’s customer base limits the City’s flexibility in allocating rate increases across the City’s customers.
3. **Financial Stability:** In 2011, Moody’s Investor Service downgraded the City of Shasta Lake’s Electric Enterprise revenue debt rating from A3 to A2. In response, the City has undertaken many steps to improve its financial situation, including implementing strict expenditure reductions and adopting multiple rate increases. The City adopted an 8.17% rate increase, effective April 15, 2011, a 4.9% rate increase, effective in March 2013, a 3.2% rate increase effective January 2014. In light of these recent rate increases, additional increases in rates will disproportionately impact the City’s customers.
4. **Utility Size:** The City is one of the smallest POUs in the state. The City’s retail sales are less than .1% of the retail sales of the Los Angeles Department of Water and Power (“LADWP”), the state’s largest municipal electric utility. The small size of the City poses additional challenges due to both the administrative burden of complying with the complex RPS regulations and limited options for developing or contracting for renewable generation.

D. Relevant Findings

In light of the factors considered above, the City Council makes the following findings regarding the necessary structure and methodology to set the cost limitation at a level that avoids disproportionate rate impacts:

1. The City’s cost limitation must be set at a level that avoids further harm to the local economy.
2. Due to the County’s high unemployment rate, the City’s cost limitation must be set at a level that avoids harm to local businesses and limits further harm to economically vulnerable customers.

3. The City's cost limitation must be structured so that it does not overly burden any one customer class.
4. The City's cost limitation must be set at a level that avoids any long-term threat to the City's financial stability and allows the City to continue its current actions to improve the City's financial situation.
5. The City's cost limitation must consider the compound effect that any increase in rates associated with the procurement of renewables would have when considering recent and future planned existing rate increases necessary to meet the City's fiscal goals.

D. Adoption of Methodology for Calculating Cost Limitation

In reliance on the information, factors, and findings specified above, the City Council determines that in order to avoid disproportionate rate impacts for Compliance Period 1:

1. The per kWh cost of any individual RPS procurement cannot exceed 200% of the price of the City's Western Area Base Resource Allocation as measured over an annual period.
2. RPS Procurement Expenditures shall not exceed 10% of gross annual retail sales.

If the Electric Utility Director anticipates that the City's RPS procurement expenditures may exceed the cost limitation Amount specific above, the Electric Utility Director shall:

1. Notify the City Manager and City Council that the City's cost limitation may be reached.
2. Identify actions that the City should take in response to RPS procurement expenditures exceeding the cost limitation.

E. Adoption of Cost Limitation for Compliance Period 1

Pursuant to the methodology for calculating the cost limitation, established above, the cost limitation for Compliance Period 1 is determined to be \$4.5 million. For the first compliance period, the City is not obligated to expend any funds on RPS procurement in excess of the amount identified.

Based on City's actual and forecasted procurement expenditures for Compliance Period 1, the Electric Utility Director has determined that the City's RPS procurement expenditures have already exceeded the cost limitation amount identified above. Therefore, the City has no further obligation to procure renewable resources for purposes of meeting the Compliance Period 1 obligations.

Consistent with the recommendation of the Electric Utility Manager, the City Council directs the City to take the following action in response to RPS procurement expenditures exceeding the cost limitation:

1. Pursue and execute additional contracts for renewable energy resources at a cost that does not result in disproportionate rate impacts to the City's customers.
2. Evaluate whether City-owned renewable energy resources can be developed at a cost that does not result in disproportionate rate impacts to the City's customers.