

RESOLUTION NO. 11-236

**A RESOLUTION OF THE COUNCIL OF THE CITY OF GLENDALE,
CALIFORNIA ADOPTING AND IMPLEMENTING GLENDALE'S RENEWABLES
PORTFOLIO STANDARDS ENFORCEMENT PROGRAM AND AMENDING
GLENDALE WATER & POWER'S 2003 RENEWABLES PORTFOLIO STANDARD**

WHEREAS, on December 16, 2003, the Glendale City Council adopted a Renewable Portfolios Standard for the City of Glendale, wherein the City set a target that 20% of its retail electric energy sales would include eligible renewable resources by the year 2017, and that, to the extent the City succeeded in obtaining renewable resources at reasonable cost, the City would increase its goal to 23% (the "2003 RPS Standard"); and

WHEREAS, the California Renewable Energy Resources Act, Senate Bill 2 (1st Extraordinary Session) ("SBX1 2") will become effective December 10, 2011 and will require Publicly Owned Utilities ("POUs") including the City of Glendale, to adopt and implement a renewable energy resource enforcement program and a procurement plan that requires the City to procure specified minimum quantities of eligible renewable energy resources over certain periods; and

WHEREAS, the renewable procurement requirements and milestone dates set forth in SBX 1 2 differ from the 2003 RPS Standard, and therefore require modification of the 2003 RPS Standard; and

WHEREAS, SBX1 2 requires the Glendale City Council, as the City's governing board, to adopt and implement a Renewables Portfolio Standards Enforcement Program; and

WHEREAS, SBX1 2 requires the Glendale City Council, as the City's governing board, to ensure that the amount of eligible renewable energy resources to be procured by the City for the period from January 1, 2011 to December 31, 2013 is equal to an average of 20% of retail sales; and that the City makes reasonable progress to ensure the procurement of eligible renewable energy resources achieves 25% of retail sales by December 31, 2016, and 33% of retail sales by December 31, 2020 and in all subsequent years; and

WHEREAS, SBX1 2 authorizes the City Council, as the City's governing board, to adopt cost limitations for procurement expenditures of renewable energy resources at levels that avoid disproportionate rate impacts, and further allows for the delay of timely compliance under certain circumstances, including lack of eligible renewable energy resources;

WHEREAS, on November 3, 2011, the City provided public notice of the City Council's consideration of the proposed RPS Enforcement Program and amendments to its 2003 RPS *via* the City of Glendale and Glendale Water & Power websites and by posting notice on the bulletin board outside City Hall. Notice of the meeting and links to the online notices were also provided to the CEC for publication on its website; and

WHEREAS, the December 6, 2011 the City Council held a public meeting wherein it considered the proposed RPS Enforcement Program and amendments to the 2003 RPS Program and the comments of any interested parties.

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NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF GLENDALE:

SECTION 1. The 2003 RPS Program is hereby amended to meet the requirements of SBX1 2 as set forth in Attachment A hereto, which is incorporated herein.

SECTION 2. A program for the enforcement of the applicable requirements of SBX1 2 is hereby adopted and implemented for the City of Glendale, as follows:

- (A) **Definitions.** The definitions set forth in Exhibit A hereto are incorporated herein.
- (B) **RPS Compliance Periods and Targets.** As required by sections 399.30(b) and (c)(1)-(2) of the California Public Utilities Code ("PUC"), the City Council adopts the following renewable energy resource procurement goals as a percentage of retail sales, for the compliance periods set forth below:

<u>Compliance Period One:</u>	Beginning with the later of January 1, 2011, or the effective date of PUC 399.30 and ending December 31, 2013.	An average of 20% RPS-eligible resource procurement for the compliance period.
<u>Compliance Period Two:</u>	By December 31, 2016 By January 1, 2014 through December 31, 2016	25% RPS-eligible resource procurement. Sufficient procurement to reflect reasonable progress to ensure the 25% goal is achieved.
<u>Compliance Period Three:</u>	By December 31, 2020 January 1, 2017 through December 31, 2020	33% RPS-eligible resource procurement. Sufficient procurement to reflect reasonable progress to ensure the 33% goal is achieved.

(C) **Deviation from Procurement Content Category Requirements**

The City Council may waive or reduce a procurement content requirement to the extent that GWP demonstrates and the City Council finds that it cannot comply with such requirement because of any of the following:

- (a) Conditions beyond the control of the City due to any one of the conditions set forth in PUC section 399.15(b)(5); or
- (b) Other conditions adopted by the City Council based on facts reasonably found by the City Council to be consistent with the intent of PUC sections 399.15(b)(5) or 399.16.

(D) Deviation from Compliance Timelines

Pursuant to PUC section 399.30(c)(2), the City Council may permit the City to delay timely compliance with procurement deadlines, where consistent with PUC section 399.15(b)(5) or other conditions or facts reasonably found by the City Council to be consistent with the intent of PUC section 399.15(b)(5).

(E) Banking Rules

The City Council may adopt measures permitting the City to accumulate excess procurement in one compliance period to be applied to any subsequent compliance period, provided that the quantity of excess procurement is determined in a manner consistent with PUC section 399.13(a)(4)(B).

(F) Cost Limitations

The City Council may establish limits on the procurement expenditures for all RPS-eligible resources used to comply with RPS procurement requirements. Any such limitations shall be based on elements consistent with PUC section 399.15(c)(1)-(3) and with policies and rules established by the City Council, including rate regulation and existing bond covenants. The cost limitation value, if adopted, shall be incorporated into Attachment A hereto as an amendment.

(G) Enforcement and Reporting RPS Performance

1. The City Council directs the City Manager and the General Manager of GWP to ensure that the City is compliant with the requirements of SBX1 2, as applicable to the City.

2. The City Council directs the City Manager or his/her duly authorized designee to inform the City Council at a public meeting in the event that the City will not meet the procurement requirements set forth above, subject to the flexible compliance mechanisms described herein or in Attachment A hereto, or as otherwise permitted by SBX1 2. As soon as reasonably practicable following his/her informing the City Council, the City Manager or his/her duly authorized designee shall develop and present a plan to bring the City into compliance.

3. The City Council directs the General Manager of GWP to annually provide data to the City Council, its customers and to the CEC regarding compliance with the RPS procurement requirements, as required by PUC section 399.30.

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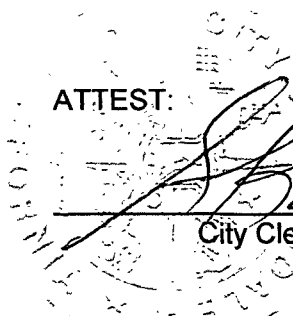

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SECTION 3. Except for matters specifically reserved under SBX1 2 for action by the City Council, as governing board of the City, the General Manager of GWP is authorized and directed to do and perform all acts required herein to fulfill obligations applicable to the City under SBX1 2.

Adopted this 6th day of December 2011.



Mayor

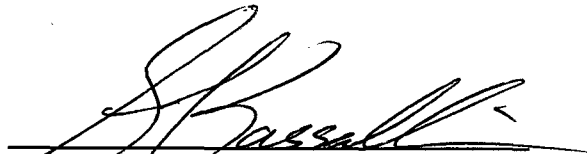
ATTEST:



City Clerk


STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF GLENDALE)

I, Ardashes Kassakhian, City Clerk of the City of Glendale, hereby certify that the foregoing Resolution No. 11-236 was adopted by the Council of the City of Glendale, California, at a regular meeting held on the 6th day of Dec., 2011 and that the same was adopted by the following vote:

Ayes: Manoukian, Najarian, Quintero, Weaver, Friedman
Noes: None
Absent: None
Abstain: None



City Clerk

APPROVED AS TO FORM


Senior Assistant City Attorney
Date: 12-1-11

Attachment A

Glendale Water & Power Renewables Portfolio Standard

This Glendale Water & Power Renewables Portfolio Standard (RPS Program), effective December 6, 2011, amends the Glendale Water & Power Renewables Portfolio Standard adopted by the City Council on December 16, 2003 (the 2003 RPS Standard). The RPS Program shall apply to the City of Glendale, operating through its utility department, Glendale Water & Power (GWP).

Objectives

Broadly, GWP's object is to reliably meet Glendale's electric energy needs at stable and reasonable rates in an environmentally sensitive manner. This objective is effectuated through an integrated resource plan that incorporates thermal resources, short-term purchases, and demand-side management programs in addition to renewable resources.

Specific objectives include:

- Meet the State mandate to encourage renewable resources
- Obtain a diverse portfolio of cost-effective renewable resources
- Develop local renewable resources
- Minimize adverse impact of acquiring new renewable energy resources on customer electric rates

Definitions

All references to Public Resources Code (PRC) and Public Utilities Code (PUC) sections are to those sections as amended by the provisions of the California Renewable Energy Resources Act, Senate Bill 2 (1st Extraordinary Session) (SBX1 2).

The definitions set forth in PRC 25741 and PUC 399.12 are incorporated herein.

"CEC" refers to the State Energy Resources Conservation and Development Commission.

Qualified Renewable Resources

Qualified renewable resources shall be those that qualify as renewable resources under SBX1 2 and implementing regulations, as may be enacted and amended from time to time.

RPS Compliance Periods and Targets

As required by PUC 399.30(b) and (c)(1)-(2), the City Council adopts the following renewable energy resource procurement goals as a percentage of retail sales, for the compliance periods set forth below:

<u>Compliance Period One:</u>	Beginning with the later of January 1, 2011, or the effective date of PUC 399.30 and ending December 31, 2013.	An average of 20% RPS-eligible resource procurement for the compliance period.
<u>Compliance Period Two:</u>	By December 31, 2016 By January 1, 2014 through December 31, 2016	25% RPS-eligible resource procurement. Sufficient procurement to reflect reasonable progress to ensure the 25% goal is achieved.
<u>Compliance Period Three:</u>	By December 31, 2020 January 1, 2017 through December 31, 2020	33% RPS-eligible resource procurement. Sufficient procurement to reflect reasonable progress to ensure the 33% goal is achieved.

Procurement Content Categories

The General Manager of GWP shall assign all RPS-eligible resources procured by the City to their appropriate procurement category in accordance with the provisions of PUC section 399.30(c)(3), consistent with PUC section 399.16.

Grandfathering of Procurement Content Category Requirements

The General Manager of GWP shall count all resources meeting the requirements of PUC section 399.16(D) in full toward the procurement requirements set forth in this RPS Program, if all of the following conditions are met:

- (a) the renewable energy resource was eligible under the rules in place as of the date when the contract was executed;
- (b) 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 years or more.

This provision permits, but does not require, resources meeting the requirements of PUC section 299.16(d) to be exempted from the procurement content requirements.

Strategies for Meeting GWP's RPS Objectives

- Procure new renewable resources through a combination of cost-effective long-term contracts, short-term purchase, and development of local solar photovoltaic generation capabilities.
- Seek resources that are cost-effective, with minimal impact on customer energy costs.
- Use of PBC funds for RPS purposes will be determined by City Council and included in the PBC budget subject to separate approval through the PBC budgeting process.
- Renewable resources will be procured to the extent they fulfill unmet needs identified in GWP's integrated resource plan and supplemental short-term resource needs.
- GWP will not terminate, abrogate, or otherwise end any existing long-term contract to meet the renewable target portion of its energy portfolio.
- The GWP Commission and City Council shall consider rate impacts, including the cost of associated transmission to deliver the energy to GWP's service territory, when approving contracts for additional renewable resources.



CITY OF GLENDALE CALIFORNIA
REPORT TO CITY COUNCIL

December 6, 2011

AGENDA ITEM

Report: Adoption of a Renewables Portfolio Standard Enforcement Program and Amendment of Glendale *Water & Power's* existing Renewables Portfolio Standard to meet 33% renewable resources by December 31, 2020 and the additional requirements of Senate Bill X1 2.

1. Resolution adopting and implementing Glendale's Renewables Portfolio Standards Enforcement Program and amending Glendale *Water & Power* 2003 Renewables Portfolio Standard.

COUNCIL ACTION

Public Hearing Ordinance Consent Calendar Action Item Report Only
 Approved for _____ calendar

ADMINISTRATIVE ACTION

Submitted

Glenn O. Steiger, General Manager – GWP.....

Signature

Prepared

Valerie Puffer, Power Contracts Manager.....

Reviewed

Steven G. Lins, Chief Assistant General Manager

Approved

James E. Starbird, City Manager.....

Reviewed

Michael J. Garcia, City Attorney.....

by
Christine Godinez
Sr. Asst. City Attorney

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RECOMMENDATION

It is recommended that the City Council approve a Resolution to adopt and implement the Glendale Renewables Portfolio Standard Enforcement Program (RPS Enforcement Program) and amend Glendale *Water & Power's* (GWP) 2003 Renewables Portfolio Standard, increasing Glendale's renewable portfolio to 33% by December 31, 2020, in compliance with Senate Bill X1 2 (Simitian) (SBX1 2).

SUMMARY

The California Renewable Energy Resources Act, SBX1 2, for the first time, includes publicly owned utilities (POUs) like Glendale *Water & Power* in a state-wide renewable portfolio standard and imposes significant new requirements to acquire and use qualified renewable energy resources to serve their retail electric customers. The bill will become law on December 10, 2011. The goal of SBX1 2 is to meet a target of 33% renewable resources by December 31, 2020. SBX1 2 also assigns expanded responsibilities to the California Energy Commission (CEC) to provide regulatory oversight of compliance by each POU.

SBX1 2 requires the Glendale City Council, as GWP's governing board, to adopt a program for the enforcement of Section 399.30 of the Public Utilities Code as amended by SBX1 2 by January 1, 2012. The City Council, through the RPS Enforcement Program, directs GWP to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of total kilowatt hours sold to GWP retail customers, and to adopt and implement all other measures needed to comply with SBX1 2.

Consideration of the RPS Enforcement Program is subject to the Brown Act. As required by SBX1 2, public notice of the proposed adoption of the RPS Enforcement program was posted thirty (30) days in advance of the December 6, 2011 meeting. Notice of the Proposed Adoption of an RPS Enforcement Program was posted on the City of Glendale and Glendale *Water & Power* websites on November 3, 2011. Additionally on the same day, a copy of the Notice was also posted on the bulletin board outside of City Hall. Prior to today's meeting a copy of the proposed Enforcement Program and City Council report were posted on the City of Glendale website. As required by SBX1 2, a link to the meeting notice and information was also provided to the California Energy Commission.

On December 16, 2003, the City Council adopted the Glendale *Water & Power* (GWP) Renewables Portfolio Standard (RPS) to meet a target of 20% eligible renewable resources by year 2017, and up to 23% if economically feasible. Amendments to the RPS are necessary to meet the new SBX1 2 statutory requirements.

Amendments to the RPS include procuring eligible renewable resources to meet the following goals:

Compliance Period One:	Average of 20% during calendar years 2011 through 2013
Compliance Period Two:	25% by December 31, 2016
Compliance Period Three:	33% by December 31, 2020
Beyond 2020:	33% Annual Target

Renewable contracts entered into by GWP prior to June 1, 2010 will be grandfathered to meet the RPS goals if they meet the requirements as stated in Section 399.16(d) of SBX1 2. Contracts entered after that date must meet one of three categories of renewable products – (1) in-state California product, (2) firmed and shaped product, and (3) any other product not falling under the in-state or firmed and

shaped product categories, with declining caps on product categories two and three for each compliance period.

FISCAL IMPACT

Adoption of an RPS Enforcement Program will have little or no fiscal impact to Glendale's ratepayers. GWP Power Management staff will provide annual updates to Council to provide documentation of procurement activities under the approved RPS Enforcement Program. The full fiscal impact of meeting the 33% renewable target will be analyzed by staff and brought to City Council once the guidelines are clear as to which renewable products can be used to meet the requirements.

BACKGROUND

State Senate Bill (SB 1078) effective January 1, 2003, required POU's to initiate plans to increase renewable resources in the POU's resource mix. SB1078 left the specific details for the POU governing board to decide the appropriate target for the RPS goals. On December 16, 2003 Glendale City Council established an RPS target of 20 percent renewable resources, including Hoover power (large hydropower) in the inventory, by 2017 and up to 23% if economically feasible.

Most recently State Senate Bill (SBX1 2) was signed by Governor Brown in April 2011, which becomes effective December 10, 2011. SBX1 2 establishes the California Renewable Energy Resources Act and modifies and/or adds provisions in the Public Resources Code sections 25740 through 25751 and Public Utilities Code Sections 399.11 through 399.31. SBX1 2 increases the RPS procurement to 33% by 2020, expands the requirements to include POU's and gives the Energy Commission new regulatory responsibilities with respect to POU's. SBX1 2 also makes other changes to the RPS program, including replacing the annual procurement targets with multi-year compliance periods and creating renewable energy product categories with specific procurement requirements for each compliance period for new renewable procurement.

Although certain requirements of SBX1 2 are clear, detailed guidelines and regulations are being developed by the CEC regarding procurement of the various renewable resources needed to satisfy each compliance period. These regulations and the RPS guidebook revisions are expected to be finalized in mid-2012.

SBX1 2 requires all utilities, including POU's, to meet three Compliance Period (CP) obligations for renewable resources with specific percentage targets for procurement to fulfill unmet long-term generation resource needs. GWP will determine its unmet long-term generation resource needs.

Compliance Periods:

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

Annually, thereafter, for each calendar year starting with 2021

Specified Renewable Procurement Targets for each Compliance Period:

Compliance Period One:	Average of 20% of retail sales during the compliance period
Compliance Period Two:	25% of retail sales by December 31, 2016
Compliance Period Three:	33% of retail sales by December 31, 2020

From 2021 the annual goal of 33% renewable resources must be maintained

SBX1 2 also creates new renewable product categories for new RPS eligible resources procured after June 1, 2010.

CATEGORY		LIMITS
Category 1	<ul style="list-style-type: none"> ▪ Has a first point of interconnection with a California balancing authority ▪ has a first point of interconnection with distribution facilities used to serve end users within a California balancing authority ▪ is scheduled from an eligible renewable energy resource into a California balancing authority without substituting electricity from another source, or has an agreement to dynamically transfer electricity to a California balancing authority. 	Limited to not less than 50% for Compliance Period 1 (2011-2013), 65% for Compliance Period 2 (2014-2016), and 75% thereafter
Category 2	<ul style="list-style-type: none"> ▪ Firmed and shaped eligible renewable energy resource scheduled into a California balancing authority. 	Limited to anything left over after meeting Category 1 and 3 limits
Category 3	<ul style="list-style-type: none"> ▪ Eligible renewable energy resource, including unbundled renewable energy credits, and other eligible resources that do not qualify under Categories 1 and 2. 	Limited to not more than 25% for Compliance Period 1 (2011-2013), 15% for Compliance Period 2 (2014-2016), and 10% thereafter

This resolution gives the City Council authority to enforce the SBX1 2 requirements for *GWP*, directs *GWP* to modify *GWP*'s existing RPS to expand the goals to meet the three compliance period obligations and acknowledge the new renewable procurement categories, and ensures that *GWP* will meet those targets.

Glendale keeps the discretion regarding the mix of renewable energy resources for the purpose of ensuring resource adequacy and reliability, and the reasonable costs incurred for eligible renewable energy resources owned by the utility. Allowable delays in meeting the targets, banking options for excess procurement in one compliance year to another and cost limitations on procurement products may be adopted by City Council as modifications to the RPS Enforcement Program in the future.

Periodically, but no less than annually, *GWP* will report back to the City Council and to the CEC with regard to *GWP*'s renewable procurement activities and progress in meeting the POU requirements of SBX1 2. Glendale will provide a 10 day public notice if making substantial changes to the RPS Enforcement Program or RPS Procurement Plan.

EXHIBIT(S)

Exhibit A – Glendale *Water & Power* Renewables Portfolio Standard 2003

Glendale Water & Power Renewables Portfolio Standard

Background

State Senate Bill 1078 (SB1078) was signed into law on September 12, 2002 and became effective on January 1, 2003. The legislation modifies the California Public Utilities Code Section 387 to include a specific renewable resource requirement for investor owned utilities (IOUs) and also includes provisions that apply to publicly owned utilities such as Glendale Water & Power (GWP). Specifically, the provisions applicable to GWP read as follows:

- Each governing body of a local publicly owned electric utility, as defined in Section 9604, shall be responsible for implementing and enforcing a renewables portfolio standard that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.
- Each local publicly owned electric utility shall report, on an annual basis, to its customers, the following:
 - Expenditures of public goods funds collected pursuant to Section 385 for renewable energy resource development. Reports shall contain a description of programs, expenditures, and expected or actual results.
 - The resource mix used to serve its customers by fuel type. Reports shall contain the contribution of each type of renewable energy resource with separate categories for those fuels considered eligible renewable energy resources as defined by Section 399.12.

The City of Glendale supports a broad range of low-income, energy conservation, renewable energy, and research, development, and demonstration programs through GWP's extensive public benefit program (PBC) portfolio. Funded through a separate state-mandated charge on GWP revenues, these programs offer substantial benefits to our low-income customers, while encouraging the wise use of GWP energy resources. GWP intends to continue to provide these programs for our customers.

Objectives

Broadly, GWP's objective is to reliably meet Glendale's electric energy needs at stable and reasonable rates in an environmentally sensitive manner. This objective is effectuated through an integrated resource plan that incorporates thermal resources, short-term purchases, and demand-side management programs in addition to renewable resources.

Specific objectives include:

- Meet the State mandate to encourage renewable resources
- Obtain a diverse portfolio of cost-effective renewable resources

- Develop local renewable resources
- Minimize adverse impact of acquiring new renewable energy resources on customer electric rates

Qualified Renewable Resources

- Renewable resources are defined as non-fossil fuel electric generating resources including: biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, hydroelectric generation, digester gas, municipal solid waste, landfill gas, ocean wave, ocean thermal, tidal current, renewable components of system sales from other parties, or renewable distributed generation on the customer side of the meter.
- Renewable components of system sales obtained from other parties for resale shall qualify to the extent they can be verified.
- GWP's existing Hoover hydroelectric entitlements shall qualify.
- New hydroelectric projects must be less than 30 MW to qualify.
- Renewable resources may be located within the Western Electricity Coordinating Council region.

RPS Target

- Resources used to meet GWP's retail electric energy sales will include 20% eligible renewable resources by year 2017.
- To the extent that GWP is successful in obtaining renewable resources at reasonable cost, GWP will increase its goal to 23 percent.

Strategies for Meeting GWP's RPS Objectives

- Procure new renewable resources through a combination of cost-effective long-term contracts, short-term purchases, and development of local solar photovoltaic generation capabilities.
- Seek resources that are cost-effective, with minimal impact on customer energy costs.
- Use of PBC funds for RPS purposes will be determined by City Council and included in the PBC budget subject to separate approval through the PBC budgeting process.
- Renewable resources will be procured to the extent they fulfill unmet needs identified in GWP's integrated resource plan and supplemental short-term resource needs
- GWP will not terminate, abrogate, or otherwise end any existing long-term contract to meet the renewable target portion of its energy portfolio.
- The GWP Commission and City Council shall consider rate impacts, including the cost of associated transmission to deliver the energy to GWP's service territory, when approving contracts for additional renewable resources.

Reporting RPS Performance

Beginning with energy sold in Glendale for the period July 1, 2003 to June 30, 2004, GWP will report the following information to its customers annually:

- GWP's resource mix used for retail electric sales, by fuel type, including each type of renewable resource used
- GWP's expenditure of PBC funds used for renewable energy and renewable resource development