

**KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
AGENDA REPORT
Meeting Date: February 9, 2013**

TO: District Board Members

FROM: Brandi Fichtner, Electric/Propane Manager

DATE: February 9, 2013

SUBJECT:

Discussion and Possible Action Approval of Resolution to Adopt the Renewable Portfolio Standard Enforcement Plan.

BACKGROUND:

California State Senate Bill 1X-2 requires KMPUD to adopt and implement a renewable energy resources Enforcement Plan and Procurement Plan governing the procurement of a minimum quantity of eligible renewable energy resources over certain periods. This regulation requires the amount of eligible renewable energy for the period from January 1, 2011 to December 31, 2013 to be equal to an average of 20 percent of retail sales. Subsequent periods have higher renewable percentage requirements. All programs adopted under SB1X-2 require a public meeting offering all interested parties an opportunity to comment.

DISCUSSION:

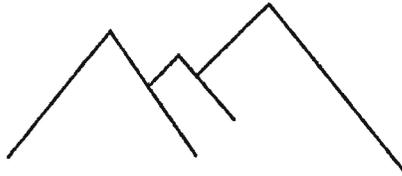
Braun Legal has advised that only the RPS Enforcement Plan is needed at this time. California Energy Commission staff is working on a new draft of regulations that may provide some exemptions for islanded utilities. The proposed Enforcement Plan outlines the compliance periods and procurement targets and gives direction on the process needed if targets are not met.

The Procurement Plan, a draft of which will be brought before the Board at a later meeting, will list the specified resources that will be used to meet the procurement targets and the flexible compliance mechanisms to be utilized by the KMPUD, such as cost limitations and delay of compliance.

RECOMMENDATION:

It is staff's recommendation that the Board approve the attached RPS Enforcement Plan.

District staff will bring the Renewable Portfolio Standard back to the Board once final regulations are issued and the Procurement plan has been developed.



KIRKWOOD MEADOWS

PUBLIC UTILITY DISTRICT

Renewables Portfolio Standard Enforcement Program

Section 1: Definitions

This plan shall be referred to as the Kirkwood Meadows Public Utilities District (KMPUD) Renewables Portfolio Standard (RPS) Enforcement Program.

The definitions set forth in Public Resources Code (PRC) § 25741 and Public Utilities Code (PUC) § 399.12 are incorporated herein.

The following definitions shall also apply to the KMPUD RPS Enforcement Program:

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

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

CPUC: The California Public Utilities Commission.

Section 2: Compliance Periods

The KMPUD Board of Directors 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: Procurement Targets

The KMPUD Board of Directors adopts the following RPS-eligible procurement goals as a percentage of retail sales, pursuant to PUC § 399.30(c)(1)-(2):

Compliance Period One:

- An average of 20% RPS-eligible resource procurement for the period starting with the later of January 1, 2011, or the effective date of PUC § 399.30, through December 31, 2013.

Compliance Period Two:

- By December 31, 2016: 25% RPS-eligible resource procurement
- January 1, 2014 through December 31, 2016, sufficient procurement to reflect reasonable progress to ensure the above goal is achieved.

Compliance Period Three:

- By December 31, 2020: 33% RPS-eligible resource procurement
- January 1, 2017 through December 31, 2020, sufficient procurement to reflect reasonable progress to ensure the above goal is achieved.

Section 4: Procurement Content Categories

The General Manager shall assign all RPS-eligible resources procured by the KMPUD 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 General Manager of the KMPUD shall count all resources meeting the requirements of PUC § 399.16(d) in full towards the procurement requirements set forth in the KMPUD 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: Deviation From Procurement Content Category Requirements

The KMPUD Board of Directors may reduce a procurement content requirement set forth in the KMPUD RPS Enforcement Program to the extent the KMPUD demonstrates that it cannot comply with such requirements because of conditions beyond the control of the KMPUD due to any one of the conditions set forth in PUC § 399.15(b)(5).

Section 7: Delay of Timely Compliance

The KMPUD Board of Directors may adopt measures permitting the KMPUD to delay timely compliance with the KMPUD RPS Enforcement Program pursuant to PUC § 399.30(c)(2), consistent with the requirements of PUC § 399.15(b)(5).

Section 8: Banking Rules

The KMPUD Board of Directors may adopt measures permitting the KMPUD 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).

Section 9: Cost Limitations

The KMPUD Board of Directors may establish a limitation on the procurement expenditures for all RPS-eligible resources used to comply with the KMPUD RPS Enforcement Program. In establishing such limit, the KMPUD Board of Directors shall rely on elements consistent with PUC § 399.15(c)(1)-(3). The General Manager shall include a cost limitation value in the Renewable Energy Resources Procurement Plan. This cost limitation value shall be updated on a periodic basis.

Section 10: Renewable Energy Resources Procurement Plan

The KMPUD Board of Directors expressly directs the General Manager to develop and present a Renewable Energy Resources Procurement Plan to the KMPUD Board of Directors. At a minimum, the Renewable Energy Resources Procurement Plan shall include (1) the specified resources that the KMPUD plans to use to meet the procurement targets adopted in Section 3 above and (2) the flexible compliance mechanisms to be utilized by the KMPUD pursuant to Sections 5, 6, 7, 8, and 9 above. KMPUD staff shall post a public notice whenever the KMPUD Board of Directors will deliberate in public on the Renewable Energy Resources Procurement Plan. The KMPUD Board of Directors staff shall also provide data annually to the Energy Commission and to report annually to the KMPUD customers and the Energy Commission in accordance with PUC § 399.30.

Section 11: Enforcement

The KMPUD Board of Directors directs the General Manager to inform the KMPUD Board of Directors at a public meeting in the event that KMPUD will not meet the procurement requirements set out in Sections 3 and 4 above, subject to the flexible compliance mechanisms of Sections 5, 6, 7, 8, and 9. The General Manager shall develop and present a plan to bring KMPUD into compliance.

RESOLUTION NO. 13-03

**A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE KIRKWOOD MEADOWS PUBLIC UTILITY DISTRICT
ESTABLISHING A RENEWABLE ENERGY RESOURCES ENFORCEMENT
PROGRAM PURSUANT TO CALIFORNIA STATE SENATE BILL 1X-2**

WHEREAS, the Kirkwood Meadows Public Utility District ("KMPUD") is authorized under Public Utilities Code Section 16461 to provide retail electric service and to acquire, construct, own, operate, control, or use the facilities necessary to provide such service; and

WHEREAS, KMPUD operates a local publicly owned electric utility ("POU"); and

WHEREAS, the State of California passed Senate Bill 2 (1st Extraordinary Session) ("SB1X-2"), effective as of December 10, 2011, requiring POU's, including KMPUD, to adopt and implement a renewable energy resources procurement plan that requires KMPUD procure a minimum quantity of eligible renewable energy resources over certain periods; and

WHEREAS, SB1X-2 requires the KMPUD Board of Directors (the "Board"), as the governing board of KMPUD, to ensure that the amount of eligible renewable energy resources to be procured by KMPUD for the period from January 1, 2011 to December 31, 2013 is equal to an average of 20 percent of retail sales; and that KMPUD makes reasonable progress to ensure that the procurement of eligible renewable energy resources achieves 25 percent of retail sales by December 31, 2016, and 33% of retail sales by December 31, 2020 and in all subsequent years; and

WHEREAS, SB1X-2 authorizes the Board to establish a limitation on procurement expenditures for all eligible renewable energy resources used to comply with the procurement requirements established by SB1X-2; and

WHEREAS, the Board is required under SB1X-2 to adopt a program for the enforcement of KMPUD's obligations under SB1X-2 and hold a publicly noticed meeting offering all interested parties an opportunity to comment; and

WHEREAS, the California Energy Commission ("CEC") is directed to adopt regulations specifying procedures for the enforcement of the requirements of SB1X-2, and the CEC's finding of a failure of KMPUD to comply with SB1X-2 may result in penalties to be assessed by the California Air Resources Board;

**NOW, THEREFORE, the BOARD OF DIRECTORS OF KIRKWOOD MEADOWS
PUBLIC UTILITY DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:**

SECTION 1. A program for the enforcement of the requirements established under SB1X-2 is hereby adopted as set forth in Attachment A, which is attached hereto and incorporated herein ("RPS Enforcement Program").

SECTION 2. The General Manager shall develop and present for Board approval a Renewable Energy Resources Procurement Plan, as described in the RPS Enforcement Program.

SECTION 3. Except for matters specifically reserved under SB1X-2 for action by the Board, the General Manager is authorized and directed to do and perform all acts required in the RPS Enforcement Program to fulfill obligations pertaining to KMPUD under SB1X-2.

SECTION 4. This resolution shall take effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Kirkwood Meadows Public Utility District on this _____ day of February 2013 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

By: _____

President

Attest:

Secretary