

RESOLUTION NO. 2013-44

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF NEEDLES, CALIFORNIA, RESCINDING RESOLUTION NO. 2011-49 AND APPROVING ATTACHMENT A – RENEWABLES PORTFOLIO STANDARD ENFORCEMENT PROGRAM AND ATTACHMENT B RENEWABLES ENERGY RESOURCES PROCUREMENT PLAN WHICH ATTACHMENTS IN CONJUNCTION WILL AFFECT THE ADOPTION OF A RENEWABLE PORTFOLIO STANDARDS (“RPS”) PLAN AS MANDATED BY SENATE BILL SBX1 2

WHEREAS, the City Council of the City of Needles (“COUNCIL”) understands the necessity for renewables portfolio standard (RPS); and

WHEREAS, the City of Needles (CITY) power portfolio is highly concentrated in inexpensive hydroelectric power (48%); and

WHEREAS, CITY’s universe of electric ratepayers is very small; and

WHEREAS, CITY’s electric ratepayers are economically disadvantaged; and

WHEREAS, CITY has in good faith endeavored to procure RPS by signing a Purchase Power Agreement with a solar developer who could not perform; and

WHEREAS, CITY commissioned a consultant whose task was the organization and modeling of various solar capabilities and quantifying the cumulative fiscal impact and the results showed that electric rate would be materially increased by any injection of solar into the power portfolio; and

WHEREAS, CITY had Chevron Renewables prepare a renewables feasibility study for demand side and utility-owned generation (solar); and the feasibility study showed that the annual debt service on the capital costs would trigger higher rates that would be beyond the means of the average ratepayer to absorb; and

WHEREAS, for all the foregoing reasons CITY declined to establish an RPS because to do so would cause disproportionate increases in ratepayers’ monthly bills, and

WHEREAS, in July 2013 the California Energy Commission’s FINAL STATEMENT OF REASONS ENFORCEMENT PROCEDURES FOR THE RENEWABLES PORTFOLIO STANDARD FOR LOCAL PUBLICLY OWNED ELECTRIC UTILITIES was released citing Public Utilities Code section 399.30 (h): *Exempts certain out-of-state resources from the RPS eligibility requirements, which would otherwise apply, if the POU was in existence on or before January 1, 2009, provides retail electric service to 15,000 or fewer customer accounts in California, and satisfies other specific conditions. The Energy Commission understands that this exemption is intended to cover the City of Needles, Surprise Valley Electrification Corp., and Truckee-Donner Public Utility District*

WHEREAS, Public Utilities Code section 399.30 (h) exemption allows CITY to purchase Renewable Energy Credits (RECs) that are unbundled from renewables energy sources. These RECs are categorized as PCCC-3, and

WHEREAS, PCC-3 RECs are the most reasonably priced of the three categories of RECS, purchasing such RECs to become RPS compliant will not cause disproportionate increases in ratepayers' monthly bills

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Needles rescinds Resolution No. 2011-49 and approves Attachment A – Renewables Portfolio Standard Enforcement Program and Attachment B Renewables Energy Resources Procurement Plan, which attachments in conjunction will affect the adoption of a Renewables Portfolio Standard (“RPS”) Plan as mandated by Senate Bill SBX1 2

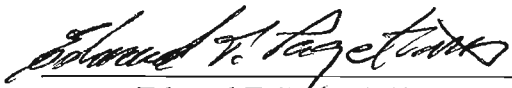
PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council of the City of Needles, California, held on the 12th day of November, 2013, by the following roll call vote:

AYES: COUNCIL MEMBERS LOPEZ, KIDD, FRAZIER, DARCY AND GUDMUNDSON

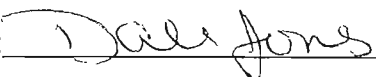
NOES: NONE

ABSENT: COUNCILMEMBER CAMPBELL

ABSTAIN: NONE

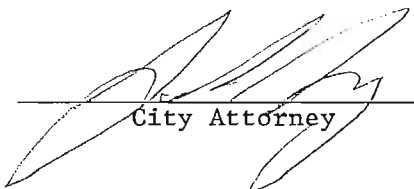


Edward T. Paget, M.D., Mayor

ATTEST: 

City Clerk

APPROVED AS TO FORM:



City Attorney

Attachment A
Renewables Portfolio Standard Enforcement Program

This Enforcement Program shall apply to the City of Needles (“City”) and shall, in conjunction with the City’s Renewable Energy Resources Procurement Plan, replace Resolution 2011 - 49.

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 4: 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 resource procurement.

Section 5: Exemption From Procurement Content Category Requirements

PUC § 399.30(h) applies to a publicly owned electric utility (“POU”) that that meets the following criteria: (1) the POU was in existence on or before January 1, 2009; (2) the POU provides retail electric service to 15,000 or fewer customer accounts in California; (3) and the POU is interconnected to a balancing authority that is primarily located outside of California but within the WECC. The City meets the criteria of section PUC § 399.30 because it was in existence prior to January 1, 2009; (2) provides retail electric service to less than 15,000 customer accounts in California; and (3) is interconnected to the Western Area Lower Colorado Balancing Authority, which is primarily located outside of California, but within the WECC.

Pursuant to PUC § 399.30(h), as implemented by Section 3204(a)(8) of the Energy Commission’s RPS Regulations, a POU that meets the criteria of PUC § 399.30(h) may comply with the Renewable Resource Energy Procurement Targets, specified in Section 4 above, without regard to the portfolio content category requirements specified in PUC § 399.30(c)(3), consistent with PUC § 399.16. Accordingly, the City will not classify Renewable Energy Resource procurement into portfolio content categories.

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 City Manager 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 City Manager to present a Renewable Energy Resources Procurement Plan to the City Council, in compliance with PUC § 399.30(a). As necessary, the City Manager 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 City Manager 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 City Manager 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 of Needles (“City”) and shall, in conjunction with the City’s Renewables Portfolio Standard Enforcement Program, replace Resolution 2011 - 49.

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 a program for the enforcement of the Renewables Portfolio Standard on December 13, 2013, through Resolution 2011 - 14. In conjunction with the adoption of this Procurement Plan, the City adopts an updated RPS Enforcement Program, contained in Attachment A. Together, these documents replace Resolution 2011 - 14. Through the RPS Enforcement Program, the City Council establishes three compliance periods consistent with PUC § 399.30 adopts RPS-eligible procurement goals for each of the three compliance periods, and described the framework for how the City will implement its RPS program. Section 9 of the RPS Enforcement Program directs the City Manager to develop and present an RPS Procurement Plan to the City Council as well as update the Procurement Plan as appropriate.

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 2014 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: Exemption from the Portfolio Content Category Requirements

As described in the City's Enforcement Program, the City meets the criteria of PUC § 399.30(h). Consistent with PUC § 399.30(h), as implemented by Section 3204(a)(8) of the Energy Commission's RPS Regulations. A POU that meets the criteria of PUC § 399.30(h) may comply with the Renewable Resource Energy Procurement Targets, specified in Section 4 above, without regard to the portfolio content category requirements specified in PUC § 399.30(c)(3), consistent with PUC § 399.16. Accordingly, the City will not classify Renewable Energy Resource procurement into portfolio content categories.

Section 6: RPS Procurement

As described in Section 5 above, the City may comply with the RPS Procurement Requirements without regard to the portfolio content category requirements. In order to limit rate impacts on its customers, the City will seek out the most cost-effective renewable resources. In the current market, unbundled renewable energy credits (RECs) present the cheapest resource to comply with the RPS Procurement Requirements. Pursuant to this Procurement Plan, the City will evaluate and execute contracts for Unbundled RECs in an amount necessary to meet the RPS Procurement Obligation specified in Section 7 below. In addition to the procurement of unbundled RECs, the City will continue to support the development of renewable generation within its service territory, particularly through its Net Energy Metering Program.

Section 6: Assessment of Supply and Demand

A. 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)	55,245	53,505	53,000	161,750
RPS Procurement Obligation (% of total)				20%
RPS Procurement Obligation (MWh)				32,350

Compliance Period 2
January 1, 2013 – December 31, 2016

	2014	2015	2016	Total
Forecasted Retail Sales (MWh)				
RPS Procurement Obligation (% of total)	20%	20%	25%	
RPS Procurement Obligation (MWh)				

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

	2017	2018	2019	2020	Total
Forecasted Retail Sales (MWh)					
RPS Procurement Obligation (MWh)	27%	29%	31%	33%	
RPS Procurement Obligation (MWh)					

Section 7: Adoption of Banking Rules

Pursuant to PUC § 399.30(d)(1), and consistent with Section 7 of the RPS Enforcement Program, the City Council adopts rules for excess procurement that conform to Section (a)(1)(E) of the Energy Commission's RPS Regulations, as follows:

- A. Unbundled RECs that do not meet the criteria of Section 3202 (a)(2) of the Energy

Commission's RPS Regulations may not be counted as excess procurement.

- B. 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 criteria in section 3202 (a)(2) of the Energy Commission's RPS Regulations.
- C. Excess procurement may begin accruing as of January 1, 2011.
- D. Electricity Products qualifying as excess procurement may be applied toward any future compliance periods, including compliance years following 2020.
- E. Excess procurement shall be determined pursuant to the calculation specified in Section (a)(1)(E)(.5) of the Energy Commission's RPS Regulations.

Section 8: Adoption of Cost Limitation

Pursuant to PUC § 399.30(d)(3), and consistent with Section 8 of the RPS Enforcement Program, the City Council adopts rules for establishing cost limitations on RPS procurement expenditures as follows:

- A. The City's Cost Limitation must:
 - a. Prevent disproportionate rate impacts;
 - b. Count the costs of all procurement credited toward achieving the RPS toward the cost limitation; and
 - c. Not count any indirect costs toward the cost limitation.
- B. In adopting a cost limitation, the City Council must rely on:
 - a. The information contained in this Procurement Plan;
 - b. Procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources; and
 - c. The potential that some planned resource additions may be delayed or cancelled.

This Procurement Plan does not include a specific recommendation for a cost limitation at this time. Should conditions change such that the City's customers may face disproportionate rate impacts, the City Manager will return to the City Council with an adjusted Procurement Plan for consideration.



CITY OF NEEDLES

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Mayor Edward Paget, M.D.
Vice Mayor Terry Campbell
Councilmember Tony Frazier
Councilmember Jim Lopez
Councilmember Shawn Gudmundson
Councilmember Linda J. Kidd
Councilmember Tom Darcy
City Manager Rick Daniels

CERTIFICATION

I, Dale Jones, City Clerk of the City of Needles, California, do hereby certify that the foregoing is a true and correct copy of Resolution Number 2013-44

Dale Jones, CMC
City Clerk

(SEAL)

Date: November 18, 2013