



City of Biggs

Agenda Item Staff Report for the Regular City Council Meeting: December 19, 2011 6:00PM

DATE: November 29, 2011

TO: Honorable Mayor and Members of the City Council

FROM: Pete Carr, City Administrator

SUBJECT: Renewable Portfolio Procurement and Enforcement (Discussion/Action)

Council is asked to consider and approve a renewable portfolio standard (RPS) procurement plan for the City electric utility which will replace the current RPS policy, and adopt an enforcement program to keep the City in compliance with State RPS legislative and regulatory requirements.

Background

Council in 2003 adopted a local policy setting standards for purchase of renewable energy, consistent with SB1078 which amended the California Public Utilities Code to require (among other things) that publicly owned utilities (POU) set RPS standards and report compliance annually to their customers. Biggs has done so annually with publication of its "Power Content Label."

Recent legislation (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the California Renewable Energy Resources Act, burdens POU's with many more requirements. Now POU's have State-set procurement targets and timelines to meet, along with requirement to set up a locally-controlled but State-reported enforcement program.

The first document to consider is a draft Biggs Renewable Energy Resources Procurement Plan. It comprises all of the required and recommended elements of the POU RSP Procurement Plan. This includes the specific requirements set forth in SB1x2 (i.e., compliance periods, content categories, minimum requirements). It also includes the optional elements that Biggs will have to adopt if we plan to utilize excess procurement, cost limitation, and explanations for deviations from timely compliance. Reporting requirements under the legislation are also included as part of the procurement plan. (See Public utilities Code § 399.30(a-d) for more detailed information)

The second document for Council consideration is a draft resolution adopting an RPS enforcement program, established separately from the RPS Procurement Plan. It

references the RPS Procurement Plan and its provisions that the City has adopted and implemented (or shall adopt and implement). The preamble to the Enforcement Program Resolution lists the elements of the RPS Procurement Plan that are specifically defined in SB1x2, but not the discretionary provisions. The Enforcement Program then requires periodic review of the RPS Procurement Plan to determine compliance. The specific provisions of the Enforcement Program would not need to be changed or updated if the RPS Procurement Plan is updated, because the program includes only the statutorily mandated elements and listed dates. (§ 399.30(e))

Keep in mind that while there are no official requirements in SBX1-2 for a date by which the Procurement Plan must be adopted or implemented, the two documents are closely related. We could adopt our enforcement program in advance of adopting the procurement plan.

Attachments (4):

- 2010 Biggs Power Content Label
- 2003 RPS Policy – to be replaced and deleted
- Draft Biggs RPS Procurement Plan
- Resolution 2011-26 establishing the Biggs RPS Enforcement Program

Recommendation:

Approve the RPS procurement plan and enforcement program as presented, including Resolution 2011-26; direct staff to replace the existing RPS policy with the Procurement Plan and Enforcement Program.

Fiscal Impact of Recommendation:

None. Execution of the program in coming years will have an unspecified budget cost to the electric utility.

Understanding the Label on Your Electricity

Like a food can label, the State-required annual "Power Content Label" included with this newsletter is intended to explain how much of your electricity comes from "renewable" sources. Over 10% of our power is from a geothermal steam turbine project we partially own in Lake County. Including hydro-electric power from dams like Shasta, Biggs' power is more than 52% renewable – a very high score! California recently set a standard of 20% now and 33% by 2020, but this state doesn't count power from large hydro-electric dams as renewable. Thus, according to the state's current formula, Biggs is at 12%. This is still better than the average of all utilities in this state. In buying power and investing in new energy projects, low cost for our customers is our first priority, balanced by our interest in renewable sources where it makes economic sense.

POWER CONTENT LABEL		
ENERGY RESOURCES	Biggs 2010 Fuel Mix % of Load	"Total CA ** System Power" (for comparison)
Eligible Renewable	12.1%	11%
-- Biomass & waste	0.0%	2.1%
-- Geothermal	11.5%	4.5%
-- Small hydroelectric	0.6%	1.4%
-- Solar	0.0%	0.24%
-- Wind	0.0%	2.4%
Coal	0.0%	18%
Large hydroelectric	40.6%	11%
Natural Gas	0.0%	46%
Nuclear	0.0%	14%
Other	0.0%	
Unspecified	47.3%	
Annual Total	100.0%	100%
<p>** Percentages are based on the California Total System Power</p> <p>For specific information about this electricity product, contact City of Biggs at 530-868-5493.</p> <p>For general information about Power Content Labels, contact the California Energy Commission at 1-800-555-7794 or www.energy.ca.gov/consumer.</p>		

CITY OF BIGGS – POLICIES AND PROCEDURES MANUAL

RENEWABLE PORTFOLIO STANDARD – BIGGS ELECTRIC UTILITY

I. Purpose:

To establish a Renewable Portfolio Standard (RPS) in compliance with the requirements of Senate Bill 1078 (SB 1078) for the City of Biggs.

II. Background

SB1078 was signed into law on September 12, 2002 and became effective January 1, 2003. It amended the California Public Utilities Code to include a specific renewable resource requirement for investor owned utilities (IOUs). The legislation also includes provisions that apply to publicly owned utilities. These provisions include:

1. The requirement that the governing body implement and enforce a Renewable Portfolio Standard to encourage renewable resources.
2. The requirement that publicly owned utilities report annually to their customers the following:
 - A. The amount of money spent on renewables from public benefit funds;
 - B. The resource mix used to serve the customers (Biggs Municipal Utilities already publishes a quarterly notice).
3. Each municipal utility governing board must define the terms of its RPS. The terms would include:
 - A. What qualifies as a renewable resource (i.e. whether or not to count large hydroelectric projects (in excess of 30MW);
 - B. The percentage of the total energy resources that are to be renewable;
 - C. The time frame in which to meet the “goal” of the defined standard.

III. Discussion

1. The City of Biggs’s Electric Utility currently has a number of resources that would meet the CPUC definition of “Renewable” for IOU purposes. The utility’s participation in the NCPA geothermal plants is an eligible renewable resource. Due to the city’s ownership percentage in the two Northern California Power Agency (NCPA) geothermal plants, approximately 10% of our required power is derived from renewable sources.
2. Although excluded for the purposes of the IOU’s requirements under SB1078, the city’s share in “large” hydroelectric projects is a valuable and critical component of the energy needs of the community. A major portion of the electricity requirements of the City of Biggs’s customers is delivered under a long-term contract with the Department of Energy’s

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Western Area Power Administration (WAPA). Much of this power is generated at Shasta, Folsom and New Melones Dams. None of these dams meet the CPUC's eligibility requirements for IOU's. However, due to the nature of the management of these facilities by the Federal Government for power, reclamation and environmental concerns, staff believes that a separation of large and small hydroelectric projects at a 30 MW level is arbitrary and ignores the unique nature of the resources provided by WAPA and the Department of Interior's Bureau of Reclamation.

3. AB 1078 encourages the use of "eligible" renewable resources when developing additional resources for our community's needs. Although the "load" of our community will generally increase due to growth and expansion, the city has planned for this growth well before the introduction of SB1078 and secured resources in excess of our current demand that should sustain any reasonable growth for the next 5 to 7 years.

IV. POLICY:

The Renewable Portfolio Standard (RPS) of the City of Biggs will be as follows:

1. Qualifying RPS resources are defined as non-fossil fueled electric generating resources, including the following:
 - A. Geothermal
 - B. Hydroelectric
 - C. Solar
 - D. Wind
 - E. Biomass and waste
 - F. Fuel cell
2. RPS Target:
 - A. Biggs Municipal Utilities' (BMU) resource mix will have a minimum of 20% of renewables.
 - B. At such time that projected resources do not exceed projected demand, BMU will strive to include qualifying resources to meet projected demand.
 - C. Any purchase or construction of qualifying resources will be accomplished primarily with accumulated public benefit funds. Due to the expected magnitude of incremental resource requirements it is highly unlikely that BMU can secure qualifying resources at reasonable rates (i.e. 100 kw of demand is a very small unit of delivery). There is a potential within NCPA that BMU will be able to obtain a percentage ownership in a qualifying facility but probably not at the time that the projected resources are required.
3. Strategies for meeting RPS objectives:

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- A. Encourage solar and geothermal demonstration projects utilizing public benefit funds. Demonstration and production solar and geothermal projects installed at a small percentage of new homes should provide sufficient RPS qualifying resources.
- B. Public benefit funds, when available, will be used to implement the demonstration projects and may be used to supplement the production projects.

4. Reporting RPS performance

- A. BMU will continue to report to its customers the annual power content label.
- B. BMU will report the amount of public benefit funds expended for the development of qualifying RPS resources in conjunction with the annual power content label reporting.

STATUTORY REFERENCE: California Public Utilities Code Sections 387, 390.1, 399.25 and 399.11 tense.

APPROVED BY CITY COUNCIL (DATE): May 19, 2003

ATTEST: 
Deanna Carbajal, Deputy City Clerk

Biggs Electric Utility
Renewable Energy Resources Procurement Plan
Per Senate Bill 1x 2
Also known as "Biggs RPS Plan"

Approved by the Biggs City Council: December 19, 2011

INTRODUCTION

This document presents the Renewable Energy Resources Procurement Plan of the City of Biggs (Biggs), as required for compliance with Senate Bill (SB) 1X 2. This legislation, which was enacted in the 2011-2012 First Extraordinary Session of the Legislature, modifies the state's renewable portfolio standard (RPS) program and sets forth new RPS requirements applicable to publicly owned utilities (POUs). Biggs, as a POU, is covered under the new legislation. Pursuant to Public Utilities Code § 399.30(a), each POU must adopt and implement a renewable energy resources procurement plan (referred to herein as the "RPS Procurement Plan"). In addition to the development of an RPS Procurement Plan, SB 1X 2 requires POUs to adopt and implement a separate program for the enforcement of the RPS Procurement Plan by January 1, 2012.¹ Biggs' enforcement program is not addressed in this document, but rather, in a separate report.

Biggs' RPS Procurement Plan, as reflected in Sections 1-13 below consists of: (1) plan elements that are directly mandated by the legislation; (2) measures that address each of the optional provisions set forth in §399.30(d); and (3) RPS reporting provisions. Where appropriate, this RPS Procurement Plan includes section citations to the legislation.

1. Purpose (§ 399.30(a))

In order to fulfill unmet long-term generation resource needs, Biggs adopts and implements this RPS Procurement Plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of Biggs' total kilowatt hours sold to its retail end-use customers, each compliance period, to achieve the targets specified in SB 1X 2.

2. Compliance Periods (§ 399.30(b))

A. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.

¹ Pursuant to § 399.30(e), POUs must adopt a "program for enforcement" of the RPS Procurement Plan on or before January 1, 2012, at a publicly noticed meeting with not less than 30 days prior notice given to the public.

- B. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.
- C. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- D. Annual Compliance Periods: Annually after 2020.

3. **Procurement Targets of Renewable Energy Resources for Each Compliance Period (§§ 399.30(c)(1) and (2))**

- A. During Compliance Period 1, January 1, 2011 to December 31, 2013, Biggs shall procure renewable energy resources equivalent to an average of at least twenty percent (20%) of retail sales.
- B. By the end of Compliance Period 2, December 31, 2016, Biggs shall procure renewable energy resources equivalent to at least twenty-five percent (25%) of retail sales.
- C. By the end of Compliance Period 3, December 31, 2020, Biggs shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales.
- D. Commencing on December 31, 2021, and annually thereafter, Biggs shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales.

The procurement targets listed above are minimum requirements. The City Council may determine that a higher percentage of renewable energy resources is appropriate in any given compliance period.

The method used to determine the actual renewable energy resource percentage achieved for a given calendar year shall be to: (i) sum the total metered generation from each of Biggs' eligible renewable resources and qualifying purchases in Megawatt hours (MWh) during the preceding calendar year, (ii) subtract sales, if any, of eligible renewable resources during the same time period, and (iii) divide the result by the total energy sold to Biggs' retail end-use customers (in MWh) in the same time period.

4. **Reasonable Progress Towards Meeting Compliance Period Targets During Intervening Years (§§ 399.30(c)(1) and (2))**

- A. By December 31, 2014, Biggs shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the twenty-five percent (25%) RPS target by 2016.

- B. By December 31, 2015, Biggs shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the twenty-five percent (25%) RPS target by 2016.
- C. By December 31, 2017, Biggs shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.
- D. By December 31, 2018, Biggs shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.
- E. By December 31, 2019, Biggs shall demonstrate that it is making reasonable progress towards ensuring that it shall meet the thirty-three percent (33%) RPS target by 2020.

5. Procurement Requirements – Definitions for Content Categories (§399.30(c)(3))

Biggs' RPS Procurement Plan shall consist of procurement Content Categories that meet the criteria for the following eligible renewable energy resource electricity products:

- A. Content Category 1 (consistent with § 399.16(b)(1)): Resources in this category shall either:
 - (A) Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source. The use of another source to provide real-time ancillary services required to maintain an hourly or sub hourly import schedule into a California balancing authority shall be permitted, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category.
 - (B) Have an agreement to dynamically transfer electricity to a California balancing authority.
- B. Content Category 2 (consistent with § 399.16(b)(2)): Resources in this category shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority.
- C. Content Category 3 (consistent with § 399.16(b)(3)): Resources in this category shall include eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled renewable energy credits, that do not qualify under the criteria of Content Category 1 or Content Category 2.

D. Grandfathered Resources (§ 399.16(d)): Any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full towards the procurement requirements, 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.

(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.

(3) The duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years.

(4) “Eligible renewable energy resource” means an electrical generating facility that meets the definition of a “renewable electrical generation facility” in Section 25741 of the Public Resources Code, subject to the following: . . . (C) A facility approved by the governing board of a local publicly owned electric utility prior to June 1, 2010, for procurement to satisfy renewable energy procurement obligations adopted pursuant to former Section 387, shall be certified as an eligible renewable energy resource by the Energy Commission pursuant to this article, if the facility is a “renewable electrical generation facility” as defined in Section 25741 of the Public Resources Code. (§ 399.12(e)(1)(C)).

Resources procured prior to June 1, 2010 shall be counted for RPS compliance without regard to the limitations on the use of each portfolio Content Category as described in Section 6.

6. Procurement Requirements – Quantity for Content Categories (§ 399.30(c)(3), § 399.16(e)(1) and (2))

A. Compliance Period 1 Procurement Requirements: For Compliance Period 1, Biggs shall procure not less than fifty percent (50%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than twenty-five percent (25%) from Content Category 3.

B. Compliance Period 2 Procurement Requirements: For Compliance Period 2, Biggs shall procure not less than sixty-five percent (65%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than fifteen percent (15%) from Content Category 3.

- C. Compliance Period 3 Procurement Requirements: For Compliance Period 3, Biggs shall procure not less than seventy-five percent (75%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than ten percent (10%) from Content Category 3.
- D. Annual Procurement Requirements After 2020: Beginning in calendar year 2021 and annually thereafter, Biggs shall procure not less than seventy-five percent (75%) of the eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 from Content Category 1, and not more than ten percent (10%) from Content Category 3.

7. **Excess Procurement (§ 399.30(d)(1), §399.13(a)(4)(B))**

Biggs shall be allowed to apply excess procurement (Excess Procurement) from one compliance period to subsequent compliance periods as long as the following conditions are met:

- A. Biggs may accumulate, beginning on January 1, 2011, Excess Procurement from one Compliance Period to be applied in any subsequent Compliance Period.
- B. In calculating the quantity of Excess Procurement, Biggs shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration.
- C. Eligible resources must be from Content Category 1 or Content Category 2 or Grandfathered Resources to be Excess Procurement.
- D. Resources from Content Category 3 shall not be counted as excess procurement.

8. **Waiver of Timely Compliance (§ 399.30(d)(2), § 399.15(b)(5))**

- A. Waiver of Timely Compliance: Enforcement of timely compliance shall be waived if Biggs demonstrates that any of the following conditions are beyond Biggs' control, and will prevent timely compliance:
 - 1. *Inadequate Transmission* (§ 399.15(b)(5)(A)): There is inadequate transmission capacity to allow for sufficient electricity to be delivered from Biggs' proposed eligible renewable energy resource projects using the current operational protocols of Biggs' Balancing Authority, the California Independent System Operator (CAISO). In making its findings relative to the existence of this condition, Biggs' deliberations shall include, but not be limited to the following:

(i) Whether Biggs has undertaken, in a timely fashion, reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations, to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources. In determining the reasonableness of Biggs' actions, Biggs shall consider its expectations for full-cost recovery for these transmission lines and upgrades, and

(ii) Whether Biggs has taken all reasonable operational measures to maximize cost-effective deliveries of electricity from eligible renewable energy resources in advance of transmission availability.

(iii) Biggs has demonstrated willingness to generate or import additional renewables but CAISO or State agencies have not yet approved.

2. *Permitting, interconnection, or other factors that delayed procurement or insufficient supply (399.15(b)(5)(B)).* In making its findings relative to the existence of this condition, Biggs' deliberations shall include, but not be limited to the following:

(i) Whether Biggs prudently managed portfolio risks, including relying on a sufficient number of viable projects;

(ii) Whether Biggs sought to develop one of the following: its own eligible renewable energy resources, transmission to interconnect to eligible renewable energy resources, or energy storage used to integrate eligible renewable energy resources.

(iii) Whether Biggs procured an appropriate minimum margin of procurement above the minimum procurement level necessary to comply with the renewables portfolio standard to compensate for foreseeable delays or insufficient supply;

(iv) Whether Biggs has taken reasonable measures, under its control to procure cost-effective distributed generation and allowable unbundled renewable energy credits;

(v) Whether actions or events beyond the control of Biggs have adversely impacted timely deliveries of renewable energy resources including, but not limited to, acts of nature, terrorism, war, labor difficulty, civil disturbance, or market manipulation.

(vi) Whether compliance with the SBX1-2 targets and timelines would result in requirement for unacceptable wholesale cost increases and/or customer rate increases.

3. *Unanticipated curtailment to address needs of the balancing authority* (§ 399.15(b)(5)(C)).

B. Procedures Upon Approving Waiver: In the event of a Waiver of Timely Compliance due to any of the factors set forth above, Biggs shall implement the following procedures:

1. Establish additional reporting for intervening years to demonstrate that reasonable actions under the Biggs' control are being taken (§399.15(b)(6)).

2. Require a demonstration that all reasonable actions within Biggs' control have been taken to ensure compliance in order to grant the waiver (§ 399.15(b)(7)).

C. Prior Deficits: In no event shall deficits from prior compliance periods be added to future compliance periods (§ 399.15(b)(9)).

9. **Cost Limitations for Expenditures** (§ 399.30(d)(3), § 399.15(c))

A. Cost Limitations for Expenditures: Biggs, at its sole discretion, may elect to establish cost limitations for all eligible renewable energy resources used to comply with the renewables portfolio standard. Any such cost limitations will be developed consistent with §399.15(c). Biggs shall review the need for cost limitations as part of the annual review process described in Section 12. Cost limitations may be adjusted annually by the City Council.

B. Cost Limitation Factors: In addition to §399.15(c), Biggs may take into account local and regional economic conditions and the ability of Biggs' customers to afford produced or procured energy products. These economic conditions may include but are not limited to unemployment, wages, cost-of-living, the housing market, and cost burden of other utility rates on the same customers. Biggs may also consider cost disparity between customer classes in Biggs, and between Biggs customers and other POU and IOU customers in the region.

10. **Exclusive Control** (§399.30(m)): In all matters regarding compliance with the RPS Procurement Plan, Biggs shall retain exclusive control and discretion over the following:

A. The mix of eligible renewable energy resources procured by Biggs and those additional generation resources procured by Biggs for purposes of ensuring resource adequacy and reliability.

B. The reasonable costs incurred by Biggs for eligible renewable energy resources owned by it.

11. Reporting (§ 399.30(f), § 399.30(g), § 399.30(l))

A. Deliberations on Procurement Plan (§399.30(f)):

1. *Public Notice:* Annually, Biggs shall post notice of meetings if the Council will deliberate in public regarding this RPS Procurement Plan.
2. *Notice to the California Energy Commission (CEC):* Contemporaneous with the posting of a notice for such a meeting, Biggs shall notify the CEC of the date, time and location of the meeting in order to enable the CEC to post the information on its Internet website.
3. *Documents and Materials Related to Procurement Status and Plans:* When Biggs provides final report information to the City Council related to its renewable energy resources procurement status and future plans, for the Board's consideration at a noticed public meeting, Biggs shall make that information available to the public and shall provide the CEC with an electronic copy of the documents for posting on the CEC's Internet website.

B. Annual Report to CEC regarding Contract Execution (§399.30(g))

1. Annually, Biggs shall submit a report to the CEC regarding procurement contracts executed during the prior year.
2. Biggs' annual report to the CEC regarding contract execution shall include all of the following:
 - a. A description of the eligible renewable energy resource, including the duration of the contract or electricity purchase agreement.
 - b. A description and identification of the electrical generating facility providing the eligible renewable energy resource under the contract.
 - c. An estimate of the percentage increase in Biggs' total retail sales of electricity from eligible renewable energy resources that will result from the contract.

C. Report to CEC and Customers (§399.30(l))

1. Annually, Biggs shall provide a report to the CEC and customers regarding renewable resources.

2. Biggs' annual report to the CEC regarding renewable resources shall include all of the following:
 - a. Expenditures of public goods funds collected pursuant to Section 385 for eligible renewable energy resource development, including programs descriptions, expenditures, and expected/actual results.
 - b. The resource mix used to serve its customers by energy source.
 - c. Biggs' status in implementing the renewables portfolio standard pursuant to § 399.30(a) and Biggs' progress toward attaining the standard following implementation of the RPS Procurement Plan.

12. Program Review

Biggs' RPS Procurement Plan shall be reviewed by the Council in accordance with Biggs' "Renewable Portfolio Standard Enforcement Program."

13. Plan Modifications/Amendments

This RPS Procurement Plan may be modified or amended by an affirmative vote of the Council during a public meeting. Any Board action to modify or amend the plan must be publicly noticed in accordance with Section 11.

RESOLUTION NO. 2011-26

**A RESOLUTION OF THE CITY OF BIGGS
ADOPTING A PROGRAM FOR ENFORCEMENT OF THE RENEWABLE
PORTFOLIO STANDARDS PROGRAM**

BE IT RESOLVED BY THE CITY OF BIGGS AS FOLLOWS:

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

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

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

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

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

WHEREAS, the City has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that includes specified procurement targets (Procurement Targets) of renewable energy resources for each Compliance Period pursuant to Public Utilities Code section 399.30(c)(1) and (2). Procurement Targets must average twenty percent of retail sales by December 31, 2013, meet twenty-five percent of retail sales by December 31, 2016, thirty-three percent of retail sales by December 31, 2020, and thirty-three percent of retail sales for all years thereafter;

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

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

WHEREAS, the City's RPS Procurement Plan shall include Content Category 1; Content Category 1, shall include resources that have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source, including the use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or have an agreement to dynamically transfer electricity to a California balancing authority consistent with Public Utilities Code section § 399.16(b)(1) (A) and (B);

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

WHEREAS, the City's RPS Procurement Plan shall include Content Category 3; Content Category 3 shall include all other resources not included in Content Categories 1 or 2 consistent with Public Utilities Code § 399.16(b)(3);

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

WHEREAS, the City's RPS Procurement Plan shall include Content Category 1 Procurement Requirements of not less than fifty percent of the eligible renewable energy resource electricity for Compliance Period 1, not less than sixty-five percent of the eligible renewable energy resource electricity for Compliance Period 2, and not less than seventy-five percent of the eligible renewable energy resource electricity for Compliance Period 3 and every year thereafter.

WHEREAS, the City's RPS Procurement Plan shall include Content Category 3 Procurement Requirements of not more than twenty-five percent of the eligible renewable energy resource electricity for Compliance Period 1, not more than fifteen percent of the eligible renewable energy resource electricity for Compliance Period 2, and not more than ten percent of the eligible renewable energy resource electricity for Compliance Period 3.

WHEREAS, the City has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that provides a definition for grandfathered resources (Grandfathered Resources) consistent with Public Utilities Code section 399.16(d). Grandfathered Resources shall include contract or ownership agreement originally executed prior to June 1, 2010 for resources that were RPS eligible under the rules in place when the contract was executed, and for which any subsequent contract amendments or modifications after June 1, 2010 do not increase the nameplate capacity for the facility, nor increase expected quantities of annual generation, nor substitute different kind of renewable resource, and for which original agreements were of 15 or more years;

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

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

WHEREAS, the City has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that establishes procedures to employ in the event of an approval of a Waiver of Timely Compliance, which provisions require the City to establish additional reporting for intervening years to demonstrate that reasonable actions under the City's control are being taken (§ 399.16(b)(6)) and to demonstrate that all reasonable actions within the City's control have been taken to ensure compliance in the future (§ 399.16(b)(7)); in no event shall the deficit from prior compliance periods be added to subsequent compliance periods in the event of a waiver for timely compliance (§ 399.16(b)(9));

WHEREAS, the City has adopted and implemented, or will adopt and implement, an RPS Procurement Plan that establishes procedures that address cost limitations for expenditures on renewable resources (Cost Limitations for Expenditures) consistent with Public Utilities Code section 399.30(d)(3) and section 399.15(c). Cost Limitations for Expenditures shall be applicable to procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard, and shall be based on factors that include, but are not limited to, the most recent renewable energy procurement plan, procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and the potential that some planned resource additions may be delayed or canceled, and further, that the Cost Limitation for Expenditures is set at a level that prevents disproportionate rate impacts, that the costs of all procurement credited toward achieving the renewables portfolio standard are counted towards the Cost Limitation for Expenditures, and that 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;

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

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

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

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

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

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

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BIGGS DOES HEREBY RESOLVE AS FOLLOWS:

1. The City shall have a program for the enforcement of RPS program, which shall include all of the provisions set forth herein and shall be known as the “City’s RPS Enforcement Program”;
2. The City’s RPS Enforcement Program shall be effective January 1, 2012,

3. Not less than 10 days' advance notice shall be given to the public before any meeting is held to make a substantive change to the City's RPS Enforcement Program,
4. Annually, the Director of Biggs Electric Utility shall cause to be reviewed, the City's RPS Procurement Plan to determine compliance the RPS Program,
5. Annual review of the RPS Procurement Plan shall include consideration of each of the following elements:
 - A. By December 31, 2013 (end of Compliance Period 1):
 - Verify that the City has met twenty percent of retail sales with eligible renewable resources from the specified Content Categories
 - If targets are not met, the City must:
 - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan
 - Review the applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan
 - B. By December 31, 2014
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation, consistent with the RPS Procurement Plan
 - C. By December 31, 2015
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation, consistent with the RPS Procurement Plan
 - D. December 31, 2016 (end of Compliance Period 2)
 - Verify that the City has met twenty-five percent of retail sales with eligible renewable resources from the specified Content Categories
 - If targets are not met, the City must:
 - Review the applicability of applying Excess Procurement from Compliance Period 1 consistent with the provisions of the RPS Procurement Plan
 - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan
 - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan
 - E. By December 31, 2017
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent renewable resources electricity, consistent with the RPS Procurement Plan

- F. By December 31, 2018
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent renewable resources electricity, consistent with the RPS Procurement Plan

- G. By December 31, 2019
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty three percent renewable resources electricity, consistent with the RPS Procurement Plan

- H. December 31, 2020 (end of Compliance Period 3), and annually thereafter,
 - Verify that that the City met thirty-three percent of retail sales with eligible renewable resources from the specified Content Categories, consistent with the RPS Procurement Plan

 - If targets are not met, the City must:
 - Review the applicability of applying Excess Procurement from a previous Compliance Period consistent with the provisions of the RPS Procurement Plan
 - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the RPS Procurement Plan
 - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the RPS Procurement Plan

- 6. If it is determined that the City has failed to comply with the provisions of its RPS Procurement Plan, the City Council shall direct that the City immediately take steps to correct any untimely compliance, including:
 - a. review of the City’s RPS Procurement Plan to determine what changes, if any, are necessary to ensure compliance in the next Compliance Period,
 - b. report quarterly to the City Council regarding the progress being made toward meeting the compliance obligation for the next Compliance Period.

- 7. Effective Date: This Resolution shall be effective on January 1, 2012.

I HEREBY CERTIFY that the foregoing **RESOLUTION** was duly introduced, passed and adopted at a regular meeting of the City Council of the City of Biggs, held on the 19st of December, by the following vote:

AYES: COUNCILMEMBER _____

NOES: COUNCILMEMBER _____

ABSENT: COUNCILMEMBER _____

ABSTAIN: COUNCILMEMBER _____

ATTEST:

APPROVED:

Roben Dewsnup
CITY CLERK

Roger L. Frith
MAYOR