



## City of Biggs

### Agenda Item Staff Report for the Regular City Council Meeting: March 10, 2015 6:30PM

DATE: March 10, 2015  
TO: Honorable Mayor and Members of the City Council  
FROM: Mark Sorensen, City Administrator  
SUBJECT: Authorization to Purchase Renewable Energy Certificates

In pursuit of State Mandated Renewable Portfolio Standard goals, authorize the City Administrator to purchase up to \$50,000 of Renewable Energy Credits (REC's) for calendar year 2015 and to execute any related purchase agreements.

#### **Background**

Please see attached September 2013 report from the previous purchase of Renewable Energy Credits (REC's).

#### **Number of REC's needed for RPS Compliance:**

A detailed analysis was completed by the NCPA Commissioner, NCPA Staff and City Administrator in 2013. Using a variety of assumptions, the 2013 analysis indicates that the following dollar amounts of REC's would be required to achieve RPS goals in each calendar year:

2015	2016
\$40,206	\$64,310

NCPA staff is currently updating the analysis, but it is believed to still be generally accurate. The purchase, generation and REC accounting processes take many months to complete, so it is advisable to begin the process at this time.

#### **Funding Source:**

As a component of the State's GHG credit market, the City receives a designated number of annual "Freely Allocated" GHG units which it sells into the California GHG market. The proceeds have been and will be credited to City Fund 054. Generally, the proceeds from the sales of GHG units are restricted to uses which further the goals of AB32. We believe that the purchase of REC's is an allowable (if not perfect) use of these revenues. The past and expected revenues from the sale of GHG units are more than sufficient to support the recommended purchase of REC's.

**Recommendation:**

In pursuit of State Mandated Renewable Portfolio Standard goals, authorize the City Administrator to purchase up to \$50,000 of Renewable Energy Credits for calendar year 2015 and to execute any related purchase agreements. The funding source shall be Fund 054 Freely Allocated Greenhouse Gas Credits. And, to modify and increase the expense budget of Fund 054 by \$50,000.

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Mark Sorensen, City Administrator



## City of Biggs

### Agenda Item Staff Report for the Regular City Council Meeting: September 09, 2013

TO: Honorable Mayor and Members of the City Council  
FROM: City Administrator  
SUBJECT: Purchase Authority for Renewable Energy Certificates.

Council is asked to consider and approve the purchase of REC's (Renewable Energy Certificates) to enable the City of Biggs to attain its state mandated RPS (Renewable Portfolio Standard) goals in calendar years 2013 and 2014.

#### **Background**

In 2003 Council 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."

Subsequent legislation (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the California Renewable Energy Resources Act, placed additional requirements on POU's (Publicly Owned Utilities), including a State Mandated renewable energy procurement targets, compliance periods and timelines.

The State RPS Compliance Periods being considered today are Compliance Period 1 (2011-2013), and Compliance Period 2 (2014-2016)

In 2011 the City of Biggs passed resolution 2011-26 which set forth an RPS compliance plan (attached). As allowed in State Statutes, an important consideration in the compliance plan is "cost", as quite factually all costs are passed onto the Rate Payers.

In recent years Biggs has enjoyed the benefit of a large resource base of Western Power (which can not be sold), generally adequate existing resources, and no load growth. Therefore the City of Biggs has not been in a position to acquire additional resources that might have considered procurement of RPS eligible sources.

However, the State did develop the concept of the REC (Renewable Energy Certificate). A REC represents the environmental and renewable attributes of

renewable electricity. A REC can be bought or sold either "bundled" with the underlying energy or "unbundled"

California law (Public Utilities Code §399.12[f]) defines a REC as:

"a certificate of proof, issued through the accounting system established by the Energy Commission... that one unit of electricity was generated and delivered by an eligible renewable energy resource.

'Renewable energy credit' includes all renewable and environmental attributes associated with the production of electricity from the eligible renewable energy resource, except for an emissions reduction credit issued pursuant to Section 40709 of the Health and Safety Code and any credits or payments associated with the reduction of solid waste and treatment benefits created by the utilization of biomass or biogas fuels."

In the Western region of the U.S., RECs are tracked using the Western Renewable Energy Generation Information System (WREGIS). A City of Biggs WREGIS account was established in March 2013 which enables the City to purchase REC's and to properly report the REC transactions.

**Number of REC's needed for RPS Compliance:**

A detailed analysis was completed by the NCPA Commissioner, NCPA Staff and City Administrator which was triggered by consideration of a purchase of CalPine Geothermal resources beginning in 2015. Aside from the fact that such a purchase would not assist with Compliance Period 1 (2011-2013) the analysis indicates that the City of Biggs could more cost effectively utilize existing resources and purchase REC's to achieve near term RPS goals.

Using a variety of assumptions, the analysis indicates that the following dollar amounts of REC's would be required to achieve RPS goals in each calendar year:

Compliance Period 1			Compliance Period 2		
2011	2012	2013	2014	2015	2016
\$35,798	\$30,564	\$23,483	\$38,451	\$40,206	\$64,310

**Funding Source:**

As a component of the State's GHG credit market, the City receives a designated number of annual "Freely Allocated" GHG units which it sells into the California GHG market. The proceeds have been and will be credited to City Fund 054. Generally, the proceeds from the sales of GHG units are restricted to uses which further the goals of AB32. We believe that the purchase of REC's is an allowable (if not perfect) use of these revenues.

The past and expected revenues from the sale of GHG units are believed to be just sufficient to support the recommended purchase of REC's to achieve RPS goals in Calendar Years 2013 and 2014.

**Further Comment:**

Under the recommendation, the City is leaving its 2011 and 2012 RPS performance in place, as lack of load growth, adequate existing resources, and cost considerations did not present reasonable opportunities to achieve State RPS goals at that time. The result is that the City will not have achieved the RPS goal for Compliance Period 1.

The recommendation is to utilize the purchase of REC's to achieve RPS goals in calendar years 2013 and 2014 as the city considers and evaluates other methods of achieving RPS goals in the future, which shall include consideration of the associated costs.

**Recommendation:**

In pursuit of State Mandated Renewable Portfolio Standard goals, authorize the City Administrator to purchase up to \$30,000 of Renewable Energy Credits for calendar year 2013, to purchase up to \$45,000 of Renewable Energy Credits for calendar year 2014, and to execute any related purchase agreements. The funding source shall be Fund 054 Freely Allocated Greenhouse Gas Credits. And, to modify and increase the expense budget of Fund 054 by \$75,000.