



P A S A D E N A
Water & Power

**City of Pasadena
RPS Enforcement Program (Revision 1)
Pursuant to California Public Utilities Code, Section 399.30**

Revision 1: Proposed for Adoption July 22, 2013

Prior Version Adopted Dec. 12, 2011

PURPOSE:

The purpose of this Enforcement Program for the Pasadena Water and Power Department ("PWP") is to comply with the California Renewable Portfolio Standard ("RPS") pursuant to Public Utilities Code ("PUC") § 399.30 as enacted by Senate Bill X1-2 ("SBX1-2")¹ and as further interpreted by the California Energy Commission ("CEC").²

SECTION A: PROCUREMENT PLAN GUIDELINES

PWP is hereby directed to develop a Procurement Plan for the City Council to consider for adoption. The Procurement Plan should at minimum include the following elements:

1) RPS Procurement Targets

Consistent with the CEC Enforcement Procedures, Section 3204, procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of total retail sales to achieve the following targets:

- (i) **Compliance Period One** (January 1, 2011 through December 31, 2013):
20% RPS as an average for the period;
- (ii) **Compliance Period Two** (January 1, 2014 through December 31, 2016):
25% RPS by December 31, 2016 and reasonable progress in the intervening years 2014 and 2015; and,
- (iii) **Compliance Period Three** (January 1, 2017 through December 31, 2020):
27% by 2017, 29% by 2018, 31% by 2019, and 33% by 2020, and 33% each year thereafter.

¹ As subsequently revised by Assembly Bill (AB) 2227.

² CEC regulations related to the RPS requirements for local publicly owned electric utilities are established in the CEC's "Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities," adopted June 12, 2013, ("CEC Enforcement Procedures") and the "Commission Guidebook for Renewables Portfolio Standard Eligibility, 7th Edition," adopted April 30, 2013 (the "Guidebook").

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For the purpose of this Section A, Retail Sales shall be defined as the total volume of energy sold, in kilowatt-hours, to all retail end-use customers taking service under Pasadena Municipal Code ("PMC") Sections 13.04.040 to 13.04.090, inclusive, and Sections 13.04.177 to 13.04.179, inclusive. This includes sales to customers taking service under the optional Green Power Service (PMC 13.04.179). Sales to retail customers taking Direct Access Service under PMC 13.04.095 shall not be included.

2) Portfolio Content Categories ("Categories")

Pursuant to the CEC Enforcement Procedures, Section 3204, the following categories of the renewable resources should be used to meet the statutory RPS procurement targets:

- (i) **Portfolio Content Category Zero ("Category 0")**: Resources procured prior to June 1, 2010 are "grandfathered" and will count in full (i.e., be subtracted from the total RPS requirement without being classified into any of the other Categories).
- (ii) **Portfolio Content Category One ("Category 1")**: Eligible renewable energy resource electricity that meets the requirement of "in-state," or "out-of-state" resources scheduling power directly to a California balancing authority in accordance with PUC section 399.16(b)(1);
- (iii) **Portfolio Content Category Two ("Category 2")**: Firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority, in accordance with PUC Section 399.16(b)(2); and,
- (iv) **Portfolio Content Category Three ("Category 3")**: 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 Category 1 or 2 in accordance with PUC Section 399.16(b)(3).

3) Crediting Portfolio Content Categories

The "Net Procurement Requirement" shall be defined as the total RPS requirement minus the grandfathered Category 0 resources, which shall count in full. PWP shall assign eligible renewable energy resource electricity products to the appropriate Category consistent with Grandfathering provisions in Section F of this Enforcement Program and the CEC Enforcement Procedures, Section 3204 as follows:

- (i) During Compliance Period One, not less than 50 percent of eligible renewable energy resources procured toward Net Procurement Requirement on or after June 1, 2010 shall be Category 1, and not more than 25 percent shall be Category 3;
- (ii) For Compliance Period Two, not less than 65 percent of eligible renewable energy resources procured toward Net Procurement Requirement on or after

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June 1, 2010 shall be Category 1, and not more than 15 percent shall be Category 3;

- (iii) From January 1, 2017, not less than 75 percent of eligible renewable energy resources procured toward Net Procurement Requirement on or after June 1, 2010 shall be Category 1, and not more than 10 percent shall be Category 3; and,
- (iv) The remaining amount needed to meet Net Procurement Requirement can be fulfilled by procuring Category 2 renewable energy resources.
- (v) Where procurement of Category 2 or 3 is allowed, a higher Category may be substituted (i.e., Category 2 for Category 3, or Category 1 for Category 2 or Category 3.)

4) Annual Review of the Procurement Plan

PWP shall annually provide progress and assessment of the approved Procurement Plan for City Council consideration.

The following table summarizes the Enforcement Plan guidelines.

Table 1: Renewable Resource Categories and RPS Requirements

Pasadena Water & Power CEC-Compliant Procurement Plan Requirements by Calendar Year										
	Compliance Period 1			Compliance Period 2			Compliance Period 3			
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020+
SBX1-2 RPS Mandatory Procurement Requirement (% of Retail Load) ^[1]	20%			20%	20%	25%	27%	29%	31%	33%
Category 0:	No constraint									
Category 1 Minimum:	≥50% of Net Procurement Requirement			≥65% of Net Procurement Requirement			≥75% of Net Procurement Requirement			
Category 2: Maximum ^[2]:	≤50% of Net Procurement Requirement			≤35% of Net Procurement Requirement			≤25% of Net Procurement Requirement			
Category 3 Maximum:	≤25% of Net Procurement Requirement			≤15% of Net Procurement Requirement			≤10% of Net Procurement Requirement			

^[1] As imposed by the CEC Guidebook, 7th Edition and proposed CEC Enforcement Procedures. SBX1-2 does not include specific interim targets in Compliance Period 3, just obligation to make "reasonable progress."

^[2] The Category 2 constraint is not specified by law, but is derived logically as the maximum residual given the Category 1 constraint.

SECTION B: PUBLIC NOTICE FOR PROCUREMENT PLAN

Any time the City Council plans to consider adopting a new or modified Procurement Plan, PWP shall follow the guidelines below consistent with the CEC Enforcement Program, Section 3205(a)(3):

- A. Post public notice pursuant to Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code ("Brown Act"); and,

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- B. Contemporaneously provide notice of the date, time, and location of the meeting and an electronic copy of the Procurement Plan and other documents to the CEC. This requirement is satisfied if PWP provides the Uniform Resource Locator (“URL”) that links this information to the CEC website.

SECTION C: REPORTING

Consistent with the CEC Enforcement Procedures, Section 3207, PWP shall comply with the following reporting requirements.

- A. Annually, by September 1, 2013 and July 1 each year thereafter, submit to the CEC documentation regarding RPS progress during the prior year and actions taken demonstrating reasonable progress toward meeting the RPS procurement requirements, including a description of all actions planned by PWP in the current calendar year to demonstrate progress towards achieving PWP’s RPS procurement requirements.
- B. By July 1, 2014; July 1, 2017; July 1, 2021; and by July 1 of each year thereafter, PWP shall submit to the CEC a compliance report that addresses the reporting requirements above and the following information for the preceding compliance period:
 - (1) Classification per RPS-certified facility of the amount of procurement qualifying for each Category and procurement that shall count in full;
 - (2) PWP’s RPS procurement target for the compliance period, in MWh;
 - (3) The amount of excess procurement, in MWh, from previous compliance periods, if any, and historic carryover, if any, that PWP is applying to the compliance period;
 - (4) The amount of procurement retired, in MWh, that PWP wishes to claim toward the RPS procurement target for calculating the portfolio balance requirements;
 - (5) The amount of excess procurement, in MWh, for the compliance period, if any, that may be applied toward future compliance periods.

SECTION D. EXCESS PROCUREMENT

Pursuant to the CEC Enforcement Procedures, Section 3206(a)(1), excess procurement in one compliance period may be applied to a subsequent compliance period. However, there will be no carryover of deficits between compliance periods.

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SECTION E. VOLUNTARY RENEWABLE ENERGY PROCUREMENT IN EXCESS OF STATUTORY PROCUREMENT TARGETS

If the City Council establishes RPS goals for PWP higher than the Procurement Targets defined in CEC Enforcement Procedures, Section 3204, or procures energy to serve PWP Green Power Service customers taking service under PMC 13.04.179, the eligible renewable resources procured in excess of the statutory minimum shall be deemed voluntary and not subject to:

- A. Any mandatory enforcement provisions under SBX1-2 or rules or regulations;
- B. Any restriction from carry over or banking provisions to subsequent Compliance Periods; sale, purchase or exchange; or any other use;
- C. Any restrictions on portfolio content categorization pursuant to PUC Section 399.30(c)(3); or,
- D. Reporting or Public Notice required by the CEC.

SECTION F: RESOURCES PROCURED PRIOR TO JUNE 1, 2010

The CEC has determined that renewable energy resources procured prior to June 1, 2010 (grandfathered contracts) shall "count in full" towards SBX1-2 mandated RPS procurement requirements in accordance with Section 3202 of the CEC Enforcement Procedures. Renewable energy resource contracts approved prior to June 1, 2010 shall be designated as Category 0, applied towards the state mandated RPS procurement target for each compliance period prior to determining the portfolio balance requirement, and shall not be allocated to any of the other Categories.

SECTION G: PROCUREMENT PLAN LIMITATIONS AND RELIEF

PWP shall use its best efforts to procure adequate supplies of renewable energy as set forth in this Enforcement Plan; however, PWP shall at all times maintain system reliability and maintain average procurement costs for retail electric sales in accordance with the approved budget and retail electric rates approved by the City Council. SBX1-2 and the City Council recognize that adverse situations beyond PWP's control may arise and prevent PWP from fulfilling the RPS Procurement Targets in a timely manner and consistent with such limitations.

In the event PWP discovers that such conditions may potentially prevent PWP from meeting the RPS Procurement Targets set forth in this Enforcement Plan, it shall notify the City Council of the adverse conditions and submit a revised Procurement Plan for discussion, approval, and implementation. Pursuant to the CEC Enforcement Procedures Section 3206(a)(2), conditions which shall be accepted as grounds for reducing the goals of the Procurement Plan are as follows:

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- A. **Inadequate Transmission Capacity.** Pursuant to the CEC Enforcement Procedures, Section 3206(a)(2)(A)(1), if PWP is unable to comply with an approved Procurement Plan due to inadequate transmission availability, PWP shall notify the City Council and submit a revised Procurement Plan for approval and implementation.
- B. **Unanticipated Curtailment.** Pursuant to the CEC Enforcement Procedures, Section 3206(a)(2)(A)(3), if an approved Procurement Plan is subsequently projected to adversely affect system reliability or resource adequacy, or if unanticipated curtailment of eligible renewable energy resources was necessary to address the needs of the CAISO (a balancing authority), PWP shall notify the City Council and submit a revised Procurement Plan for City Council approval and implementation.
- C. **Permitting, Interconnection, or Other Circumstances.** Pursuant to the CEC Enforcement Procedures, Section 3206(a)(2)(A)(2), if an approved Procurement Plan is subsequently projected to be delayed due to permitting, interconnection, development (e.g., major equipment procurement, financing, construction, etc.), operational problems (fires, balancing authority constraints, accidents, outages, etc.) or other circumstances such as legislative or regulatory problems, PWP shall notify the City Council and submit a revised Procurement Plan for approval and implementation. This condition also applies if there is an insufficient supply of eligible renewable energy resources available, provided that PWP also finds that it prudently managed portfolio risks, including, but not limited to: (i) holding solicitations for RPS-eligible resources with outreach to market participants and relying on a sufficient number of viable projects to achieve RPS procurement requirements; (ii) PWP sought to develop either 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) PWP procured an appropriate minimum margin of procurement above the level necessary to comply with the RPS to compensate for foreseeable delays or insufficient supply; and (iv) PWP had taken reasonable measures to procure cost-effective distributed generation and allowable unbundled RECs.
- D. **Cost limitations.** Pursuant to the CEC Enforcement Procedures, Section 3206(a)(3), if an approved Procurement Plan is subsequently projected to cause procurement expenditures or rates to increase beyond City Council approved limits or be short of revenue requirements, PWP shall notify the City Council and submit a revised Procurement Plan for approval and implementation.

SECTION H: ENFORCEMENT

The City Council directs the PWP General Manager to inform the City Council at a public meeting in the event that PWP will not meet the renewable energy procurement requirements as set forth in this RPS Enforcement Program. The PWP General Manager shall notify the CEC of such non-compliance, in the manner and schedule

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established by the CEC pursuant to regulations developed by the CEC in the Enforcement Procedures, Sections 3207(d)(6).

Any complaint against PWP pertaining to the enforcement of an RPS requirement, or any regulation, order, or decision adopted by the CEC pertaining to the RPS, shall be filed in accordance with Title 20, section 1240 of the California Code of Regulations pursuant to Section 3208 of the CEC Enforcement Procedures.

A complaint may be issued for PWP's failure to comply with any of the requirements in the CEC's regulations, including, but not limited to any of the following:

(1) Failure to meet an RPS procurement target as specified in subdivision (a) of Section 3204 for reasons other than adopted cost limitations and/or delay of timely compliance rules which the CEC determines comport with the RPS requirements as specified in subdivisions (a)(2) and (3) of Section 3206 of the CEC Enforcement Program;

(2) Failure to meet a Category 1 portfolio balance requirement as specified in subdivision (c) of section 3204 for reasons other than PWP's adopted cost limitation, if any, and/or delay of timely compliance rules which the CEC determines comport with the RPS requirements as specified in subdivisions (a)(2) and (3) of Section 3206 of the CEC Enforcement Program;

(3) Failure to adopt an RPS procurement plan, enforcement program or plan, or provide notice, disclosure, or other information to the Commission and public as specified in Section 3205 of the CEC Enforcement Program;

(4) Failure to submit a complete annual, compliance, or other report, or other documentation or information as specified by Section 3207 of the CEC Enforcement Program.