

RPS Enforcement Program

This Enforcement Program shall apply to the City of Shasta Lake (“City”) and shall, in conjunction with the City’s Renewable Energy Resources Procurement Plan, represent the policy framework under which the City shall procure eligible renewable energy resources to serve City end-use consumer needs.

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:

1. Energy Commission (“CEC”): The State Energy Resources Conservation and Development Commission.
2. City Council: The regulatory authority for the City.
3. Eligible Renewable Energy Resources: A resource that complies with the requirements of PUC § 399.12(e). In addition, the City includes generation from hydroelectric facilities, including facilities with generation capacity greater than 30 megawatts, under this definition and directs staff to utilize any such resources in the electric portfolio to the greatest extent allowed under applicable law and regulation.
4. Renewable Energy Resources Procurement Plan: The plan adopted by the City Council pursuant to PUC § 399.30.
5. RPS Regulations: The “Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities,” as adopted by the Energy Commission, which may be updated periodically.

Section 2: Compliance Periods and Procurement Targets

The City Council adopts multiyear compliance periods with associated minimum procurement targets as specified in PUC §§ 399.30(b) and 399.30(c) and RPS Regulations, as amended from time to time.

Compliance Periods and Procurement Targets include, but are not limited to:

Compliance Period	Procurement Target
1/1/2011 to 12/31/2013, inclusive	Average of 20% of retail sales
1/1/2014 to 12/31/2016, inclusive	25% of retail sales by 12/31/2016
1/1/2017 to 12/31/2020, inclusive	33% of retail sales by 12/31/2020
1/1/2021 to 12/31/2024, inclusive	44% of retail sales by 12/31/2024
1/1/2025 to 12/31/2027, inclusive	52% of retail sales by 12/31/2027
1/1/2028 to 12/31/2030, inclusive	60% of retail sales by 12/31/2030

The City Manager shall purchase sufficient eligible renewable energy resources such that the amount of eligible renewable energy resources, as a percentage of retail sales, meets or exceeds the Procurement Targets for each associated Compliance Period, and shall demonstrate reasonable progress in intervening years, as further defined in the Renewable Energy Resources Procurement Plan.

Section 3: Portfolio Content Categories

The City Manager shall ensure purchased eligible renewable energy resource comply with the Portfolio Content Category definitions and criteria of PUC § 399.30(c)(3), consistent with PUC § 399.16, RPS Regulations, and as further defined in the Renewable Energy Resources Procurement Plan.

Section 4: Long Term Procurement

Beginning January 1, 2021, the City Manager shall purchase eligible renewable energy resources with a minimum amount purchased under long-term contracts, in accordance with PUC sections 399.13(b) and 399.30(d), RPS Regulations, and as further defined in the Renewable Energy Resources Procurement Plan.

Section 5: Grandfathering of Procurement Content Category Requirements

The City shall count all resources meeting the requirements of PUC §399.16(d) in full towards the procurement requirements set forth in this RPS Enforcement Program.

Section 6: Optional Compliance Mechanisms

It is the policy of the City Council to adopt optional compliance mechanisms, including the elements that follow, each of which is further defined in the Renewable Energy Resources Procurement Plan.

Utilization of optional compliance mechanisms shall result in full compliance with all applicable laws and regulations.

Section 6A: Delay of Timely Compliance

The City Council adopts 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 6B: Excess Procurement

The City Council adopts 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 the RPS Regulations.

Section 6C: Cost Limitations

The City Council adopts a limitation on the procurement expenditures for all eligible renewable energy resources used to comply with this Enforcement Program. In administering this limitation on the procurement expenditures, the City Council shall rely on elements consistent with PUC § 399.15(c)(1)-

(3). This cost limitation value and methodology shall be specified in the Renewable Energy Resources Procurement Plan, and all elements of these cost limitations may be updated by the City Council.

Section 7: Renewable Energy Resources Procurement Plan

The City Council 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 be responsible for maintaining the Renewable Energy Resources Procurement Plan in compliance with all applicable law and regulation. The City shall post a public notice whenever the City Council will deliberate in public to consider substantive changes to the Renewable Energy Resources Procurement Plan.

Section 8: Enforcement

The City Manager, or designee, shall inform the City Council at a public meeting if the City will not meet the procurement requirements set out under this RPS Enforcement Program, and to present a plan to bring City into compliance.

<end>

Renewable Energy Resources Procurement Plan

INTRODUCTION

This document presents the City of Shasta Lake (“CITY”) Renewable Energy Resources Procurement Plan, as required for compliance with the California Renewables Portfolio Standard Program, Public Utilities Code Sections 399.11 - 399.33. Since first enacted, the state’s renewable portfolio standard (RPS) program has been amended to attain a target of generating 20 percent of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, 33 percent by December 31, 2020, 50 percent by December 31, 2026, and 60 percent by December 31, 2030. Pursuant to PUC section 399.30(a), each POU¹ must adopt and implement a renewable energy resources procurement plan (referred to herein as the “RPS Procurement Plan”) and a separate program for the enforcement of the RPS Procurement Plan.

CITY’s 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 PUC Sections 399.30(d) and 399.30(c)(3) and Section 3206 of the RPS Regulation; and (3) RPS reporting provisions. Where appropriate, this RPS Procurement Plan includes section citations to the Public Utilities Code sections 399.11, et seq, (Amended by Stats. 2018, Ch. 312, Sec. 4. (SB 100) Effective January 1, 2019.)

1. Purpose (PUC section 399.30(a))

In order to fulfill unmet long-term generation resource needs, CITY’s 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 CITY’s total kilowatt hours sold to its retail end-use customers, each compliance period, to achieve the targets specified in PUC section 399.30(c).

2. Compliance Periods (PUC section 399.30(b))

- A. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
- 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. Compliance Period 4: January 1, 2021, to December 31, 2024, inclusive.

¹ City of Shasta Lake is a local publicly owned electric utility (“POU”) under state law.

- E. Compliance Period 5: January 1, 2025, to December 31, 2027, inclusive.
- F. Compliance Period 6: January 1, 2028, to December 31, 2030, inclusive.
- G. Annual Compliance Periods: Annually after 2030.

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

- A. During Compliance Period 1, January 1, 2011 to December 31, 2013, CITY shall procure renewable energy resources equivalent to an average of at least twenty percent (20%) of retail sales.

$$EP_{2011} + EP_{2012} + EP_{2013} > .20 (RS_{2011} + RS_{2012} + RS_{2013})$$

Where,

EP_x = Electricity Products retired for the specified year X; this may include excess procurement and historic carryover that CITY has chosen to apply to the compliance period containing year X

RS_y = total Retail Sales made by CITY for the specified year y

- B. By the end of Compliance Period 2, December 31, 2016, CITY shall procure renewable energy resources equivalent to at least twenty-five percent (25%) of retail sales.

$$EP_{2014} + EP_{2015} + EP_{2016} > 0.20(RS_{2014}) + 0.20 (RS_{2015}) + 0.25 (RS_{2016})$$

- C. By the end of Compliance Period 3, December 31, 2020, CITY shall procure renewable energy resources equivalent to at least thirty-three percent (33%) of retail sales. During the intervening years of Compliance Period 3, CITY shall increase procurement annually to reflect an imputed 2020 compliance obligation expressed as:

$$(EP_{2017} + EP_{2018} + EP_{2019} + EP_{2020}) > 0.27 (RS_{2017}) + 0.29 (RS_{2018}) + 0.31 (RS_{2019}) + 0.33 (RS_{2020})$$

- D. By the end of Compliance Period 4, December 31, 2024, CITY shall procure renewable energy resources equivalent to at least forty-four percent (44%) of retail sales. During the intervening years of Compliance Period 4, CITY shall increase procurement annually to ensure that the quantities of eligible renewable energy resources to be procured during Compliance Period 4 reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 44% by 2024.
- E. By the end of Compliance Period 5, December 31, 2027, CITY shall procure renewable energy resources equivalent to at least fifty-two percent (52%) of retail sales. During the intervening years of Compliance Period 4, CITY shall increase procurement annually to ensure that the quantities of eligible renewable energy resources to be procured during Compliance Period 5 reflect reasonable progress in each of the intervening years sufficient

to ensure that the procurement of electricity products from eligible renewable energy resources achieves 52% by 2027.

- F. By the end of Compliance Period 6, December 31, 2030, CITY shall procure renewable energy resources equivalent to at least sixty percent (60%) of retail sales. During the intervening years of Compliance Period 4, CITY shall increase procurement annually to ensure that the quantities of eligible renewable energy resources to be procured during Compliance Period 6 reflect reasonable progress in each of the intervening years sufficient to ensure that the procurement of electricity products from eligible renewable energy resources achieves 60% by 2030.
- G. Commencing on December 31, 2031, and annually thereafter, CITY shall procure renewable energy resources equivalent to at least sixty percent (60%) of retail sales.

The procurement targets listed above are minimum requirements. The City of Shasta Lake City Council may, by resolution, 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 CITY's 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 CITY's retail end-use customers (in MWh) in the same time period.

4. Reasonable Progress Towards Meeting Compliance Period Targets During Intervening Years (PUC section 399.30(c)(2))

CITY shall demonstrate reasonable progress towards meeting compliance period targets during intervening years by ensuring that renewable energy contracts are in place or under solicitation to meet the projected increase in RPS procurement for each compliance period. This demonstration shall be set forth in CITY's annual report prepared in accordance with Section 14.B herein.

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

In order to achieve a balanced portfolio, CITY's RPS Procurement Plan shall consist of Portfolio Content Categories that meet the criteria for the following eligible renewable energy resource electricity products, as defined in PUC section 399.16(b):

- A. **Content Category 1** (consistent with PUC section 399.16(b)(1): Resources in this category shall either:
 - 1) 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.

- 2) Have an agreement to dynamically transfer electricity to a California balancing authority.
- B. **Content Category 2** (consistent with PUC section 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 PUC section 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** (PUC section 399.16(d)):
 - 1) 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:
 - i. The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.
 - ii. 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.
 - iii. The duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years.
 - 2) “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. (PUC section 399.12(e)(1)(C)).
 - 3) 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. Portfolio Balancing Requirements – Quantity for Content Categories (PUC section 399.30(c)(3), 399.16(c)(1) and (2))

The following portfolio balancing requirements shall apply to CITY’s RPS procurement:

- A. For Compliance Period 1, CITY 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. For Compliance Period 2, CITY 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. For Compliance Period 3, and each compliance period thereafter, CITY 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. Long-term contract requirement (PUC sections 399.13(b) and 399.30(d)):

Beginning January 1, 2021, with Compliance Period 4, at least sixty-five percent (65%) of CITY's renewables portfolio standard procurement for each compliance period shall be from contracts of 10 years or more in duration or ownership or ownership agreements for eligible renewable energy resources.

8. Excess Procurement (PUC section 399.30(d)(1), PUC section 399.13(a)(4)(B))

CITY shall be allowed to apply excess procurement (Excess Procurement) from one compliance period to subsequent compliance periods.

- A. For Compliance Periods 1 -3, the following conditions must be met:
 - 1) CITY may accumulate, beginning on January 1, 2011, Excess Procurement from one Compliance Period to be applied in any subsequent Compliance Period.
 - 2) In calculating the quantity of Excess Procurement, CITY shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration.
 - 3) Eligible resources must be from Content Category 1 or Content Category 2 or Grandfathered Resources to be Excess Procurement.
 - 4) Resources from Content Category 3 shall not be counted as excess procurement.
- B. Beginning with Compliance Periods 4 and for all subsequent Compliance Periods, the following conditions apply:
 - 1) For electricity products from Portfolio Content Category 1, contracts of any duration may count as excess procurement.
 - 2) Electricity products from Portfolio Content Category 2 and 3 shall not be counted as excess procurement.
 - 3) Contracts of any duration for electricity products meeting the Portfolio Content Categories 2 or 3 that are credited towards a compliance period shall not be deducted from POU's procurement for purposes of calculating excess procurement, except for electricity products that exceed the maximum limit for Portfolio Content Category 3.
- C. If sixty-five percent (65%) of CITY's procurement for Compliance Period 3, ending December 31, 2020, is from contracts of 10 years or more in duration or from its ownership or ownership agreements for eligible renewable energy resources, CITY may apply the excess procurement provisions of subsection B above for that Compliance Period.

9. Timely Compliance (PUC section 399.30(d)(2), PUC section 399.15(b)(5))

- A. Waiver of Timely Compliance: Enforcement of timely compliance with minimum procurement quantities per PUC section 399.15 and section 5 above shall be waived if CITY demonstrates that any of the following conditions are beyond CITY's control, and will prevent timely compliance:

- 1) Inadequate Transmission (PUC section 399.15(b)(5)(A)): There is inadequate transmission capacity available to allow for sufficient electricity to be delivered from CITY's proposed eligible renewable energy resource projects using the current operational protocols of any applicable Balancing Authority, including the Balancing Authority of Northern California ("BANC") and the California Independent System Operator ("CAISO"). In making its findings relative to the existence of this condition, CITY's deliberations shall include, but not be limited to the following:
 - i. Whether CITY 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 CITY's actions, CITY shall consider its expectations for full-cost recovery for these transmission lines and upgrades, and
 - ii. Whether CITY has taken all reasonable operational measures to maximize cost-effective deliveries of electricity from eligible renewable energy resources in advance of transmission availability.

- 2) Permitting, interconnection, or other factors that delayed projects, or procurement, or there is insufficient supply of eligible renewable energy resources available to CITY (399.15(b)(5)(B)). In making its findings relative to the existence of this condition, CITY's deliberations shall include, but not be limited to the following:
 - i. Whether CITY prudently managed portfolio risks, including relying on a sufficient number of viable projects;
 - ii. Whether CITY 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 CITY 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 CITY took 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 CITY 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.

- 3) Unanticipated curtailment of eligible renewable energy resources if the waiver would not result in an increase in greenhouse gas emissions. (PUC section 399.15(b)(5)(C)).

- 4) Unanticipated increase in retail sales due to transportation electrification. In making a finding that this condition prevents timely compliance, the CITY shall consider both of the following:
 - i. Whether transportation electrification significantly exceeded forecasts in CITY's service territory based on the best and most recently available information filed with the State Air Resources Board, the Energy Commission, or another state agency.
 - ii. Whether CITY took reasonable measures to procure sufficient resources to account for unanticipated increases in retail sales due to transportation electrification.

- B. Portfolio Balance Requirement Reduction (Section 3206(a)(4)) (PUC sections 399.16(e), 399.30(c)(3))
 - 1) CITY may determine that a reduction of the portfolio balancing requirement is warranted for any compliance period to the extent that CITY demonstrates that it cannot comply with the balancing requirement because of conditions beyond CITY's control as provided in PUC section 399.15(b)(5) and subsection A above.
 - 2) CITY shall not, under any circumstances, reduce the obligation to procure Content Category 1 resources below 65% for any compliance period obligation after December 31, 2016.

- C. Procedures Upon Approving Waiver: In the event of a Waiver of Timely Compliance due to any of the factors set forth above, CITY shall implement the following procedures:
 - 1) Establish additional reporting for intervening years to demonstrate that reasonable actions under the CITY's control are being taken (PUC section 399.15(b)(6)).
 - 2) Require a demonstration that all reasonable actions within CITY's control have been taken to ensure compliance in order to grant the waiver (PUC section 399.15(b)(7)).

- D. Prior Deficits: In no event shall deficits from prior compliance periods be added to future compliance periods (PUC section 399.15(b)(9)).

10. Greater than 40% large hydro (PUC section 399.30(k))

- A. If, during any Compliance Period, CITY receives more than 40 percent of its retail sales from large hydroelectric generation under an ownership agreement or contract in effect as of January 1, 2018, CITY is not required to procure eligible renewable energy resources that exceed the lesser of subpart (1) or (2) for that year, and CITY's compliance obligation during that compliance period shall be adjusted such that the total quantities of eligible renewable energy resources to be procured shall reflect such reductions:
 - 1) The portion of CITY utility's retail sales unsatisfied by CITY's large hydroelectric generation.
 - 2) The soft target adopted by the Energy Commission for the intervening years of the relevant compliance period, or for those years where soft targets are not adopted, a showing of progress as defined in Section 4 herein.

- B. An extension or renewal of a procurement agreement shall not be eligible to count towards the determination that the local publicly owned electric utility receives more than 40 percent of its retail sales from large hydroelectric generation in any year, except for any agreement in effect on January 1, 2015, between a local publicly owned electric

utility and the Western Area Power Administration or federal government as part of the federal Central Valley Project.

- C. This adjustment does not modify CITY’s compliance obligation to satisfy the Portfolio Balancing Requirements above.

11. Cost Limitations for Expenditures (PUC section 399.30(d)(3), PUC section 399.15(c))

- A. CITY, at its sole discretion, may elect to establish cost limitations for all eligible renewable energy resources used to comply with the renewables portfolio standard that is set at a level that prevents disproportionate rate impacts. In ensuring that customers do not face a disproportionate burden, the City Manager has the authority to implement a cost limitation provision which may result in a temporary suspension of RPS compliance activities. This cost limitation provision may be implemented for any calendar year or for a multi-year Compliance Period and may be implemented regardless of available historic carryover and/or excess procurement. The City Manager shall notify the City Council via Quarterly Updates if cost limitation provisions have been implemented.
- B. This section establishes a cost limitation provision that applies if the rate impact on CITY customers related to the procurement of renewable energy products exceeds \$0.0085/kwh during any calendar year or Compliance Period.
- C. City will take the following actions if the cost limitation provision is activated during a calendar year or Compliance Period:
 - i. Adjust the **RPS Incremental Compliance Cost (\$)** into CITY’s resource portfolio so that the rate impact does not exceed \$0.0085 cent/kWh

$$\frac{\text{RPS Incremental Compliance Cost (\$)}}{\text{RPS Retail Sales (kWh)}} \leq \$0.0085/kWh$$

Where:

- 1. **RPS Incremental Compliance Cost (\$)** includes all costs of the RPS product, and any costs to schedule or deliver the RPS product, that are incurred in order to use the RPS product toward the RPS obligation.
 - 2. **RPS Retail Sales (kWh)** includes wholesale load reduced by 4.49% for retail distribution system losses.
- ii. Incorporating the costs of the completed RPS procurement² that will be delivered in the future years. The cost limitation threshold identified herein will be applied for the subsequent 5 years.
- D. When applying the cost limitation defined herein, the City shall rely on this RPS Procurement Plan, as well as:

² The Commercial Operation Date (COD) of a signed renewable energy contract is later than the current year

- i. Procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources; and
 - ii. The potential that some planned resource additions may be delayed or cancelled.
- E. When evaluating the potential use of this cost limitation provision, the following will be taken into consideration:
 - i. Grandfathered resources will not be included in the cost limitation calculation.
 - ii. The cost limitation calculation will apply to costs of renewable products incurred to meet requirements of applicable laws and regulations. For contracts that do not split the price between the energy component and the renewable attribute, the CAISO market energy price will be used to determine the remaining portion (renewable attribute) of the cost.
 - iii. Renewable products that are generated and purchased in one compliance period, but are counted towards compliance in a subsequent compliance period, will be applied against the cost limitations in the compliance period in which it is counted.
 - iv. The forecast for wholesale load from CITY's two-year budgeting process will be used to calculate the annual RPS cost limitations.
 - v. Commencing January 1, 2021, the cost limitation will apply only to the cost of the renewable attribute (i.e., REC) for products delivered to a California Balancing Authority. In the event RPS laws and or regulations are modified such that renewable products must be scheduled beyond the first point of delivery/interconnection of a California Balancing Authority, and the City incurs additional costs to meet the regulatory mandate, all additional costs related to the change in law and or regulation shall be considered for this cost limitation provision. Costs consideration shall include: the renewable attribute (i.e., REC), cost of transmission capacity, transmission wheeling, market price differential between contract delivery point and final scheduling point, ancillary services, grid administration charges, other uplift charges, etc. Cost consideration shall be made to all then-existing and future contracts.
- F. CITY shall continuously monitor its expenditure levels and will advise the City Council annually of its RPS expenditures when the thresholds to implement its cost limitation are met or fall below the cost limitation thresholds to resume RPS Procurement Plan requirements.
- G. CITY shall review the need for cost limitations and the rate impact limit as part of the budgeting process.

12. Historic Carryover

- A. CITY, at its sole discretion, may elect to adopt rules that allow for procurement generated before January 1, 2011 that meets the criteria of Section 3202 (a)(2), that is in excess of the sum of the 2004-2010 annual procurement targets defined in Section

3206(a)(5)(D) and that was not applied to the RPS of another state or to a voluntary claim, to be applied to the CITY's RPS procurement target for the compliance period ending December 31, 2013, or for any subsequent compliance period.

- B. Both the historic carryover and the procurement applied to the CITY's annual procurement target must be from eligible renewable resources that were RPS-eligible under the rules in place at the time of execution of ownership agreement.
 - 1) Historic carryover must be procured pursuant to a contract or ownership agreement executed before June 1, 2010.
- C. Historic carryover will be calculated based on the following:
 - 1) A baseline of an amount equal to 2001 procurement divided by 2001 retail sales, multiplied by 2003 total retail sales, plus one percent of 2001 retail sales.
 - 2) Annual procurement targets for 2004-2010 that are equal to the lesser of 20 percent of the previous year's retail sales or 1 percent of the previous year's retail sales greater than the annual procurement target for the previous year.
- D. All applicable historic procurement claims for January 1, 2004 – December 31, 2010, baseline calculations, annual procurement target calculations, and any other pertinent data must be submitted to the California Energy Commission by January 1, 2014.

13. Exclusive Control (PUC section 399.30(m))

In all matters regarding compliance with the RPS Procurement Plan, CITY shall retain exclusive control and discretion over the following:

- A. The mix of eligible renewable energy resources procured by CITY and those additional generation resources procured by CITY for purposes of ensuring resource adequacy and reliability.
- B. The reasonable costs incurred by CITY for eligible renewable energy resources owned by it.

14. Reporting (PUC section 399.30(f), and 9605 – revised per AB 2196

- A. Deliberations on Procurement Plan (PUC section 399.30(f)):
 - 1) Public Notice: Annually, CITY shall post notice of meetings if the Council will deliberate in public regarding this RPS Procurement Plan.
 - 2) Documents and Materials Related to Procurement Status and Plans: When CITY provides information to the Council related to its renewable energy resources procurement status and future plans, for the Board's consideration at a noticed public meeting, CITY shall make that information available to the public.
- B. Compliance Reporting (per Section 3207):
 - 1) Annual Reports – by July 1 for each year (see Section 3207(c))
 - 2) Compliance Period Reports – by the deadline specified in Section 3207(d))

15. Program Review

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

16. Plan Modifications/Amendments

This RPS Procurement Plan may be modified or amended by an affirmative vote of the City Council during a public meeting. Any City Council action to modify or amend the plan must be publicly noticed in accordance with Section 14.

17. Voluntary Green Pricing and Shared Renewable Programs (PUC section 399.39(c)(4))

CITY may initiate “Voluntary Green Pricing, Shared Renewable Generation Programs,” or other programs with similar intent. The purpose of these programs is to provide customers options for alternative renewable energy products that are not part of CITY’s portfolio used to serve its retail load. The following provisions will apply to any such programs:

- The kilowatt-hours generated by an eligible renewable energy resource that meets the criteria of PCC 1 that is credited to a participating customer pursuant to such programs shall be excluded from CITY’s retail sales for purposes of determining its RPS procurement requirements.
- Any renewable energy credits associated with electricity credited to a participating customer shall not be used for compliance with procurement requirements under this article, shall be retired on behalf of the participating customer, and shall not be further sold, transferred, or otherwise monetized for any purpose.
- To the extent possible for generation that is excluded from retail sales under this subdivision, CITY shall seek to procure those eligible renewable energy resources that are located in reasonable proximity to program participants; provided, however, that CITY is not prohibited from seeking resources in alternate locales if warranted or desired.



6.2

Report & Recommendation
Reviewed and Approved

City Manager

AGENDA ITEM City Council Meeting

TO: John N. Duckett, Jr., City Manager
City Council

FROM: James Takehara, Electric Utility Director

DATE: December 9, 2020

SUBJECT: Updates to RPS Enforcement Program and Renewable Energy Resources Procurement Plan

FILE NO: E-090-640-690

RECOMMENDATION:

Staff recommends the City Council adopt a resolution approving updates to the City's "Renewable Portfolio Standards (RPS) Enforcement Program," and "Renewable Energy Resources Procurement Plan."

BACKGROUND:

In 2013, the City Council adopted Resolution CC-13-96 approving updates to the City's RPS Enforcement Program and Renewable Energy Resources Procurement Plan in order to reflect certain changes in State laws. Among the changes, the City's policies were updated to ensure the electricity supply used to serve the City's end-use electric customers is no less than 33% "eligible renewable," by the State's standards and definition, by December 31, 2020. The Electric Department has successfully implemented City Council policy throughout its effective period.

There have been two additional iterations of State law that impact the City's renewable energy purchases through the year 2030 and beyond that justify updates to both the RPS Enforcement Program and Renewable Energy Resources Procurement Plan. Those changes are discussed in the balance of this report and the proposed modifications are attached for City Council consideration.

The Electric Committee met on 12/8/2020 to discuss and review the proposed modifications to City policy. The Committee recommended certain changes, which are incorporated in the proposed modifications attached.

DISCUSSION:

Procurement Targets by Compliance Period:

State law establishes mandates beyond 2020 including measurable renewable energy procurement targets through 2030, which are as follows. Under this portion of law, at least 60% of the energy used to serve end-use customer needs must be from eligible renewable resources by the end of 2030. Additionally, there are “interim procurement targets” during the intervening years. These generally follow a straight-line progression, or in this case, about 3% increase from year to year.

Compliance Period Start	Compliance Period End	Minimum Procurement Target (as % of Retail Sales)
1/1/2021	12/31/2024	44%
1/1/2025	12/31/2027	52%
1/1/2028	12/31/2030	60%

Long-Term Procurement Requirement:

A new element of law starting 1/1/2021 is a requirement that at least 65% of the renewable resources used toward the City’s procurement targets be sourced from long-term contracts, which are defined as having a contract term of 10-years or longer. Currently, the City only has one such contract, WAPA Base Resource, which provides a minimal amount of “eligible” renewable energy. In 2012, the State adopted legal language that disqualifies any hydroelectric resource where the powerplant is 30 megawatts or larger, which is a definition that eliminates nearly 99% of the hydroelectric generation in California from counting toward this legal mandate. This “Long Term Requirement” or “LTR” is significant as the City has relied on multi-year contracts, but less than 10-years in term, to meet the requirements of State law. This has allowed the City to periodically reconfigure its electric portfolio to optimize coverage while maintaining lower rates and greater reliability. Long-term contracts are fine in theory, but meeting this mandate will require long term purchases, essentially committing the City’s electric ratepayers to contract obligations with a great deal of uncertainty of market conditions, trading party financial health, performance of power plants, and overall cost. The LTR is intended to promote development of new renewable resources in California, even though there was not an apparent lack of investment and lack of success in developing such resources prior to the LTR provision being adopted into law.

100% Carbon-Free Resource Goal:

Recent changes in law establish a policy objective that 100% of all electricity in California be 100% carbon-free by 2045. However, no law nor regulation defines “carbon-free” and there is no framework on how the State will monitor compliance toward this objective. Therefore, no changes were made to City policy to address this mandate at this time. Staff will continue to engage in rulemaking processes that establish the carbon-free framework and will develop policy language for City Council consideration at a later date.

Definition of Eligible Renewable Energy:

As noted above, the State disqualified large hydroelectric facilities from counting as “eligible renewable energy resources,” which disallows the City to use such resources, such as the WAPA Base Resource contract, toward this legal mandate. The Electric Committee recommends adding language to City policy to recognize large hydroelectric as a renewable resource. While this may be insufficient to modify the treatment of large hydroelectric generation under State law, it would signal the City’s recognition of all hydroelectric as a clean, renewable energy resource. In practice, staff will only utilize qualified resources, as defined under State law, to meet the legal mandate. To implement the Electric Committee’s recommendation, the RPS Enforcement Program definition of “eligible renewable energy resource” was modified to the following, with the underlined text showing the addition:

A resource that complies with the requirements of PUC § 399.12(e). In addition, the City includes generation from hydroelectric facilities, including facilities with generation capacity greater than 30 megawatts, under this definition and directs staff to utilize any such resources in the electric portfolio to the greatest extent allowed under applicable law and regulation.

Future Amendments:

The California Energy Commission (CEC) is tasked by State law to develop regulations for the implementation of the renewable energy mandates discussed herein. CEC regulations are still under development. Late in the regulatory process, the CEC introduced additional concepts that provided significantly more detailed requirements than prescribed under the language of the law, were widely disputed by stakeholders, and have left the rulemaking process at an uncertain point. Given the level of uncertainty introduced so late in the rulemaking process, there is some probability that the City may need to consider additional amendments to one or both policy documents attached to this staff report within the next three months. However, the City has a legal obligation to adopt revised policies by 12/31/2020 to reflect the new provisions of law regardless if the CEC regulations are finalized or not.

FISCAL IMPACTS:

Renewable energy product costs have declined substantially over the last decade, even without the LTR provision in place, but all renewable products remain at a premium in the market when compared to standard market energy. Currently, renewable energy products tend to be about 2 cents/kWh greater than standard market alternatives. Additionally, many renewable energy products contain “hidden costs” related to fixing their unmanageable generation characteristics, untimeliness of generation (i.e., produce when there is less demand), and other such “integration costs.”

Over the course of 2021 – 2030, the current market premium for renewable energy would accumulate to nearly \$20,000,000 for the 10-year period. The renewable energy premium is included in the Electric Fund operating budget each budget cycle as a power supply cost. Budgets are prepared with then-current forecasts for retail sales and market conditions. City Council is not asked to approve any spending authority for renewable energy as part of this action item. Such requests for appropriations will be made in future City Council meetings in standard budget packets or on items specifically requesting supplemental appropriations.

ATTACHMENTS:

Resolution
Renewable Portfolio Standard Enforcement Program
Renewable Energy Resources Procurement Plan

RESOLUTION NO. CC-20-89

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SHASTA LAKE
ADOPTING REVISIONS TO THE RENEWABLE PORTFOLIO STANDARDS ENFORCEMENT
PROGRAM AND RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN**

WHEREAS, City Council adopted Resolution CC-13-96 on December 17, 2013, which approved updates to the Renewable Portfolio Standard Enforcement Program and Renewable Energy Resources Procurement Plan to reflect changes in State law; and

WHEREAS, State law has been amended twice after the adoption of Resolution CC-13-96, which justifies updates to both policy documents.

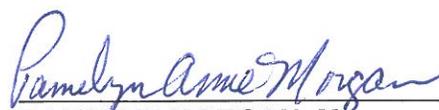
NOW, THEREFORE, BE IT RESOLVED that the City of Shasta Lake City Council approves and adopts the revisions to the Renewable Portfolio Standards Enforcement Program and Renewable Energy Resources Procurement Plan, effective January 1, 2021.

PASSED, APPROVED, AND ADOPTED this 15th day of December, 2020 by the following vote:

AYES: FARR, KERN, POWELL, WATKINS, MORGAN

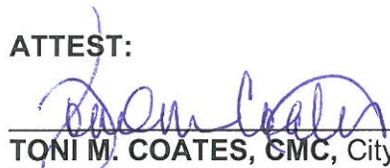
NOES: NONE

ABSENT: NONE



PAMELYN MORGAN, Mayor

ATTEST:



TONI M. COATES, CMC, City Clerk

Public Notice: Consideration of Revision to RPS Enforcement Program and Renewable Energy Procurement Plan

November 24, 2020

City of Shasta Lake staff plans to request the City of Shasta Lake City Council to consider and possibly approve proposed changes to City's RPS Enforcement Program and Renewable Energy Procurement Plan to conform both documents to recent changes in State law. The meeting logistics are listed below. The general meeting shall begin at the time specified below, and the subject item will be discussed in the order listed on the agenda.

Date: December 15, 2020

Time: 6:00 PM Pacific Standard Time

Location: City Council Chambers, 4488 Red Bluff Street, Shasta Lake, CA 96019

<end>



CITY COUNCIL **MEETING AGENDA**

**City Council Chambers
4488 Red Bluff St
Shasta Lake, CA 96019**

Tuesday, December 15, 2020 at 6:00 PM

Effective June 16, 2020, City Council Meetings will be open to limited in-person attendance with the following guidelines in place:

In compliance with the State Guidelines, the City Council Chambers will be limited to 25% of its maximum capacity. This capacity includes City Council Members, staff, and members of the public.

Seating for members of the public (LIMITED TO 12) shall be on a first come, first served basis. Once the available seats are filled, members of the public wishing to address the Council may wait in line outside the Chambers.

Individuals waiting in line shall maintain six feet of distance between themselves and others at all times. These individuals will be allowed entry to make their comment and then must exit the room.

THE WEARING OF FACIAL COVERINGS IS MANDATORY.

Thank you for helping us to protect the health of our Council, staff, and members of the public.

OTHER WAYS TO PARTICIPATE IN THE MEETING

- Watch a livestream of the meeting online or view the recording any time after the meeting concludes at the following: [cityofshastalake.org/meetings](https://www.cityofshastalake.org/meetings)
- Submit public comment electronically before or during the meeting to: publiccomments@cityofshastalake.org. Public comment by email will be read into the record during consideration of the item the comment addresses. Each public comment will be limited to three minutes of reading. Include the item number you are commenting on in the subject line of the email. Once the vote has taken place on an item, no additional public comments will be accepted.
- Submit public comment by mail addressed to City Clerk, City of Shasta Lake, PO Box 777, Shasta Lake, CA 96019. Mailed comments must be received one day prior to the meeting to be included.

The Brown Act prohibits the Council from taking action on any item not placed on the Agenda in most cases.

The Brown Act requires any non-confidential documents or writings distributed to a majority of the City Council less than 72 hours before a regular meeting to be made available to members of the public at the same time they are distributed.

Should supplemental materials to be evaluated in the decision making process be made available to the members of the legislative body at the meeting, seven (7) copies must be provided to the City Clerk who will distribute them.

Councilmembers are encouraged to contact the City Manager prior to the meeting with questions or concerns regarding any item on the Agenda so that their questions and concerns can be adequately addressed at the meeting.

Agenda packets are available for public review at City Hall, 4477 Main Street, Shasta Lake, CA during normal business hours of 7:00 a.m. to 4:00 p.m. weekdays, excluding holidays.

In Compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please call (530) 275-7407. Notification 48 hours prior to the meeting is requested to enable the City to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

1.0 6:00 PM CALL TO ORDER – REGULAR MEETING

Call to order (please place electronic devices on silent)
Statement for the record of Council members present
Pledge of Allegiance and Invocation
Mayor’s opening comments

2.0 AWARDS AND RECOGNITIONS

3.0 COMMUNICATIONS

3.1 Public Comment Period:

This time is set aside for citizens to address the City Council on matters listed on the Consent Agenda as well as other items **not** included on the Regular Agenda. If your comments concern an item noted on the regular agenda, please address the Council when that item is open for public comment. **Each speaker is allocated three (3) minutes to speak.** Speakers may not cede their time. Comments should be limited to matters within the jurisdiction of the City. Council discussion or action cannot be taken on items not listed on the agenda other than to receive comments. Speaker forms are available from the City Clerk, 4477 Main Street, Shasta Lake, on the City’s website, or at the back of the meeting hall. If you have documents to present to members of Council, please provide a minimum of seven copies.

3.2 Presentations:

3.3 Commission/Committee Reports/Outside Agency Reports:

4.0 CONSENT AGENDA

NOTICE: The items listed under the Consent Agenda are considered routine business and will be voted on together by one motion unless a Council Member requests a specific item to be removed and discussed separately.

- 4.1 Acceptance of the regular meeting minutes of December 1, 2020. Page 1
- 4.2 Acceptance of the special meeting minutes of December 9, 2020. Page 3
- 4.3 Resolution adopting a finding that commercially available energy storage systems are not currently viable and cost effective for the City and therefore is not adopting procurement targets. Page 4

5.0 PUBLIC HEARINGS: None

6.0 REGULAR AGENDA:

- 6.1 Discussion and possible direction regarding paving of Morningstar Way/Historic Hwy 99. Page 75
- 6.2 Discussion and possible action on a Resolution adopting revisions to the Renewable Portfolio Standards Enforcement Program and Renewable Energy Resources Procurement Plan. Page 76
- 6.3 2020 Mayor’s annual appointments to Committees/Commissions/Boards. Page 94

7.0 COUNCIL/STAFF REPORTS/COMMENTS

7.1 Staff Comments/Reports

City Manager John Duckett – report on COVID-19.

7.2 City Council Comments/Reports

This is the time set aside for Council Members, who may so desire, to give brief comments or reports concerning City matters. The City Council may not enter into discussion on matters reported. Statements made by individual Council Members should not be interpreted as a statement of the City Council. The City Council only takes action by majority vote.

- Brief reports by members of the Council regarding correspondence, events and/or meetings attended, and upcoming meetings/events.
- Suggestions/motions for future agenda items.
- In compliance with Assembly Bill 1234, Council will report of attendance at conferences/meetings/events where expenses are reimbursed by the City.

8.0 ADJOURNMENT

Meetings are broadcast on the Wednesday following the meeting at 6 pm and the following Friday at 2 pm on Charter Channel 181.

Videos of Meetings are also available on-line through the City website www.cityofshastalake.org
Agenda Packets are also available on the City's website.