

EXHIBIT A



**City of Lompoc  
Electric Division**

**Revised Renewable Energy  
Resources Procurement Plan**

*January 19, 2021*

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## 1. Introduction

This document presents the Updated Renewable Energy Resources Procurement Plan of the City of Lompoc Electric Division (Lompoc Electric), 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% of total retail sales of electricity in California from eligible renewable energy resources by December 31, 2013, 33% by December 31, 2020, 50% by December 31, 2026, and 60% by December 31, 2030. Pursuant to Public Utilities Code (PUC) section 399.30(a), each Publicly Owned Utility (POU) 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.<sup>1</sup> Lompoc Electric's enforcement program is not addressed in this document, but rather, in a separate report.

Lompoc Electric's RPS Procurement Plan, as reflected in Paragraphs 1-18 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 POU RPS Enforcement Regulation; and (3) RPS reporting provisions. Where appropriate, this RPS Procurement Plan includes section citations to the PUC sections 399.11, et seq. References to PUC section 399.30 reflect the most recent amendments, effective January 1, 2020 (Amended by Stats. 2019, Ch. 401, Sec. 3. (SB 155) Effective January 1, 2020).

This is an update to the Revised RPS Procurement Plan adopted by the Lompoc City Council on October 15, 2013. With all future resource needs, Lompoc Electric shall apply this document, as approved by the City Council, to assure that the City's retail electric customers are provided at least a minimum quantity of electricity products from eligible renewable energy resources and products consistent with the targets set forth in this Plan.

## 2. Purpose (PUC section 399.30(a))

In order to fulfill unmet long-term generation resource needs, Lompoc Electric 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 Lompoc Electric'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).

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<sup>1</sup> Pursuant to PUC section 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.

**3. Compliance Periods (PUC section 399.30(b) and (c))**

- Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.
- Compliance Period 4: January 1, 2021, to December 31, 2024, inclusive.
- Compliance Period 5: January 1, 2025, to December 31, 2027, inclusive.
- Compliance Period 6: January 1, 2028, to December 31, 2030, inclusive.
- Beginning January 1, 2030, each compliance period shall run for three years, from January 1 to December 31).

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

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

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

- $EP_X$  = Electricity products applied to the specified year X toward the RPS procurement target for the compliance period containing year X. This may include electricity products retired for and applied to year X, subject to the Portfolio Content Category 3 limit calculated in paragraph 6 (Portfolio Balancing Requirements), and excess procurement pursuant to paragraph 8 (Excess Procurement) and historic carryover pursuant to paragraph 12 (Historic Carryover) that Lompoc Electric has applied to year X.
- $RS_X$  = Total retail sales made by the POU for the specified year X

- B. By the end of Compliance Period 4, December 31, 2024, Lompoc Electric shall procure renewable energy resources equivalent to at least forty-four percent (44%) of retail sales. During the intervening years of Compliance Period 4, Lompoc Electric shall increase procurement annually to reflect a compliance obligation expressed as:

$$\frac{(EP_{2021} + EP_{2022} + EP_{2023} + EP_{2024})}{4} \geq 0.3575 (RS_{2021}) + 0.3850 (RS_{2022}) + 0.4125 (RS_{2023}) + 0.4400 (RS_{2024})$$

- C. By the end of Compliance Period 5, December 31, 2027, Lompoc Electric shall procure renewable energy resources equivalent to at least fifty-two percent (52%) of retail sales. During the intervening years of Compliance

Period 5, Lompoc Electric shall increase procurement annually to reflect a compliance obligation expressed as:

$$\underline{EP_{2025} + EP_{2026} + EP_{2027} \geq 0.4600(RS_{2025}) + 0.5000(RS_{2026}) + 0.5200(RS_{2027})}$$

- D. By the end of Compliance Period 6, December 31, 2030, Lompoc Electric shall procure renewable energy resources equivalent to at least sixty percent (60%) of retail sales. During the intervening years of Compliance Period 6, Lompoc Electric shall increase procurement annually to reflect a compliance obligation expressed as:

$$\underline{EP_{2028} + EP_{2029} + EP_{2030} \geq 0.5467(RS_{2028}) + 0.5733(RS_{2029}) + 0.6000(RS_{2030})}$$

- E. For all compliance periods commencing after January 1, 2030, Lompoc Electric shall procure electricity products sufficient to meet or exceed an average of sixty percent (60%) of Lompoc Electric's retail sales over the three calendar years of the compliance period, expressed as.

$$\underline{EP_{x1} + EP_{x2} + EP_{x3} \geq 0.6000 (RS_{x1}) + 0.6000 (RS_{x2}) + 0.6000 (RS_{x3})}$$

The procurement targets listed above are minimum requirements. The Lompoc 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 Lompoc Electric'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 Lompoc Electric's retail end-use customers (in MWh) in the same time period.

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

Lompoc Electric 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 Lompoc Electric's annual report.

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

In order to achieve a balanced portfolio, Lompoc Electric'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 firm 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)):

a) 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:

a. The renewable energy resource was eligible under the rules in place as of the date when the contract was executed.

b. 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.

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

b) “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)).

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.

**7. 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 Lompoc Electric's RPS procurement:

- A. For Compliance Period 1, Lompoc Electric 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, Lompoc Electric 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, Lompoc Electric 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.

**8. 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 Lompoc Electric'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.

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

Lompoc Electric 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:

- i. Lompoc Electric may accumulate, beginning on January 1, 2011, Excess Procurement from one Compliance Period to be applied in any subsequent Compliance Period.
- ii. In calculating the quantity of Excess Procurement, Lompoc Electric shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration.
- iii. Eligible resources must be from Content Category 1 or Content Category 2 or Grandfathered Resources to be Excess Procurement.
- iv. 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:

- i. For electricity products from Portfolio Content Category 1, contracts of any duration may count as excess procurement.
- ii. Electricity products from Portfolio Content Category 2 and 3 shall not be counted as excess procurement.
- iii. 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 Lompoc Electric'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, Lompoc Electric may apply the excess procurement provisions of subsection B of this Paragraph 8 (Excess Procurement) for that Compliance Period.



**10. 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 paragraph 5 (Procurement Requirements – Definitions for Content Categories) shall be waived if Lompoc Electric demonstrates that any of the following conditions are beyond Lompoc Electric's control, and will prevent timely compliance:

1. *Inadequate Transmission* (PUC section 399.15(b)(5)(A)): There is inadequate transmission capacity to allow for sufficient electricity to be delivered from Lompoc Electric's proposed eligible renewable energy resource projects using the current operational protocols of Lompoc Electric's Balancing Authority, the California Independent System Operator (CAISO). In making its findings relative to the existence of this condition, Lompoc Electric's deliberations shall include, but not be limited to the following:

- (i) Whether Lompoc Electric 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 Lompoc Electric's actions, Lompoc Electric shall consider its expectations for full-cost recovery for these transmission lines and upgrades, and

- (ii) Whether Lompoc Electric 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 Lompoc Electric (399.15(b)(5)(B)). In making its findings relative to the existence of this condition, Lompoc Electric's deliberations shall include, but not be limited to the following:

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

- (ii) Whether Lompoc Electric 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 Lompoc Electric 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 Lompoc Electric 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 Lompoc Electric 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 Council shall consider both of the following:

(i) Whether transportation electrification significantly exceeded forecasts in Lompoc Electric'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 Lompoc Electric 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 Council may determine that a reduction of the portfolio balancing requirement is warranted for any compliance period to the extent that Lompoc Electric demonstrates that it cannot comply with the balancing requirement because of conditions beyond Lompoc Electric's control as provided in PUC section 399.15(b)(5) and subsection A of this paragraph 9 (Timely Compliance).

2. Lompoc Electric 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, Lompoc Electric shall implement the following procedures:

1. Establish additional reporting for intervening years to demonstrate that reasonable actions under the Lompoc Electric's control are being taken (PUC section 399.15(b)(6)).
  2. Require a demonstration that all reasonable actions within Lompoc Electric'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)).

**11. Greater than 40% Large Hydro** (PUC section 399.30(k))

- A. If, during any Compliance Period, Lompoc Electric 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, Lompoc Electric is not required to procure eligible renewable energy resources that exceed the lesser of subpart (i) or (ii) for that year, and Lompoc Electric 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:

(i) The portion of Lompoc Electric utility's retail sales unsatisfied by Lompoc Electric's large hydroelectric generation.

(ii) 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 5 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 Lompoc Electric's compliance obligation to satisfy the Portfolio Balancing Requirements of paragraph 6 (Portfolio Balancing Requirements).

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

- A. Lompoc Electric, 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). City of Lompoc current RPS policy requires that Lompoc Electric pursue a target level of renewable purchases

of 44% while “ensuring that the retail rate impact for renewable purchases does not exceed 0.5 ¢/kWh on average”.

- B. Lompoc Electric shall review the need for cost limitations as part of the review process described in Paragraph 16 (Program Review).

### **13. Historic Carryover**

- A. Lompoc Electric, 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), of the POU RPS Procurement Regulation that is in excess of the sum of the 2004-2010 annual procurement targets defined in Section 3206(a)(5)(D) of the POU RPS Procurement Regulation and that was not applied to the RPS of another state or to a voluntary claim, to be applied to the Lompoc Electric'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 Lompoc Electric'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.
  - a. 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:
  - a. 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.
  - b. 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.

### **14. Exclusive Control (PUC section 399.30(m))**

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

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

**15. Reporting (PUC section 399.30(f) and 9605)**

A. Deliberations on Procurement Plan (PUC section 399.30(f)):

1. *Public Notice:* Annually, Lompoc Electric shall post notice of meetings if the City Council will deliberate in public regarding this RPS Procurement Plan.
2. *Documents and Materials Related to Procurement Status and Plans:* When Lompoc Electric provides information to the City Council related to its renewable energy resources procurement status and future plans, for the City Council's consideration at a noticed public meeting, Lompoc Electric shall make that information available to the public.

B. Compliance Reporting:

Lompoc Electric shall submit annual and compliance period reports to the California Energy Commission in accordance with Section 3207 of the POU RPS Enforcement Regulation.

**16. Program Review**

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

**17. 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 paragraph 15 (Reporting).

**18. Voluntary Green Pricing and Shared Renewable Programs (PU code section 399.39(c)(4))**

Lompoc Electric may initiate "Voluntary Green Pricing or Shared Renewable Generation Programs." The purpose of these programs is to provide customers options for alternative renewable energy products that are not part of Lompoc Electric's portfolio used to serve is retail load. The following provisions will apply to any such programs:

- The kilowatthours 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 Lompoc Electric'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, Lompoc Electric shall seek to procure those eligible renewable energy resources that are located in reasonable proximity to program participants; provided, however, that Lompoc Electric is not prohibited from seeking resources in alternate locales if warranted.