



City Council Agenda Item

City Council Meeting Date: January 19, 2021

TO: Jim Throop, City Manager

FROM: Tikan Singh P.E., Electric Utility Manager
t_singh@ci.lompoc.ca.us

SUBJECT: Adoption of Resolution No: 6377(21) Adopting the Revised City of Lompoc Renewable Energy Resources Procurement Plan and the Revised Renewable Portfolio Standard Enforcement Program

Recommendation:

Staff recommends the City Council adopt Resolution 6377(21) adopting the Revised City of Lompoc Electric Division's (Lompoc Electric) Renewable Energy Resources Procurement Plan and the Revised Renewable Portfolio Standard Enforcement Program as required by for compliance with the California Renewables Portfolio Standard Program (RPS), Public Utilities Codes Sections (PUC) 399.11 – 399.33 (attached).

Background:

Pursuant to PUC Sections 399.11 – 399.33, each Publicly Owned Utility must adopt and implement a RPS renewable energy resources procurement plan and a separate program for the enforcement of the procurement plan and update those documents as appropriate.

On October 7, 2015, Senate Bill (SB) 350 was signed into law, which mandated a 33% RPS target by 2020 and 50% RPS target by 2030. On September 10, 2018, SB 100 was signed into law, which accelerated the RPS target to 50% by 2026 and 60% by 2030.

On October 12, 2019, SB 155 was signed into law requiring that by January 1, 2021, load-serving entities comply with an existing requirement that at least 65% of the procurement that a retail seller counts toward the renewables portfolio standard requirement of each compliance period be from contracts of 10 years or more in duration or from its ownership or ownership agreements from eligible renewable energy resources.

Discussion:

Lompoc Electric first adopted and implemented a renewable energy resources procurement plan and renewable energy resources enforcement program on December 6, 2011, and is now revising the plan and enforcement program to reflect changes as a result of the most currently revised regulations. The Revised Renewable Energy

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Resources Procurement Plan¹ (Plan), replaces the prior Revised Renewable Energy Resources Procurement Plan approved by the City Council on October 15, 2013 (Resolution No. 5877(13)). Additionally, the Revised Renewable Energy Resources Enforcement Program² (Program) replaces the prior Revised Renewable Energy Resources Enforcement Program approved by the City Council on December 6, 2011, (Resolution No. 5755(11)).

In general, the Plan outlines a strategy for fulfilling unmet long-term generation resource needs that requires Lompoc Electric to procure a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of the total kilowatt-hours sold to Lompoc Electric's retail customers each compliance period to achieve specified procurement targets. The Program provides for the enforcement of the Plan, which includes all of the provisions set forth in the Plan. The Compliance Periods and procurement targets are the following:

- By Compliance Period ending December 31, 2020, Lompoc Electric shall procure renewable energy resources equivalent to at least 33% of retail sales.
- By Compliance Period ending December 31, 2024, Lompoc Electric shall procure renewable energy resources equivalent to at least 44% of retail sales.
- By Compliance Period ending December 31, 2027, Lompoc Electric shall procure renewable energy resources equivalent to at least 52% of retail sales.
- By Compliance Period ending December 31, 2030, Lompoc Electric shall procure renewable energy resources equivalent to at least 60% of retail sales.
- For all compliance periods commencing after January 1, 2030, Lompoc Electric shall procure electricity products sufficient to meet or exceed an average of 60% of retail sales over the three calendar years of the compliance period.

With all future resource needs, Lompoc Electric shall apply the Plan and Program, 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 the Plan. In order to achieve a balanced portfolio, Lompoc Electric's Plan shall consist of Portfolio Content Categories that meet the certain criteria as described in the Plan.

The Plan requires Lompoc Electric to annually review its progress toward meeting RPS goals and determine whether reasonable progress is being made to sufficiently meet compliance year targets. If targets are not being met, Lompoc Electric has the ability to apply historic carryover from renewable energy procured through 2010 and/or review the applicability of applying excess procurement from prior compliance periods. In addition,

¹ Exhibit A to the attached Resolution.

² Exhibit B to the attached Resolution.

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Lompoc Electric may elect to establish cost limitations for all eligible renewable energy resources used to comply with the renewables portfolio standard program.

In addition to the accelerated post-2020 RPS requirements and cost limitation provision, the Plan includes a required long-term procurement provision whereby starting in 2021, Lompoc Electric must procure at least 65% of its RPS resources from contracts of 10 or more years in duration.

Lompoc Electric staff will continue to evaluate the feasibility of additional renewable energy resources and opportunities to meet existing and future RPS requirements.

Fiscal Impact:

There is no direct financial impact associated with the development and approval of the Plan and Program. Any future purchases of RPS eligible resources will be considered for approval on a case-by-case basis.

Conclusion:

Resolution No. 6377(21) complies with the requirements of Public Utilities Code sections 399.11 – 399.33.

Respectfully submitted,

Tikan Singh P.E., Electric Utility Manager

APPROVED FOR SUBMITTAL TO THE CITY MANAGER:

Charles J. Berry, Utility Director

APPROVED FOR SUBMITTAL TO THE CITY COUNCIL:

Jim Throop, City Manager

Attachment: Resolution No. 6377(21)