



Agenda Item No: 8A

Council Meeting Date: December 5, 2011

Prepared By: Terry Crowley

Terry Crowley, Electric Director

Approved By: Marjie Pettus

Marjie Pettus, City Manager

REQUEST FOR CITY COUNCIL ACTION

SUBJECT: City of Healdsburg's Renewable Energy Procurement Plan and Enforcement Program

RECOMMENDED ACTION: Adopt the City of Healdsburg's Renewable Energy Procurement Plan consistent with SBX1-2 and adopt an Enforcement Program to maintain compliance with the requirements of SBX1-2.

BACKGROUND: During the first extraordinary sessions of the Legislature, SBX1-2 was passed and later chaptered into the Public Utilities Code by Governor Jerry Brown. Under SBX1-2, each Publicly Owned Utility (POU) must adopt and implement a Renewable Energy Procurement Plan (REPP) as well as implement a program for the enforcement of the REPP to reach a renewable energy content of 33% by the end of 2020. At the end of calendar year 2010, the City of Healdsburg was compliant with the renewable energy purchase requirements of SBX1-2.

DISCUSSION: The structure of SBX1-2 establishes three major compliance targets to effect a statewide, 33% renewable energy target at the end of calendar year 2020. Through three sequential compliance periods, SBX1-2 sets increasing renewable energy targets and limitations to the composition (content) of the total renewable energy. The procurement plan must address the treatment of waivers of compliance and cost limitations.

The first compliance period of SBX1-2 is from January 1, 2011 through December 31, 2013. At the end of the first compliance period, each POU must verify that they have supplied an average of twenty percent (20%) of retail sales with eligible renewable resources from the allowed renewable energy sources. In general, renewable energy sources procured in this compliance period must contain a minimum of 50% of renewable energy from sources directly connected to the California balancing authority with no more than 25% of renewable energy sourced from unbundled energy products or renewable energy products that do not comply with PUC content categories 1 or 2.

The second compliance period spans January 1, 2014 through December 31, 2016. Before December 31, 2016, each POU must verify that they have procured twenty-five percent (25%) of

their retail sales with eligible renewable resources from the allowed content categories. In general, the second compliance period must contain a minimum of 65% of renewable energy from sources directly connected to the California balancing authority with no more than 15% of renewable energy sourced from unbundled energy products or renewable energy products that do not comply with PUC content categories 1 or 2.

The final compliance period runs from January 1, 2017 through December 31, 2020. At the end of this compliance period, each POU must verify that they have supplied thirty-three percent (33%) of retail sales with eligible renewable resources from the allowed renewable energy sources. In general but more clearly defined by the PUC, renewable energy sources procured in the final compliance period must contain a minimum of 75% of renewable energy from sources directly connected to the California balancing authority with no more than 10% of renewable energy sourced from unbundled energy products or renewable energy products that do not comply with PUC content categories 1 or 2.

At the end of calendar year 2010, the City of Healdsburg exceeded the requirements for all three compliance periods. The City's early compliance with SBX1-2 is primarily due to the City's ownership share in the Geysers Plant #1 and #2. In addition, the City of Healdsburg owns shares in other small hydro plants supplied from the New Spicer Meadow Reservoir that add to the City's percentage of renewable energy.

SBX1-2 is accommodating for unplanned contingencies throughout each of the compliance periods. Unplanned contingencies, such as the loss of generation and/or transmission sources, could significantly reduce the City's ability to meet the compliance period requirements. Therefore, SBX1-2 allows a "waiver of timely compliance" for conditions beyond the control of the City.

The last major item incorporated into the amendments of SBX1-2 is the ability of the City to set a cost limiter for the procurement of renewable energy. The intent of the cost limiter is to avoid undue burden stemming from a mandated market for renewable energy. As proposed to the City Council, the City's procurement plan includes a rate limiter of 4% of the Electric Department's gross annual sales. For fiscal year 2011, 4% of the Electric Department's gross annual sales roughly equal \$412,000. Under this limiter, a hypothetical annual purchase of 3,200 Megawatt-hours (MWh) of renewable energy would be limited to roughly \$129/MWh. If adopted, the 4% rate limiter would be in addition to, not in substitution of, any needed rate increases due to inflationary or other increase in the Electric Department's total cost recovery requirement.

ENVIRONMENTAL IMPACT: Approval of the City's Renewable Energy Procurement Plan and Enforcement Program will not result in a direct or reasonably foreseeable indirect negative change to the environment and is therefore not considered "project" for purposes of Section 21065 of the California Environmental Quality Act. No environmental review is necessary.

FISCAL IMPACT: As the City already exceeds the requirements for all three compliance periods and beyond, no fiscal impact is expected. If the City's energy needs exceed the current

long-term forecast additional renewable energy may need to be procured. In any case, additional purchase of renewable energy will be compliant with the City's adopted rate limiter.

ALTERNATIVE: Council may choose not to adopt the REPP and/or Enforcement Program and provide further direction to staff. However, to remain compliant with the Public Utilities Code, the City Council is required to adopt an Enforcement Program before January 1, 2012.


ATTACHMENTS:

Senate Bill 2 (First Extraordinary Session)

City of Healdsburg's Renewable Energy Procurement Plan

Resolution Adopting a Renewable Energy Procurement Plan

Resolution Adopting an Enforcement Program to Maintain Compliance with SBX1-2

Reviewed by: 
Mike Gogna, City Attorney

Healdsburg Electric Department

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CITY OF HEALDSBURG **RENEWABLE ENERGY PROCUREMENT PLAN**

1.00 INTRODUCTION AND PURPOSE

Senate Bill 2 of the first extraordinary session (SBX1-2) was chaptered into the Public Utilities Code (Section 399) by Governor Jerry Brown. Under SBX1-2 the City of Healdsburg, a Publicly Owned Utility, must adopt and implement a renewable energy resources procurement plan to reach and maintain a renewable energy content of 33% by the end of calendar year 2020. At the end of calendar year 2010, the City of Healdsburg was compliant with the energy purchase requirements of SBX1-2.

This document outlines the requirements of SBX1-2 and the City of Healdsburg's minimum requirements for the procurement of renewable energy. In addition to the development of an RPS Procurement Plan, SBX1- 2 requires the City of Healdsburg to adopt and implement a separate program for the enforcement of the RPS Procurement Plan.¹ The City of Healdsburg's RPS enforcement program is addressed and documented by City Council Resolution.

With all future resource needs, Healdsburg's Electric Department (HED) 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 by SBX1-2.

1.10 PLAN MODIFICATIONS/AMENDMENTS

This RPS Procurement Plan may be modified or amended by an affirmative vote of the City Council of the City of Healdsburg during a publicly noticed meeting. Any Council action to modify or amend the plan must be publicly noticed in accordance with Section 4.00, applicable Public Utilities Codes, and/or applicable sections of the Government Code.

¹ Pursuant to § 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..

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2.00 PROCUREMENT REQUIREMENTS FOR RENEWABLE ENERGY

SBX1-2 created several very specific requirements for the procurement of renewable energy for the resale to electric customers. Section 2.00 of this document details the procurement requirements of SBX1-2 and adopts these requirements as minimum standards for HED's procurement of retail energy.

2.10 COMPLIANCE PERIODS (PUC §399.30(b))

The amendment of SBX1-2 created three distinct compliance periods. At the end of each compliance period, a specific target for renewable energy must be met unless "waivers of timely compliance" are incurred. Each of the compliance periods includes the following; 1) the retail sales percentage target for renewable energy and 2) the allowed percent from each content category.

A. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.

HED must procure and average of 20% of the calendar year's retail sales with renewable energy. Renewable energy procured for this compliance period should be comprised of not less than 50% of content category I and not more than 25% from content category III.

B. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.

HED must procure, at the end of compliance period 2, at least 25% of calendar year 2016's retail sales with renewable energy. Renewable energy procured for this compliance period should be comprised of not less than 65% of content category I and not more than 15% from content category III.

C. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.

HED must procure, at the end of compliance period 3, at least 33% of calendar year 2020's retail sales with renewable energy. Renewable energy procured for this compliance period should be comprised of not less than 75% of content category I and not more than 10% from content category III.

D. Starting January 1, 2021 and after renewable energy procurements shall at least met the end requirements of compliance period 3.

2.20 CONTENT CATEGORY DEFINITIONS (PUC §399.30(c)(3))

As required by the Public Utilities Code, each compliance period shall further restricted the procurement of energy through the concept of Content Categories (sometimes referred to as energy buckets) that describe the criteria for differing eligible renewable energy resource electricity products:

- A. **Content Category 1 (consistent with §399.16(b)(1))**: Resources in this category shall either:
 - a. 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.
 - b. Have an agreement to dynamically transfer electricity to a California balancing authority.
- B. **Content Category 2 (consistent with §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 §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 (§399.16(d))**: 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:

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

(2) 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.

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

(4) "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. (§ 399.12(e)(1)(C).

Resources procured prior to June 1, 2010 shall be counted for RPS compliance (Grandfathered) without regard to the limitations on the use of each portfolio Content Category as described in Section 2.20.

3.00 QUALIFYING CONDITIONS OF COMPLIANCE

Provisions of SBX1-2 allow for un-foreseen circumstances beyond the control of the POU. Section 3.00 details the conditions of compliance allowed by the amendments of SBX1-2.

3.10 EXCESS PROCUREMENT (§ 399.30(d)(1), §399.13(a)(4)(B))

HED shall be allowed to apply excess procurement from one compliance period to subsequent compliance periods as long as the following conditions are met:

- A.** The accumulation of excess procurement of a compliance period beginning on or after January 1, 2011, can be applied to any subsequent Compliance Period.
- B.** In calculating the total quantity of excess procurement, the amount of procurement associated with contracts of less than ten (10) years in duration shall be deduct (not counted) from actual procurement quantities.
- C.** Excess procurement applied to future compliance periods must comply with the definitions of Content Category 1, Content Category 2, or Grandfathered Resources.
- D.** Resources from Content Category 3 shall not be counted as excess procurement.

3.20 WAIVER OF TIMELY COMPLIANCE (§399.30(d)(2), §399.15(b)(5))

Under the concept of “Waiver of Timely Compliance”, enforcement of timely compliance shall be waived if it can be demonstrates that any of the conditions described in the Public Utilities Code or any condition beyond the direct control of HED will prevent timely compliance. In making its findings relative to the existence of this condition, deliberations shall include only conditions within the direct control of HED and consistent with the applicable Public Utilities Code.

In the event of a Waiver of Timely Compliance due to any of the factors set forth above, HED may implement one or more of the following procedures:

- A.** Establish additional reporting for intervening years to demonstrate that reasonable actions under HED’s control are being taken (§399.15(b)(6)).
- B.** Require a demonstration that all reasonable actions within HED’s control have been taken to ensure compliance in order to grant the waiver (§ 399.15(b)(7)).

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As described in the Public Utilities Code (§399.15(b)(9)), in no event shall deficits from prior compliance periods be added to future compliance periods. However, excess procurement from previous years may be used to gain compliance due any of the unforeseen conditions allowing waiver of timely compliance.

3.30 COST LIMITATIONS FOR EXPENDITURES (§399.30(d)(3), §399.15(c))

The amendments of SBX1-2 concede for cost limitations with regard to energy purchases for the compliance periods. HED, at its sole discretion, may elect to establish and adjust 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 PUC §399.15(c). Healdsburg Electric Department shall review the need for cost limitations on an ongoing basis as part of prudent utility practices with regard to forecasting of load growth and long-term energy needs.

As approved by the City Council, the City's procurement plan includes a rate limiter of 4% of the Electric Department's gross annual sales. For fiscal year 2011, 4% of the Electric Department's gross annual sales roughly equal \$412,000. The 4% rate limiter is in addition to, not in substitution of, any needed rate increases due to inflationary or other increase to the Electric Department's total cost recovery requirement.

3.40 EXCLUSIVE CONTROL (§399.30(m))

In all matters regarding compliance with the RPS Procurement Plan, the City Council of the City of Healdsburg shall retain exclusive control and discretion over the following; the mix (type) of eligible renewable energy resources procured, additional generation resources procured for purposes of ensuring resource adequacy and reliability, and the reasonable costs incurred for eligible renewable energy resources owned by it.

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4.00 REPORTING REQUIREMENTS (§399.30(f), §399.30(g), §399.30(l))

As required by the Public Utilities Code, Publicly Owned Utilities must provide periodic reporting on their progress and status of compliance with the legislated renewable energy requirements. The following sections outline these requirements and the applicable Public Utilities Code.

4.10 DELIBERATIONS OR CHANGES REGARDING PROCUREMENT PLAN (§399.30(f))

Before the City Council of the City Healdsburg publicly deliberates on any portion of the renewable procurement plan a notice of a public hearing must be posted in accordance with the requirements of the public utilities code. Contemporaneous with the posting of a notice for such a meeting, HED shall notify the California Energy Commission (CEC) of the date, time, and location of the meeting in order to enable the CEC to post the information on its website. When City Staff present information to a majority of the City Council that relates to the adopted renewable energy resources procurement status and/or plans, this information shall also be made available to the public and the CEC through the electronic posting of the documentation.

4.20 ANNUAL REPORT TO CEC REGARDING CONTRACT EXECUTION (§399.30(g))

Annually, the Electric Department shall submit a report to the CEC regarding procurement contracts executed during the prior year. The annual report to the CEC regarding contract execution shall include all of the following components:

- A. A description of the eligible renewable energy resource, including the duration of the contract or electricity purchase agreement.
- B. A description and identification of the electrical generating facility providing the eligible renewable energy resource under the contract.
- C. An estimate of the percentage increase in total retail sales of electricity from eligible renewable energy resources that will result from the contract.

4.30 REPORTS TO THE CEC AND HEALDSBURG CUSTOMERS (§399.30(l))

Annually, the Electric Department will provide a report to the CEC and customers regarding renewable resources. The annual report to the CEC regarding renewable resources shall include each of the following components:

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- A.** Expenditures of public goods funds collected pursuant to Section 385 for eligible renewable energy resource development, including a description of programs, expenditures, and expected or actual results.
- B.** The resource mix used to serve its customers by energy source type.
- C.** HED's status in implementing and/or maintaining the renewables portfolio standard pursuant to (§399.30(a)).

CITY OF HEALDSBURG

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG
ADOPTING A RENEWABLE ENERGY PROCUREMENT PLAN CONSISTENT WITH
THE REQUIREMENTS OF SBX1-2**

WHEREAS, the State of California has an existing California Renewables Portfolio Standard Program (RPS program) that is intended to increase the amount of electricity generated each year from eligible renewable energy resources; and

WHEREAS, on April 12, 2011, the Governor of the State of California signed California Senate Bill 2 of the First Extraordinary Session (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the *California Renewable Energy Resources Act*; and

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(a), the City must adopt and implement a Renewable Energy Procurement Plan (REPP) to fulfill unmet long-term generation resource needs, that requires the City 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 the City's retail end-use customers each compliance period, to achieve specified procurement targets; and

WHEREAS, the REPP includes compliance periods pursuant to Public Utilities Code section; and

WHEREAS, the REPP includes specified procurement targets, content requirements, and limitations consistent with the amendments of SBX1-2 and the Public Utilities Code; and

WHEREAS, the REPP includes various provisions provided by SBX1-2 such as; Excess Procurement, Waiver of Timely Compliance, and Cost Limitations for Expenditures; and

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(e), the City must adopt a program for enforcement of the REPP on or before January 1, 2012; and

WHEREAS, amendments or deliberations to the REPP must be conducted at a publicly noticed meeting in front of the City Council; and

WHEREAS, the City's Renewable Energy Procurement Plan will not result in a direct or reasonably foreseeable indirect negative change to the environment and is therefore not considered "project" for purposes of Section 21065 of the California Environmental Quality Act.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF HEALDSBURG DOES HEREBY;

1. The City's Renewable Energy Procurement Plan will not result in a direct or reasonably foreseeable indirect negative change to the environment and is not considered "project" and does not require an environmental review under Section 21065 of the California Environmental Quality Act.
2. Find the Renewable Energy Procurement Plan (REPP) consistent with the amendments SBX1-2 and adopts the REPP as the minimum requirement for the procurement of renewable energy.
3. Resolve that future amendments or deliberations to the adopted REPP will be conducted in a publicly noticed meeting in front of the City Council.

PASSED, APPROVED AND ADOPTED, this 5th day of December 2011, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

ABSTAINING: Councilmembers:

SO ORDERED:

ATTEST:

Thomas L. Chambers, Mayor

Maria Curiel, City Clerk

CITY OF HEALDSBURG

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG
ADOPTING AN ENFORCEMENT PROGRAM TO MAINTAIN COMPLIANCE WITH
THE REQUIREMENTS OF SBX1-2**

WHEREAS, the State of California has an existing California Renewables Portfolio Standard Program (RPS program) that is intended to increase the amount of electricity generated each year from eligible renewable energy resources;

WHEREAS, on April 12, 2011, the Governor of the State of California signed California Senate Bill 2 of the First Extraordinary Session (SBX1-2, Chapter 1, Statutes of 2011, First Extraordinary Session), known as the *California Renewable Energy Resources Act*;

WHEREAS, on September 9, 2011, the California Legislature ended the First Extraordinary Session;

WHEREAS, SBX1-2 becomes effective on December 10, 2011, ninety-one days after the end of the First Extraordinary Session;

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(a), the City must adopt and implement a Renewable Energy Procurement Plan (REPP) to fulfill unmet long-term generation resource needs, that requires the City 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 the City's retail end-use customers each compliance period, to achieve specified procurement targets;

WHEREAS, the City has adopted and implemented, or will adopt and implement, a REPP that includes compliance periods (Compliance Periods) pursuant to Public Utilities Code section 399.30(b). Such Compliance Periods shall be January 1, 2011 to December 31, 2013, inclusive (Compliance Period 1), January 1, 2014 to December 31, 2016, inclusive (Compliance Period 2), January 1, 2017 to December 31, 2020, inclusive (Compliance Period 3), and each calendar year after 2020;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that includes specified procurement targets (Procurement Targets) of renewable energy resources for each Compliance Period pursuant to Public Utilities Code section 399.30(c)(1) and (2). Procurement Targets must average twenty percent (20%) of retail sales for the period January 1, 2011 to December 31, 2013, must meet twenty-five percent (25%) of retail sales by

December 31, 2016, must meet thirty-three percent (33%) of retail sales by December 31, 2020, and must meet thirty-three percent (33%) of retail sales for all years thereafter;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that includes provisions that address a demonstration of reasonable progress in 2014 and 2015 to ensure the twenty five percent (25%) RPS procurement requirement by 2016, and reasonable progress in each of 2017, 2018, and 2019 to ensure the thirty three percent (33%) RPS procurement requirement by 2020, pursuant to Public Utilities Code section 399.30(c)(2);

WHEREAS, the City has adopted and implemented, or will adopt and implement an REPP that includes definitions for three renewable product content categories (Content Categories) pursuant to Public Utilities Code section 399.30(c)(3) and consistent with Public Utilities Code section 399.16;

WHEREAS, the City's REPP shall include "Content Category 1"; consistent with Public Utilities Code section § 399.16(b)(1) (A) and (B), Content Category 1, shall include renewable energy resource electricity products that either (a) 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, and which may include the use of another source to provide real-time ancillary services required to maintain an hourly or subhourly import schedule into a California balancing authority, but only the fraction of the schedule actually generated by the eligible renewable energy resource shall count toward this portfolio content category, or (B) have an agreement to dynamically transfer electricity to a California balancing authority;

WHEREAS, the City's REPP shall include "Content Category 2"; consistent with Public Utilities Code section 399.16(b)(2), Content Category 2 shall include firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority;

WHEREAS, the City's REPP shall include "Content Category 3"; consistent with Public Utilities Code § 399.16(b)(3), Content Category 3 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 for Content Category 1 or Content Category 2;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that includes the minimum procurement requirements (Procurement Requirements) of eligible renewable energy resource electricity products associated with contracts executed after June 1, 2010 for each Compliance Period, consistent with Public Utilities Code section 399.30(c)(3) and section 399.16;

WHEREAS, the City's REPP shall include Content Category 1 Procurement Requirements of not less than fifty percent (50%) of the eligible renewable energy resource electricity for Compliance Period 1, not less than sixty-five percent (65%) of the eligible

renewable energy resource electricity for Compliance Period 2, and not less than seventy-five percent (75%) of the eligible renewable energy resource electricity for Compliance Period 3 and every year thereafter, consistent with Public Utilities Code section 399.16(c)(1);

WHEREAS, the City's REPP shall include Content Category 3 Procurement Requirements of not more than twenty-five percent (25%) of the eligible renewable energy resource electricity for Compliance Period 1, not more than fifteen percent (15%) of the eligible renewable energy resource electricity for Compliance Period 2, and not more than ten percent (10%) of the eligible renewable energy resource electricity for Compliance Period 3, consistent with Public Utilities Code section 399.16(c)(2);

WHEREAS, the City's REPP shall include Content Category 2 resources to meet the remaining RSP obligation for any given Compliance Period;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that provides a definition for contract or ownership agreements originally executed prior to June 1, 2010 (Grandfathered Resources) consistent with Public Utilities Code section 399.16(d). Grandfathered Resources shall include any contract or ownership agreement originally executed prior to June 1, 2010 for resources that were RPS eligible under the rules in place when the contract was executed, and for which any subsequent contract amendments or modifications occurring after June 1, 2010 do not increase the nameplate capacity for the facility or expected quantities of annual generation, or substitute a different renewable energy resource; the duration of the contract may be extended if the original contract specified a procurement commitment of fifteen (15) or more years;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that includes rules for application of excess procurement (Excess Procurement) of eligible renewable energy resource electricity from one Compliance Period to a subsequent Compliance Period consistent with Public Utilities Code section 399.30(d)(1) and in the same manner as section 399.13(a)(4)(B). Beginning January 1, 2011, Excess Procurement from one Compliance Period may be applied to a subsequent Compliance Period; to determine the quantity of Excess Procurement for the applicable Compliance Period, the City shall deduct from actual procurement quantities, the total amount of procurement associated with contracts of less than ten (10) years in duration, and shall not include any resources designated as Content Category 3;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that includes conditions for delaying timely compliance consistent with Public Utilities Code section 399.30(d)(2) and section 399.15(b). The City may approve a waiver of timely compliance (Waiver of Timely Compliance) in the event that there is inadequate transmission capacity (§ 399.15(b)(5)(A)), permitting, interconnection, or other factors that delay procurement, or insufficient supply (§ 399.15(b)(5)(B)), unanticipated curtailment are mandated to address needs of the balancing authority (§ 399.15(b)(5)(C)), or related factors existed;

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that establishes procedures to employ in the event of an approval of a Waiver of Timely Compliance, which provisions require the City to establish additional reporting for intervening

years to demonstrate that reasonable actions under the City's control are being taken (§ 399.15(b)(6)) and to demonstrate that all reasonable actions within the City's control have been taken to ensure compliance in the future (§ 399.15(b)(7)); in no event shall the deficit from prior compliance periods be added to subsequent compliance periods in the event of a Waiver of Timely Compliance (§ 399.15(b)(9));

WHEREAS, the City has adopted and implemented, or will adopt and implement, an REPP that establishes procedures that address cost limitations for expenditures on renewable resources (Cost Limitations for Expenditures) consistent with Public Utilities Code section 399.30(d)(3) and section 399.15(c). Cost Limitations for Expenditures shall be applicable to procurement expenditures for all eligible renewable energy resources used to comply with the renewables portfolio standard, and shall be based on factors that include, but are not limited to, the most recent renewable energy procurement plan, procurement expenditures that approximate the expected cost of building, owning, and operating eligible renewable energy resources, and the potential that some planned resource additions may be delayed or canceled;

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(m), the City shall retain discretion over the mix of eligible renewable energy resources procured by the City and those additional generation resources procured by the City for purposes of ensuring resource adequacy and reliability, and the reasonable costs incurred by the City for eligible renewable energy resources owned by it;

WHEREAS, pursuant to the provisions of Public Utilities Code section 399.30(e), the City must adopt a program for enforcement of the REPP on or before January 1, 2012;

WHEREAS, the City Council, in compliance with Public Utilities Code section 399.30(e), desires to adopt a program for the enforcement of REPP (RPS Enforcement Program); and,

WHEREAS, the City Council, in compliance with Public Utilities Code section 399.30(e), has provided not less than thirty days' notice of the proposed adoption of the RPS Enforcement Program;

WHEREAS, the City's Renewable Energy Procurement Plan and Enforcement Program will not result in a direct or reasonably foreseeable indirect negative change to the environment and is therefore not considered "project" for purposes of Section 21065 of the California Environmental Quality Act.

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF HEALDSBURG DOES HEREBY RESOLVE:

1. The City's Renewable Energy Procurement Plan and Enforcement Program will not result in a direct or reasonably foreseeable indirect negative change to the environment and is not considered "project" and does not require an environmental review under Section 21065 of the California Environmental Quality Act.

2. The City shall have a program for the enforcement of the Renewable Energy Procurement Plan (REPP), which shall include all of the provisions set forth herein and shall be known as Healdsburg's RPS Enforcement Program;
3. The RPS Enforcement Program shall be effective January 1, 2012;
4. Not less than ten (10) days' advance notice shall be given to the public before any meeting is held to make a substantive change to the RPS Enforcement Program;
5. Annually, the Director of Healdsburg's Electric Department shall cause to be reviewed, the City's REPP to determine compliance with the RPS Enforcement Program;
6. Annual review of the REPP shall include consideration of each of the following elements:
 - A. By December 31, 2013 (end of Compliance Period 1):
 - Verify that the City has met an average of twenty percent (20%) of retail sales with eligible renewable resources from the specified Content Categories for the period January 1, 2011 to December 31, 2013.
 - If targets are not met, the City must:
 - Ensure that any Waiver of Timely Compliance was compliant with the provisions in the REPP,
 - Review the applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the REPP.
 - B. By December 31, 2014:
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the REPP.
 - C. By December 31, 2015:
 - Ensure that the City is making reasonable progress toward meeting the December 31, 2016 compliance obligation of twenty-five percent (25%) of retail sales with eligible renewable resources, consistent with the REPP.
 - D. December 31, 2016 (end of Compliance Period 2):
 - Verify that the City has met twenty-five percent (25%) of retail sales with eligible renewable resources from the specified Content Categories for the period ending December 31, 2016;
 - If targets are not met, the City must:

- Review the applicability of applying Excess Procurement from Compliance Period 1 consistent with the provisions of the REPP,
 - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the REPP,
 - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the REPP.
- E. By December 31, 2017:
- Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the REPP.
- F. By December 31, 2018:
- Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty-three percent (33%) renewable resources electricity, consistent with the REPP.
- G. By December 31, 2019:
- Ensure that the City is making reasonable progress toward meeting the December 31, 2020 compliance obligation of thirty three percent (33%) renewable resources electricity, consistent with the REPP.
- H. December 31, 2020 (end of Compliance Period 3), and annually thereafter,
- Verify that that the City met thirty-three percent (33%) of retail sales with eligible renewable resources from the specified Content Categories, consistent with the REPP;
 - If targets are not met, the City must:
 - Review the applicability of applying Excess Procurement from a previous Compliance Period consistent with the provisions of the REPP,
 - Ensure than any Waiver of Timely Compliance was compliant with the provisions in the REPP,
 - Review applicability and appropriateness of excusing performance based on the Cost Limitations on Expenditures provisions of the REPP.
7. If it is determined that the City has failed to comply with the provisions of its REPP, the City Council shall take steps to correct any untimely compliance, including:
- a. review the City’s REPP to determine what changes, if any, are necessary to ensure compliance in the next Compliance Period;
 - b. report periodically to the City Council regarding the progress being made toward meeting the compliance obligation for the next Compliance Period;

- c. report to the City Council regarding the status of meeting subsequent compliance targets, and all steps being taken to ensure that the obligation is timely met.

8. Effective Date: This Resolution shall be effective on January 1, 2012.

PASSED, APPROVED AND ADOPTED, this 5th day of December 2011, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

ABSTAINING: Councilmembers:

SO ORDERED:

ATTEST:

Thomas L. Chambers, Mayor

Maria Curiel, City Clerk