

RESOLUTION NO. 2012-02

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
VERNON APPROVING AND ADOPTING A RENEWABLE RESOURCES
PROCUREMENT PLAN AND ENFORCEMENT PROGRAM

WHEREAS, Senate Bill SBX1 2 ("SBX1 2"), which was signed into law in April 2011, and became effective December 2011, required publicly owned utilities (POUs) to develop a procurement plan and to adopt an enforcement program by January 1, 2012; and

WHEREAS, the stated intent of the subject Legislation is to increase the amount of electricity generated from eligible renewable energy resources per year to achieve a thirty-three percent (33%) Renewable Portfolio Standard ("RPS") per year by December 31, 2020; and

WHEREAS, a Notice of Public Hearing was published on or before December 1, 2011, notifying all interested parties that a hearing to consider evidence to establish the City's Renewable Resources Procurement Plan and Enforcement Program ("SBX1 2 Compliance Plan") for December 20, 2011, at approximately 8:00 a.m., subject to the hearing being continued or adjourned to a stated time and place without further notice of public hearing; and

WHEREAS, by memorandum dated November 30, 2011, the Director of Light & Power recommended the City Council of the City of Vernon approve the SBX1 2 Compliance Plan which meets the legislative intent of SBX1 2; and

WHEREAS, on January 3, 2012, the City Council held a Public Hearing in which the City Council took evidence from staff and those other persons in attendance who wished to be heard on the City's SBX1 2 Compliance Plan; and

WHEREAS, the City Council of the City of Vernon desires to approve and adopt the SBX1 2 Compliance Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON AS FOLLOWS:

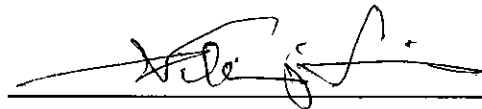
SECTION 1: The City Council of the City of Vernon hereby finds and determines that the recitals contained hereinabove are true and correct.

SECTION 2: The City Council of the City of Vernon hereby further finds and determines that all persons have had the opportunity to be heard or to file written comments to the proposed adoption of the City's Resources Procurement Plan and Enforcement Program, to be effective January 1, 2012.

SECTION 3: The City Council of the City of Vernon hereby approves and adopts the Renewable Resources Procurement Plan and Enforcement Program, a copy of which is attached hereto as Exhibit A.

SECTION 4: The City Clerk of the City of Vernon shall certify to the passage, approval and adoption of this resolution, and the City Clerk of the City of Vernon shall cause this resolution and the City Clerk's certification to be entered in the File of Resolutions of the Council of this City.

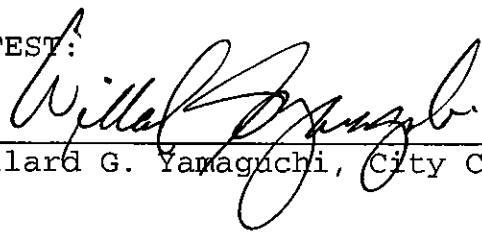
APPROVED AND ADOPTED this 3rd day of January, 2012.



Name: **S/WILLIAM J. DAVIS**

Title: ~~Mayor~~ / Mayor Pro-Tem

ATTEST:



Willard G. Yamaguchi, City Clerk

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

I, Willard G. Yamaguchi, City Clerk of the City of Vernon, do hereby certify that the foregoing Resolution, being Resolution No. 2012-02, was duly passed, approved and adopted by the City Council of the City of Vernon at a regular meeting of the City Council duly held on Tuesday, January 3, 2012, and thereafter was duly signed by the Mayor or Mayor Pro-Tem of the City of Vernon.

Executed this 3 day of January, 2012, at Vernon, California.



Willard G. Yamaguchi, City Clerk

(SEAL)

EXHIBIT A

**CITY OF VERNON
RENEWABLE RESOURCES
PROCUREMENT PLAN AND ENFORCEMENT PROGRAM
(SBX1 2 COMPLIANCE PLAN)**

1.0 PURPOSE

On April 12, 2011, Governor Brown signed into law the California Renewable Energy Resources Act, Senate Bill 2 of the First Extraordinary Session ("SBX1 2") requiring all load serving entities in California to achieve a 33% Renewable Portfolio Standard (RPS) by 2020, with interim targets of an average of 20% through 2011-2013, 25% by 2016 and 33% by 2020. Additionally, SBX1 2 requires publicly owned utilities (POUs) to develop a procurement plan and to adopt an enforcement program (by 1/1/2012).

This renewable resources procurement plan and enforcement program ("SBX1 2 Compliance Plan") represents the City of Vernon's (Vernon) commitment to renewable energy procurement consistent with the legislative intent of SBX1 2.

2.0 PROCUREMENT PLAN

2.1 PROCUREMENT TARGETS

Consistent with the legislation, Vernon will increase procurement of electricity from eligible renewable resources, including renewable energy credits, to meet the following targets.

- **Compliance Period 1 (CP1):** Between January 1, 2011 and December 31, 2013 the quantity of renewable energy procured shall average at least 20% of retail sales of electricity.
- **Compliance Period 2 (CP2):** Between January 1, 2014 and December 31, 2016 the quantity of renewable energy procured shall be at least 25% of retail sales of electricity by December 31, 2016.
- **Compliance Period 3 (CP3):** Between January 1, 2017 and December 31, 2020 the quantity of renewable energy procured shall be at least 33% of retail sales of electricity by December 31, 2020.

Thereafter, the minimum procurement each calendar year shall be 33% of retail sales of electricity.

2.2 ELIGIBLE RESOURCES

Electricity procured to comply with this plan shall meet the eligibility requirements of the RPS Resource Eligibility Guide published by the California Energy Commission ("CEC") in effect at the time the resource was procured.

In general, electricity produced from the following technologies constitute "eligible" resources: biomethane, biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, low impact hydroelectric generation, digester gas, municipal solid waste, landfill gas, ocean wave, ocean thermal, tidal current, or

renewable distributed generation on the customer side of the meter and other sources deemed eligible by the California Energy Commission. Facilities can be located anywhere in the interconnected transmission system.

2.3 PORTFOLIO CATEGORIES (BUCKETS)

Categories (Buckets)	Percentage of RPS Procurement target
<p>Bucket 1: Energy from eligible resource that has the first point of interconnection with a California balancing authority or with distribution facilities used to serve end users within a California balancing authority that is procured and remains a bundled product, or schedules from any balancing authority to a California balancing authority in real time either using traditional static hourly schedules, or dynamic schedules, without substituting energy from another source with the exception of energy associated with required ancillary services. If another source provides real-time ancillary services to maintain an hourly import schedule into California, only the fraction of the schedule actually generated by the renewable resource will count.</p> <p>Energy produced using out-of-state biomethane is classified as a Bucket 1 product since the electricity is produced in State.</p>	<p>CP 1: Minimum of 50%</p> <p>CP 2: Minimum of 65%</p> <p>CP 3: Minimum of 75%</p>
<p>Bucket 2: Energy from eligible resource procured as a bundled product comprised of RECs and energy which is unbundled then re-delivered to a California balancing authority where the REC is re-bundled and delivered using substituted energy from another source either in real time, or delayed. Such transactions shall be designed to ensure that the same quantity of energy as produced by the facility is delivered to the California balancing authority within the calendar year that energy is produced.</p>	<p>CP 1: Maximum of 50%</p> <p>CP 2: Maximum of 35%</p> <p>CP 3: Maximum of 25%</p>
<p>Bucket 3. Energy or RECs from eligible resources that do not meet the requirements of bucket 1 or bucket 2, including unbundled RECs.</p>	<p>CP 1: Maximum of 25%</p> <p>CP 2: Maximum of 15%</p> <p>CP 3: Maximum of 10%</p>

2.4 RENEWABLE RESOURCES PORTFOLIO

The following Table 1 identifies the portfolio of renewable energy Vernon expects to procure during each Compliance Period. Consistent with the law, the plan ensures that the quantity of renewable energy that will be procured during each Compliance Period meets the procurement targets.

Vernon plans to purchase biomethane fuel to be used at the Malburg Generating Station. The total renewable resources portfolio requirement could be met from biomethane energy which is a bucket 1 eligible resource category.

TABLE 1: EXPECTED RESOURCE PORTFOLIO

	Compliance Period 1			Compliance Period 2			Compliance Period 3			
Calendar Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Estimated Sales (MWhrs)	1,138,988	1,158,028	1,175,398	1,193,029	1,210,924	1,229,088	1,247,525	1,266,238	1,285,231	1,304,510
Total RPS Requirement	227,798	231,606	235,080	250,536	278,513	307,272	336,832	367,209	398,422	430,488
Bucket 1	113,899	115,803	117,540	162,848	181,033	199,727	252,624	275,407	298,816	322,866
Bucket 2	113,899	115,803	117,540	87,688	97,479	107,545	84,208	91,802	99,605	107,622
Bucket 3	56,949	57,901	58,770	37,580	41,777	46,091	33,683	36,721	39,842	43,049

2.5 PUBLIC NOTICE REQUIREMENT

- Pursuant to Section 399.30[f][1], public notice shall be posted whenever the City Council deliberates in public on Vernon's renewable energy procurement plan.
- Pursuant to Section 399.30[f][2], the City shall provide contemporaneous notification to the CEC or provide a URL link to information with the date, time and place for the public meeting where the City Council will consider the procurement plan.
- Pursuant to Section 399.30[f][3], Vernon shall make the same information distributed to the City Council available to the public and to the CEC.

3.0 ENFORCEMENT PROGRAM

3.1 WAIVER FOR NONCOMPLIANCE

Vernon is committed to meeting the target quantities of renewable energy through the Procurement Plan. The City Council will be responsible for enforcing the SBX1 2 Compliance Plan. The legislation authorizes the City Council to waive Vernon's compliance requirements, consistent with § 399.30(d) and § 399.15(b), if Vernon can demonstrate any of the following conditions are beyond its control and will prevent compliance. The conditions for waiver or delaying compliance include, but are not limited to the following (which may delay or indefinitely postpone a project):

- **Rate Impacts:** Consistent with §399.30(d) the addition of renewable energy resources should not require a disproportionate increase in retail electricity rates above the rates approved by the City Council.
- **Excess Procurement:** Consistent with §399.30(d) excess procurement in one compliance period may be applied without limit to a subsequent compliance period in the same manner as allowed for retail sellers pursuant to §399.13 for any of the three eligibility "buckets".
- **Inadequate Transmission Capacity:** As described in §399.15(b)(5), inability to bring eligible renewable resources into the California Independent System Operator due to transmission limitations, including outages, may be a limiting factor delaying timely compliance. The City Council has the authority to waive Vernon compliance for this instance.
- **Insufficient Supply of Eligible Renewable Energy Resources:** If Vernon finds itself unable to procure sufficient renewable energy resources due to insufficient supply of eligible renewable energy resources, such inability will be considered reasonable justification for not meeting procurement goals.
- **Regulatory Delays Affecting Procurement:** Vernon's ability to meeting the requirements of SBX1 2 is expected to be tied to the ability of obtaining timely approvals from the CEC regarding resource eligibility and resource certification. Consequently, delays attributable to the CEC, and other regulatory agencies, to the extent they delay energy delivery and REC creation is a legitimate excuse/reason for not achieving compliance goals.
- **Additional Factors That May Delay Timely Compliance:** Consistent with §399.15(b)(5) issues with permitting, interconnection, development (e.g., permitting, financing, etc.), operational problems (fires, balancing authority constraints, accidents, outages, etc.) or other circumstances that may delay procurement of renewable energy resource projects, or insufficient supply of eligible renewable energy resources are all legitimate reasons that may justify a delay of timely compliance.
- **Limiting or Delaying Compliance Obligation:** The City Council reserves for itself the authority to limit or delay compliance with the obligations set forth herein to the fullest extent permitted by SBX1 2. Should Council exercise such authority, it shall do so at a properly noticed public meeting consistent with the following:
 - Council shall establish additional reporting requirements to satisfy future procurement requirements consistent with §399.15(b)(6).
 - Council shall not waive enforcement unless all necessary reasonable efforts have been taken to achieve compliance §399.15(b)(7).
 - Consistent with §399.15(b)(9) there will be no carryover of deficits between compliance periods.

3.2 PROGRAM ADMINISTRATION

The Director of Light & Power shall have the duty and responsibility of executing the SBX1 2 Compliance Plan outlined above and insuring that it is done in full compliance with SBX1 2 and any applicable regulations issued there under. The Director shall inform the City Council at a public meeting in the event that Vernon will not meet

the procurement requirements set out above. The Director shall develop and present a plan to bring Vernon into compliance.


Beginning in 2013, the Director will provide the City Council an annual informational update on the progress made during the preceding calendar year towards meeting the procurement goals specified in the Procurement Plan described in the previous section.

3.3 REPORTING REQUIREMENTS

Per SBX1 2, Vernon will provide the CEC documentation and reports, as required in § 399.30(g) and § 399.30(l).

CITY CLERK'S OFFICE

INTEROFFICE MEMORANDUM

DATE: January 5, 2012
TO: Carlos Fandino, Director of Light & Power
FROM: Willard Yamaguchi, City Clerk 
RE: Resolution No. 2012-02 -- A Resolution of the City Council of the City of Vernon
Approving and Adopting a Renewable Resources Procurement Plan and Enforcement
Program

Transmitted herewith is a copy of Resolution No. 2012-02 referenced above, which was approved by City Council on January 3, 2012.

Thank you.

WY:dj

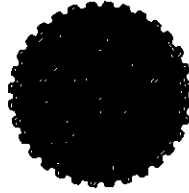
Attachment

c: Resolution No. 2012-02

RECEIVED

DEC 08 2011

CITY CLERK'S OFFICE



STAFF REPORT
LIGHT & POWER

approved 1/3/12
CC L&P
2012-02 RECEIVED

DEC 08 2011

CITY ADMINISTRATION

A handwritten signature in black ink, appearing to be 'Mun' or similar, enclosed in a circular scribble.

DATE: November 28, 2011

TO: Honorable Mayor and City Council

FROM: Carlos R. Fandino, Jr. *CRF/ah*
Director of Light & Power

RE: Public Hearing on December 20, 2011

PURPOSE

To conduct a Public Hearing on Tuesday, December 20, 2011, at 8:00 a.m., or as soon thereafter as the matter may be heard, to establish Vernon's Renewable Resources Procurement Plan and Enforcement Program. On April 12, 2011, Governor Brown signed into law Senate Bill x1 2, establishing a Renewable Portfolio Standard of 33 percent by 2020 for all load serving entities in California. SB x1 2 establishes minimum quantities of renewable energy resources that load serving entities must procure annually. Each load serving entity, including the City of Vernon, is required to develop and implement a Renewable Resources Procurement Plan and Enforcement Program.

CRF:ah
Attachment

NOTICE OF PUBLIC HEARING

The City of Vernon will conduct a Public Hearing which you may attend.

PLACE: Vernon City Hall
City Council Chambers
4305 Santa Fe Avenue
Vernon, CA 90058

DATE AND TIME: Tuesday, December 20, 2011, at 8:00 a.m.,
or as soon thereafter as the matter may be heard

PURPOSE: To consider evidence to establish Vernon's Renewable Resources Procurement Plan and Enforcement Program. On April 12, 2011, Governor Brown signed into law Senate Bill xl 2, establishing a Renewable Portfolio Standard of 33 percent by 2020 for all load serving entities in California. SBxl 2 establishes minimum quantities of renewable energy resources that load serving entities must procure annually. Each load serving entity, including the City of Vernon, is required to develop and implement a Renewable Resources Procurement Plan and Enforcement Program.

Any interested person may attend and may make an oral presentation to the City Council at the time of the hearing, or may present written comments prior to the hearing.

If you challenge the approval of the establishment of Vernon's Renewable Resources Procurement Plan and Enforcement Program or any provision thereof in court, you may be limited to raising only those issues you or someone else raised at the hearing described in this notice or in written correspondence delivered to the City of Vernon at, or prior to, the meeting.

Information may be obtained by contacting the office of the City Clerk at the above address.

The hearing may be continued or adjourned to a stated time and place without further notice of a public hearing.

Dated: November 28, 2011



Willard G. Yamaguchi, City Clerk



RECEIVED

DEC 08 2011

CITY ADMINISTRATION

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DEC 08 2011

CITY CLERK'S OFFICE

**STAFF REPORT
LIGHT & POWER**

DATE: November 30, 2011
TO: Mayor and City Council
FROM: Carlos Fandino, Director of Light and Power *CA 12/4/11*
RE: ADOPTION OF CITY OF VERNON RENEWABLE RESOURCES
PROCUREMENT PLAN AND ENFORCEMENT PROGRAM ("SBX1 2 COMPLIANCE PLAN")

PURPOSE

On April 12, 2011, Governor Edmund G. Brown, Jr. signed into law the California Renewable Energy Resources Act, Senate Bill 2 of the First Extraordinary Session ("SBX1 2") requiring all load serving entities in California to achieve a 33% Renewable Portfolio Standard (RPS) by 2020, with interim targets of an average of 20% through 2011-2013, 25% by 2016 and 33% by 2020. Additionally, SBX1 2 requires publicly owned utilities (POUs) such as the City of Vernon, (Vernon) to develop a procurement plan and to adopt an enforcement program (by 1/1/2012). The legislation becomes law in December 2011.

Staff seeks the City Council's adoption of a resolution approving Vernon's SBx1 2 Compliance Plan. The Plan meets the legislative intent of SBX1 2 to develop a procurement plan and to adopt an enforcement program.

CITY OF VERNON RENEWABLE PORTFOLIO STANDARDS

SB 1078

In 2002, Senate Bill 1078 (SB 1078) implemented a Renewable Portfolio Standard (RPS) with a goal of providing 20 percent of the energy sold to retail customers be generated using eligible renewable resources by 2017. Pursuant to SB 1078, the City Council adopted Resolution 8511 on August 4, 2004, which established for Vernon a goal of serving 20 percent of the Vernon's load with "eligible" renewable energy resources by 2017.

Under SB 1078, the governing board of a local publicly owned electric utility is responsible for implementing and enforcing a renewable portfolio standard for the utility that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard on rates, reliability, and financial resources and the goal of environmental improvement.

SBX1 2

In the ongoing effort to codify the ambitious 33 percent by 2020 goal, SBX1 2 was signed by Governor Edmund G. Brown, Jr., in April 2011. Senate BillX1_2 revised the Renewable Energy Resources Program to state the intent of the Legislature to increase the amount of electricity generated from eligible renewable energy resources per year, so that amount equals at least 33% of total retail sales of electricity in California per year by December 31, 2020.

This bill makes the requirements of the RPS program applicable to local publicly owned electric utilities, except that the utility's governing board would be responsible for implementation of those requirements, and certain enforcement authority with respect to local publicly owned electric utilities would be given to the Energy Commission and State Air Resources Board. The governing board of the local publicly owned electric utility shall adopt an enforcement program of this article on or before January 1, 2012.

PROPOSED SBX1 2 COMPLIANCE PLAN

The proposed SBX1 2 Compliance Plan represents Vernon's commitment to renewable energy procurement consistent with the legislative intent of SBX1 2 to develop a procurement plan and to adopt an enforcement program. Some of the major provisions are as follows:

- **Procurement Targets** - SBX1 2 calls for interim targets that must be attained. There are three compliance periods that cover 2011 through 2013, 2014 through 2016, and 2017 through 2020. Consistent with the legislation, Vernon will increase procurement of electricity from eligible renewable resources, including renewable energy credits, to meet the targets.

- **Portfolio Categories** - SBX1 2 sets forth three broad categories (buckets) of eligible resources. The proposed SBX1 2 Compliance Plan ensures that the portfolio of renewable energy procured is consistent with the three categories of eligible resources.
- **Enforcement Program** - The legislation requires the City Council to adopt an enforcement program. The City Council is authorized to waive Vernon's compliance requirements, if Vernon can demonstrate certain conditions are beyond its control and will prevent compliance. The SBX1 2 Compliance Plan provides for conditions for waiver or delaying compliance.

FISCAL IMPACT OF COMPLYING WITH SBX1 2

Staff has undertaken some analysis to determine the additional costs of renewable energy above the cost of non-renewable energy. It is expected that the cost of RPS compliance will increase the cost to customers by at least 10% above the cost of non-renewable energy.

RECOMMENDATION

Staff recommends the City Council approve the SBX1 2 Compliance Plan at its meeting on December 20, 2011.

CF:AA

c: Document Control