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**CALIFORNIA
ENERGY COMMISSION**



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STAFF DRAFT REPORT

Renewables Portfolio Standard Verification Results

City of Palo Alto

Compliance Period 4 (2021–2024)

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California Energy Commission

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DISCLAIMER

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ABSTRACT

This *Renewables Portfolio Standard Verification Results Report* covers the verification results for the City of Palo Alto for Compliance Period 4, which covers 2021 through 2024.

Keywords: Renewables Portfolio Standard, RPS, Renewable Energy Credits, RECs, renewable attributes, retail sellers, annual procurement target, certification, verification, compliance, generation, load-serving entities, Long-term Procurement Requirement, local publicly owned electric utilities, POU, Portfolio Content Categories, historic carryover, optional compliance measures, Western Renewable Energy Generation Information System, WREGIS

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RPS Verification Results: Compliance Period 4

City of Palo Alto

Background

The California Energy Commission (Energy Commission) administers the state's landmark Renewables Portfolio Standard (RPS), ensures the state's utilities disclose electricity sources to consumers, supports renewable energy development, and tracks the state's progress toward its renewable energy goals. Enacted by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) and accelerated and expanded by subsequent legislation, California's RPS establishes increasing renewable energy procurement targets spanning multiyear compliance periods for the state's electric load-serving entities (LSEs). Originally applicable to retail sellers, the statewide mandatory RPS was expanded by Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) to include local publicly owned electric utilities (POUs). As a result of Senate Bill 100 (De León, Chapter 312, Statutes of 2018), LSEs are required to increase their procurement of eligible renewable energy resources to 60 percent of retail sales by 2030.

As part of its responsibilities, the Energy Commission verifies the eligibility of renewable energy procured by LSEs, which include retail sellers and POUs that are obligated to participate in California's RPS. The Energy Commission is also responsible for certifying RPS-eligible renewable energy resources and overseeing compliance and enforcement of POUs. The California Public Utilities Commission (CPUC) is responsible for compliance and enforcement for retail sellers.

Report Overview

This report covers the RPS verification results for POU procurement claims for Compliance Period 4, which covers 2021 through 2024. The verification report provides an overview of the identified POU's results and tables, including:¹

- The POU's procurement target and portfolio balance requirements and limitations.
- The amount of eligible renewable energy credits (RECs) retired, and the amount applied to meet the compliance period requirements, both shown by Portfolio Content Category classification and Long-Term Procurement Requirement classification, as applicable.
- Any deficits in meeting RPS procurement requirements for the compliance period.
- Any optional compliance measures being applied by the POU for the compliance period.
- A calculation of excess procurement accumulated in this compliance period.

¹ The contents of verification results reports will vary for POUs with specific exclusions, exceptions, or different procurement requirements under the RPS statutes and as described in the [Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities](#) based on the requirements specific to that POU.

- A summary of the POU's excess procurement and historic carryover, if any, including any prior balance, the amount accumulated and used in the current compliance period, and remaining balance.

In adopting this report, the Energy Commission finds the procurement claim amounts listed are consistent with RPS certification and procurement requirements specified in the [Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition \(Revised\)](#) and the [Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities](#) and are eligible for the RPS as indicated. Therefore, the procurement claim amounts count toward meeting the identified POU's RPS procurement requirements.

Verification Process

The methods used by the Energy Commission to verify load-serving entity procurement claims are detailed in the [Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition \(Revised\)](#) and further explained in the *Renewables Portfolio Standard Verification Methodology Report, Fourth Edition*.²

The verification results presented in this report are not a compliance determination. After the POU's verification results are adopted by the Energy Commission, staff will use the verification results to determine if the POU complied with the RPS requirements for Compliance Period 4 in accordance with the [Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities](#).³ The Energy Commission executive director will make a compliance determination informed by the verification results presented in each POU's verification results report and, if applicable, the application of optional compliance measures by the POU. The executive director will issue a letter to each POU documenting the RPS compliance determination.

Verification Results

For RPS Compliance Period 4 (2021–2024), the City of Palo Alto retired and reported 2,103,326 RECs, and 1,955,665 RECs were verified by the Energy Commission as RPS-eligible.⁴ Each [POU's summary claims report](#), which includes claim eligibility details, is available at <https://www.energy.ca.gov/programs-and-topics/programs/renewables-portfolio-standard/renewables-portfolio-standard/renewables>.

For Compliance Period 4, the City of Palo Alto had a procurement target of 1,341,380 RECs, which represents the sum of all the annual soft targets of its retail sales over 2021–2024. The City of Palo Alto applied 1,341,380 RECs from Compliance Period 4 RPS-eligible RECs and

² Refer to Chapter 7 of the [Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition \(Revised\)](#) and the *Renewables Portfolio Standard Verification Methodology Report, Fourth Edition*.

³ The [Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities](#), with the most recent update having taken effect July 12, 2021, are set forth in 20 CCR §§ 1240 and 3200–3208 and establish the rules and procedures by which the Energy Commission will assess a POU's procurement actions and determine whether those actions meet the RPS requirements.

⁴ The number of RECs verified by the Energy Commission is fewer than the number of RECs retired and reported because claims were determined ineligible due to facility was not RPS-certified when RECs were created, and RECs being retired more than 36 months after the vintage. Please refer to the POU's summary claims report for more detail.

excess procurement toward its procurement requirements, equaling the number of RECs needed to meet its procurement target.



Compliance Period (CP) 4 RPS Requirement Calculations

Procurement Target Calculation (MWh)			
Calendar Year	Annual Retail Sales	Soft Target Percentage ¹	Soft Targets
2021	800,045	35.75	286,016
2022	827,470	38.50	318,575
2023	834,415	41.25	344,196
2024	892,257	44.00	392,593
Procurement Target			1,341,380

Portfolio Balance Requirement Calculation (PBR) (MWh) ²						
Procurement Target	Category 0 Applied	Total Pre June 1, 2010, Applied	Historic Carryover Applied	Category	PBR Percentage	Balance Requirements
1,341,380	281,534	0	0	Category 1 minimum	75	794,884
				Category 3 limit	10	105,984

Long-Term Procurement Requirement Calculation (MWh) ³	
65% (Procurement Target)	
65% (1,341,380)	
Long-Term Procurement Requirement	871,897

Compliance Period 4 Verification Results

Procurement Target (MWh)	
Target	1,341,380
Applied	1,341,380
Deficit	0
Renewable Percentage	39.99%
RPS Portfolio Balance Requirements (MWh)	
Category 1 Balance Requirement	794,884
Category 1 Applied	953,862
Category 1 Requirement Deficit	0
Category 3 Balance Limitation	105,984
Category 3 Applied	105,984
Category 3 Disallowed	0

Long-Term Procurement Requirement	
Long-Term Procurement Requirement	871,897
Long-Term Applied	1,235,396
Long-Term Procurement Requirement Deficit	0
Optional Compliance Measures Applied	
Cost Limitation	No
Delay of Timely Compliance	No
Portfolio Balance Reduction	No

RECs Available and Applied in Compliance Period 4

RECs Available (MWh)						
Portfolio Content Category (PCC)	Surplus RECs	Prior Balances Available		Eligible RECs Retired in CP4		Total RECs Available
		Long-Term	Short-Term	Long-Term	Short-Term	
Category 0 (PCC 0)	0	77,020		234,575		311,595
Pre June 2010 PCC 1	0	0		0	0	0
Pre June 2010 PCC 2	0	0		0	0	0
Pre June 2010 PCC 3	0			0	0	0
Category 1 (PCC 1)	0	756,418		953,862	0	1,710,280
Category 2 (PCC 2)	0	0		0	0	0
Category 3 (PCC 3)	0			767,228	0	767,228
Historic Carryover		368,733				368,733
Subtotal	0	1,202,171		1,955,665	0	
Total RECs Available						3,157,836

CP 4 RECs Applied (MWh)						
Portfolio Content Category (PCC)	Surplus RECs	Prior Balances Applied		Eligible RECs Retired in CP4		Total RECs Applied
		Long-Term	Short-Term	Long-Term	Short-Term	
Category 0 (PCC 0)	0	46,959		234,575		281,534
Pre June 2010 PCC 1	0	0		0	0	0
Pre June 2010 PCC 2	0	0		0	0	0
Pre June 2010 PCC 3	0			0	0	0
Category 1 (PCC 1)	0	0		953,862	0	953,862
Category 2 (PCC 2)	0	0		0	0	0
Category 3 (PCC 3)	0			0	105,984	105,984
Historic Carryover		0				0
Subtotal	0	46,959		1,188,437	105,984	
Total RECS Applied						1,341,380

Excess Procurement

CP 4 Excess Procurement Calculation (MWh) ⁴						
Portfolio Content Category (PCC)	CP 4 Eligible RECs Retired		CP 4 RECs Applied		CP 4 Accumulated	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Category 0 (PCC 0)	234,575		234,575		0	
Pre June 2010 PCC 1	0	0	0	0	0	0
Category 1 (PCC 1)	953,862	0	953,862	0	0	0
Subtotal	0	0	0	0		
Total RECS Accumulated					0	

Balance of Excess Procurement and Historic Carryover (MWh)								
Portfolio Content Category (PCC)	Beginning Balance		Applied in CP4		Accumulated in CP4		Ending Balance	
	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term	Long-Term	Short-Term
Category 0 (PCC 0)	77,020		46,959		0		30,061	
Pre June 2010 PCC 1	0		0		0	0	0	0
Pre June 2010 PCC 2	0		0				0	
Category 1 (PCC 1)	756,418		0		0	0	756,418	0
Category 2 (PCC 2)	0		0				0	
Historic Carryover	368,733		0				368,733	
Subtotal	1,202,171		46,959		0	0		
Total Ending Balance							1,155,212	

1 "Soft Target" is defined in Section 3204(a)(4) of the [RPS POU Regulations](#).

2 Calculated as specified in Section 3204(c)(3) of the [RPS POU Regulations](#).

3 Calculated as specified in Section 3204(d)(1) of the [RPS POU Regulations](#).

4 Calculated as described in the [RPS Verification Methodology Report, Fourth Edition](#) and in Section 3206(a)(1) of the [RPS POU Regulations](#).

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