

M e m o r a n d u m

To: Rob Oglesby

Date : October 27, 2015

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California Energy Commission

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Subject: CITY OF UKIAH REQUEST FOR EXTENSION OF RENEWABLES PORTFOLIO
STANDARD (RPS) CERTIFICATION APPLICATION DEADLINE

This memo is in regard to City of Ukiah's request for an extension of the deadline to submit its application for RPS certification for the Lake Mendocino Hydroelectric Plant facility (RPS ID# 62781A). RPS staff recommends that the Executive Director grant the request based on the documentation submitted by City of Ukiah in support of its request, as described below.

Eligibility Date for the Lake Mendocino Hydroelectric Plant Facility

In May 2012, the Energy Commission adopted the *RPS Eligibility Guidebook, 5th Edition*, which included a grace period exception for facilities serving local publicly owned electric utilities to count generation beginning January 1, 2011, if the facility was RPS certified by October 1, 2012. In April 2013, the Energy Commission adopted the *RPS Eligibility Guidebook, 7th Edition*, which extended the grace period exception by giving facilities until December 31, 2013, to be certified. In May 2013, RPS staff notified all stakeholders of the new requirements and exceptions included in the *RPS Eligibility Guidebook, 7th Edition*.

City of Ukiah originally applied for certification of the Lake Mendocino Hydroelectric Plant with a nameplate capacity of 3.5 MW on October 31, 2013, using a form from the *RPS Eligibility Guidebook, 3rd Edition*, which was no longer valid or in effect. This application was returned to the applicant on October 31, 2013, with a letter informing the applicant of the *RPS Eligibility Guidebook, 7th Edition* and the associated forms in place at that time. To address this issue, on November 7, 2013, City of Ukiah submitted another certification application for the Lake Mendocino Hydroelectric Plant; however, staff found the application to be incomplete and returned it to the applicant. Energy Commission staff communicated with representatives from City of Ukiah and encouraged them to reapply for certification before December 31, 2013, in order to qualify for the grace period as described in the *RPS Eligibility Guidebook, 7th Edition*. However, City of Ukiah did not meet this deadline. They resubmitted their application for certification on May 27, 2014, which was subsequently approved on January 26, 2015 (with an eligibility date of May 27, 2014, based on submission date).

City of Ukiah's Request for a Waiver

To give the Executive Director more flexibility in addressing missed deadlines for RPS certification and waive application deadlines for RPS certification based on specific criteria, Resolution No. 14-0422-11 was approved at the April 22, 2014, business meeting and took effect immediately.

Pursuant to Resolution No. 14-0422-11, time extensions can be granted if the Executive Director finds that the applicant has demonstrated good cause. In determining whether good cause exists, the Executive Director may consider, without limitation, whether the applicant was diligent in submitting a request for an extension of time upon learning that an application deadline was missed, whether the applicant's failure to submit a timely application for certification was caused by circumstances beyond the control of the applicant, and whether the applicant or facility owner or operator will suffer financial consequences or other hardships if an extension of time is not granted.

On August 20, 2015, the Energy Commission received a formal request for a time extension from City of Ukiah; however, the request did not meet the specific criteria described in the resolution. A letter of request should include the name and address of the applicant and the name, location, and other identifying information of the facility, including any RPS ID number and WREGIS registration number, the amount of additional time being requested for the applicant to submit a complete application for RPS certification, an explanation of the circumstances why they applicant is or was unable to submit a timely application, and whether these circumstances were beyond the applicant's control, an explanation of the financial consequences to the applicant or facility owner or operator if extension is not granted, an explanation of any other good cause that exists for granting the request, and any supporting documentation.

The request was a cover letter that stated City of Ukiah requested a time extension for Lake Mendocino Hydroelectric Plant (62781A) for the first compliance period. Energy Commission staff called City of Ukiah on August 21, 2015, and informed them of the missing information in their request, specifically all of the required items listed in the *RPS Eligibility Guidebook, 8th Edition*, page 74-76, and provided a September 1, 2015, deadline to submit the documentation. The Energy Commission received a letter from City of Ukiah on August 28, 2015, regarding the missing information needed to process the time extension request. According to City of Ukiah, the request is to extend the certification application deadline to December 31, 2013. Additionally, they stated that the circumstances for not submitting their application in time were outside the staff's control; that plant records were not available and had to be located from other organizations and/or former employees to help locate the require documents; and it was a time consuming effort with a new city staff. The plant was refurbished and made operational with few records retained. Moreover, they indicated that if an extension of time is not granted financial loss would directly impact the electric ratepayer in Ukiah. Many of their customers are on a fixed income and the financial loss could impact their basic needs. Staff believes that City of Ukiah did not provided adequate information for staff to make a clear determination and did not show good cause for granting their request for a time extension.

Staff contacted City of Ukiah again by phone on September 17, 2015 with a follow up email on September 18 to get clarification on the circumstances that prevented their

submittal of a timely application for certification in December 2013. Staff did not receive a response.

Staff contacted City of Ukiah again on September 23, 2015, and gave them a deadline of October 23, 2015 to respond to staff's additional questions. Staff sent a follow up emails on October 16, 2015, and on October 23, 2015, as reminders to City of Ukiah to submit their response. Staff received City of Ukiah's clarification and additional information to staff's request on October 23, 2015. According to City of Ukiah, the reason for the delay in submitting an application in a timely manner was due to the size of their utility which only has two administrative staff. Additionally, the documents that were being requested from them and US Corps of Engineers (the owner of the existing dam) were not locatable and some personnel with knowledge of the facility have since retired. Lastly, City of Ukiah clarified that the financial loss to them would impact their ratepayers on the order of \$200,000 to \$300,000 for loss REC revenue which is substantial for a small utility. They are currently reviewing their electric rates and that amount will have a first year impact of 2.7 percent increase to the ratepayer.

Staff learned that City of Ukiah retired 6,955 renewable energy credits (RECs) for the first compliance period that is marked ineligible by RPS compliance staff because those RECs were generated prior to this facility's May 2014 eligibility date. According to RPS compliance staff, City of Ukiah has already met their target for the first compliance period and has actually exceeded their target. City of Ukiah's first compliance period target is 62,846 RECs and they retired 150,251 RECs (including the Lake Mendocino Hydro RECs), which would put them at 47.82% renewable. Without the Lake Mendocino Hydro RECs, City of Ukiah is only at 143,885 eligible RECs, or 45.79% renewable.

Staff Determination and Recommendation

Based on the information provided by City of Ukiah to support its request for a time extension, staff believes the requirements for granting a time extension are satisfied. Therefore, staff recommends granting a 147-day extension of the RPS certification application deadline to December 31, 2013.

If City of Ukiah's request for a time extension is granted by the Executive Director, staff will revise the RPS certification and corresponding RPS Certificate for the Lake Mendocino Hydroelectric Project facility to reflect an earlier eligibility date of January 1, 2011.

If you have any questions, please do not hesitate to contact me.



SUZANNE KOROSEC
Deputy Director, Renewable Energy Division

cc: Christina Crume
Bill Blackburn
Gabe Herrera

