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California Energy Commission
LEAD COMMISSIONER REPORT

Renewables Portfolio Standard Verification Results

City of Palo Alto
Compliance Period 1

California Energy Commission

Edmund G. Brown Jr., Governor

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California Energy Commission

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Verification Results: Compliance Period 1

City of Palo Alto

Background

Established in 2002, California’s Renewables Portfolio Standard (RPS) is one of the most ambitious renewable energy policies in the nation. Enacted by Senate Bill 1078 (Sher, Chapter 516, Statutes of 2002) with bipartisan support, and accelerated and expanded by subsequent legislation, California’s RPS establishes increasingly progressive renewable energy targets for the state’s electric service providers, requiring both retail sellers and local publicly owned electric utilities (POUs) to increase their procurement of eligible renewable energy resources to 33 percent of retail sales by 2020 and 50 percent of retail sales by 2030. Originally restricted to retail sellers, Senate Bill XI-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) expanded the statewide RPS to apply to POUs starting in 2011. The POUs have the following RPS compliance period targets through 2020:

RPS Targets for Local Publicly Owned Utilities ¹									
Compliance Period 1			Compliance Period 2			Compliance Period 3			
2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
20%	20%	20%	20%	20%	25%	27%	29%	31%	33%

POU Procurement Verification Process

California’s RPS is administered by the California Energy Commission (Energy Commission) and the California Public Utilities Commission (CPUC). The Energy Commission is responsible for certifying RPS-eligible renewable energy resources, developing a tracking system to verify renewable energy procurement for all program participants, and overseeing compliance of the POUs. The CPUC is responsible for overseeing compliance and enforcement of the retail sellers.

As part of its administrative responsibility, the Energy Commission verifies the procurement claims of both retail sellers and POUs. The method used by the Energy Commission to verify procurement claims for RPS program participants is detailed in the *Renewables Portfolio Standard Eligibility Guidebook*² and further explained in the *Renewables Portfolio Standard Verification Methodology Report*, which can be found at

http://www.energy.ca.gov/portfolio/documents/rps_verification.html

As POUs were mandated to comply with the statewide RPS program starting in 2011, this is the first issuance of verification results for POUs.

¹ Compliance with the RPS program is determined on a compliance period basis; however, each year within a compliance period contains a soft target that is applied to that year’s retail sales in order to determine that year’s contribution to the compliance period’s total RPS requirement.

² Refer to Section VI of the *Renewables Portfolio Standard Eligibility Guidebook, Eighth Edition*.

These verification results are not a compliance determination. The Energy Commission is responsible for determining POU compliance with the RPS.³ After the Energy Commission adopts a POU's *Verification Results*, it will begin the process of determining if the POU is in compliance with the RPS requirements in accordance with the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*⁴ for Compliance Period 1 (2011-2013). The Energy Commission's Executive Director will make a compliance determination informed by the verification results presented here 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. If the Executive Director determines a POU is not in compliance with the RPS requirements, a complaint will be issued to the POU, and adjudicated by the Energy Commission in accordance with the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*.

Verification Results

This document provides the verification results for the City of Palo Alto's RPS procurement for Compliance Period 1 (2011-2013). The verification results are shown in renewable energy credits (RECs)⁵ and include the following:

- The amount of eligible renewable energy procured by the City of Palo Alto.
- The Portfolio Content Category classification of eligible renewable energy.
- The City of Palo Alto's procurement target and portfolio balance requirements.
- Any optional compliance measures being applied by the City of Palo Alto's.
- The City of Palo Alto's additional procurement above requirements, which may be applied to a future compliance period.

The Energy Commission finds that the procurement claim amounts listed in this report are eligible for the RPS, consistent with the RPS certification and procurement rules and requirements specified in the *Renewables Portfolio Standard Eligibility Guidebook* and *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*, and should therefore count toward meeting the City of Palo Alto's RPS procurement requirements.

For Compliance Period 1, City of Palo Alto procured eligible renewable energy equal to 20 percent of its retail sales for the period and met its procurement target. City of Palo Alto also met its Category 1 portfolio balance requirement.

³ Pub. Util. Code § 399.30, subd. (o) and (p).

⁴ The *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* 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 procurement requirements in the law.

⁵ Refer to 20 CCR § 3201(v). RECs are measured in megawatt hours (MWh).



STATE OF CALIFORNIA
CALIFORNIA ENERGY COMMISSION
 Renewables Portfolio Standard

City of Palo Alto
 Compliance Period 1 (CP 1)

Procurement Target Calculation (MWh)	Calendar Year	Annual Retail Sales	Soft Target Percentage	Soft Targets
	2011	949,516	20%	189,903
	2012	935,020	20%	187,004
	2013	953,234	20%	190,646
Procurement Target				567,553

RECs Retired and Applied ¹	Category 0 (PCC 0)	Total ²
Eligible RECs Retired	604,289	604,289
Eligible RECs Applied	567,553	567,553

RPS Portfolio Balance Requirements (MWh)	CP 1
Category 1 Balance Requirement ³	0
Category 3 Balance Limitation ⁴	0
Disallowed Category 3 RECs	0

RPS Requirement Deficits (MWh)	CP 1
Procurement Target Deficit	0
Category 1 Balance Requirement Deficit	0
Percent Renewable for CP1	20%

Optional Compliance Measures Applied	CP 1
Cost Limitations	No
Delay of Timely Compliance	No
Portfolio Balance Reduction	No

Excess Procurement Calculation (MWh)	CP 1
Total RECs Retired	604,289
RECs Applied to Target	567,553
Category 3 RECs Not Applied	0
Short Term RECs	0
Eligible Excess Procurement	36,736

Balance of Additional Procurement (MWh)	Starting Balance	Accumulated in CP 1	Applied to CP 1	Remaining Balance
Historic Carryover	368,733	0	0	368,733
PCC 0 Excess Procurement	0	36,736	0	36,736

1. Only includes REC categories that are claimed by the POU listed above
2. Total RECs Applied does not include Disallowed Category 3 RECs
3. Calculated as lesser of RECs retired or procurement target less Category 0 RECs, pre-June 2010 RECs, and Historic Carryover, multiplied by 0.5
4. Calculated as lesser of RECs retired or procurement target less Category 0 RECs, pre-June 2010 RECs, and Historic Carryover, multiplied by 0.25