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Project Title:	Complaint Against the Stockton Port District re: RPS Program Compliance
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Document Title:	Re-Docketed Exhibit H of Stockton Port District Complaint
Description:	Port of Stockton Response to Staff's Data Request Dated September 5, 2017
Filer:	Gabe Herrera
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Project Title:	Complaint Against the Stockton Port District re: RPS Program Compliance
TN #:	222161-9
Document Title:	Exhibit H - Stockton Port District Complaint
Description:	Port of Stockton Response to Staff's Data Request Dated September 5, 2017
Filer:	Muoi-Lynn Tran
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EXHIBIT H

PORT OF STOCKTON RESPONSE TO
STAFF'S DATA REQUEST DATED SEPTEMBER 5, 2017

**Port of Stockton
Response to September 5, 2017 Data Request**

1. Did the Port adopt its RPS procurement plans under resolution? If so, please submit a copy of the final resolutions under which they were adopted. If not, how were the RPS procurement plans approved by the Port's governing board? (If there are minutes, or any other documentation showing adoption, please provide).

The Port's Commission delegated the operation of the electric utility to the Port Director in 2010 by Resolution #7681 (attached) who has implemented the necessary provisions of the RPS Standard. The 2012 Plan was made available to the Port's tenants (electricity customers) in late November 2012 through a notice to the tenants (attached). The public hearing to go over the plan and receive comments was conducted on Dec 20, 2012.

The overall implementation of the plan was reported to the Port Commission during the FY2013/14 Budget consideration process conducted 2ndQ 2013 and approved by the Commission on June 3, 2013.

2. The Port's RPS procurement plan (and update) does not discuss optional compliance measures (cost limitations and delay of timely compliance). Did the Port adopt/approve any other versions of the RPS procurement plans during Compliance Period 1 that describe optional compliance measures, or was the application of optional compliance measures left entirely to the discretion of the utility director?

The only Procurement Plan approved during Compliance Period 1 is the version dated November 20, 2012, which is currently posted to the CEC's website. The application of optional compliance measures was left to the discretion of the utility director, based on the Board's direction and long-standing policies provided during Commission Meetings.

3. Did the Port take reasonable measures to procure cost-effective distributed generation and allowable unbundled RECs? (Section 3206 (a)(2)(A)(2)(iv).) Specifically, were any of the project proposals that the Port considered (and pursued) distributed generation, such as the 500 kW rooftop solar system or the 1.5 MW ground based solar system? If not, why? (For example, were they not cost effective?)

The Port did take reasonable actions to procure cost effective distributed generation and allowable RECs. As described in the Port's procurement plans, the Port expended significant effort and funds in attempting to develop a local renewable project. Ultimately, the Port determined that the local project options were not cost-effective and exceeded market prices by a significant margin. The Port also procured PCC3 during CP1.

4. Clarification on Table 2.
 - a. We tried to replicate the calculation of **(A)** based on this description: "The cost limitation in dollars is calculated by determining the rate difference to the target rate [95% of competitor rate] and multiplying the difference by the retail kWh sales".

However, we couldn't exactly match the numbers. Please walk us through how the entries in **(A)** were derived.

Sample Year 2011:

	Calculation	Value	Notes
(A) Retail Revenue		\$1,549,425	
(B) kWh Sales		9,725,125 kWh	
(C) Port Avg Rate	(A)/(B)	\$0.1593	
(D) Comp Avg Rate		\$0.1634	
(E) 95% Rate	(D) * 0.95	\$0.1553	
(F) Rate Difference	(E) - (C)	\$0.0041	Port's rate exceeds the 95% target
(G) Cost Limitation	(F) * (B)	\$39,412	If this amount is negative, then the port can spend up to that amount.
(H) Operating Reserve		4.3%	Port's Reserves are below the 10% target.

Result: Port's Rates are above the 95% test and the Operating Reserve is less than 10%, therefore the cost limitation is zero.

- b. We added a line to the Table (B) to attempt to clarify the relationship between the cost limitation rules, how they translate to the cost limitation in dollars, and what the RPS budget was. Based on our understanding of the rules, the RPS budget was \$0 for each year of the compliance period. In 2014, the RPS budget would have been the difference in dollars (\$186,272). Please confirm if this understanding is correct.

	[Calendar Year 2010]	[Calendar Year 2011]	[Calendar Year 2012]	[Calendar Year 2013]
[Port] Retail revenue	\$1,478,677	\$1,549,425	\$1,926,274	\$2,216,330
[Port] kWh sales	9,003,845	9,725,125	12,581,228	14,484,272
Port [Average] Retail Rate	\$0.1642	\$0.1593	\$0.1531	\$0.1530
[Competitor Average] Rate	\$0.1690	\$0.1634	\$0.1552	\$0.1746
95% of [Competitor] Rate	\$0.1605	\$0.1553	\$0.1474	\$0.1659
[Rate difference between Port Rate and 95% of Competitor Rate]	\$0.0037*	\$0.0041*	\$0.0057*	\$(0.0129)
(A) [Difference in dollars]	\$33,258	\$39,412	\$71,823	\$(186,272)
(B) [Cost Limitation in dollars]	n/a	\$0	\$0	\$0
Percent off target	2.25%	2.54%	3.73%	-8.40%
Operating Reserve	2.7%	4.3%	6.9%	12.7%
[*Cost limitation triggered (emphasis added by Energy Commission staff)]				

Your understanding is correct. In 2014, the Port was able to purchase sufficient RECs to be RPS compliant for approximately \$81,000 since the REC market had matured and the cost had gone down considerably.

5. The latest response estimated the cost of full RPS compliance as follows: “If the Port had purchase[d] sufficient PCC1 and PCC3 RECs for the 2011-2013 period from the developing California market, the total cost would have been approximately \$414,000 for RECs plus energy (or \$195,000 for RECs only) plummeting the Port’s operating reserves to below 3% for the overall period” (p. 4.). However, the previously submitted spreadsheet calculating the cost of purchasing PCC1 and PCC3 RECs estimated a cumulative REC cost of \$107,010. Please clarify which estimate is correct.

The previously submitted spreadsheet calculated the cost of full compliance based on Compliance Period 2 REC prices and only provided the net cost of the procurement. The revised estimate is based on Compliance Period 1 procurement prices and includes both the total cost and net cost.