

## DOCKETED

<b>Docket Number:</b>	16-RPS-02
<b>Project Title:</b>	Appeal by Los Angeles Department of Water & Power re Renewables Portfolio Standard Certification Eligibility
<b>TN #:</b>	212407
<b>Document Title:</b>	06-2005 LADWP RPS Policy (Bates Nos. LA000011-LA000021)
<b>Description:</b>	N/A
<b>Filer:</b>	Pjoy Chua
<b>Organization:</b>	LADWP
<b>Submitter Role:</b>	Applicant
<b>Submission Date:</b>	7/22/2016 4:44:51 PM
<b>Docketed Date:</b>	7/22/2016

# Department of Water and Power



# the City of Los Angeles

JAMES K. HAHN  
Mayor

Commission  
DOMINICK W. RUBALCAVA, *President*  
SID C. STOLPER, *Vice president*  
ANNIE E. CHO  
GERARD McCALLUM II  
SILVIA SAUCEDO  
BARBARA E. MOSCHOS, *Secretary*

RONALD F. DEATON, *General Manager*

May 31, 2005

The Honorable City Council  
City of Los Angeles  
Room 395, City Hall  
Los Angeles, California 90012

Dear Members:

Subject: LADWP's Renewable Portfolio Standard Policy

Pursuant to Charter Section 602, enclosed for approval by your Honorable Body is Resolution No. 005-265, adopted by the Board of Water and Power Commissioners (Board) on May 23, 2005, approved as to form and legality by the City Attorney, which approves LADWP's Renewables Portfolio Standard Policy. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, DWP Council Liaison, at (213) 367-0025, or Mr. Enrique Martinez at (213) 367-4435.

Sincerely,

A handwritten signature in cursive script, reading "Barbara E. Moschos".

Barbara E. Moschos  
Board Secretary

BEM:oja

Enclosures: DWP Resolution  
Board Letter  
Renewables Portfolio Standard Policy

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LA000011

c/enc: Mayor James K. Hahn

Mr. Gerry F. Miller, Acting Chief Legislative Analyst

Mr. William T. Fujioka, Chief Administrative Officer

Mr. Joseph Avila, Legislative Analyst, CLA

Mr. William R. Koenig, Supvr. Proprietary Dept. Analysis Grp.

Ms. Winifred Yancy

Mr. Enrique Martinez

RESOLUTION NO. 005 265

WHEREAS in August 2000, the Water and Power Board of Commissioners approved a resolution that authorized the Department of Water and Power of the City of Los Angeles to adopt an Integrated Resource Plan that established a goal of meeting 50 percent of projected load growth through a combination of Demand-Side-Management, Distributed Generation, and Renewable Resources; and

WHEREAS in 2002, the California Legislature passed the California Senate Bill 1078 that established the California Renewables Portfolio Standard, and a goal for all investor-owned utilities to increase their use of renewable resources by at least 1 percent per year, until 20 percent of their retail sales are procured from renewables by 2017; and

WHEREAS publicly-owned utilities like LADWP are exempt from the California Senate Bill 1078, however they are encouraged to establish renewable resource goals consistent with the intent of the California Legislature; and

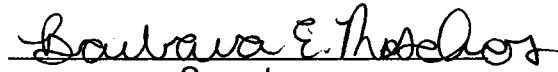
WHEREAS in late 2003, the Mayor and the City Council took several steps toward developing a new Renewables Portfolio Standard for LADWP; and

WHEREAS on June 29, 2004, the Los Angeles City Council adopted a LADWP Renewables Portfolio Standard Framework that is used as the basis for the establishment of this Renewables Portfolio Standard Policy. While adopting the LADWP's Renewables Portfolio Standard Framework, the City Council has requested LADWP to establish a Renewables Portfolio Standard Policy. Specifically, the City Council has requested the Board of Water and Power Commissioners, "to adopt a Renewable Portfolio Standard of 20 percent renewable energy by 2017 setting applicable milestones to achieve this goal," and "incorporate this Renewable Portfolio Standard into all future energy system planning. It should also be reflected in the Integrated Resource Plan now being prepared, to identify actions to be taken in the next year toward increased renewable energy procurement and/or development;" and

WHEREAS on October 15, 2004, the Los Angeles City Council adopted a resolution approving the inclusion of existing LADWP hydroelectric generation units greater than 30 megawatts in size, excluding Hoover hydroelectric plant, as part of the City's Renewables Portfolio Standard list of eligible resources.

NOW, THEREFORE, BE IT RESOLVED that the City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy, approved as to form and legality by the City Attorney and on file with the Secretary of the Board, be and the same is hereby approved subject to approval by City Council.

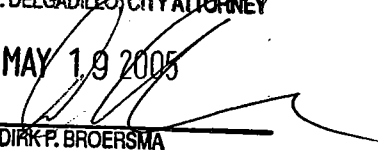
I HEREBY CERTIFY that the foregoing is a full, true, and correct copy of a resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held **MAY 23 2005**

  
Secretary

APPROVED AS TO FORM AND LEGALITY  
ROCKARD J. DELGADILLO, CITY ATTORNEY

**MAY 19 2005**

BY

  
DIRK P. BROERSMA  
Deputy City Attorney

## VERBAL MOTION

I MOVE that Item No. 5 on the May 23, 2005 Special Commission Agenda relative to the Los Angeles Department of Water and Power Renewables Portfolio Standard Policy, BE AMENDED as noted in the attachments.

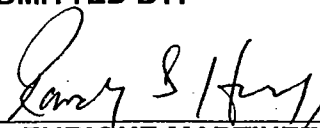
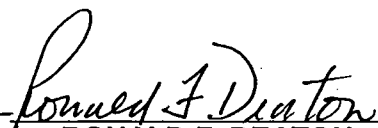
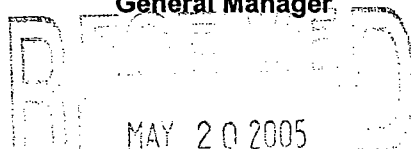
Moved by: Gerard McCallum

Seconded by: Silvia Saucedo

Approved by the Board of Water and Power Commissioners at its Special Meeting on May 23, 2005: Ayes: 3, Noes: 0, Absent: Cho and Stolper

By: Barbara E. Moschos  
Barbara E. Moschos, Board Secretary

## LADWP BOARD LETTER FOR APPROVAL

TO: BOARD OF WATER AND POWER COMMISSIONERS		DATE: May 23, 2005
SUBMITTED BY:		SUBJECT:
 <b>ENRIQUE MARTINEZ</b> Chief Operating Officer Power System		City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy
 <b>RONALD F. DEATON</b> General Manager		
 Board of Water and Power Comrs. CITY OF LOS ANGELES		FOR COMMISSION OFFICE USE:
CITY COUNCIL APPROVAL REQUIRED: Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	IF YES, BY WHICH CITY CHARTER SECTIONS: 602	

\* ADOPTED AS AMENDED AT 5/23/05 BOARD MTG. SEE ATTACHED VERBAL MOTION.

**PURPOSE/SUMMARY:**

- The City of Los Angeles Department of Water and Power (LADWP) Renewables Portfolio Standard Policy represents LADWP's commitment to renewable resource supply consistent with the June 29, 2004 Los Angeles City Council Resolution requiring LADWP to establish such policy and with the provisions of the California Senate Bill 1078 (2002). California Senate Bill 1078 provides that each governing body of a local publicly-owned electric utility shall be responsible for implementing and enforcing a Renewables Portfolio Standard that recognizes the intent of the California Legislature to encourage renewable resources, while taking into consideration the effect of the standard of rates, reliability, and financial resources and the goal of environmental improvement. The law also requires that each local publicly-owned utility report to its customers, on an annual basis, the fuel mix used to serve its customers and the expenditure of public goods funds for renewable resources.
- The LADWP Renewables Portfolio Standard Policy sets a goal of increasing LADWP's supply of electricity from "eligible" renewable resources until a target portfolio level of 20 percent is reached by December 31, 2017, measured by the amount of electric energy sales to retail customers. This equates to approximately 1 percent per year with an interim goal of 13 percent by 2010. The policy also defines the "eligible" renewable resources, outlines resource acquisition method, and allows establishment of a "surcharge" to cover the expected additional costs of renewable resources.
- Additional expenditures <sup>MAY BE \*</sup> are required starting fiscal year 2005/2006 through 2017 to acquire and develop renewable resources to meet the Renewables Portfolio Standard goals, and are expected to be fully recovered through renewable surcharges that will start in July 1, 2007.

- Following further assessment by LADWP, and pending legislation, the Board may establish a solar set aside. The Board may also establish the appropriate prices to be paid for solar resources and a "Solar Surcharge" to cover the additional cost of a solar set aside.
- Background information on LADWP's RPS development activities and next steps are provided in the attached supplemental information.

It is recommended that your Honorable Board adopt the resolution and the City of Los Angeles Renewables Portfolio Standard Policy as authorized in the resolution.

Furthermore, LADWP management will report back to the Board on: (1) the level of surcharge required to support the RPS goals, and (2) options on solar set aside and the expected surcharge to support the solar set aside.

MJB: sj

Attachments

c/att: Commerce, Energy and Natural Resources Committee

Ronald F. Deaton  
Robert K. Rozanski  
Richard M. Brown  
Mahmud A. Chaudhry  
James B. McDaniel  
Hal D. Lindsey  
Thomas C. Hokinson  
Lillian Y. Kawasaki

Pamela T. Porter  
Ronald O. Vazquez  
Cecilia K.T. Weldon  
Albert A. Stephens  
Enrique Martinez  
C. Edward Miller  
John W. Schumann



## **Supplemental Information**

### **City of Los Angeles Department of Water and Power (LADWP) Renewables Portfolio Standard Policy**

#### **Background:**

- In May 1999, LADWP implemented the Green Power for Green LA program to promote renewable resource development and procurement through voluntary contributions by its customers. This program currently includes the procurement of renewable resources to supply approximately 30,000 Green LA program customers.
- In August 2000, LADWP adopted an Integrated Resource Plan that established a goal of meeting 50 percent of projected load growth through a combination of Demand-Side-Management, Distributed Generation, and Renewable Resources. The Integrated Resource Plan was approved by the Board of Water and Power Commissioners and the City Council. Under the initial "Renewables Portfolio Standard" plan, LADWP established a goal of developing 30 MWs of renewables by 2001, 100 MWs by 2005, and 150 MWs by 2010.
- In 2002, the California Legislature passed the California Senate Bill 1078 that established the California Renewables Portfolio Standard, and a goal for all investor-owned utilities to increase their use of renewable resources by at least 1 percent per year, until 20 percent of their retail sales are procured from renewables by 2017. Although publicly-owned utilities like LADWP are exempt from the California Senate Bill 1078, they are encouraged to establish renewable resource goals consistent with the intent of the Legislature.
- In late 2003, the Mayor and the City Council took several steps toward developing a new Renewables Portfolio Standard for LADWP. This included creation of the Green Ribbon Commission by the Mayor, and convening a Renewable Energy Summit by the Commerce, Energy and Natural Resources Committee.
- On June 29, 2004, the Los Angeles City Council adopted a LADWP Renewables Portfolio Standard Framework that is used as the basis for the establishment of this Renewables Portfolio Standard Policy. While adopting the LADWP's Renewables Portfolio Standard Framework, the City Council has requested LADWP to establish a Renewables Portfolio Standard Policy. Specifically, the City Council has requested the Board of Water and Power Commissioners, "to adopt a Renewables Portfolio Standard of 20 percent renewable energy by 2017 setting applicable milestones to achieve this goal," and "incorporate this Renewables Portfolio Standard into all future energy system planning. It should also be reflected in the Integrated Resource Plan now being prepared, to identify

actions to be taken in the next year toward increased renewable energy procurement and/or development."

- On October 15, 2004, the Los Angeles City Council adopted a resolution approving the inclusion of existing LADWP hydroelectric generation units greater than 30 megawatts in size, excluding Hoover hydroelectric plant, as part of the City's Renewables Portfolio Standard list of eligible resources.
- In mid 2004, LADWP initiated a competitive bid process to acquire renewable resources to meet an interim Renewables Portfolio Standard goal of 13 percent by 2010.
- On March 18, 2005, the Mayor proposed that the City's Green Ribbon Commission consider including a 1 percent Renewables Portfolio Standard set aside for solar photovoltaics.

#### **Next Steps:**

- LADWP is in discussions with the renewable resource providers that were shortlisted in the Renewable Supply Request-For-Proposal that was issued in June 30, 2004. The shortlisted projects consist of wind, geothermal, landfill gas, biomass and small hydro energy supply facilities. Procurement and acquisition of these projects will be required to meet LADWP's interim RPS goal of 13% by 2010. The general goal is for LADWP to enter into agreements with these providers following the establishment of a renewable surcharge, <sup>if DEEMED REQUIRED.</sup> However, a limited number of short-term agreements with minimal financial impacts may be entered into prior to the establishment of the surcharge. \*
- LADWP will be conducting detailed studies to develop a RPS surcharge calculation method and an implementation plan. These studies will also be used in developing an ordinance to establish <sup>ANY \*</sup> the required surcharge to implement the RPS Policy.
- <sup>ANY</sup> LADWP will initiate discussions with Neighborhood Councils on the RPS Policy implementation and RPS surcharge ordinance. LADWP will also initiate <sup>\*</sup> discussions on the update to the LADWP's 2000 Integrated Resource Plan.

\* SEE ATTACHED VERBAL MOTION

## **City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy**

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### **Purpose:**

On June 29, 2004, the Los Angeles City Council passed Resolution 03-2064-S1 requesting that the Board of Water and Power Commissioners adopt a Renewables Portfolio Standard (RPS) Policy.

In 2002 California Senate Bill 1078 (SB1078), an act to add Sections 387, 390.1 and 399.25, and to add Article 16 (commencing with Section 399.11) to Chapter 2.3 of Part 1 of Division 1 of the Public Utilities Code, was passed establishing a 20% RPS for California investor-owned utilities.

This RPS Policy represents Los Angeles Department of Water and Power's (LADWP) commitment to renewable resource supply as requested by the City Council Resolution 03-2064-S1 and consistent with the provisions of SB1078 (2002). SB1078 provides that each government body of a local publicly-owned electric utility shall be responsible for implementing and enforcing a RPS that recognizes the intent of the Legislature to encourage renewable resources, while taking into consideration the effect of the standard of rates, reliability, and financial resources and the goal of environmental improvement.

### **Goal:**

Los Angeles City Council Resolution 03-2064-S1 requires that the Board of Water and Power Commissioners adopt a RPS of 20% renewable energy by 2017 setting applicable milestones to achieve this goal, and incorporate this RPS into all future energy system planning.

The public policy goals stated in SB1078 include increasing California's reliance on renewable energy resources up to 20% by 2017 to promote stable electricity prices, protect public health, improve environmental quality, stimulate sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels.

In furtherance of the above-expressed goals, LADWP will increase its supply of electricity from "eligible" renewable resources until a target portfolio level of 20% is reached by December 31, 2017, measured by the amount of electric energy sales to retail customers. LADWP will increase the RPS level by approximately 1% per year with an interim goal of 13% by 2010. Also, LADWP will continue to encourage voluntary contributions from customers to fund renewable resources above the stated RPS goal.

### **Eligible Resources:**

Electricity produced from the following technologies constitute "eligible" resources: biomass; biodiesel; digester gas; fuel cells using renewable fuels; geothermal; landfill gas; municipal solid waste only if the energy conversion process does not employ direct combustion of solid fuel; ocean wave, ocean thermal, and tidal current technologies; solar photovoltaic; small hydro 30 MW or less, and the Los Angeles Aqueduct hydro power plants; solar thermal; wind; and other renewables that may be defined later.

### **Long-Term Resource Plan:**

LADWP will integrate the RPS into its long-term resource planning process, and the RPS will not compromise LADWP's Integrated Resource Plan (IRP) objectives of service reliability, competitive electric rates, and environmental leadership. LADWP will not terminate any existing long-term contract, or otherwise create stranded generation assets in order to meet the RPS goals.

**Renewable Resource Acquisition:**

LADWP's renewable acquisitions will be based on a competitive bid process, and least-cost, best-fit project selection criteria will be utilized. Furthermore, preference will be given to projects that are located within the City of Los Angeles and are to be owned and operated by LADWP to further support LADWP's economic development and system reliability objectives. This will not preclude LADWP from developing its own renewable resources, provided that they are in support of the RPS goals and meet criteria established in the IRP.

**Price Benchmarking:**

The appropriate prices to be paid or expended for renewable resources ("Renewable Resources Price Cap") will be established by the Water and Power Board of Commissioners (Board), on an as needed basis, and shall include the cost of associated interconnection, transmission, and energy losses to deliver the energy to LADWP's load center.

**System Rate Impact:**

The Board will establish a "Renewable Resources Surcharge" <sup>IF DEEMED REQUIRED, \*</sup> to cover the additional costs of renewable resources to meet the RPS goals beginning on July 1, 2007. LADWP will not make any major financial commitment to procure/acquire renewable resources prior to the establishment of the surcharge to mitigate any potential adverse financial impact on the City transfer. <sub>ANY SUCH REQUIRED \*</sub>

**Solar Set Aside:**

Following further assessment by LADWP, and pending legislation, the Board may establish a solar set aside. The Board may also establish the appropriate prices to be paid for solar resources and a "Solar Surcharge" to cover the additional cost of a solar set aside.

**Above Market Subsidies:**

LADWP may utilize Public Benefits funds to subsidize above a Board adapted price cap of costs for renewable energy, as may be directed by the Board.

**Reporting Requirement:**

LADWP will provide an annual report of the following information to its customers as required by SB1078: (1) expenditure of PBC funds for renewable energy resources development, and (2) the resource mix used to serve its retail customers by fuel type. LADWP will continue to provide a quarterly Power Content Label Report to its customers as required by SB1305 (1997), and an annual report of the total expenditure for renewable resources funded by voluntary customer contributions.

**Flexible Compliance:**

Renewable resource procurements will be limited to development and acquisition of physical generation assets and energy purchase contracts, and therefore, LADWP will not purchase the "renewable energy credit" from a renewable resource, without purchasing the associated energy. In the event that RPS goals cannot be achieved due to limitations in the "Above Market Subsidies", "Surcharge", or the availability of renewables that meet the IRP requirements, the Board shall adjust this RPS Policy as needed.

\* SEE ATTACHED VERBAL MOTION.