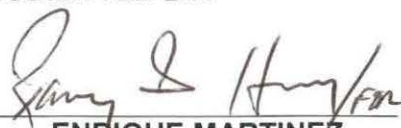


## DOCKETED

<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>	212408
<b>Document Title:</b>	07-2007 LADWP RPS Policy (Bates No. LA000022-LA000038)
<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 4:45:27 PM
<b>Docketed Date:</b>	7/22/2016

## LADWP BOARD APPROVAL LETTER

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>		<b>DATE:</b> April 11, 2007
<b>SUBMITTED BY:</b> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="text-align: center;">   <b>ENRIQUE MARTINEZ</b>              Chief Operating Officer              Power System           </div> <div style="text-align: center;">   <b>RONALD F. DEATON</b>              General Manager           </div> </div>		<b>SUBJECT:</b> <div style="text-align: center; margin-top: 20px;">             Amendment              to the City of Los Angeles Department of Water              and Power Renewables Portfolio Standard              Policy (RPS)           </div>
<b>BOARD COMMITTEE APPROVAL:</b>  		<b>FOR COMMISSION OFFICE USE:</b> <div style="text-align: center; margin-top: 10px;"> <b>RES. NO.</b> 007 197              APR 17 2007           </div> <div style="margin-top: 10px;"> <i>3-COPY RES. TO: COD-Prop 4/27/07 System 3/107</i> </div>
<b>CITY COUNCIL APPROVAL REQUIRED:</b> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> The policy will be submitted to Council for consideration to update the policy adopted June 29, 2005	<b>IF YES, BY WHICH CITY CHARTER SECTIONS:</b>  	

### PURPOSE / SUMMARY:

The Board of Water and Power Commissioners (Board) is requested to consider the attached amendment to the Los Angeles Department of Water and Power (LADWP) Renewables Portfolio Standard (RPS) Policy that comprehensively update the existing policy to:

- Include the Board's accelerated goal requiring LADWP to increase its supply of electricity from "eligible" renewable resources until a target portfolio level of 20 percent is reached by December 31, 2010, approved by the Board in December 2005.
- Include the "Renewable Resource Surcharge" implemented on July 1, 2006.
- Update to reflect recent legislation.
- Establish renewable energy procurement ownership targets.

### BACKGROUND

In 2002, the California Legislature passed Senate Bill 1078 that established the California RPS, with 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. SB 1078 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 on rates, reliability, and financial resources and the goal of environmental improvement.

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 LADWP RPS Policy of 20 percent renewable energy by 2017.

On May 23, 2005, the Board adopted a LADWP RPS Policy that established the goal of increasing the amount of energy LADWP generates from renewable power sources to 20% of its energy sales to retail customers by 2017, with an interim goal of 13% by 2010. On June 29, 2005, the Los Angeles City Council approved the LADWP RPS Policy.

In order to further promote stable electricity prices, protect public health, improve environmental quality, provide sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels, in December 2005 the Board accelerated the LADWP RPS goal to a mandated 20% renewables by 2010. During the fiscal year 2006/2007 Budget process, consistent with the "System Rate Impact" provision of the RPS policy, the Board acted to implement a "Renewable Resource Surcharge" to assist in funding the procurement of renewable power resources. This surcharge eliminated the need for subsidies from the Public Benefit Program. It is recommended that these RPS Policy modifications be formally codified in an updated LADWP RPS Policy.

The Reporting provision requires that the LADWP provide an annual report to its customers which includes the information required by SB 1078. Since adoption of the Policy, SB 107 has been implemented which includes additional information requirements. In addition, legislation regarding green house gas reductions have been passed that may impact LADWP generation resource mix and operational requirements. Modifications to the Resource Plan provision will provide LADWP flexibility in addressing the emerging green house gas reduction regulations, legislation, and strategies. It is therefore recommended that the LADWP RPS Policy be updated to reflect adopted legislation and regulatory requirements.

Further, as the LADWP has moved forward to develop strategies, implement programs, and obtain approval for various contracts to meet the aggressive RPS schedule, the policy issue of LADWP ownership of renewable energy generation facilities versus purchasing of renewable energy has been discussed. The purchase of renewable power will be essential to the LADWP achieving the 20% renewable power goal by 2010. However, it is equally important that the LADWP plan to own and operate renewable power facilities in the long-term to ensure the continued long-term availability and reliability of such power sources. To facilitate LADWP ownership of renewable energy generation facilities, LADWP is supporting several legislative initiatives to provide an equivalent incentive for utility ownership and operation versus a stand alone Power Purchase Agreement with tax incentives. Therefore, it is recommended that the RPS Policy "Renewable Resource Acquisition" provision be amended to establish a two-phased (prior to 2010 and after 2010) renewable energy generation LADWP



ownership targets, with the first priority being to pursue outright ownership opportunities, as detailed in the attached recommended amendment to the LADWP RPS Policy.

### Cost and Duration:

N/A

**Funding Source:**

Power Revenue Fund

**TYPE OF INSURANCE COVERAGE(S):**

N/A

**PRE-AWARD CHECKLIST:**

Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Contract Compliance
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Subcontracting Opportunities
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Service Contractor Worker Retention Ordinance
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Child Support Policy
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Living Wage Ordinance
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Labor Relations Notification
Yes	<input type="checkbox"/>	No	<input type="checkbox"/>	N/A	<input checked="" type="checkbox"/>	Charter Section 1022 Findings

**CONTRACT ADMINISTRATION :**

N/A

**JOB OPPORTUNITIES AND TRAINING POLICY:** ☐Applicable ☒Not Applicable

**INTERNAL AUDIT:**

☐ Yes (If yes, please indicate the disposition of the findings below : )  
☒ No

**EXTERNAL AUDIT:**

☐ Yes (If yes, please indicate the disposition of the findings below : )  
☒ No

### **Charter Section 1022 Findings and Basis Thereof**

N/A

## Method of Selection

N/A

### Outreach Methods Taken

N/A

**Minority/Women Business Enterprise (MBE/WBE) Subcontracting Participation**

N/A

**Vendor History**

N/A

**Vendor Performance**

N/A

**Environmental Determination**

In accordance with the California Environmental Quality Act (CEQA) it has been determined that the proposed amendments to the LADWP RPS Policy are exempt pursuant to the General Exemption described in CEQA Guidelines Sections 15061 (b) (3). General Exemptions apply in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

New renewable energy generation facilities will be individually assessed pursuant to CEQA.

**RECOMMENDATION:**

It is recommended that your Honorable Board approve the accompanying resolution, approved as to form and legality by the City Attorney, amending the Los Angeles Water and Power Renewable Portfolio Standards Policy.

It is further recommended that the updated RPS Policy be submitted to City Council for consideration to amend the RPS policy adopted by City Council on June 29, 2005.

BLP:ms

Attachment

c/att: Ronald F. Deaton  
Barbara K. Garrett  
Robert K. Rozanski  
Richard M. Brown  
Stanton J. Snyder  
Lillian Y. Kawasaki  
Hal D. Lindsey  
Enrique Martinez  
James B. McDaniel

Jeffery L. Peltola  
Pamela T. Porter  
Ronald O. Vazquez  
Cecilia K. T. Weldon  
Albert A. Stephens  
Randy S. Howard  
Brian C. Koch  
Bradford L. Packer

## **Supplemental Information**

### **City of Los Angeles Department of Water and Power (LADWP) Amendment No. 1 to the Renewables Portfolio Standard Policy**

#### **Background:**

- In May 1999, LADWP implemented the Green Power for Green LA program to increase renewable energy resource development and procurement through voluntary contributions by its customers. This program included the procurement of renewable resources to supply approximately 30,000 Green LA program customers as well as planting approximately 15,000 trees annually.
- In August 2000, LADWP adopted an Integrated Resource Plan (IRP) that established a goal of meeting 50% of projected load growth through a combination of Demand-Side-Management, Distributed Generation, and Renewable Resources. Under this IRP, LADWP established a goal of developing 30 MW of renewables by 2001, 100 MW by 2005, and 150 MW by 2010.
- In 2002, the California Legislature passed California Senate Bill 1078 that established the California Renewables Portfolio Standard, with 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 of Los Angeles and the City Council took several steps toward developing a new Renewables Portfolio Standard (RPS) for LADWP. This included the 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 was used as the basis for establishing a Renewables Portfolio Standard Policy. While adopting LADWP's Renewables Portfolio Standard Framework, the City Council requested LADWP to establish a Renewables Portfolio Standard Policy. Specifically, the City Council 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 Request for Proposals (RFP) process to acquire renewable resources to meet an interim Renewables Portfolio Standard goal of 13% by 2010.
- On June 29, 2005, the City Council approved the City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy, which has many similarities to the State mandate for the investor owned utilities. The RPS is designed to increase the amount of energy LADWP generates from renewable power sources to 20% of its energy sales to retail customers by 2017, with an interim goal of 13% by 2010. The policy will provide a long-term framework to achieve the 20% goal without compromising power reliability or the financial stability of the LADWP and its customers.
- In August 2005, the Southern California Public Power Authority (SCPPA) issued a RFP to acquire renewable resources. LADWP is a member of SCPPA.
- In December of 2005, the Board of Water and Power Commissioners recommended that LADWP accelerate the RPS goal to obtain 20% renewables by 2010. This recommendation included updating LADWP's Integrated Resource Plan to include this goal, proceeding with the negotiation and contract development for renewable resources proposed and selected in LADWP's 2004 RFP and SCPPA's 2005 RFP, and to prepare and submit for consideration a mechanism to support the cost of accelerating the RPS and to maintain the financial integrity of LADWP's Power System during times of natural gas price volatility.

**Attachments:**

- 1) The City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy, as approved by the City Council on June 29, 2005.
- 2) Amendment No. 1 of the City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy.

## Attachment 1

### 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. Furthermore, the Council instructed LADWP to include in its report on RPS the impact on the local economy and jobs.

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" if deemed required covering 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 any such required surcharge to mitigate any potential adverse financial impact on the City transfer.

**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 the solar set aside.

**Above Market Subsidies:**

LADWP may utilize "Public Benefits Charge" (PBC) funds to subsidize the above-market costs of 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.

**City of Los Angeles Department of Water and Power  
Renewables Portfolio Standard Policy  
As Amended April 2007**

**1. Purpose:**

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 I of Division 1 of the Public Utilities Code, was passed establishing a 20 percent Renewables Portfolio Standard (RPS) for California investor-owned utilities. SB 1078 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 on rates, reliability, and financial resources and the goal of environmental improvement.

On June 29, 2004, the Los Angeles City Council passed Resolution 03-2064-S1 requesting that the Board of Water and Power Commissioners adopt an RPS Policy of 20 percent renewable energy by 2017 setting applicable milestones to achieve this goal, and incorporate this RPS into a future Integrated Resource Plan (IRP).

On May 23, 2005, the Los Angeles Department of Water and Power (LADWP) Board of Commissioners (Board) adopted a LADWP RPS Policy that established the goal of increasing the amount of energy LADWP generates from renewable power sources to 20% of its energy sales to retail customers by 2017, with an interim goal of 13% by 2010. On June 29, 2005, the Los Angeles City Council approved the LADWP RPS Policy.

In order to further promote stable electricity prices, protect public health, improve environmental quality, provide sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels, in December 2005 the Board accelerated the LADWP RPS goal to a mandated 20% renewable energy by 2010.

This RPS Policy, as amended April 2007, represents the LADWP continued commitment to renewable resource supply as requested by the City Council Resolution 03-2064-S 1 and is consistent with the provisions of SB 1078 (2002).

**2. Goal:**

To promote stable electricity prices, protect public health, improve environmental quality, provide sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels, LADWP will increase its supply of



electricity from "eligible" renewable resources until a target portfolio level of 20 percent is reached by December 31, 2010, measured by the amount of electric energy sales to retail customers.

Also, LADWP will continue to encourage voluntary contributions from customers to fund renewable resources above the stated RPS goal.

### 3. 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.

### 4. 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.

### 5. 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.

For acquisitions before December 31, 2010, LADWP will pursue its twenty percent (20%) RPS goal in a manner which will result in a minimum of forty percent (40%) renewable energy generation ownership that LADWP develops or that LADWP acquires through contracts with providers of renewable energy. Further, with respect to the foregoing contracts with providers such contracts will provide for LADWP ownership or an option to own, either directly or indirectly (including through joint power authorities).

On or after January 1, 2011, a minimum of seventy five percent (75%) of all new renewable energy generation acquired by LADWP will either be owned or acquired by LADWP through an option-to-own, either directly or indirectly (including through joint powers authorities) until at least half of the total amount of the renewable resources are supplied by renewable resources owned or optioned either directly or indirectly (including through joint power authorities) by LADWP.

First priority for the LADWP will be to pursue outright ownership opportunities; second priority will be consideration of option-to-own cost-based renewable resource acquisitions. In comparing outright ownership to "option-to-own," option-to-own projects must show clear economic benefits, such as pass-through of Federal or State tax credits or incentives, which could not otherwise be obtained, or the need to evaluate new technology. The option-to-own will be exercisable with the minimum terms



necessary to obtain and pass those tax credits and/or incentives to LADWP and/or upon a reasonable amount of time to evaluate the operation of the new technology.

6. System Rate Impact:

The Board established a "Renewable Resources Surcharge", to cover the additional costs of renewable resources to meet the RPS goals beginning on July 1, 2006. LADWP may not make any major financial commitment to procure/acquire renewable resources prior to evaluating the rate impact and any potential adverse financial impact on the City transfer.

7. Solar Set Aside:

Following further assessment by LADWP, and adopted legislation, the Board of Water and Power Commissioners may establish a solar set aside. The Board of Water and Power Commissioners 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.

8. Reporting Requirement:

LADWP will provide an annual report of the following information to its customers and the California Energy Commission (CEC) as required by SB 1078 and SB 107: (1) expenditure of PBC funds for renewable energy resources development, (2) the resource mix used to serve its retail customers by fuel type, and (3) status in implementing a RPS and progress toward attaining the standard. LADWP will continue to provide a quarterly Power Content Label Report to its customers as required by SB 1305 (1997), and an annual report of the total expenditure for renewable resources funded by voluntary customer contributions.

9. 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 of Water and Power Commissioners shall consider adjusting this RPS Policy as needed.



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 of Los Angeles 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 was used as the basis for the establishment of the Renewables Portfolio Standard Policy. While adopting the LADWP's Renewables Portfolio Standard Framework, the City Council had requested LADWP to establish a Renewables Portfolio Standard Policy. Specifically, the City Council had 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 20 megawatts in size, excluding Hoover hydroelectric plant, as part of the City's Renewables Portfolio Standard list of eligible resources.

WHEREAS on June 29, 2005, the City Council approved the City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy, which has many similarities to the state mandate for the investor owned utilities. The Renewables Portfolio Standard (RPS) is designed to increase the amount of



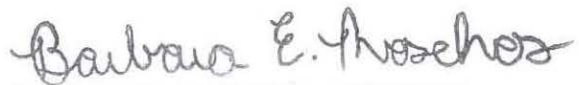
energy LADWP generates from renewable power sources to 20% of its energy sales to retail customers by 2017, with an interim goal of 13% by 2010. The policy will provide a long-term framework to achieve the 20% goal without compromising power reliability or the financial stability of the LADWP and its customers.

WHEREAS in December of 2005, the Board of Water and Power Commissioners recommended that LADWP accelerate the RPS goal to obtain 20% renewables by 2010. This recommendation included updating LADWP's Integrated Resource Plan to include this goal, proceeding with the negotiation and contract development for renewable resources proposed and selected in LADWP's 2004 RPS and Southern California Public Power Authority 2005 RPS, and to prepare and submit for consideration a mechanism to support the cost of accelerating the RPS and to maintain the financial integrity of LADWP's Power System during times of natural gas price volatility.

NOW, THEREFORE BE IT RESOLVED that the City of Los Angeles Department of Water and Power Renewables Portfolio Standard (RPS) Policy as amended April 2007 (Amendment No. 1), 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.

BE IT FURTHER RESOLVED that the updated RPS Policy as amended April 2007 be submitted to the City Council for consideration to amend the RPS Policy adopted by City Council on June 29, 2005.

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 APR 17 2007

  
Secretary

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

APR 16 2007  
  
BY STANTON J. SNYDER  
Assistant City Attorney

April 16, 2007

Commissioners:

Please note that the attached final RPS Policy Board Letter and associated Resolution has one difference from the version e-mailed to you Friday afternoon. It has been determined that Council action is not required, but that the policy should be submitted for Council to consider updating the policy it adopted in 2005. This change both maintains the Board's authority to establish policies, as well as ensures that the policy is forwarded for Council consideration and action.

  
-Barb Garrett

LA000036

April 19, 2007

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

Dear Members:

Subject: Amendment No. 1 to the City of Los Angeles LADWP Renewables Portfolio  
Standard Policy

Enclosed is Resolution No. 007-197, adopted by the Board of Water and Power Commissioners (Board) on April 17, 2007, approved as to form and legality by the City Attorney, which approves Amendment No. 1 to the City of Los Angeles LADWP Renewables Portfolio Standard Policy. As directed by the Board, enclosed is the amended Renewables Portfolio Standard (RPS) Policy for your consideration and action to amend the RPS Policy adopted by City Council on June 29, 2005.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, DWP Council Liaison, at (213) 367-0025, or Mr. Randy S. Howard, at (213) 367-0381.

Sincerely,



Barbara E. Moschos  
Board Secretary

BEM:oja

Enclosures: DWP Resolution  
Board Letter



c/enc: Mayor Antonio Villaraigosa  
Ms. Jan C. Perry, Chair, Energy and the Environment Committee  
Mr. Gerry F. Miller, Chief Legislative Analyst  
Ms. Karen L. Sisson, Acting Chief Administrative Officer  
Mr. Rafael Prieto, Legislative Analyst, CLA  
Mr. William R. Koenig, Supvr. Proprietary Dept. Analysis Grp.  
Ms. Winifred Yancy  
Mr. Randy S. Howard

bc: Robert K. Rozanski – w/enc.  
Barbara K. Garrett – w/enc.  
City Attorney's Office (2)  
Board File