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California Energy Commission  
**STAFF DRAFT REPORT**

# Renewables Portfolio Standard Verification Results

City of Palo Alto  
Compliance Period 2 (2014-2016)

California Energy Commission

Gavin Newsom, Governor

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# California Energy Commission

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# RPS Verification Results: Compliance Period 2 City of Palo Alto

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## 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) and accelerated and expanded by subsequent legislation, California's RPS establishes increasingly progressive renewable energy procurement targets for the state's load-serving entities. Originally, California's statewide RPS was restricted to retail sellers;<sup>1</sup> Senate Bill X1-2 (Simitian, Chapter 1, Statutes of 2011, First Extraordinary Session) expanded the statewide mandatory RPS to apply to local publicly owned electric utilities (POU) starting in 2011. Senate Bill 100 (De León, Chapter 312, Statutes of 2018) increased the procurement targets, requiring both retail sellers and POUs to increase their procurement of eligible renewable energy resources to 60 percent of retail sales by 2030.

The California Energy Commission verifies the eligibility of renewable energy procured by load-serving entities, which include retail sellers, POUs, and all other entities serving retail sales of electricity in California that are obligated to participate in California's RPS. The Energy Commission is also responsible for certifying RPS-eligible renewable energy resources, developing a tracking system to verify renewable energy procurement for all program participants, and overseeing compliance and enforcement for the POUs. The California Public Utilities Commission is responsible for compliance and enforcement for retail sellers.

## Report Overview

This report covers the verification results for POU procurement claims for Compliance Period 2, which covered 2014 through 2016. The verification results provide an overview of the identified POU's results and tables, including:<sup>2</sup>

- The POU's procurement target and portfolio balance requirements.
- The amount of eligible renewable energy retired and the amount applied to meet the compliance period requirements, both shown by Portfolio Content Category (PCC) and other classifications.
- Any deficits in meeting RPS procurement requirements for the compliance period.
- Any optional compliance measures being applied by the POU for the compliance period.
- A calculation of excess procurement accumulated in this compliance period.
- A summary of the POU's excess procurement and historic carryover, if any, including any prior balance, the amount accumulated and used in the current compliance period, and the ending balance.

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<sup>1</sup> Public Utilities Code section 399.12 (j) defines retail seller as an entity engaged in the retail sale of electricity to end-use customers located within the state. Retail sellers include electrical corporations, community choice aggregators, and electric service providers, but not POUs.

<sup>2</sup> The contents of verification results reports will vary for POUs with specific exclusions, exceptions, or different procurement requirements under the RPS statutes and as described in the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities* based on the requirements specific to that POU.

In adopting this report, the Energy Commission finds the procurement claim amounts listed in this report are consistent with RPS certification and procurement requirements specified in the *Renewables Portfolio Standard Eligibility Guidebook, Ninth Edition (Revised)* (RPS Eligibility Guidebook) and the *Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities*<sup>3</sup> (RPS POU Regulations) and are eligible for the RPS as indicated. Therefore, the procurement claim amounts count toward meeting the identified POU's RPS procurement requirements.

## Verification Process

The methods used by the Energy Commission to verify load-serving entity procurement claims are detailed in the RPS Eligibility Guidebook and explained in the *Renewables Portfolio Standard Verification Methodology Report, Second Edition*, both of which can be found at <https://www.energy.ca.gov/portfolio/>.

The verification results presented in this report are not a compliance determination. After the Energy Commission adopts a POU's verification results, it will begin determining if the POU is in compliance with the RPS requirements for Compliance Period 2 in accordance with the RPS POU Regulations.

## City of Palo Alto Verification Results

For RPS Compliance Period 2 (2014-2016), the City of Palo Alto retired and reported 826,855 renewable energy credits (RECs), and 826,855 RECs were verified by the Energy Commission as RPS-eligible. Each POU's summary claims details is available at [https://www.energy.ca.gov/portfolio/documents/rps\\_verification\\_pous.html](https://www.energy.ca.gov/portfolio/documents/rps_verification_pous.html).

For Compliance Period 2, the City of Palo Alto had a procurement target of 605,948 RECs. The City of Palo Alto applied 605,948 RPS-eligible RECs toward its procurement requirements, equal to 21.63 percent of its retail sales for the compliance period, and met its procurement target.

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<sup>3</sup> 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 requirements.



| Procurement Target Calculation (MWh) <sup>1</sup> | Calendar Year | Annual Retail Sales | Soft Target Percentage | Soft Targets   |
|---|---------------|---------------------|------------------------|----------------|
|   | 2014          | 953,386             | 20%                    | 190,677        |
|   | 2015          | 932,922             | 20%                    | 186,584        |
|   | 2016          | 914,748             | 25%                    | 228,687        |
| <b>Procurement Target</b>                         |               |                     |                        | <b>605,948</b> |

| Verification Results |         |
|----------------------|---------|
| Target               | 605,948 |
| Applied              | 605,948 |
| Deficit              | 0       |
| Renewable Percentage | 21.63%  |

| RECs Available <sup>2</sup> | Category 0 (PCC 0) | Category 1 (PCC 1) | Pre June 2010 PCC 1 | Category 2 (PCC 2) | Category 3 (PCC 3) | Pre June 2010 PCC 3 | Historic Carryover | Total            |
|-----------------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|------------------|
| Eligible RECs Retired       | 646,232            | 180,623            | 0                   | 0                  | 0                  | 0                   |                    | 826,855          |
| Prior Balances Available    | 36,736             | 0                  | 0                   | 0                  | 0                  | 0                   | 368,733            | 405,469          |
| <b>Total RECs Available</b> | <b>682,968</b>     | <b>180,623</b>     | <b>0</b>            | <b>0</b>           | <b>0</b>           | <b>0</b>            | <b>368,733</b>     | <b>1,232,324</b> |

| RECs Applied         | Category 0 (PCC 0) | Category 1 (PCC 1) | Pre June 2010 PCC 1 | Category 2 (PCC 2) | Category 3 (PCC 3) | Pre June 2010 PCC 3 | Historic Carryover | Total   |
|----------------------|--------------------|--------------------|---------------------|--------------------|--------------------|---------------------|--------------------|---------|
| RECs Applied to CP 2 | 605,948            | 0                  | 0                   | 0                  | 0                  | 0                   | 0                  | 605,948 |

| RPS Portfolio Balance Requirements (MWh) <sup>3</sup> |   |
|---|---|
| Category 1 Balance Requirement                        | 0 |
| Category 1 Requirement Deficit                        | 0 |
| Category 3 Balance Limitation                         | 0 |
| Category 3 Disallowed                                 | 0 |

| Optional Compliance Measures Applied |    |
|--------------------------------------|----|
| Cost Limitation                      | No |
| Delay of Timely Compliance           | No |
| Portfolio Balance Reduction          | No |

| CP 2 Excess Procurement Calculation (MWh) <sup>4</sup> | Category 0 (PCC 0) | Category 1 (PCC 1) | Pre June 2010 PCC 1 | Category 2 (PCC 2) |
|--|--------------------|--------------------|---------------------|--------------------|
| Eligible RECs Retired                                  | 646,232            | 180,623            | 0                   | 0                  |
| RECs Applied   | -605,948           | 0                  | 0                   | 0                  |
| Deductions   | 0                  | 0                  | 0                   | 0                  |
| <b>Accumulated in CP 2</b>                             | <b>40,284</b>      | <b>180,623</b>     | <b>0</b>            | <b>0</b>           |

| Balance of Excess Procurement and Historic Carryover (MWh) | Category 0 (PCC 0) | Category 1 (PCC 1) | Pre June 2010 PCC 1 | Category 2 (PCC 2) | Historic Carryover |
|--|--------------------|--------------------|---------------------|--------------------|--------------------|
| Beginning Balance  | 36,736             | 0                  | 0                   | 0                  | 368,733            |
| Applied in CP 2  | 0                  | 0                  | 0                   | 0                  | 0                  |
| Accumulated in CP 2  | 40,284             | 180,623            | 0                   | 0                  |                    |
| <b>Ending Balance</b>                                      | <b>77,020</b>      | <b>180,623</b>     | <b>0</b>            | <b>0</b>           | <b>368,733</b>     |

1. "Soft Target" is defined in section 3201 of the RPS POU Regulations.  
 2. Total RECs Available does not include Disallowed PCC 3 RECs.  
 3. Calculated as specified in Section 3204(c) of the RPS POU Regulations.  
 4. Calculated as described in the RPS Verification Methodology Report, Second Edition and in section 3206(a)(1) of the RPS POU Regulations.