

RESOLUTION NO. 2020-30

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF VERNON  
ESTABLISHING ENERGY PROCUREMENT TARGETS OF ZERO  
MEGAWATT HOURS

SECTION 1. Recitals.

- A. The City of Vernon ("City") is a chartered municipal corporation of the State of California that owns and operates a system for the generation, purchase, transmission, distribution and sale of electric capacity and energy.
- B. The energy storage law in California, Assembly Bill AB 2514 ("AB 2514"), codified as Public Utilities Code Section 2835 et. seq., adopted in 2010, and subsequently revised, mandates the governing board of each publicly-owned utility (POU) to "determine appropriate targets, if any, for the utility to procure viable and cost-effective energy storage systems."
- C. AB 2514, adopted in 2010, requires that the City reevaluate this determination regarding the viability to procure an energy storage target every three (3) years. However, Public Utilities Code Section 9621(d)(1)(B), effective as of 2018, encompasses the requirements of AB 2514, and only requires reevaluation every five (5) years as part of the Integrated Resource Plan.
- D. On September 5, 2017, the City Council of the City of Vernon adopted Resolution No. 2017-47 establishing energy procurement targets of zero megawatt hours.
- E. By memorandum dated September 15, 2020, the General Manager of Public Utilities has recommended that the City continue its policy of no energy procurement targets on the grounds that procurement of energy systems is not cost-effective at this time for reasons set forth within the City of Vernon Public Utilities Energy Storage Evaluation Report (Attachment 2 to the memorandum), incorporated herein by reference.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF VERNON AS FOLLOWS:


SECTION 2. The City Council of the City of Vernon hereby finds and determines that the above recitals are true and correct.

SECTION 3. The City Council of the City of Vernon hereby establishes energy procurement targets of zero megawatt hours.

SECTION 4. The City Council of the City of Vernon hereby further finds and determines that procurement of energy storage systems is not cost-effective.

SECTION 5. The City Clerk shall certify the passage and adoption of this resolution and enter it into the book of original resolutions.

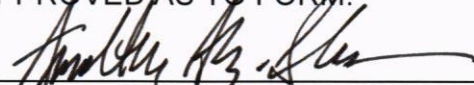
APPROVED AND ADOPTED this 15<sup>th</sup> day of September, 2020.

  
\_\_\_\_\_  
LETICIA LOPEZ, Mayor

ATTEST:

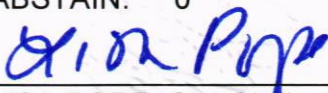
  
\_\_\_\_\_  
LISA POPE, City Clerk  
(seal)

APPROVED AS TO FORM:

  
\_\_\_\_\_  
ARNOLD M. ALVAREZ-GLASMAN,  
Interim City Attorney

I CERTIFY THAT THE FOREGOING RESOLUTION NO. 2020-30 was passed and adopted by the City Council of the City of Vernon at the regular meeting on September 15, 2020 by the following vote:

AYES: 5 Council Members: Davis, Gonzales, Menke, Ybarra, Lopez  
NOES: 0  
ABSENT: 0  
ABSTAIN: 0

  
\_\_\_\_\_  
LISA POPE, City Clerk  
(seal)

# City Council Agenda Item Report

Agenda Item No. COV-323-2020

Submitted by: Efrain Sandoval

Submitting Department: Public Utilities

Meeting Date: September 15, 2020

## **SUBJECT**

Energy Procurement Targets of Zero Megawatt Hours

### **Recommendation:**

Adopt Resolution No. 2020-30 establishing energy procurement targets of zero megawatt hours.

### **Background:**

Public Utilities Code Section 2835 et seq. (Assembly Bill 2514) requires the Council to determine targets for Vernon Public Utilities (VPU) for the procurement of viable and cost-effective energy storage systems. The California Energy Commission (CEC) reviews the procurement targets and policies and reports the progress to the Legislature.

The law requires VPU to evaluate the cost-effectiveness and viability of energy storage systems and consider various policies to encourage the cost-effective deployment of energy storage systems. The initial evaluation was due on October 1, 2014. Additionally, VPU was authorized to determine "cost-effective and viable" energy systems. When the energy storage evaluation was completed in 2014 and 2017, the City Council adopted Resolution Nos. 2014-56 and 2017-47 respectively, which established that a target to procure energy storage systems was not appropriate since there were no cost-effective opportunities.

AB 2514 required that the City evaluate energy storage options every three years and determine whether or not to establish a goal for energy storage. Therefore, no later than October 1, 2020, the governing body is required to adopt a target for the amount of appropriate energy storage that VPU will procure by December 31, 2021. However, Public Utilities Code Section 9621(d)(1)(B), effective as of 2018, encompasses the requirements of AB 2514, and only requires reevaluation every five (5) years as part of the Integrated Resource Plan. Accordingly, the next reevaluation will be conducted as a part of VPU's IRP.

VPU staff, through its Integrated Resource Plan (IRP) analysis, evaluated the costs and associated benefits of energy storage (Attachment 2). The analysis determined that the costs of utility-owned and operated technologies exceed the value of the benefits, and hence, do not provide cost-effective, viable opportunities for VPU at this time. Nevertheless, VPU will continue to perform due diligence of energy storage systems as it is moving from research and development to the production realm, and as the potential benefits of these systems begin to clearly outweigh the costs and become feasible to utility operations.

To meet the City's obligation, staff proposes to establish energy storage procurement targets of zero megawatt hours. VPU will, nevertheless, encourage customers to consider this emerging technology where it is cost-effective, as it is the belief of staff that in the long term, energy storage is expected to have substantial impact in the overarching electric system.