

Attachment B: Stakeholder Survey on the Cost Impact of the 33 Percent **Renewables Portfolio Standard Draft Regulations**

Energy Commission staff seeks stakeholder input on whether and to what extent the new rules for the 33 Percent Renewables Portfolio Standard as proposed in the staff draft regulations will have an economic impact on local publicly owned electric utilities (POUs).

Public Utilities Code Section 399.30 (a) requires POUs to “adopt and implement a renewable energy resources procurement plan that requires the utility to procure a minimum quantity of electricity products from eligible renewable energy resources.” The Energy Commission has defined “eligible renewable energy resources” as being from a facility that the Energy Commission has certified as being eligible for the RPS pursuant to the Energy Commission’s RPS Guidelines. Additionally, Public Utilities Code Section 399.30 (e) requires a POU to adopt a program for the enforcement of the RPS statute on or before January 1, 2012.

Under proposed staff draft regulations, POUs will be required to submit both procurement plans and compliance reporting to the Energy Commission on an annual basis to ensure that reasonable progress is being made in achieving RPS procurement requirements.

The draft regulations will be available on the Energy Commission’s Website at:
www.energy.ca.gov/portfolio/documents/index.html

Questions to address as they apply to a given POU’s compliance with the staff draft regulations.

RESPONSE FROM CITY OF GLENDALE WATER & POWER (IN BOLD):

1. What was the total number of full time employees of the POU in 2011?
A) For this current annual FY 2011-2012 budget period Glendale Water & Power (GWP) budgeted 419 full time employees for its electric utility – approximately \$34.87 Million.
2. How many total hours were part-time/seasonal employees employed by the POU in 2011?
A) A total of 33,246 hours are projected for FY 2011-2012 part-time staffing for GWP.
3. Does the POU plan to hire additional staff to assist in compliance with the requirements of the RPS?
A) As a direct result of the RPS program GWP has increased 6 people to its staffing levels adding over \$ 760,000 to the annual budget starting in 2010. Also, additional consultants are being hired to review renewable contracts and evaluate options. Each new contract involves attorney time and costs as well as attorney time to follow legislative and guidebook changes. Both internal and external legal counsel are relied upon.
4. What was or will be the total cost of adoption of a renewable energy procurement plan for the POU? What was or will be the total cost of adoption of a program or plan for RPS enforcement for the POU? Please include a description of necessary actions and costs for adopting these plans and programs.

- A) GWP's comprehensive 33% RPS procurement plan has not yet been adopted. GWP expects to spend at least 100 staff hours on the development of the procurement plan in 2012. This includes legal, management and other staff who will be involved in this ongoing plan. There will be additional costs for consultants to make sure that our long-term portfolio evaluation model will be capable of handling new requirements.**
5. What is the estimated annual cost of implementation of the adopted renewable energy procurement plan for the POU?
- A) Unknown at this time. Negotiations are underway with several developers. In addition, this question does not specify the economic accounting perspective. GWP plans to use the ratepayer perspective: how much will retail rates increase because of the implementation of a procurement plan.**
6. If the POU applies for the RPS-certification of a facility, what will be the additional cost of applying for and maintaining RPS-certification compared to current operations? Note that the Energy Commission does not impose any fees to apply for or maintain a RPS certification, nor does it require the creation of original documentation for the required supplemental documentation if information created for other purposes is sufficient. Please consider the following facility or location types that require additional reporting requirements:
- a. Renewable facilities using multiple energy resources
 - b. Hydroelectric facilities
 - c. Municipal solid waste conversion facilities
 - d. Repowered facilities
 - e. Out-of-state facilities
 - f. Out-of-country facilities
- A) Not enough information is available regarding the types of renewable resources we will be able to use to answer this question fully. Considerable costs have already been expended for legal and staff time regarding the uncertainty of biomethane issues. GWP does expect to spend additional amounts on outside consultants for facility-specific issues such as separating RECs produced by multiple phases of expansion of a given renewable facility, such as a wind or solar farm. Both legal and engineering services may be required.**
7. What was or will be the total cost of participation in the Energy Commission's generation tracking and verification system (Interim Tracking System and/or WREGIS)?
- A) Estimated \$65,000 (20%) to \$67,200 (33%) in Annual Fees paid directly to WREGIS. This does not include staff time associated with such participation, nor does it include costs for verification.**
8. Are there any additional POU costs that should be taken into consideration?
- A) As noted above, GWP plans to use a ratepayer perspective: how much higher (in percent, in dollars per customer, and in total dollars per year) will ratepayer**

costs be due to a specific procurement plan. These costs will include all incremental costs and lost revenues, both of which will cause retail rates to increase.

There are many other costs that Glendale has either made commitments to or are required to undertake- the total costs have not been calculated at this time, but can be available given additional time to evaluate:

- (1) Additional costs to ratepayers for implementing the Smart Grid meters and services, in addition to IT systems to manage, bill and analyze the data.**
 - (2) Demand response program and energy storage implementation and integration into trading activities and resource procurement.**
 - (3) Transmission issues – the additional costs to be incurred to bring the various renewable resources into Glendale.**
 - (4) Our existing Grayson power plant possible repowering – options for continued use of dedicated pipeline landfill gas, other biomethane sources.**
 - (5) Greenhouse Gas obligations – costs for implementing a tracking system for allowances/offsets, overall costs obligations for the program, allowance/offset procurement.**
 - (6) EPA requirements for coal power plants that we have contracts with until 2027.**
9. Is there potential for the creation of new businesses as a result of an increase in procurement requirements under the RPS?
- A) Potentially more regulatory staff needed. Possible expansion in energy storage companies and services to integrate variable renewable resources.**