



LODI CITY COUNCIL

Carnegie Forum
305 West Pine Street, Lodi

"SHIRTSLEEVE" SESSION

Date: August 11, 2015

Time: 7:00 a.m.

For information regarding this Agenda please contact:

Jennifer M. Ferraiolo

City Clerk

Telephone: (209) 333-6702

Informal Informational Meeting

A. Roll Call by City Clerk

B. Topic(s)

B-1 Renewables Portfolio Standard Update (EU)

C. Comments by Public on Non-Agenda Items

D. Adjournment

Pursuant to Section 54954.2(a) of the Government Code of the State of California, this agenda was posted at least 72 hours in advance of the scheduled meeting at a public place freely accessible to the public 24 hours a day.

Jennifer M. Ferraiolo
City Clerk

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CITY OF LODI COUNCIL COMMUNICATION

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AGENDA TITLE: Renewables Portfolio Standard Update
MEETING DATE: August 11, 2015
PREPARED BY: Electric Utility Director

RECOMMENDED ACTION: Receive Renewables Portfolio Standard (RPS) update.

BACKGROUND INFORMATION: Senate Bill (SB) X1-2 requires that 20, 25, and 33 percent of the City's retail energy sales be supplied by renewable energy by the end of Compliance Years 2013, 2016 and 2020, respectively.

Existing generation resources, coupled with excess surplus and historic carryover from prior years, will enable the City to meet these current requirements. However, pending legislation will require utilities to procure renewable energy at an amount equal to 50 percent of its retail sales by 2030.

Staff will provide Council with an update regarding RPS regulations and Lodi's current RPS status. In addition, staff will provide Council with information regarding the Northern California Power Agency's (NCPA) efforts to assist members, including Lodi, with future RPS planning and compliance efforts.

FISCAL IMPACT: Not applicable.

FUNDING AVAILABLE: Not applicable.

Elizabeth A. Kirkley
Electric Utility Director

PREPARED BY: Melissa Price-Cadek, Rates & Resources Manager

EK/MPC/lst

APPROVED: _____
Stephen Schwabauer, City Manager



Renewables Portfolio Standard (RPS) Update



City Council Shirtsleeve
August 11, 2015

RPS History

- 2002 – SB 1078
 - Established 20% by 2017
- 2006 – SB 107
 - Accelerated to 20% by 2010
- 2011 – SBX1-2
 - Expanded RPS to 33% by 2020

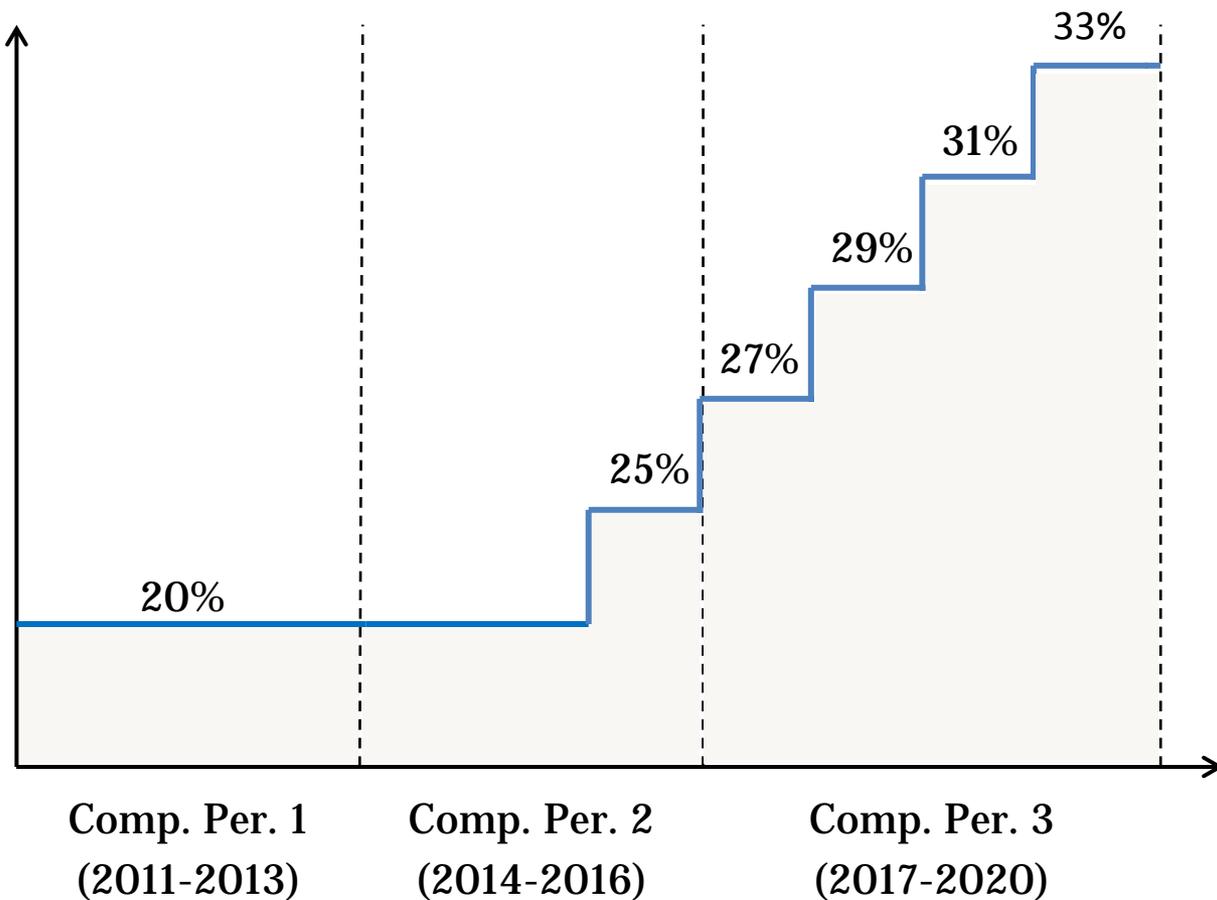


Current RPS Requirements

- 2013 - RPS Regulations

- 33% of Retail Sales by 2020
- Established Compliance Period Interim Targets

- Required adoption of Enforcement and Procurement Plan

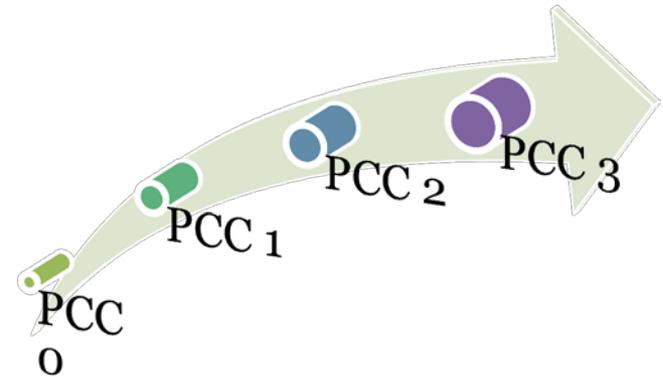


What the Future Holds for RPS

- Legislature adjourned until mid-August
- Must pass by September 11
 - AB 645 (Williams)
 - 50% RPS by 2030
 - Interim Targets of 38% by 2023 and 44% by 2026
 - SB 350 (de Leon)
 - 3 Clean Energy Goals by 2030
 - 50% RPS
 - 50% reduction in petroleum used in motor vehicles
 - Doubling of energy efficiency in existing buildings
 - Interim Targets of 40% by 2024 and 45% by 2027
 - Outstanding Issues (rooftop solar, energy efficiency)

RPS in Review

- Retail Sales
 - Does not include municipal use
- RPS Portfolio Content Categories (PCC)
 - “Bucket 0”
 - Contracts prior to 2010
 - “Bucket 1”
 - Contracts after 2010
 - Delivered to CAISO
 - “Bucket 2”
 - Contracts after 2010
 - Outside CAISO
 - “Bucket 3”
 - Unbundled RECs only

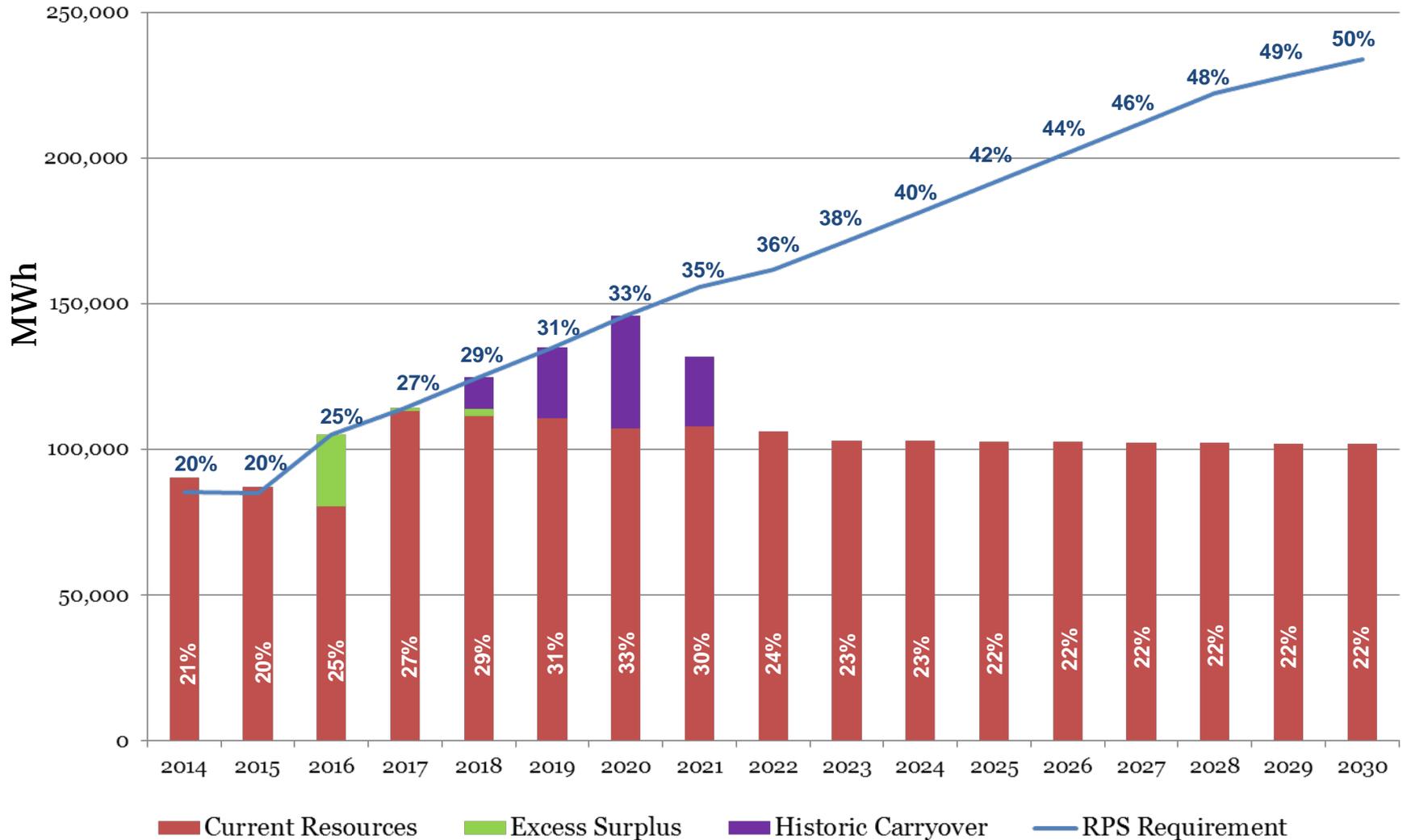




Lodi RPS

- **Historic Carryover**
- **Excess Surplus**
- **Current RPS Sources**
 - Geothermal (existing)
 - Small Hydro (existing)
 - Solar
 - Astoria 2 Solar Project
 - Commercial Operation Date – December 2016
- **Sufficient to Meet 2020 Requirement**
- **Ranked 12 of 43 for Compliance Period 1 (POUs)**
- **Additional Resources Need to Meet 2030 Requirement**

Lodi Resources (Current) vs. Requirement* (2014-2030)

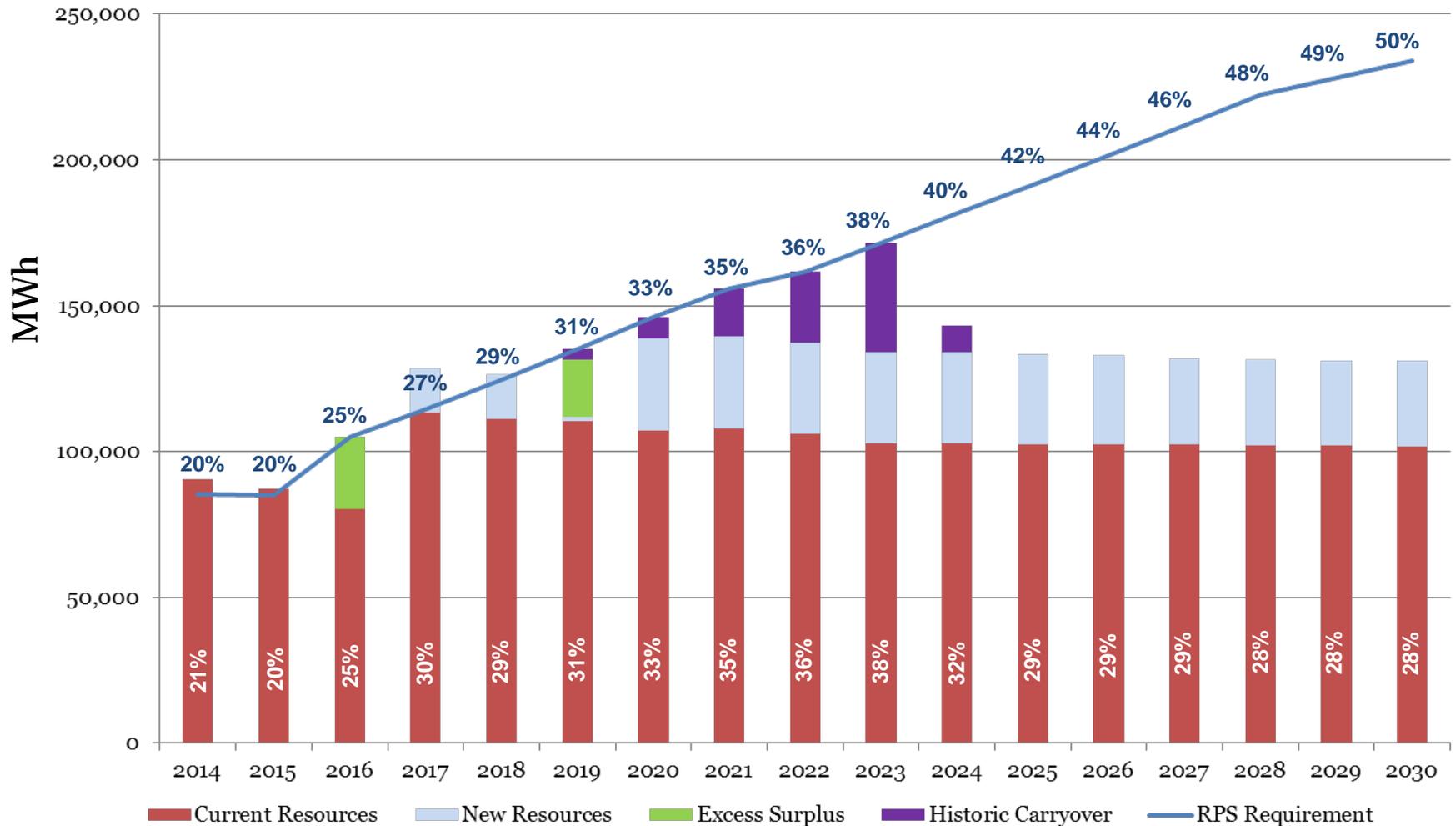


*Actual requirement to 2020; proposed to 2030

Current RPS Efforts

- May 2015 - RFP issued by NCPA
- 6 Respondents
 - Multiple facilities
 - Terms ranging 2 to 30 years
 - Prices ranging high \$40's to high \$60's
- Reviewed by NCPA and members
- Four members moving forward, including Lodi
- Two separate projects totaling (5 to 10 MW)
 - Project details confidential
 - Reputable developers; competitively priced
 - 2017 and 2020 commercial operation dates; long-term contracts
 - Incremental increase in power cost (initial years) ~\$850K (including Astoria)
 - Cost differential declines over time as price remains fixed and market prices rise
 - Funded by Greenhouse Gas monies

Lodi Resources (New) vs. Requirement* (2014-2030)



*Actual requirement to 2020; proposed to 2030

Next Steps

- **Second Phase Agreement with NCPA**
 - Authorizes NCPA to negotiate Power Purchase Agreement (PPA)
 - Authorizes funding for said efforts
 - Not to exceed \$35,000
 - Lodi share estimated at ~50%
 - Terminates upon:
 - Effective date of Third Phase Agreement
 - Termination of negotiations
 - Third Phase Agreement effective upon:
 - Successful negotiation of PPA
 - Approval by Governing Boards
 - Approval by NCPA Commission
 - PPA executed by all parties
 - Estimated completion – December 2015



Questions?