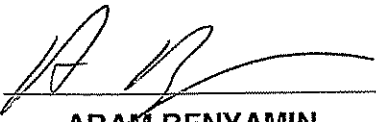
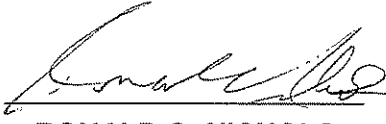


**LOS ANGELES DEPARTMENT OF WATER AND POWER (LADWP) BOARD APPROVAL LETTER**

<b>TO: BOARD OF WATER AND POWER COMMISSIONERS</b>		<b>DATE: November 22, 2011</b>
 <b>ARAM BENYAMIN</b> Senior Assistant General Manager – Power System		<b>SUBJECT:</b>  The City of Los Angeles Department of Water and Power Renewables Portfolio Standard Policy and Enforcement Program (RPS Policy), As Amended December 2011
 <b>RONALD O. NICHOLS</b> General Manager		<b>FOR COMMISSION OFFICE USE:</b>  RESOLUTION NO. _____
_____  _____		
<b>CITY COUNCIL APPROVAL REQUIRED: Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></b>	<b>IF YES, BY WHICH CITY CHARTER SECTION:</b>	

**PURPOSE**

The attached Resolution recommends approval of the City of Los Angeles, Department of Water and Power (LADWP) Renewables Portfolio Standard and Enforcement Program (RPS Policy), as amended December 2011, which comprehensively updates the existing policy to comply with provisions of the California Renewable Energy Resources Act (herein referred to as "Act" or "SB 2 [1X]").

On April 12, 2011, Governor Jerry Brown signed into law the Act which sets new Renewables Portfolio Standard (RPS) procurement targets, new renewable resource eligibility definitions, and new reporting requirements applicable to publicly owned electric utilities (POU). It is anticipated that SB 2 (1X) will become effective on December 10, 2011.

This RPS Policy represents the continued commitment by LADWP to renewable energy resources. It is being adopted in accordance with the newly added Section 399.30 (e) of the Public Utilities Code (PUC), requiring the governing boards of POUs to adopt "a program for enforcement of this article" on or before January 1, 2012.

The SB 2 (1X) also requires the California Energy Commission (CEC) to "adopt regulations specifying procedures for enforcement of this article", which include a public process under which the CEC may issue a notice of violation and correction against a POU for failure to comply. The CEC is further required to refer violations of its

regulations to the California Air Resources Board which may impose penalties to enforce the Act consistent with AB 32 (California Global Warming Solutions Act of 2006).

It is the intent of LADWP to comply with the provisions of the Act, and with applicable enforcement regulations adopted by the CEC pursuant to the Act. It is also the intent of LADWP to update this RPS Policy, as necessary, after the CEC adopts regulations specifying procedures for enforcement of SB 2 (1X).

To ensure compliance with the Act the following are the RPS targets proposed to be adopted:

- For the period of January 1, 2011 to December 31, 2013, LADWP will procure sufficient electricity products from eligible renewable energy resources to achieve an average of 20 percent of retail sales.

The LADWP is pursuing near-term renewable projects needed to meet these targets. These projects will be presented to our board for approval with the qualification that we will have a revenue recovery mechanism to pay for them. These projects include a wind project, a geothermal project and a solar project. Additionally a biogas project will be presented to the General Manager for approval in accordance with the recently approved ordinance amending Los Angeles Administrative Code Section 10.5.3.

Failure to enter project agreements in the near term could result in shortages in meeting our RPS goals and will have a ripple effect on transitioning from coal and meeting our reduced carbon emissions goals.

- The LADWP will increase its procurement of electricity products from eligible renewable energy resources to achieve 25 percent of retail sales by December 31, 2016.
- The LADWP will increase its procurement of electricity products from eligible renewable energy resources to achieve 33 percent of retail sales by December 31, 2020.
- For each calendar year after 2020, LADWP will procure sufficient electricity products from eligible renewable energy resources to achieve and maintain 33 percent of retail sales.

To ensure compliance with the Act the following RPS policies are proposed to be adopted:

- All renewable energy resources adopted by LADWP as part of its renewables portfolio in accordance with previous versions of this RPS Policy will continue to be eligible renewable resources and count in full towards LADWP's future RPS targets adopted under this updated RPS Policy.
- For new RPS acquisitions, "Eligible Renewable Energy Resource" means a generation facility that meets the criteria for a "Renewable Electrical Generation Facility" set out in PUC Section 399.12 and in Section 25741 (a) of the Public Resources Code.
- Eligible renewable energy resources, procured on or after June 1, 2010, will be in accordance with PUC Sections 399.16 (b) and (c). Section 399.16 (b) defines eligible renewable energy resources in three distinct portfolio content categories, commonly known as "buckets". LADWP will ensure that the procurement of its eligible renewable energy resources on or after June 1, 2010, will meet the specific percentage requirements set out in Section 399.16 (c) for each bucket in each compliance period.
- The LADWP will define the specific scheduling methods, including firming services, as needed, to maintain transmission system reliability and compliance.
- The 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.
- The LADWP may buy, sell, or trade Renewable Energy Credits without the associated energy (unbundled) as needed to meet RPS targets, in accordance with the limitations established by PUC Section 399.16 (b)(3).
- The LADWP will provide an annual report to its customers and the CEC, containing all information required to be reported pursuant to SB 2 (1X), SB 1078, SB 107, and related regulations.
- The LADWP will adhere to SB 2 (1X) public noticing requirements. For example, adopting the program for enforcement requires no less than 30 days notice to the public as was done for this special meeting and no less than 10 days notice will be given to the public before any Board meeting is held to make a substantive change to the enforcement program. CEC notifications are also required.

- The Board will review the annual fiscal year budget and Renewable Energy Resources Procurement Plan, and will ensure that reasonable progress is being made towards compliance with the RPS compliance targets.

While the SB2 (1X) RPS compliance target of 33 percent by 2020 RPS is a reduction from the previous LADWP 35 percent by 2020 target, it is recommended that LADWP align the enforcement program with the mandated state-wide targets. LADWP may elect to procure additional electricity products from eligible renewable energy resources above these RPS compliance targets.

The annual cost to fund existing renewable energy for fiscal year (FY) 2011-2012 is approximately \$400 million. The current Power System rate element dedicated by ordinance to fund this renewable energy annual cost is overcommitted by approximately \$208 million for FY 2011-2012. Increasing power system costs will result in upward pressure on our electric rates that will be needed to fund new renewable projects to its current resource portfolio to meet the statutory mandates.

### **COST AND DURATION**

Not Applicable

### **BACKGROUND**

In 2002, California Senate Bill 1078 (SB 1078), 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 PUC, was passed establishing a 20 percent 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 adopt an RPS Policy of 20 percent renewable energy by 2017 setting applicable milestones to achieve that goal, and incorporated the RPS into a future Integrated Resource Plan (IRP).

On May 23, 2005, the Board adopted an LADWP RPS Policy that established the goal of increasing the amount of energy LADWP generates from renewable power sources to 20 percent of its energy sales to retail customers by 2017, with an interim goal of 13

percent by 2010. On June 29, 2005, the Los Angeles City Council approved the LADWP RPS Policy.

On April 11, 2007, the Board amended the LADWP RPS Policy by accelerating the goal of requiring 20 percent of energy sales to retail customers be generated from renewable resources by December 31, 2010. In addition, the amended policy established renewable energy procurement ownership targets.

On May 20, 2008, the Board approved an amended RPS Policy, which included an additional RPS goal of requiring 35 percent of energy sales to retail customers be generated from renewable resources by December 31, 2020, expanded the list of eligible renewable resources, and provided a new definition of when RPS energy can be delivered to LADWP.

In 2010, LADWP achieved its RPS goal of 20 percent.

Over the past several years, LADWP has proactively acquired renewable energy resources such as wind and solar facilities to meet the RPS guidelines established by the State of California. As LADWP has acquired those resources, it has done so by taking advantage of available federal tax credits and grants, as well as federally subsidized municipal bond programs.

Without the federal tax grants and incentives, the cost of our renewable energy portfolio additions would have to be higher for LADWP to meet the City of Los Angeles' policy goals and California's RPS legal mandates. To date, LADWP's projects have been the beneficiaries of about \$535 million of federal grants, credits, and incentives from the United States Department of Treasury. These federal grants and incentives have helped significantly reduce the cost of over 550 megawatts (MW) of renewable energy. As we develop strategies for new investments, LADWP will continue to avail ourselves of the benefits of federal incentives for renewable energy wherever we are able to do so within our ability to make financial commitments.

#### **ENVIRONMENTAL DETERMINATION**

In accordance with the California Environmental Quality Act (CEQA), it has been determined that the proposed LADWP RPS Policy as amended December 2011, is 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 adopt the attached Resolution authorizing execution of the California Renewable Energy Resources Act becoming effective on December 10, 2011, and requiring the governing board of a local publicly owned electric utility, such as LADWP, to adopt a program for enforcement, in accordance with PUC Section 399.30 (e), by January 1, 2012.

RDC:nsh

Attachments

e-c/att: Ronald O. Nichols  
Richard M. Brown  
Aram Benyamin  
James B. McDaniel  
Lorraine A. Paskett  
Ann M. Santilli  
Gary Wong  
Randy S. Howard  
Brian C. Koch  
Randolph Krager

RESOLUTION NO. \_\_\_\_\_

WHEREAS in August 2000, the Board of Water and Power Commissioners (Board) approved a resolution that authorized the Los Angeles Department of Water and Power (LADWP) 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 Senate Bill 1078 that established the California Renewables Portfolio Standard (RPS), 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 were procured from renewables by 2017; and

WHEREAS publicly-owned utilities like LADWP were exempt from California Senate Bill 1078, however they were encouraged to establish renewable resource goals consistent with the intent of the California Legislature; and

WHEREAS on June 29, 2004, the Los Angeles City Council adopted a LADWP RPS Framework and requested that the Board establish a RPS Policy, including achieving "20 percent renewable energy by 2017" and "incorporating this RPS into all future energy system planning"; 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 30 megawatts in size, excluding the Hoover hydroelectric plant, as part of the City's RPS list of eligible resources; and

WHEREAS on June 29, 2005, the Los Angeles City Council approved LADWP's Renewables Portfolio Standard Policy, which was designed to increase the amount of energy LADWP generated from renewable power sources to 20 percent of its energy sales to retail customers by 2017, with an interim goal of 13 percent by 2010; and

WHEREAS in December of 2005, the Board recommended that LADWP accelerate the RPS goal to obtain 20 percent renewables by 2010, which 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, supporting the cost of accelerating the RPS, and maintaining the financial integrity of LADWP's Power System during times of natural gas price volatility; and

WHEREAS on April 11, 2007, the Board amended LADWP's RPS Policy by advancing the date of the goal that required 20 percent of energy sales to retail customers be generated from renewable resources to December 31, 2010, and by establishing renewable energy procurement ownership targets; and

WHEREAS, on May 20, 2008, the Board approved an amended RPS Policy, which included an additional RPS goal that required 35 percent of energy sales to retail customers be generated from renewable resources by December 31, 2020, expanded the list of eligible renewable resources, and provided new energy delivery criteria; and

WHEREAS, the California Renewable Energy Resources Act will become effective on December 10, 2011, and requires the governing board of a local publicly owned electric utility, such as LADWP, to adopt a program for enforcement, in accordance with Public Utilities Code Section 399.30(e), by January 1, 2012.

NOW, THEREFORE BE IT RESOLVED that the Board of Water and Power Commissioners of the City of Los Angeles hereby adopts the Renewables Portfolio Standard Policy and Enforcement Program, Amended December 2011, approved as to form and legality by the City Attorney, and on file with the Secretary of the Board.

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

APPROVED AS TO FORM AND LEGALITY  
CARMEN A. TRUTANICH, CITY ATTORNEY

\_\_\_\_\_  
Secretary

NOV 16 2011

BY

  
\_\_\_\_\_  
JEAN-CLAUDE BERTET  
DEPUTY CITY ATTORNEY



**City of Los Angeles Department of Water and Power  
Renewables Portfolio Standard Policy  
and  
Enforcement Program  
Amended December 2011**

1. Purpose:

On April 12, 2011, Governor Jerry Brown signed into law the California Renewable Energy Resources Act (herein referred to as "Act" or "SB 2 (1X)"). This Act sets new Renewable Portfolio Standard (RPS) procurement targets, new renewable resource eligibility definitions, and new reporting requirements applicable to local Publicly Owned Electric Utilities (POUs). It is anticipated that SB 2 (1X) becomes effective on December 10, 2011, ninety days after the end of the special legislative session (1X) in which it was enacted.

This RPS Renewables Portfolio Standard Policy and Enforcement Program (RPS Policy) as amended, represents the continued commitment by the Los Angeles Department of Water and Power (LADWP) to renewable energy resources. It is being adopted in accordance with the newly added Section 399.30 (e) of the Public Utilities Code (PUC); requiring the governing boards of POUs to adopt "a program for enforcement of this article" on or before January 1, 2012.

The SB 2 (1X) also requires the California Energy Commission (CEC) to "adopt regulations specifying procedures for enforcement of this article", which include a public process under which the CEC may issue a notice of violation and correction against a POU for failure to comply. The CEC is further required to refer violations of its regulations to the California Air Resources Board which may impose penalties to enforce the Act consistent with California Assembly Bill 32, (AB32 - California Global Warming Solutions Act of 2006).

It is the intent of LADWP to comply with the provisions of the Act, and with applicable enforcement regulations adopted by the CEC pursuant to the Act. It is also the intent of LADWP to update this RPS Policy, as necessary, after the CEC adopts regulations specifying procedures for enforcement.

The Board of Water and Power Commissioners of the City of Los Angeles (Board) retains its jurisdiction to enforce the RPS Policy in accordance with PUC Section 399.30 (e).

## 2. Background:

In 2002, California Senate Bill 1078 (SB 1078) added Sections 387, 390.1 and 399.25, and Article 16 (commencing with Section 399.11) to Chapter 2.3 of Part I of Division 1 of the PUC, establishing a 20 percent RPS for California investor-owned electric utilities. SB 1078 provided that each governing board of a local POU be responsible for implementing and enforcing a RPS that recognizes the intent of the Legislature to encourage renewable resources and the goal of environmental improvement, while taking into consideration the effect of the standard on rates, reliability, and financial resources.

On June 29, 2004, the Los Angeles City Council passed Resolution 03-2064-S1 requesting that the Board 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 Board adopted a LADWP RPS Policy that established the goal of increasing the amount of energy LADWP generates from renewable power sources to 20 percent of its energy sales to retail customers by 2017, with an interim goal of 13 percent by 2010. On June 29, 2005, the Los Angeles City Council approved the LADWP RPS Policy.

On April 11, 2007, the Board amended the LADWP RPS Policy by accelerating the goal of requiring that 20 percent of energy sales to retail customers be generated from renewable resources by December 31, 2010. In addition, the amended policy established a "Renewable Resource Surcharge" and also established renewable energy procurement ownership targets.

The Board subsequently approved a RPS Policy, as amended April 2008, which included an additional RPS goal of requiring that 35 percent of energy sales to retail customers be generated from renewable resources by December 31, 2020, expanded the list of eligible renewable resources, and provided new energy delivery criteria.

In 2010, LADWP achieved its RPS goal of 20 percent.

### 3. RPS Compliance Targets:

To promote stable electricity prices, protect public health, improve environmental quality, provide sustainable economic development, create new employment opportunities, reduce reliance on imported fuels, and ensure compliance with applicable state law, the following RPS compliance targets are hereby adopted:

1. For the period of January 1, 2011 to December 31, 2013, LADWP will procure sufficient electricity products from eligible renewable energy resources to achieve an average of 20 percent of retail sales during such period.
2. LADWP will increase its procurement of electricity products from eligible renewable energy resources to achieve 25 percent of retail sales by December 31, 2016, based on an average percentage of retail sales calculations for the period of January 1, 2016 to December 31, 2016.
3. LADWP will increase its procurement of electricity products from eligible renewable energy resources to achieve 33 percent of retail sales by December 31, 2020, based on an average percentage of retail sales calculations for the period of January 1, 2020 to December 31, 2020.
4. For each calendar year after 2020, LADWP will procure sufficient electricity products from eligible renewable energy resources to achieve 33 percent of retail sales based on an average percentage of retail sales calculations for the period of January 1 to December 31 in each such calendar year.

The LADWP will continue to encourage voluntary contributions from customers to fund renewable energy resources in addition to the stated RPS compliance targets, in accordance with its Green Power for a Green L.A. Program or any successor program.

### 4. Eligible Renewable Energy Resources:

Prior to the enactment of SB 2 (1X), the LADWP RPS Policy defined the following technologies as "eligible renewable resources": "biodiesel; biomass; conduit hydroelectric (hydroelectric facilities such as an existing pipe, ditch, flume, siphon, tunnel, canal, or other manmade conduit that is operated to distribute water for a beneficial use); digester gas; fuel cells using renewable fuels; geothermal; hydroelectric incremental generation from efficiency improvements; landfill gas; municipal solid waste; ocean thermal, ocean wave, and tidal current technologies; renewable derived biogas (meeting the heat content and quality requirements to qualify as pipeline-grade gas) injected into a natural gas pipeline for use in renewable facility; multi-fuel facilities using renewable fuels (only the generation resulting from renewable fuels will be eligible); small hydro 30 Mega Watts (MW) or less, and the Los Angeles

Aqueduct hydro power plants; solar photovoltaic; solar thermal electric; wind; and other renewables that may be defined later.”

All renewable energy resources approved by the Board as part of its renewables portfolio in accordance with applicable law and previous versions of this RPS Policy, including without limitation those on Appendix A, will continue to be eligible renewable energy resources. These renewable energy resources will count in full towards LADWP’s RPS targets adopted in section 3 under this updated RPS Policy.

For RPS resources procured after the effective date of SB 2 (1X), “eligible renewable energy resource” means a generation facility that meets eligibility criteria under applicable law, including a “Renewable Electrical Generation Facility” as defined in Section 25741 (a) of the Public Resources Code and “Eligible Renewable Energy Resource” as defined in PUC Sections 399.12 (e) and 399.12.5.

#### 5. Long-Term Resource and Procurement Plan:

The LADWP will integrate the RPS Policy into its long-term resource planning process, and the RPS Policy will not compromise LADWP’s IRP objectives of service reliability, competitive electric rates, and environmental leadership. Future IRPs will incorporate and expand upon RPS compliance targets, and further define plans for procuring eligible renewable energy resources by technology type and geographic diversity.

Each year, the Board adopts an annual fiscal year budget, including a Fuel and Purchased Power Budget (FPP), which defines the specific expenditures for renewable energy resources. The annual fiscal year budget, including the FPP, will comprise the LADWP Renewable Energy Resources Procurement Plan, as required under SB 2 (1X).

#### 6. Procurement of Eligible Renewable Energy Resources:

The LADWP will procure eligible renewable energy resources based on a competitive method and least-cost, best-fit evaluations. Furthermore, preference will be given to projects that are located within the City of Los Angeles or on City-owned property and are to be owned and operated by LADWP to further support LADWP’s economic development and system reliability objectives.

Notwithstanding the foregoing, LADWP will also procure eligible renewable energy resources through programs such as a Distributed Generation Feed-In-Tariff, Senate Bill 1 (SB1) Customer Net Metered Solar PV, other local renewable energy programs, or similar procurement processes. These transactions will be made in as cost-effective a manner as is feasible in each respective instance, with pricing that reflects applicable legal requirements and market conditions,

prevailing policy, and competitive methods. Short-term renewable energy transactions will be needed as well, on a limited basis, to manage LADWP's RPS eligible renewable energy resources portfolio effectively based on prevailing wholesale practices.

Before December 31, 2010, LADWP pursued its 20 percent RPS goal in a manner which resulted in a minimum of 40 percent renewable energy generation ownership that LADWP developed or that LADWP procured through contracts with providers of renewable energy. Further, with respect to the foregoing contracts with providers, such contracts provided for LADWP ownership or an option to own, either directly or indirectly (including through joint powers authorities).

On or after January 1, 2011, a minimum of 75 percent of all new eligible renewable energy resources procured by LADWP will either be owned or procured by the LADWP through an option-to-own, either directly or indirectly (including through joint powers authorities) until at least half of the total amount of eligible renewable energy resources, by Megawatt-hour (MWh), is supplied by eligible renewable energy resources owned or optioned either directly or indirectly (including through joint powers authorities) by LADWP.

The first priority for LADWP will be to pursue outright ownership opportunities, and the second priority will be consideration of procuring option-to-own, cost-based renewable energy resources. 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.

#### 7. Portfolio Content Categories

As required by SB2 (1X), eligible renewable energy resources, procured on or after June 1, 2010, will be in accordance with PUC Sections 399.16 (b) and (c). Section 399.16 (b) defines eligible renewable energy resources in three distinct portfolio content categories, commonly known as "buckets". LADWP will ensure that the procurement of its eligible renewable energy resources on or after June 1, 2010, will meet the specific percentage requirements set out in Section 399.16 (c) for each bucket in each compliance period.

These buckets and percentage requirements are summarized in Table 1 below:

Table 1: Procurement Content Categories and Percentage Requirements

Category (aka "Buckets")	Percentage of RPS Target
<p>1. Either: Have a first point of interconnection with a California balancing authority, have a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source [PUC Section 399.16(b)(1)(A)]. Or, have an agreement to dynamically transfer electricity to a California balancing authority. [PUC Section 399.16(b)(1)(B)]</p>	<p><b><u>Compliance Period 1 (2011-2013):</u></b> 50% of RPS minimum from this category.</p> <p><b><u>Compliance Period 2 (2014-2016):</u></b> 65% of RPS minimum from this category.</p> <p><b><u>Compliance Period 3 (2017 to 2020):</u></b> 75% of RPS minimum from this category.</p> <p><b><u>Post 2020:</u></b> 75% of RPS minimum from this category.</p>
<p>2. Firmed and shaped eligible renewable energy resource electricity products providing incremental electricity and scheduled into a California balancing authority. [PUC Section 399.16(b)(2)]</p>	<p>Shall be calculated as the remainder of resources which are not in either Category 1 or Category 3.</p>
<p>3. Eligible renewable energy resource electricity products, or any fraction of the electricity generated, including unbundled RECs, that do not qualify under Bucket 1 or 2. [PUC Section 399.16(b)(3)]</p>	<p><b><u>Compliance Period 1 (2011-2013):</u></b> 25% of RPS maximum from this category.</p> <p><b><u>Compliance Period 2 (2014-2016):</u></b> 15% of RPS maximum from this category.</p> <p><b><u>Compliance Period 3 (2017 to 2020):</u></b> 10% of RPS maximum from this category.</p> <p><b><u>Post 2020:</u></b> 10% of RPS maximum from this category.</p>

The LADWP will define the specific scheduling methods, including firming services, as needed, to maintain transmission system reliability and compliance with these procurement content categories and specified percentage requirements.

Subject to the provisions of PUC Section 399.16 (d), renewable electricity products procured prior to June 1, 2010, are exempt from these portfolio content categories and will continue to count in full toward LADWP's RPS compliance targets.

#### 8. System Rate Impact:

The LADWP may not make any major financial commitment to procure renewable resources prior to evaluating the rate impact and any potential adverse financial impact on the City transfer.

#### 9. Compliance Considerations:

In accordance with this RPS Policy, the Board will review the annual fiscal year budget and Renewable Energy Resources Procurement Plan, and will ensure that reasonable progress is being made towards compliance with the RPS compliance targets.

Reasonable progress may include activities that further the development and procurement of eligible renewable energy resources. Such activities may include, but are not limited to: real estate purchases for future project development, project planning and environmental permitting for either renewable energy projects or transmission in support of renewable energy projects, and other engineering, planning, budgeting, contracting and regulatory compliance activities.

In accordance with PUC Section 399.30 (d) (2), the Board may adopt conditions that allow for delaying timely compliance with the RPS compliance targets, consistent with PUC Section 399.15 (b). Such conditions may include permitting, interconnection or environmental delays; transmission constraints; resource availability; or operational limitations.

In accordance with PUC Section 399.30 (d) (3), the Board may adopt cost limitations for procurement expenditures consistent with PUC Sections 399.15 (c) and 399.15 (d).

In accordance with PUC Section 399.30 (d) (1), the Board may adopt rules permitting LADWP to apply excess procurement in one compliance period to subsequent compliance periods in the same manner as allowed for retail sellers pursuant to PUC Section 399.13.

#### 10. Reporting and Notice Requirements:

The LADWP will provide an annual report to its customers and the CEC, containing all information required to be reported pursuant to SB 2 (1X), SB 1078, SB 107, and related regulations.

Per PUC Section 399.30 (e), the Board will adopt the program for enforcement at a publicly noticed Board meeting offering all interested parties an opportunity to comment. No less than 30 days' notice shall be given to the public of any meeting held for purposes of adopting the program. No less than 10 days' notice

shall be given to the public before any meeting is held to make a substantive change to the program.

Per PUC Section 399.30 (f), LADWP will post notice whenever the Board will deliberate in public on its Renewable Energy Resources Procurement Plan. LADWP will either notify the CEC of the date, time, and location of the meeting in order to enable the CEC to post the information on its Internet Web site, or provide the CEC with the uniform resource locator (URL) that links to this information. In addition, upon distribution to the Board of information related to LADWP's renewable energy resources procurement status and future plans, for the Board's consideration at a noticed public meeting, LADWP shall make that information available to the public and shall provide the CEC with an electronic copy of the documents for posting on the CEC's Internet Web site, or provide the Uniform Resource Locator (URL) that links to the documents or information regarding other manners of access to the documents.

Per PUC Section 399.30 (g), LADWP shall annually submit to the CEC documentation regarding eligible renewable energy resources procurement contracts that it executed during the prior year.

Per PUC Section 399.30 (l), LADWP shall report, on an annual basis, information on: (1) expenditure of public goods funds for eligible renewable energy resources development, (2) the resource mix used to serve its retail customers by energy source, and (3) status in implementing the RPS and progress toward attaining the RPS.

LADWP will continue to provide a Power Content Label Report to its customers as required by SB 1305 (1997) and AB 162 (2009), and an annual report of the total expenditure for eligible renewable energy resources funded by voluntary customer contributions.

#### 11. Use of Renewable Energy Credits:

The primary method of renewable energy resource procurement will be through the development and acquisition of physical generation assets and energy purchase contracts where the "Renewable Energy Credit" (REC) is "bundled" with the associated energy. PUC Section 399.12 (h) provides the REC definition.

In order for RPS compliance targets to be managed effectively, LADWP may buy, sell, or trade RECs without the associated energy (unbundled). This procurement approach will be limited by the percentage requirements established by PUC Section 399.16 (b) (3), and as described in section 7 above.



RPS Policy & Enforcement Program  
Appendix A – List of LADWP RPS Resources prior to SB 2 (1X)

PPM SW Wyoming – Pleasant Valley Wind
Linden Wind
PPM Pebble Springs Wind
Willow Creek Wind
Pine Tree Wind Power Project
Milford Wind Phase I
Milford Wind Phase II
Windy Point Phase II
Powerex - BC Hydro
MWD Sepulveda
Lopez Canyon Landfill
WM Bradley Landfill
Penrose Landfill
Toyon Landfill
Valley Generating Station (GS) – Multi-fuel
Scattergood GS – Multi-fuel
Haynes GS – Multi-fuel
Harbor GS – Multi-fuel
Shell Energy Landfill Gas
Atmos Energy Landfill Gas
Hyperion Digester Gas – Scattergood GS
LADWP Small Hydro Power Plants (PP)
San Francisquito Power Plant 1
San Francisquito Power Plant 2
San Fernando Power Plant 2
Foothill Power Plant
Franklin Power Plant
Sawtelle Power Plant
Haiwee Power Plant
Cottonwood Power Plant
Division Creek P. P.
Big Pine Power Plant
Pleasant Valley P. P.
Upper Gorge P. P.
Middle Gorge P. P.
Control Gorge P. P.

RPS Policy & Enforcement Program  
 Appendix A – List of LADWP RPS Resources prior to SB 2 (1X)

North Hollywood Pump Station PP
Castaic Hydro Plant – Efficiency Upgrades
SB-1 Customer Net Metered Solar PV
DWP Built Solar
Silverlake Library
LA Convention Center Canopy
Sun Valley Library
Lake View Terrace Library
Canoga Park Library
North Central Animal Shelter
Ascot Library
Hyde Park Library
Ducommon Fitness Center
Truesdale Warehouse
Van Nuys Truck Shed
Distribution Station 3 (Vincent Thomas Bridge)
Main Street Yard
Exposition Park Library
Granada Hills Yard
LADWP JFB Parking Lot
LA Convention Center Cherry St Parking Lot
Council District 6 Field Office