



# **CITY OF VERNON**

## **RENEWABLE PORTFOLIO STANDARD (RPS)**

### **PROCUREMENT PLAN AND ENFORCEMENT PROGRAM**

#### **(RPS COMPLIANCE PLAN UPDATE)**

#### **1.0 PURPOSE**

On April 12, 2011, Governor Brown signed the California Renewable Energy Resources Act (Senate Bill 2 of the First Extraordinary Session, also known as SBX1 2) into law. This act required all load-serving entities in California to achieve a 33% Renewable Portfolio Standard (RPS) by 2020, with interim targets of an average of 20% for 2011-2013, 25% by 2016, and 33% by 2020. Additionally, SBX1 2 mandated that publicly owned utilities (POUs) develop a procurement plan and adopt an enforcement program.

In 2015, Senate Bill 350 (SB 350) introduced specific Greenhouse Gas (GHG) emissions reduction targets, aiming for a 40% reduction below 1990 levels by 2030 and an 80% reduction by 2050. SB 350 also increased RPS compliance requirements to 50% by 2030, with interim targets of 40% by 2024 and 45% by 2027. Due to the significant impact of these provisions, SB 350 took effect in 2020.

In 2018, Senate Bill 100 (SB 100) accelerated the RPS targets set by SB 350, ensuring that at least 60% of California's electricity is renewable by 2030. This level of renewable generation must be maintained at or above 60% from 2030 onward. SB 100 also requires renewable energy and zero-carbon resources to power 100% of retail electricity sold in California by 2045.

In 2022, Senate Bill 1020 (SB 1020) further revised state policy. It mandated that eligible renewable and zero-carbon resources supply:

- 90% of all retail electricity sales to California end-use customers by December 31, 2035,
- 95% by December 31, 2040, and
- 100% by December 31, 2045.

The City of Vernon has been actively working to meet legislative requirements regarding renewable resources. On January 3, 2012, the City Council adopted Resolution No. 2012-02, which established a Renewable Resources Procurement Plan and Enforcement Program in compliance with SBX1 2. This plan addressed Compliance Periods 1, 2, and 3, all of which Vernon has successfully completed.

On October 17, 2023, the City Council adopted the 2023 Integrated Resource Plan (IRP). The IRP is a 20-year strategy for delivering reliable and cost-effective electricity. The plan ensures compliance with regulatory requirements, focuses on clean energy generation, and addresses distribution system infrastructure and constraints, as updated by SB 350 and SB 100.

This Renewable Portfolio Standard Procurement Plan and Enforcement Program (RPS Compliance Plan) demonstrates the City of Vernon's commitment to renewable energy procurement consistent with state legislative requirements.

## **2.0 PROCUREMENT PLAN**

### **2.1 PROCUREMENT TARGETS**

Consistent with legislation, Vernon will increase the procurement of electricity from eligible renewable resources, including renewable energy credits, to meet the following targets.

- **Compliance Period 1 (CP1):** Between January 1, 2011, and December 31, 2013, the quantity of renewable energy procured shall average at least 20% of retail sales of electricity.
- **Compliance Period 2 (CP2):** Between January 1, 2014, and December 31, 2016, the quantity of renewable energy procured shall average at least 25% of retail sales of electricity by December 31, 2016.
- **Compliance Period 3 (CP3):** Between January 1, 2017, and December 31, 2020, the quantity of renewable energy procured shall average at least 33% of retail sales of electricity by December 31, 2020.
- **Compliance Period 4 (CP4):** Between January 1, 2021, and December 31, 2024, the quantity of renewable energy procured shall average at least 40% of retail sales of electricity by December 31, 2024.
- **Compliance Period 5 (CP5):** Between January 1, 2025, and December 31, 2027, the quantity of renewable energy procured shall average at least 52% of retail sales of electricity by December 31, 2027.

- **Compliance Period 6 (CP6):** Between January 1, 2028, and December 31, 2030, the quantity of renewable energy procured shall average at least 60% of retail sales of electricity by December 31, 2030.
- **Compliance Period 7 (CP7):** Between January 1, 2031, and December 31, 2033, the quantity of renewable energy procured shall average at least 65% of retail sales of electricity by December 31, 2033.
- **Compliance Period 8 (CP8):** Between January 1, 2034, and December 31, 2036, the quantity of renewable energy procured shall average at least 84% of retail sales of electricity by December 31, 2036.

Thereafter, the minimum procurement each calendar year shall be 90% of retail sales of electricity.

Beginning with CP4, the California Energy Commission (CEC) implemented the RPS Long-Term requirement for POUs, as mandated by SB 350. This new procurement rule requires that at least 65% of renewable energy procurement comes from long-term contracts lasting 10 years or more.

## 2.2 ELIGIBLE RESOURCES

Electricity procured to comply with this plan shall meet the eligibility requirements of the RPS Resource Eligibility Guide published by the CEC in effect at the time the resource was procured.

In general, electricity produced from the following technologies constitutes “eligible” resources: biomethane, biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, low-impact hydroelectric generation, digester gas, municipal solid waste, landfill gas, ocean wave, ocean thermal, tidal current, or renewable distributed generation on the customer side of the meter and other sources deemed eligible by the CEC. Facilities can be located anywhere in the interconnected transmission system.

## 2.3 PORTFOLIO CATEGORIES (BUCKETS)

Categories (Buckets)	Percentage of RPS Procurement Target
<b>Bucket 1:</b> Energy from eligible resource that has the first point of interconnection with a California balancing authority or with distribution facilities used to serve end users within a California balancing authority that is procured and remains a bundled product, or schedules from any balancing authority to a California	CP 1: Minimum of 50% CP 2: Minimum of 65% *CP 3: Minimum of 75%

<p>balancing authority in real time either using traditional static hourly schedules, or dynamic schedules, without substituting energy from another source with the exception of energy associated with required ancillary services. If another source provides real-time ancillary services to maintain an hourly import schedule into California, only a fraction of the schedule generated by the renewable resource will count.</p> <p>Energy produced using out-of-state biomethane is classified as a Bucket 1 product since electricity is produced in the State.</p>	
<p><b>Bucket 2:</b> Energy from eligible resource procured as a bundled product comprised of RECs and energy which is unbundled then re-delivered to a California balancing authority where the REC is re-bundled and delivered using substituted energy from another source either in real-time or delayed. Such transactions shall be designed to ensure that the same quantity of energy as produced by the facility is delivered to the California balancing authority within the calendar year that the energy is produced.</p>	<p>CP 1: Maximum of 50%  CP 2: Maximum of 35%  *CP 3: Maximum of 25%</p>
<p><b>Bucket 3:</b> Energy or RECs from eligible resources that do not meet the requirements of Bucket 1 or Bucket 2, including unbundled RECs.</p>	<p>CP 1: Maximum of 25%  CP 2: Maximum of 15%  *CP 3: Maximum of 10%</p>

**\*Percentage requirement remains the same after CP3.**

## 2.4 RENEWABLE RESOURCES PORTFOLIO

Table 1 below outlines the current estimated renewable energy portfolio Vernon procured during Compliance Period 4. Consistent with the law, the plan ensures that the quantity of renewable energy that will be procured for the Compliance Period.

**Table 1: CURRENT RESOURCE PORTFOLIO**

	CP4 (2021-2024)			
	2021	2022	2023	2024
<b>Retail Sales (MWh) Forecast</b>	<b>1,156,148</b>	<b>1,142,054</b>	<b>1,040,816</b>	<b>1,025,925</b>
<b>Renewables Requirement Total (MWh)</b>	<b>413,323</b>	<b>439,691</b>	<b>429,337</b>	<b>451,407</b>
Bucket 1	309,992	329,768	322,002	338,555
Bucket 2	61,998	65,954	64,400	67,711
Bucket 3	41,332	43,969	42,934	45,141

Tables 2A & 2B identify the expected portfolio of renewable energy Vernon expects to procure through CP8.

**TABLE 2A: EXPECTED RESOURCE PORTFOLIO CP5 - CP6**

	CP5 (2025-2027)			CP6 (2028-2030)		
	2025	2026	2027	2028	2029	2030
<b>Retail Sales (MWh) Forecast</b>	<b>1,022,309</b>	<b>1,130,213</b>	<b>1,349,764</b>	<b>1,447,045</b>	<b>1,673,358</b>	<b>1,854,138</b>
<b>Renewables Requirement Total (MWh)</b>	<b>477,112</b>	<b>557,534</b>	<b>701,877</b>	<b>791,100</b>	<b>959,336</b>	<b>1,112,483</b>
Bucket 1	357,834	418,151	526,408	593,325	719,502	834,362
Bucket 2	71,567	83,630	105,282	118,665	143,900	166,872
Bucket 3	47,711	55,753	70,188	79,110	95,934	111,248

**TABLE 2B: EXPECTED RESOURCE PORTFOLIO CP7 – CP8**

	CP7 (2031-2033)			CP8 (2034-2036)		
	2031	2032	2033	2034	2035	2036
<b>Retail Sales (MWh) Forecast</b>	<b>1,387,412</b>	<b>1,387,412</b>	<b>1,387,412</b>	<b>1,387,412</b>	<b>1,387,412</b>	<b>1,387,412</b>
<b>Renewables Requirement Total (MWh)</b>	<b>874,069</b>	<b>901,818</b>	<b>943,440</b>	<b>985,062</b>	<b>1,248,670</b>	<b>1,248,670</b>
Bucket 1	655,552	676,363	707,580	738,797	936,503	936,503
Bucket 2	131,110	135,273	141,516	147,759	187,301	187,301
Bucket 3	87,407	90,182	94,344	98,506	124,867	124,867

## 2.5 PUBLIC NOTICE REQUIREMENT

- Pursuant to Section 399.30(f) and Cal. Code Regs. tit. 20 § 3205 (CEC RPS Regulations), each local publicly owned electric utility shall post notice, in accordance with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code), whenever its governing body will deliberate in public on its renewable energy resources procurement plan.
- The renewable energy resources procurement plan, and any revisions or updates to the plan, shall be submitted to the CEC within 30 calendar days of adoption.

## 3.0 ENFORCEMENT PROGRAM

### 3.1 WAIVER FOR NONCOMPLIANCE

Vernon is committed to meeting the target quantities of renewable energy through the Procurement Plan. The legislation authorizes the City Council to waive Vernon's compliance requirements, consistent with Section 399.30(d) and Section 399.15(b) if Vernon can demonstrate that any of the following conditions are beyond its control and will prevent compliance. The conditions for waiver or delaying compliance include, but are not limited to the following (which may delay or indefinitely postpone a project):

- **Rate Impacts:** Consistent with Section 399.30(d) the addition of renewable energy resources should not require a disproportionate increase in retail electricity rates above the rates approved by the City Council.
- **Excess Procurement:** Consistent with Section 399.30(d) excess procurement in one compliance period may be applied without limit to a subsequent compliance period in the same manner as allowed for retail sellers pursuant to Section 399.13 for any of the three eligibility "buckets".
- **Force Majeure Waivers:** A force majeure event, such as natural disasters (Wildfires, earthquakes), extreme weather events, or other unforeseen disruptions, may delay a utility's ability to procure enough renewable energy to meet their targets. In such cases, the utility might petition for a waiver, provided they can demonstrate that the event was beyond their control and had a significant impact on their ability to meet the RPS.
- **Inadequate Transmission Supply:** As described in Section 399.15(b)(5), inability to bring eligible renewable resources into California Independent System Operator due to transmission limitations, including outages, may be a limiting factor delaying timely compliance. The City Council has the authority to waive Vernon compliance for this instance.
- **Insufficient Supply of Eligible Renewable Energy Resources:** If Vernon finds itself unable to procure sufficient renewable energy resources due to insufficient supply of eligible renewable energy resources, such inability will be considered a reasonable justification for not meeting procurement goals.
- **Regulatory Delays Affecting Procurement:** Vernon's ability to meet the requirements of SBX1 2 is expected to be tied to the ability to obtain timely approvals from the CEC regarding resource eligibility and resource certification. Consequently, delays attributable to the CEC and other

regulatory agencies, to the extent they delay energy delivery and REC creation, are a legitimate excuse/reason for not achieving compliance goals.

- **Additional Factors That May Delay Timely Compliance:** Consistent with Section 399.15(b)(5) issues with permitting, interconnection, development (e.g., permitting, financing, etc.), operational problems (fires, balancing authority constraints, accidents, outages, etc.) or other circumstances that may delay procurement of renewable energy resource projects or insufficient supply of eligible renewable energy resources are all legitimate reasons that may justify a delay of timely compliance.
- **Limiting or Delaying Compliance Obligation:** The City Council reserves for itself the authority to limit or delay compliance with the obligations set forth herein to the fullest extent permitted by SBX1 2. Should the City Council exercise such authority, it shall do so at a properly noticed public meeting consistent with the following:

### **3.2 PROGRAM ADMINISTRATION**

The General Manager of Vernon Public Utilities shall have the duty and responsibility of executing the RPS Compliance Plan outlined above and ensuring that it is done in full compliance with any applicable regulations issued there under. The General Manager shall inform the City Council at a public meeting if Vernon will not meet the procurement requirements set out above. The General Manager shall develop and present a plan to bring Vernon into compliance.

### **3.3 REPORTING REQUIREMENTS**

Per SBX1 2, Vernon will provide the CEC documentation and reports, as required in 399.30(g) and 399.30(l).

Additionally, pursuant to Section 3207 – Compliance Reporting for POUs:

1. Vernon shall submit an annual report to the CEC by July 1. The annual reports shall include the information specified in Section 3207(c) of the CEC RPS Regulations.
2. By July 1, 2025; July 1, 2028; July 1, 2031; and by July 1 of every third year thereafter, Vernon shall submit to the CEC a compliance report that addresses the annual reporting requirements of the previous section, and information for the preceding compliance period as specified in Section 3207(d) of the CEC RPS Regulations.