

Resolution No. 9214

**Resolution of the Council of the City of Palo Alto Approving the
City of Palo Alto Renewables Portfolio Standards Enforcement
Program**

A. Since 2002, California has adopted and implemented a California Renewables Portfolio Standard (“RPS”) program, requiring initially that the amount of electricity generated by eligible renewable energy resources equal at least 20 percent of electricity retail sales per year by the end of 2017 and requiring now that those resources equal at least 33 percent of those sales by the end of 2020.

B. In April 2011, Governor Brown signed Senate Bill X1-2, introduced by Senators Simitian, Kehoe and Steinberg, among others. SBX1-2, which will become effective in December 2011, is applicable to local publicly owned utilities, including the City of Palo Alto acting by its Utilities Department. The revised RPS goals require that the amount of electricity generated by eligible renewable energy resources equal at least 20, 25 and 33 percent of electricity retail sales by year-end 2013, 2016, and 2020, respectively.

C. On March 7, 2011, the Council adopted Resolution Number 9152, approving the Long-term Electric Acquisition Plan’s (“LEAP”) Objectives, Strategies, and Implementation Plan. LEAP set an RPS goal that requires 33 percent of retail sales be served by eligible renewable energy resources by year-end 2015.

D. Under SBX1-2, in particular, California Public Utilities Code sections 399.13, 399.15, 399.16 and 399.30, the City must modify its RPS procurement plan to conform to state law and provide sufficient notice to the public regarding any proposed modifications to its RPS procurement plan. On or before January 1, 2012, the City must adopt a program for the enforcement of the provisions of SBX1-2 that are applicable to local publicly owned utilities, and provide at least 30 days’ advance notice to the public regarding the proposed adoption of the City’s RPS enforcement program.

NOW, THEREFORE, the Council for the City of Palo Alto does hereby RESOLVE as follows:

SECTION 1. The Council hereby finds and declares:

1. Since 2002, the California Legislature has enacted legislation that would cause electrical corporations and local publicly owned utilities to increase the diversity, reliability, public health and environmental benefits of their energy mixes in order to promote stable electricity prices, protect the public health, safety and welfare, improve environmental quality, stimulate sustainable economic development, create new employment opportunities, and reduce reliance on imported fuels.

2. The development of renewable energy resources may ameliorate air quality problems throughout California, including the Bay Area and Palo Alto, and improve public health by reducing the burning of fossil fuels and associated environmental impacts.

3. Changes in law, reflected in SBX1-2, require the City of Palo Alto to conform to California's Renewable Energy Resources Program by increasing the amount of electricity generated from eligible renewable energy resources per year, so that amount equals at least 33% of total retail sales of electricity in California by year-end 2020. Though the requirements of the State's RPS program is made applicable to local publicly owned utilities, the Council as the local governing body is responsible for implementation of those requirements and the enforcement is delegated to the California Energy Commission ("CEC") and the California Air Resources Board.

4. Public Utilities Code section 399.30 requires local publicly owned utilities to adopt and implement a renewable energy resources procurement plan. The plan would require the procurement of a minimum quantity of electricity products from eligible renewable energy resources, including renewable energy credits, as a specified percentage of total kilowatthours sold to retail customers. Procurement targets for a minimum quality of eligible renewable energy resources for the periods, January 1, 2011 to December 31, 2013 (20%), January 1, 2012 to December 31, 2016 (25%), and January 1, 2017 to December 31, 2020 (33%), must be implemented. The program for enforcement shall be adopted by January 1, 2012. Notice of the Council's deliberations on the City's renewable energy resources procurement plan must be posted in compliance with the Brown Act, and notice of the meetings must be provided to the CEC. The City must provide annually documentation regarding the eligible renewable energy procurement contracts. The City must report to the City's utility customers regarding public goods fund expenditures, the resource mix, and the progress made by the City in implementing its RPS.

5. The City must adopt the procurement requirements set forth in Public Utilities Code section 399.16.

6. The City may adopt rules permitting CPAU to apply excess procurement in one compliance period to subsequent compliance periods according to the requirements set forth in Public Utilities Code section 399.13.

7. The City may adopt rules regarding conditions that allow for the delaying of timely compliance and cost limitations according to the requirements set forth in Public Utilities Code section 399.15.

8. The City has provided at least thirty (30) days' advance notice to the public regarding the proposed adoption of the City's RPS enforcement program and must provide at least 10 days' advance notice of any meeting of the Council to consider any substantive change to the enforcement program to be adopted by the City.

SECTION 2. The Council hereby approves the Program for Enforcement of the City of Palo Alto Renewables Portfolio Standards (the "Program") and its effective date of January 1, 2012. In implementation of the Program, the City Manager or his designee, the Director of

Utilities, shall review the City's renewables portfolio standards procurement plan (the "Plan") annually in order to determine the City's compliance with California's RPS program.

SECTION 3. If the Council determines that the City is not in compliance with elements of its plan that are required by California's RPS program, then the Council as the local governing body charged with enforcement of the Program shall require the City Manager or his designee, the Director of Utilities, to:

- (a) Review and ascertain what changes are necessary to ensure compliance in the subsequent compliance periods;
- (b) Report quarterly to the Council on the progress made in regard to ensuring compliance in subsequent compliance periods;
- (c) Report to the Council on the status of meeting subsequent compliance targets and all steps taken and to be taken to ensure that compliance obligations will be timely met.

SECTION 4. The Council finds that the adoption of this resolution does not constitute a project under the California Environmental Quality Act, California Public Resources Code section 21080, subdivision (b)(8).

INTRODUCED AND PASSED: December 12, 2011

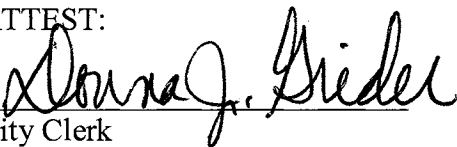
AYES: BURT, ESPINOSA, HOLMAN, KLEIN, PRICE, SCHARFF, SCHMID, YEH

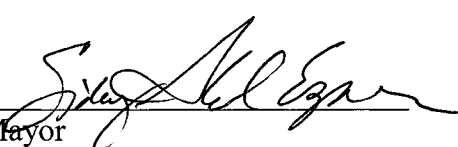
NOES:

ABSENT: SHEPHERD

ABSTENTIONS:

ATTEST:



City Clerk

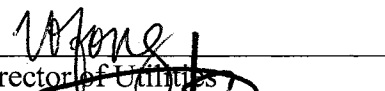

Mayor

APPROVED AS TO FORM:


Senior Asst. City Attorney

APPROVED:


City Manager


Director of Utilities


Director of Administrative Services