

**RESOLUTION NO. 2024-107**

**A RESOLUTION OF THE CITY OF CORONA,  
CALIFORNIA, ADOPTING THE RENEWABLE ENERGY  
RESOURCES PROCUREMENT PLAN COMPLIANCE  
PERIOD 4 (2021-2024) FOR THE CITY OF CORONA  
UTILITIES DEPARTMENT**

**WHEREAS**, the City of Corona is authorized under various provisions of the California Constitution and the general laws of California (including, specifically, Article XI, Section 9(a) of the California Constitution, Public Utilities Code Section 10004, and Government Code section 39732(a)) to establish, purchase, and operate a public utility to furnish its inhabitants with, among other things, electricity; and

**WHEREAS**, the City of Corona operates a municipal electric utility by and through its Utilities Department; and

**WHEREAS**, the City Council of the City of Corona is the Governing Board for the Utilities Department (UD); and

**WHEREAS** as a municipal electric utility, UD is generally subject to the legislative and regulatory requirements applicable to local publicly owned electric utilities (POUs); and

**WHEREAS** the State of California passed Senate Bill 2 (1st Extraordinary Session) (SB 2-IX), effective as of December 10, 2011, requiring governing boards of POUs to adopt and implement, among other things, a renewable energy resources enforcement program that requires POUs, like UD, to procure a minimum quantity of eligible renewable energy resources over certain periods, subject to cost limitation and other flexible compliance measures adopted by the POUs' respective governing board; and

**WHEREAS** in accordance with Public Utilities Code Section 399.30(e) (added by SB 2-1 X), the Corona City Council, as the governing board of UD, adopted Resolution No. 2012-013 on February 15, 2012, adopting and establishing a renewable energy resources enforcement program for the enforcement of DWP's obligations under SB 2-1 X (RPS Enforcement Program); and

**WHEREAS** UD has developed the Renewable Energy Resources Procurement Plan Compliance Period 4 (2021-2024) (RPS Plan) that (1) describes the electricity products UD plans to use to meet the procurement targets described in the RPS Enforcement Program and (2) includes a cost limitation that UD requests City Council to adopt for the fourth and future annual compliance periods under SB 2 1-X; and

**WHEREAS** PUC 399.30(d)(2)(B) allows City Council to adopt cost limitation measures permitting UD to limit RPS procurement requirements at a level that prevents disproportionate rate impacts to UD's ratepayers; and

**WHEREAS**, PUC 399.30(d)(2)(A) allows City Council to adopt measures permitting UD to delay timely compliance with the RPS procurement requirements if any of the following conditions exist 1) Transmission Constraints 2) Permitting, Interconnection, or Other Circumstances 3) Unanticipated Curtailment 4) Transportation Electrification; and

**WHEREAS**, UD will rely on Cost Limitation Rules and condition 2 (Permitting, Interconnection, or Other Circumstances) of the Delay of Timely Compliance rules for Compliance Period 4 (2021-2024) due to delays related to the Alta Mesa Wind Renewable Energy project; and

**NOW, THEREFORE, BE IT RESOLVED, BY THE CITY COUNCIL OF THE CITY OF CORONA, CALIFORNIA, AS FOLLOWS:**

**SECTION 1.** Updated RPS Plan. The Updated RPS Plan for UD as set forth in Exhibit A, which is attached hereto and incorporated herein, is hereby approved and adopted.

**SECTION 2.** Electric Rules and Regulations. As authorized in SB 2 1-X, the following alternative compliance measures are hereby approved and adopted:

- Delay of Timely Compliance rules are approved and adopted as described in Section 9 of the RPS Plan.
- A cost limitation for procurement of expenditures by UD is hereby approved and adopted as described in Section 10 of the RPS Plan.

**SECTION 3.** Effective Date. The Mayor shall sign this Resolution and the City Clerk shall attest thereto, and this Resolution shall take effect and be in force on the date of its adoption.

**PASSED, APPROVED AND ADOPTED** this 18<sup>th</sup> day of December, 2024.

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Mayor of the City of Corona, California

ATTEST:

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City Clerk of the City of Corona, California

**CERTIFICATION**

I, Sylvia Edwards, City Clerk of the City of Corona, California, do hereby certify that the foregoing Resolution was regularly passed and adopted by the City Council of the City of Corona, California, at a regular meeting thereof held on the 18th day of December, 2024 by the following vote:

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAINED:**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the official seal of the City of Corona, California, this 18th day of December, 2024.

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City Clerk of the City of Corona, California

[SEAL]

**EXHIBIT "A"**

**RENEWABLE ENERGY RESOURCES PROCUREMENT PLAN**

**CITY OF CORONA UTILITIES  
DEPARTMENT (CUD) RENEWABLE  
ENERGY RESOURCES PROCUREMENT  
PLAN**

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*Compliance Period 4 (2021-2024)*

*DECEMBER 18, 2024*

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## **Section 1. POLICY STATEMENT**

California Public Utilities Code § 399.30(a) requires all publicly owned electric utilities (“POUs”), including the City of Corona, operating through its publicly owned utility (City of Corona Utilities Department (CUD), to “adopt and implement a renewable energy resources procurement plan” that requires the POU to procure a minimum quantity of electricity and/or renewable energy credits (“RECs”) from eligible renewable energy resources, as a percentage of total retail sales. This document comprises CUD’s renewable energy resources procurement plan (“RPS Procurement Plan”). This RPS Procurement Plan describes how CUD will achieve its RPS procurement requirements in each compliance period.

## **Section 2. DEFINITIONS**

The definitions set forth in Public Resources Code (“PRC”) § 25741 and Public Utilities Code (“PUC”) § 399.12 are incorporated herein. Capitalized terms in this RPS Procurement Plan, as first identified in parentheses, shall have the meaning given to such term in the body of this RPS Procurement Plan.

## **Section 3. RPS ENFORCEMENT PROGRAM**

As required by PUC § 399.30, the Corona City Council (CUD’s Governing Board) adopted the Renewable Energy Resources Enforcement Program (“RPS Enforcement Program”) on February 9, 2012. Through the RPS Enforcement Program, the Corona City Council established compliance periods, adopted RPS-eligible procurement targets, and described the framework for how CUD would implement its RPS program. Section 10 of the RPS Enforcement Program directed the City Manager or his duly authorized designee to develop and present an RPS Procurement Plan to the CUD Governing Board.

## **Section 4. SPECIFIED RPS PROCUREMENT TARGETS**

In the RPS Enforcement Program, the Corona City Council adopted general RPS procurement targets for each of the initial three compliance periods. Pursuant to PUC § 399.30(b) and (c), the Corona City Council adopts and further specifies the RPS procurement targets for Compliance Periods 4, 5, 6, and all subsequent three years periods as follows:

### Compliance Period 4

For the four-year period beginning January 1, 2021 and ending December 31, 2024, CUD shall procure sufficient RPS-eligible resources to equal the sum of the following: (35.75 percent of 2021 retail sales) + (38.5 percent of 2022 retail sales) + (41.25 percent of 2023

retail sales) + (44 percent of 2024 retail sales). CUD shall not be required to procure a specific quantity of RPS-eligible resources in any individual year during this compliance period.

#### Compliance Period 5

For the three-year period beginning January 1, 2025 and ending December 31, 2027, CUD shall procure sufficient RPS-eligible resources to equal the sum of the following: (46 percent of 2025 retail sales) + (50 percent of 2026 retail sales) + (52 percent of 2027 retail sales). CUD shall not be required to procure a specific quantity of RPS-eligible resources in any individual year during this compliance period.

#### Compliance Period 6

For the three-year period beginning January 1, 2028 and ending December 31, 2030, CUD shall procure sufficient RPS-eligible resources to equal the sum of the following: (54.67 percent of 2028 retail sales) + (57.33 percent of 2029 retail sales) + (60 percent of 2030 retail sales). CUD shall not be required to procure a specific quantity of RPS-eligible resources in any individual year during this compliance period.

#### Subsequent Three Year Compliance Periods

For each subsequent three-year compliance period, CUD shall procure sufficient RPS-eligible resources to equal an average of 60 percent of retail sales.

### **Section 5. RPS PROCUREMENT REQUIREMENTS**

PUC § 399.30(c)(3), consistent with PUC § 399.16, as implemented by the Energy Commission’s RPS Regulations specifies certain procurement requirements that are applicable to “electricity products,” which refers to either: (1) electricity and the associated renewable energy credit (“REC”) generated by an eligible renewable energy resource; or (2) an unbundled REC.

#### A. Procurement Associated with Pre-June 2010 Contracts and Ownership Agreements

Pursuant to PUC § 399.16(d), electricity products associated with contracts or ownership agreements that were executed prior to June 1, 2010 and which met certain specified eligibility requirements, must count toward the POU’s RPS Procurement Targets without regard to the portfolio content categories (“PCCs”).

#### B. Procurement Associated with Post June 2010 Contracts and Ownership Agreements



Pursuant to PUC § 399.16(b)-(c), as implemented by the Energy Commission’s RPS Regulations, electricity products associated with contracts or ownership agreements that were executed after June 1, 2010 must be classified into the following three PCCs:

PCC1: Electricity products that are procured as bundled and that are associated with an eligible renewable energy resource that either: (1) has its first point on interconnection within a California balancing authority (“BA”); (2) has its first point of interconnection to a distribution system used to serve end users within a California BA; (3) is scheduled into a California BA without substituting electricity from another source; or (4) is dynamically transferred into a California BA.

PCC2: Electricity products that are procured as bundled and that are associated with an eligible renewable energy resource that is located within the WECC but outside of a California BA, and for which the renewable energy is matched with an equal amount of incremental energy that is scheduled into a California BA.

PCC3: All electricity products that are associated with eligible renewable energy resources, but that do not meet the definition of PCC1 or PCC2.

C. Portfolio Balance Requirements Applicable to Procurement Associated with Post June 1, 2010 Contracts and Ownership Agreements

Pursuant to PUC § 399.16(c), as implemented by the Energy Commission’s RPS Regulations, the following portfolio balance requirements are applicable to all electricity products that are credited towards the RPS Procurement Quantity Requirements that are associated with contracts or ownership agreements executed after June 1, 2010:

	<b>Compliance Period 3 and All Subsequent Compliance Periods</b>
PCC1	≥ 75%
PCC2	No Limitation
PCC3	≤ 10%

## **Section 6. RPS PROCUREMENT**

### **A. RPS Contracts Executed Prior to June 1, 2010**

None.

### **B. RPS Procurement Acquired After June 1, 2010**

CUD has a 20-year power purchase agreement (PPA) with the Western Area Power Administration to annually procure 8,585 megawatt hours from the Parker-Davis hydroelectric generating facilities and a 50-year PPA to procure 0.144% of the output from the Boulder Canyon Project hydroelectric generating facilities.

Consistent with the State's overall RPS targets, in 2011 CUD installed 350 kW photovoltaic systems at the Water Reclamation Facility Number 1 and also encouraged business enterprises within the City to study the feasibility and commercial viability of installing behind-the-customer-meter distributed generation of photovoltaic solar panels.

The City of Corona signed a 20-year PPA with RE Astoria 2 LLC (Astoria 2) for the procurement of 2 megawatts of renewable energy from the Astoria 2 photovoltaic facilities located in Kern County. Astoria 2 began Commercial Operation on October 1, 2016. CUD annual share of the output is approximately 5,800 megawatt-hours.

CUD purchased PCC1, PCC2 and PCC3 electricity products to comply with the CP1, CP2 and CP3 RPS requirements.

CUD signed a 25-year PPA with AM Wind Repower LLC (AM Wind) for the procurement of eleven megawatts of renewable energy from the Alta Mesa RP27 Wind Energy Center located in Riverside County. The scheduled "Commercial Operation Date" (COD) was January 1, 2022, and would interconnect to the California Independent System Operator ("CAISO") grid as a Full Capacity Deliverability Status resource. With the continued delay in the completion of the interconnection the current forecasted COD is January 1, 2025. The PPA also provides the option of battery storage at the site. The current annual forecast generation of 44,940 megawatt-hours is 119% of the forecasted PCC 1 and PCC 2 requirements in 2025 (Compliance Period 5).

CUD signed a 25-year PPA with RE Gaskell West 2 LLC for the procurement of eleven megawatts of renewable energy from the Gaskell West 2b coupled with a 20-year eight megawatt Battery Energy Storage System located in Kern County. The scheduled COD was January 1, 2022, and would interconnect to the CAISO grid as a Full Capacity Deliverability Status resource. The COD was achieved on May 5, 2023. The current forecasted generation of 50,015 megawatt-hours through December 31, 2024, is 39% of the forecasted PCC 1 and PCC2 requirements in Compliance Period 4.

C. Planned RPS Procurement

CUD currently has no additional planned RPS procurement.

## Section 7. FORECAST OF RETAIL SALES AND RPS COMPLIANCE OBLIGATIONS

Year	Compliance Period 4					Compliance Period 5				Compliance Period 6			
	2021 Actual	2022 Actual	2023 Actual	2024 Forecast	2021-2024	2025 Forecast	2026 Forecast	2027 Forecast	2025-2027	2028 Forecast	2029 Forecast	2030 Forecast	2028-2030
<b>Retail Sales (MWh)</b>	90,141	93,885	86,695	86,695	357,416	89,589	90,636	90,636	270,861	90,636	90,636	90,636	271,908
<b>RPS %</b>	35.75%	38.5%	41.25%	44%		46.67%	49.34%	52%		54.67%	57.33%	60%	
<b>RPS Procurement Requirement (MWh)</b>	32,225	36,146	35,762	38,146	142,279	41,811	44,720	47,131	133,662	49,551	51,971	54,382	155,903

**Notes:**

\* Individual year targets are for planning purposes only.

## **Section 8. EXCESS PROCUREMENT RULES**

A. The following rules for excess procurement shall apply for Compliance Period 4 and all subsequent Compliance Periods:

1. CUD may apply excess procurement in one compliance period to a subsequent compliance period, subject to the following limitations:
  - (a) Electricity products that are classified as PCC2 or PCC3 may not be counted as excess procurement.
  - (b) Electricity products that exceed the maximum limit for PCC3, as specified in PUC § 399.16(c), must be subtracted from the calculation of excess procurement.
2. Excess procurement meeting these requirements may be applied to any future compliance period and shall not expire.

## **Section 9. DELAY OF TIMELY COMPLIANCE RULES**

A. Delay of Timely Compliance Rule

Pursuant to PUC § 399.30(d)(2)(A), and consistent with Section 7 of the RPS Enforcement Program, the Corona City Council may adopt measures permitting CUD to delay timely compliance with the RPS procurement requirements. Corona City Council adopts the following delay of timely compliance rules.

If any of the conditions listed below occurs and is beyond the control of CUD and causes CUD to not be reasonably able to comply with the RPS procurement requirements, CUD may delay timely compliance with the RPS procurement requirements.

1. Transmission Constraints

There is inadequate transmission capacity to allow sufficient electricity to be delivered from eligible renewable energy resources, or proposed eligible renewable energy resource projects, to the extent applicable, using the current operational protocols of the BA in which the CUD operates. If CUD owns transmission or has transmission rights, then CUD shall demonstrate that:

- CUD undertook all reasonable measures under its control and consistent with its obligations under local, state, and federal laws and regulations to develop and construct new transmission lines or upgrades to existing lines intended to transmit electricity generated by eligible renewable energy resources, in light of its expectation for cost recovery.

- CUD took all reasonable operational measures to maximize cost-effective purchases of electricity from eligible renewable energy resources in advance of transmission availability.

## 2. Permitting, Interconnection, or Other Circumstances

Permitting, interconnection, or other circumstance have delayed the procurement of eligible renewable energy resource projects, or there is an insufficient supply of eligible renewable energy resources available to CUD. To utilize this condition, CUD must show that the permitting, interconnection, or other circumstance caused the delay or insufficient supply and that:

- CUD prudently managed portfolio risks, including, but not limited to, holding solicitations for RPS-eligible resources with outreach to market participants and relying on a sufficient number of viable projects to achieve RPS procurement requirements.
- CUD sought to develop either its own eligible renewable energy resources, transmission to interconnect to eligible renewable energy resources, or energy storage used to integrate eligible renewable energy resources.
- If the cause for delay or insufficient supply was foreseeable, CUD procured an appropriate minimum margin of procurement above the level necessary to comply with the RPS to compensate for foreseeable delays or insufficient supply.
- CUD took reasonable measures to procure cost-effective distributed generation and allowable unbundled RECs.

## 3. Unanticipated Curtailment

Unanticipated curtailment of eligible renewable energy resources, if the delay of timely compliance would not result in an increase in greenhouse gas emissions.

## 4. Transportation Electrification

Unanticipated increase in retail sales due to transportation electrification. To utilize this condition, CUD must consider whether transportation electrification significantly exceeded forecasts in CUD's service territory based on the best and most recently available information available to CUD. Further, CUD must take reasonable measures to procure sufficient resources to account for unanticipated increases in retail sales due to transportation electrification.

## Section 10. COST LIMITATION

### A. Cost Limitation Rule

Pursuant to PUC § 399.30(d)(2)(B), and consistent with Section 9 of the RPS Enforcement Program, the CUD shall establish a cost limitation on the procurement expenditures for all eligible renewable energy resources used to comply with the RPS and the Corona City Council shall set this limitation at a level that prevents disproportionate rate impacts to CUD's ratepayers.

If the cost limitation is insufficient to support the projected costs of meeting CUD's RPS targets, as specified above, CUD may refrain from executing any further contracts for eligible renewable energy resources, beyond what can be procured within the cost limitation.

### B. Relevant Factors and Findings

To determine what cost limitation is necessary to prevent disproportionate rate impacts, the Corona City Council has considered the following factors and made the following findings:

#### 1. *Economic Conditions*

CUD helps to support the local economy by providing cost-effective rates to specific residential and business customers in the City of Corona. Many of CUD's customers saw a significant impact from the COVID-19 pandemic, including the rising cost of inflation. Keeping rates at an affordable level supports all customers, including local businesses. CUD provides electric service to several large commercial customers who support essential City services through employment opportunities and property and sales taxes. To save on rising operating costs, one of the largest Direct Access customers evaluated moving their facilities outside California.

Maintaining competitive electric rates is essential to keeping local businesses from relocating to other parts of the state or from leaving the state altogether. CUD works with businesses to make sure rates are kept at a level that helps them stay competitive.

**Finding:** The Corona City Council finds that CUD's cost limitation must be structured and set at a level that avoids further harm to the local economy, limits impacts on economically vulnerable residents, and avoids increases to the local unemployment rates.

#### 2. *Customer Make-up*

Forty percent (40%) of retail sales are to direct access customers (where CUD provides the supply of electricity and Southern California Edison (SCE) provides distribution of electricity) and those customers have the option to switch energy service providers, if among other things, CUD rate of the supply of electricity is not less than or equal to competing providers, including SCE. If any direct access customers return to SCE service, then CUD's remaining customers will bear any association costs, such as those associated with stranded investments.

**Finding:** The Corona City Council finds that CUD’s cost limitation must be designed so that it does not overly burden any one-customer class and so that it does not risk reducing CUD’s existing customer base.

C. Cost of Full Compliance

In order to estimate the cost of full compliance for Compliance Period 4, CUD relies on the cost data reported in the *2024 Padilla Report, Costs and Cost Savings for the RPS Program*, published May 2024 (“Padilla Report”).<sup>1</sup> The Padilla Report includes aggregated cost information for the CPUC-jurisdictional entities. Based on the Padilla Report, CUD assumes that the cost of a PCC1 electricity product is \$43/MWh in 2021, \$62/MWh in 2022, and \$58/MWh in both 2023 and 2024. Further, based on the Padilla Report, CUD assumes that the cost of a PCC3 electricity product is \$12/MWh<sup>2</sup> for 2021-2022 and \$10 for 2023-2024. Based on the relative complexity and reduced availability associated with PCC2 electricity products, CUD assumes that full compliance would be based on maximizing PCC3 procurement (10%) and filling in the remaining 90% with PCC1 procurement. The following table shows the forecasted cost of full compliance based on these assumptions.

	PCC	Formula for Determining Cost		Compliance Cost
<b>2021</b>	PCC1	90% x 32,225 RECs x \$43/REC	=	\$1,247,108
	PCC3	10% x 32,225 RECs x \$12/REC	=	\$38,670
<b>2022</b>	PCC1	90% x 36,146 RECs x \$62/REC	=	\$2,016,947
	PCC3	10% x 36,146 RECs x \$12/REC	=	\$43,375
<b>2023</b>	PCC1	90% x 35,762 RECs x \$58/REC	=	\$1,866,776
	PCC3	10% x 35,762 RECs x \$10/REC	=	\$35,762
<b>2024</b>	PCC1	90% x 38,146 RECs x \$58/REC	=	\$1,991,221
	PCC3	10% x 38,146 RECs x \$10/REC	=	\$38,146
<b>Total</b>			=	\$7,278,005

Therefore, the estimated cost of full compliance with the RPS Procurement Requirements is \$7,278,005.

<sup>1</sup> Available at: <https://www.cpuc.ca.gov/-/media/cpuc-website/industries-and-topics/documents/energy/rps/2024/2024-padilla-reportvfinal.pdf>.

<sup>2</sup> For PCC3 Electricity Products, Cerritos utilized the contract price data for Bear Valley Electric Service, which procures through REC-only contracts that approximate PCC3 transactions.



D. Expenditures that Will Count Toward the CUD’s Cost Limitation

To determine if CUD’s expenditures have met or exceeded the cost limitation established in this RPS Procurement Plan, CUD will include all direct costs associated with procurement from executed contracts and owned resources. Where applicable, this will include the contract price multiplied by electricity products delivered during the Compliance Period. For any contract where the associated electricity is resold, CUD will still count towards its Cost Limitation the total cost of the combined electricity and REC.

The following table provides actual and forecast data for CUD’s procurement expenditures to date in Compliance Period 4.

	2021	2022	2023	2024 Forecast
<b>Astoria 2</b>	\$388,395	\$384,237	\$344,106	\$275,310
<b>Gaskell West 2b</b>	\$0	\$0	\$630,213	\$675,100
<b>Hetch Hetchy Power</b>	\$0	\$0	\$0	\$400,000
<b>Carbon Solutions Group LLC</b>	\$0	\$0	\$0	\$24,000
<b>Alta Mesa Wind Repower</b>	\$0	\$0	\$0	\$0
<b>Total Expenses</b>	\$388,395	\$384,237	\$974,319	\$1,374,410

E. Explanation of How CUD Developed a Cost Limitation Methodology and How Such Cost Limitation Prevents Disproportionate Rate Impacts.

In developing its Cost Limitation methodology, CUD has reviewed the impacts of the factors, findings, and considerations described above. Specifically, CUD has evaluated what occurred as a result of CUD incurring the full cost of compliance and the impacts to customers on a rate basis and total bill basis under different scenarios.

SCE bills and collects from CUD’s direct access retail customers a public benefit charge to fund programs that would include new investments in renewable energy resources and technologies consistent with existing statute and regulations which promote those resources and technologies. Those funds are retained by SCE and not available for CUD to procure eligible renewable energy products.

CUD’s sales to its direct access retail customers have contractual rate limitations. These customers have the option to switch energy service providers if, among other things, CUD’s rate for the supply of electricity is not less than or equal to competing providers, including SCE. CUD’s two largest direct access retail customers procure 26.9% of CUD direct access retail sales. CUD retail sales to direct access customers have declined 51% from 2006.

CUD staff have determined that setting the Cost Limitation using the methodology described below is necessary to ensure that CUD does not lose load and suffer cascading increased costs associated with a smaller rate base, which would have disproportionate rate impacts on its customers and its community.

F. Adoption of Methodology for Calculating Cost Limitation for Compliance Period.

To avoid disproportionate rate impacts for Compliance Period 4, CUD will calculate the budgeted revenues less budgeted expenses (before the incremental budgeted cost of procuring electricity products to satisfy the RPS requirements) and identify the funds available from such amount to concurrently satisfy the applicable RPS requirement, maintain prudent reserves, and offer competitive rates (Cost Limitation Guideline). If the additional estimated cost of full compliance were incurred (\$4,156,644), customer rates, without contractual rate limitations, would have had to increase by 9.4%. CUD shall not be obligated to expend funds on RPS procurement greater than the Cost Limitation Guideline or RPS procurement targets.

G. Adoption of Cost Limitation for Compliance Period 4

Pursuant to the methodology for calculating the cost limitation established above, CUD determined that budgeted expenses exceeded budgeted revenues by approximately \$5.5 million during Compliance Period 4. Therefore, the cost limitation for Compliance Period 4 has been reached and will be set by the actual procurement expenditures of \$3,121,361 in Compliance Period 4.

## **SECTION 11. DELAYED RENEWABLE ENERGY PROCUREMENT**

On June 9, 2020, CUD signed a 25-year PPA with AM Wind Repower LLC for the procurement of eleven megawatts of renewable energy from the Alta Mesa RP27 Wind Energy Center located in Riverside County. The scheduled COD was January 1, 2022. The renewable energy from Alta Mesa was forecasted to meet 99% of CUD's PCC 1 and PCC 2 RPS for Compliance Period 4. COVID-19 pandemic related issues delayed the timely receipt of required permits, significantly increased material availability and costs, and unforeseen interconnection related issues put the project's viability at risk. The Buyers took all reasonable operational measures to work with the permitting agency and interconnection owner to address the issues. During this period, the project Developer still anticipated that the project would reach COD, which would have enabled CUD to meet its PCC1 and PCC2 RPS for Compliance Period 4. CUD was continually informed of revised multiple delays which made it challenging to plan the procurement of eligible renewable certificates (RECs). The current forecast COD is January 1, 2025. CUD did purchase 8,000 PCC1 RECs, and then the pricing for PCC1 RECs continued to escalate.

CUD has complied with the RPS procurement requirements for Compliance Period 1 (2011-2013), Compliance Period 2 (2014-2016), and Compliance Period 3 (2017-2020). CUD again took all reasonable measures to meet the short-term and long-term RPS procurement

requirements for Compliance Period 4 (2021-2024). CUD entered into renewable energy power purchase agreements to meet 191% of the forecast RPS procurement requirements for Compliance Period 4 (2021-2024). The continual revised delay in achieving COD for its largest renewable energy power purchase agreement made it challenging to procure eligible short-term and long-term RECs. Because of CUD's limited customer load requirements, the size of available renewable energy projects and long-lead times to participate in these projects, it was not feasible to contract for additional projects to protect against project delay or failure, and CUD could not have met the long-term RPS procurement requirements for Compliance Period 4 (2021-2024). Compliance Period 4 is an exception and the continual delay in achieving COD was outside CUD's control. Once CUD's largest renewable energy power purchase agreement achieves COD, CUD will again comply with future short-term and long-term RPS procurement requirements.

Based on these circumstances, CUD anticipates utilizing its delay of timely compliance rules for Compliance Period 4, supported by the following findings:

1. **Prudently Managed Portfolio:** CUD prudently procured a reasonable margin above its RPS procurement obligations by 91%, to protect against project delay or under-delivery. Because of CUD's limited customer load requirements, the size of available renewable energy projects and long-lead times to participate in these projects, it was not feasible to contract for additional projects to protect against project delay or failure.
2. **CUD Projects:** CUD has evaluated potential City owned solar projects and has contracted for a project incorporating energy storage.
3. **Minimum Margin of Overprocurement (MMoP):** CUD utilized a MMoP of 91%, however, because of CUD's limited customer load requirements, the size of available renewable energy projects and long-lead times to participate in these projects, it was not able to spread this margin over a number of projects.
4. **Unbundled RECs:** CUD purchased 4,000 unbundled PCC3 RECs.