



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: OCTOBER 25, 2021

SUBJECT: RIVERSIDE PUBLIC UTILITIES ELECTRIC 2022 ANNUAL RESOURCE ADEQUACY PLAN COMPLIANCE FILING WITH THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR

ISSUE:

Consider approval of Riverside Public Utilities Electric 2022 Annual Resource Adequacy Plan compliance filing with the California Independent System Operator.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve the Riverside Public Utilities Electric 2022 Annual Resource Adequacy Plan compliance filing; and
2. Authorize filing the Riverside Utilities Electric 2022 Annual Resource Adequacy Plan with the California Independent System Operator in compliance with Section 40 of its tariff.

BACKGROUND:

Resource Adequacy (RA) describes an electric utility's procurement of sufficient power supply capacity to serve its customers' projected electricity requirements, plus an additional amount to be held in reserve for unanticipated circumstances (e.g., unplanned transmission or generation outages).

Section 40 of the California Independent System Operator (CAISO) tariff governs the RA program requirements for load serving entities (such as Riverside) participating in CAISO markets. The CAISO tariff provides an option for local regulatory authorities of publicly owned utilities to adopt their own RA Program that meets certain criteria.

On May 23, 2006, the City Council adopted Resolution 21170, establishing its own RA Program in response to the CAISO Tariff requirements. This action preserved Riverside's local control over its resource procurement.

On June 5, 2012, the City Council adopted Resolution No. 22389, approving a revised RA Program, which reflects current grid operational conditions, deleted obsolete provisions, and ensured efficient implementation while enhancing reliability.

On August 18, 2020, the City Council adopted Resolution No. 23617, approving specific revisions to the City's RA Program to eliminate provisions that are no longer applicable and to better facilitate the ability to acquire less expensive RA resources.

Per Section 1.2.1 of Riverside's RA Program, Riverside must prepare an Annual RA Plan each year for the following calendar year. An RA Plan ensures grid reliability and safe electric service to customers, maintains fiscal responsibility by avoiding non-compliance penalties, and provides lowest possible rates to customers.

The CAISO has three requirements for RA Plans: System RA, Flexible RA, and Local RA, as described here:

1. **System RA:** Determined based on each utility's California Energy Commission (CEC) coincident adjusted peak load forecasts, plus a planning reserve margin adopted by the Local Regulatory Authority.
2. **Flexible RA:** Derived from an annual CAISO simulation study that evaluates the ramping capacity needed in each month to ensure overall system reliability.
3. **Local RA:** Determined from an annual CAISO planning study using a 1-in-10 weather year and specified transmission contingency conditions.

The Annual RA Plan must identify capacity resources owned or contracted for that are sufficient for RPU to meet at least 90% of RPU's System RA Requirement (or 103.5% of the coincident adjusted, forecasted peak loads) for each month of the coming compliance year. Additionally, Riverside must demonstrate that they meet 90% of the Flexible Requirements and 100% of the Local Requirements for each month of the coming compliance year. Staff is required to present the Annual RA Plan to the Board of Public Utilities and the City Council, and then to submit the Annual RA Plan to the CAISO as specified in the CAISO Tariff and Business Practice Manuals.

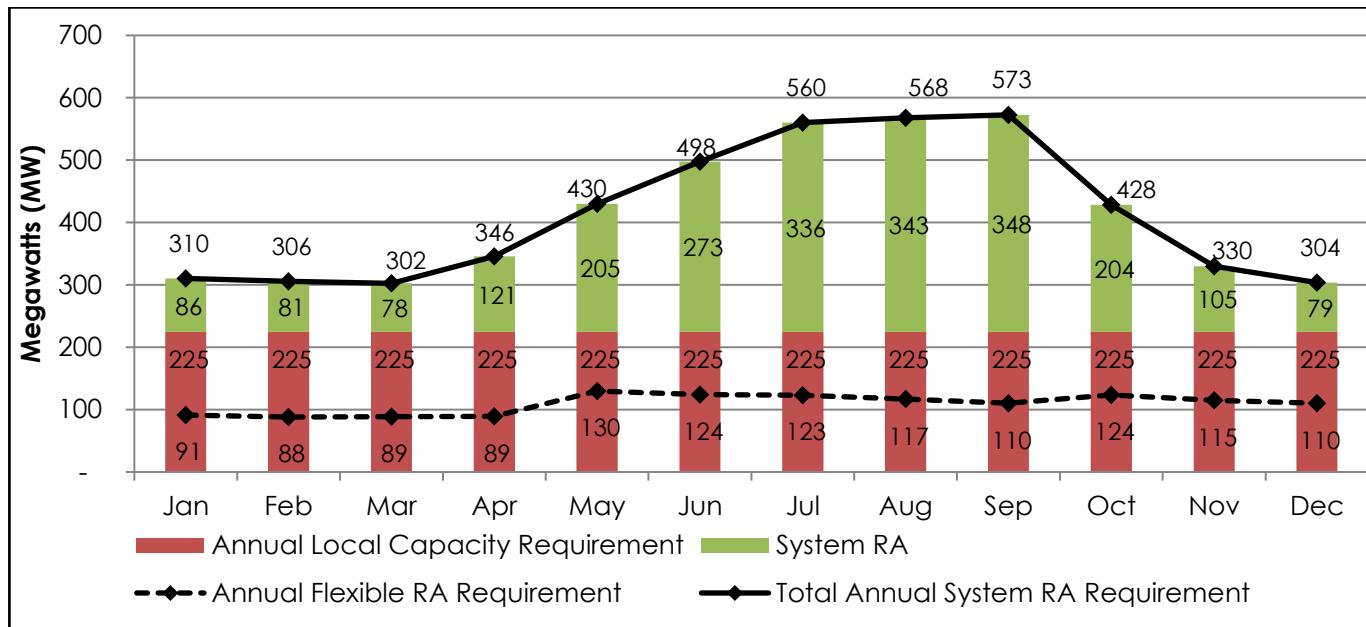
On November 13, 2012, the City Council approved Riverside's 2013 Annual RA Plan and delegated the authority to approve future Annual RA Plans to the Board of Public Utilities, to the extent the Plan is compliant with the City Council's approved RA Program.

DISCUSSION:

The attached 2022 Annual RA Plan:

1. Includes the System RA, Local RA, and Flexible RA requirements;
2. Is fully compliant with the City Council's approved RA Program; and
3. Assures sufficient capacity to serve Riverside customers expected 2022 electrical requirements.

The graph on the following page displays Riverside's 2022 System, Local and Flexible RA procurement requirements. Upon approval by the Board of Public Utilities, staff will file the 2022 Annual RA Plan in accordance with the requirements of Section 40 of the CAISO's Tariff and Business Practice Manuals.

Figure 1: 2022 Annual Resource Adequacy Plan

STRATEGIC PLAN ALIGNMENT:

This item aligns with Strategic Priority No. 2 Community Well-Being, Goal 2.6 - Strengthen community preparedness for emergencies and disruptive events to ensure effective response and recovery.

This item aligns with EACH of the five Cross-Cutting Threads as follows:

1. **Community Trust** – The Annual RA Plan is presented to the Board of Public Utilities in an open public process and identifies that RPU has adequate electricity resources procured to serve customer demand which provide public benefits.
2. **Equity** – The Annual RA plan helps RPU ensure that it is meeting its obligation to provide sufficient RA capacity to the CAISO, and thus provide reliable electric service to all RPU customers in an equitable manner.
3. **Fiscal Responsibility** – By meeting CAISO RA Obligation requirements, RPU avoids the possibility of incurring penalties including “backstop” capacity procurement from CAISO and is being a responsible steward of fiscal resources.
4. **Innovation** – By maximizing the use of existing generating resources and planning ahead to procure additional resources for the upcoming RA year, staff took a collaborative and innovative approach to ensure adequate RA capacity is available to CAISO grid.
5. **Sustainability & Resiliency** – The Annual RA Plan ensures that RPU is doing its part to assist CAISO with operating and maintaining a safe and reliable grid.

FISCAL IMPACT:

The anticipated expenditures for the procurement of RA capacity pursuant to the 2022 Annual Resource Adequacy Plan are included in the Power Resources Capacity Charge Account No. 6120100-422915.

Future years' expenditures will be included as a part of the biennial budget process.

Prepared by: Daniel E. Garcia, Utilities Deputy General Manager/Power Resources

Approved by: Todd M. Corbin, Utilities General Manager

Approved by: Kris Martinez, Interim Assistant City Manager

Approved as to form: Phaedra A. Norton, City Attorney

Certifies availability
of funds: Edward Enriquez, Chief Financial Officer/City Treasurer

Attachments:

1. 2022 Annual Resource Adequacy Plan
2. Resolution No. 23617 (revised Resource Adequacy Program)
3. Presentation