

1 RESOLUTION NO. 22389

2 A RESOLUTION OF THE CITY COUNCIL OF RIVERSIDE,
3 CALIFORNIA, APPROVING THE RIVERSIDE PUBLIC UTILITIES
4 RESOURCE ADEQUACY PROGRAM

5 WHEREAS, the California Independent System Operator Corporation ("CAISO"), which
6 is responsible for the reliable operation of a major portion of the California electric transmission
7 grid, has filed a Reliability Requirements Tariff with the Federation Energy Regulatory
8 Commission ("FERC"), requiring all Load-Serving Entities ("LSEs") using the electric
9 transmission grid to establish Resource Adequacy programs through their Local Regulatory
10 Authorities ("LRAs") or, alternatively, comply with the default Resource Adequacy
11 requirements of said Tariff; and

12 WHEREAS, the CAISO's Reliability Requirements Tariff filing mandates certain
13 reporting requirements for all LSEs but purports to give complete deference to LRAs, such as the
14 City of Riverside City Council, in establishing Qualifying Criteria for determining how an LSE
15 may count resources toward satisfying its Resource Adequacy requirement; and

16 WHEREAS, Riverside Public Utilities ("RPU") uses the California transmission grid to
17 import energy to serve its customers and must comply with any CAISO Tariff requirements
18 ultimately approved by the FERC; and

19 WHEREAS, RPU procures energy and capacity reserves consistent with good utility
20 practice in order to reliably serve its retail electric customers; and

21 WHEREAS, the default Resource Adequacy requirements of the CAISO Reliability
22 Requirements Tariff filing are not consistent with RPU's procurement policies and practices; and

23 WHEREAS, the default Resource Adequacy requirements of the CAISO Reliability
24 Requirements Tariff filing would not, for example, allow RPU to include its internal generation
25 resources in its Resource Adequacy showing without giving up local control of those resources,
26 even though those resources undeniably provide a significant reliability benefit to the California
27 transmission grid; and
28

1 WHEREAS, to the extent that the City does not approve a Resource Adequacy Program
2 that recognizes the reliability benefits of, among other things, Riverside's internal generation
3 resources, Riverside may be deemed non-compliant with the CAISO's Resource Adequacy
4 requirements, potentially resulting in financial penalties and/or costly CAISO capacity
5 procurement on Riverside's behalf; and

6 WHEREAS, the City desires to implement a Riverside Resource Adequacy Program that
7 is equal, if not superior, to the default requirements contained in the CAISO Tariff filing in terms
8 of actual reliability benefits; and

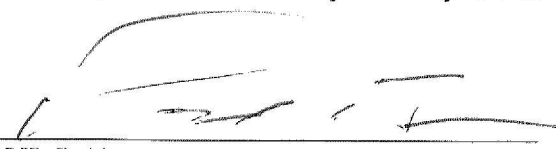
9 WHEREAS, the City recognizes the importance of monitoring and reporting
10 requirements to ensure strict compliance with its Riverside Resource Adequacy Program; and

11 WHEREAS, the Riverside Board of Public Utilities, following discussion and the
12 opportunity for public comment, has approved the Riverside Resource Adequacy Program
13 attached hereto.

14 NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Riverside as
15 follows:

16 On the basis of the staff report and the other evidence submitted with this resolution to
17 the City Council, that the City of Riverside Resource Adequacy Program set forth in Attachment
18 1 is hereby approved and shall become effective pursuant to the terms contained therein.

19 ADOPTED by the City Council and signed by the Mayor and attested by the City Clerk
20 this 5th day of June, 2012.

21
22 
23 PAUL DAVIS
Mayor Pro Tem of the City of Riverside

24 Attest:

25 
26 COLLEEN J. NICOL
27 City Clerk of the City of Riverside
28

1 I, Colleen J. Nicol, City Clerk of the City of Riverside, California, hereby certify that the
2 foregoing resolution was duly and regularly adopted at a meeting of the City Council on the 5th
3 day of June, 2012, by the following vote, to wit:

4 Ayes: Councilmembers Gardner, Melendrez, Bailey, Davis, Mac Arthur, Hart,
5 and Adams

6 Noes: None

7 Abstain: None

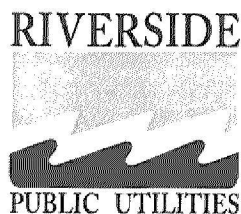
8 Disqualified: None

9 IN WITNESS WHEREOF I have hereunto set my hand and affixed the official seal of
10 the City of Riverside, California, this 7th day of June, 2012.

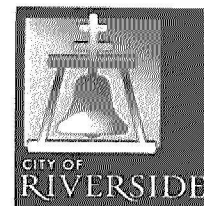
11 
12 _____
13 COLLEEN J. NICOL
14 City Clerk of the City of Riverside
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28 CA: 06-0538.2
05/30/12

ATTACHMENT I



CITY OF RIVERSIDE PUBLIC UTILITIES DEPARTMENT



RESOURCE ADEQUACY PROGRAM

Revised and Adopted: _____

This Revised Resource Adequacy Program shall become effective upon the approval of the City of Riverside ("Riverside") Board of Public Utilities and the Riverside City Council and will supersede the Resource Adequacy Program Resolution for Riverside adopted on May 23, 2006, established in response to the California Independent System Operator Corporation's ("CAISO") 2006 Interim Reliability Requirements Tariff in 2006 as amended from time to time via CAISO Tariff amendments. This Resource Adequacy Program is hereby updated and shall remain in effect until modified by the City Council of the City of Riverside. Capitalized terms not otherwise defined herein shall be defined as set forth in the Master Definitions Supplement of the CAISO's Operating Agreement and Tariff.

1. RESOURCE ADEQUACY PLANS:

The Public Utilities Department ("Department") shall develop Resource Adequacy Plans ("Plans") to guide the procurement of capacity resources adequate to serve the electrical requirements of the City's customers consistent with Good Utility Practice and applicable reliability requirements.

1.1 Annual Resource Adequacy Plan: The Department shall prepare an Annual Resource Adequacy Plan each year for the following calendar year. The Annual Resource Adequacy Plan shall identify capacity resources owned or contracted for by the City sufficient to meet at least 100% of the City's forecasted monthly peak demands for the non-summer months and at least 115% of the City's forecasted monthly peak demands for the summer months (summer months are: July, August and September) for such year. The Department shall present the Plan to the Public Utilities Board and the City Council and shall submit the Plan approved by the City Council to the CAISO pursuant to the date specified in the CAISO tariff and business practice manuals.

1.2 Monthly Resource Adequacy Plan: The Department shall also prepare a Monthly Resource Adequacy Plan. Except as provided for in Section 1.3 below, the Monthly Resource Adequacy Plan shall identify capacity resources owned or contracted for by the City sufficient to meet the greater of (i) 115% of the City's forecasted maximum peak demand for the month covered by the Plan or (ii) the most recently required minimum planning reserve and reliability

criteria approved by the Board of Trustees of the Western Electricity Coordinating Council. The Public Utilities General Manager, or his designee, shall certify whether each such Plan does or does not comply with the requirements of this Resource Adequacy Program. The Public Utilities General Manager shall advise the Public Utilities Board and the City Council of any noncompliance with this Resource Adequacy Program. Each Monthly Resource Adequacy Plan shall be provided to the CAISO to the extent required by the CAISO Tariff.

1.3 Minimum Reserve Margin Under Exigent Circumstances Beyond Department's Control: Under exigent circumstances due to unforeseen transmission or generation outages beyond Department's control impacting Department's power resources and after all best efforts have been exhausted to restore the availability of Department's resources and/or finding suitable replacement resources if Department is still unable to restore sufficient resources to meet the reserve targets as specified in Section 1.2, then City Council may waive the reserve requirement in Section 1.2, provided however such waiver shall not violate the absolute minimum reserve margin of 7% (107% of the City's forecasted maximum peak demand for the month covered by the Plan) as established in the mandatory reliability standard promulgated by Western Electricity Coordinating Council ("WECC") or North American Electric Reliability Corporation ("NERC").

2. DEMAND FORECASTS:

The Department shall be responsible for developing demand forecasts, consistent with Good Utility Practice, reflecting the projected maximum annual and monthly peak loads for the City's service area. Such demand forecasts shall be included in the annual and monthly Resource Adequacy Plans.

3. CRITERIA FOR QUALIFYING CAPACITY:

3.1 Thermal Facilities Owned by the City Within the City's Service Area: The qualifying capacity of thermal generating facilities owned by the City, in whole or in part, located within the City's service area, and subject to a Participating Generator Agreement, will be based on net dependable capacity as defined by North American Electric Reliability Council ("NERC") Generating Availability Data System ("GADS") information. If the facility is owned jointly with another entity, the City will provide information in its Resource Adequacy and Energy Plans demonstrating the City's entitlement to the output of the jointly-owned facility's qualified capacity and an explanation of how that entitlement may change if the facility's output is restricted.

3.2 Facilities Owned by the City Within the CAISO Control Area: The qualifying capacity of thermal generating facilities owned by the City, in whole or in part, and located within the CAISO Control Area but outside the City's service area will be based on its net dependable capacity as specified by GADS. If the facility is jointly owned with another entity, the City will provide information in its Resource Adequacy and Energy Plans listing the City's entitlement to the output of a jointly-owned facility's qualified capacity and an explanation of how that entitlement may change if the facility's output is restricted.

3.3 Dynamically Scheduled System Resources: The qualifying capacity of a Dynamically Scheduled System Resource shall be the amount of the City's capacity entitlement, subject to any deliverability screen under the CAISO Tariff. To the extent the City has transmission rights at the intertie pursuant to an existing transmission contract or contracts, Converted Rights, or Firm Transmission Rights over which such Dynamically Scheduled System Resource is received in an amount no less than the qualifying capacity for such resource, then such Dynamically Scheduled System Resource shall be deemed to have satisfied the deliverability test. However, eligibility as a Resource Adequacy resource is contingent upon the City securing firm (not subject to economic curtailment) transmission through any intervening Control Areas for the resource entitlement. Furthermore, such resource shall have an allocation of import capacity at the import Scheduling Point that is not less than the Resource Adequacy Capacity provided by the Dynamically Scheduled System Resource.

3.4 Non-Dynamically Scheduled System Resources: The qualifying capacity of a System Resource to which the City has an entitlement that is not dynamically scheduled shall be the amount of the City's capacity entitlement. Non-Dynamically Scheduled System Resources acquired by the City after February 15, 2006 shall be subject to any deliverability screen applicable under the CAISO Tariff. To the extent the City has transmission rights at the intertie pursuant to an existing transmission contract or contracts, Converted Rights, or Firm Transmission Rights over which such Non-Dynamically Scheduled System Resource is received in an amount no less than the qualifying capacity for such resource, then such Non-Dynamically Scheduled System Resource shall be deemed to have satisfied the deliverability test. For any Non-Dynamically Scheduled System Resource, the City shall use its best efforts to secure or cause to be secured transmission through any intervening Control Areas for the resource entitlement that cannot be curtailed for economic reasons. System Resources that are not unit-contingent must not be subject to curtailment for economic reasons. Any inter-temporal constraints, such as multi-hour run blocks, will be explicitly identified in the City's monthly Resource Adequacy Plan.

3.5 Energy Limited/Renewable Resources: The qualifying capacity for any operationally limited resources, such as energy limitations, run time limitations, or a contract with a renewable resource as defined under the City of Riverside's Renewable Portfolio Standard, will be determined as follows:

- (1) Large Hydroelectric (Boulder Canyon Project) – monthly energy and capacity values shall be those specified by the Boulder Canyon Project Master Schedule published by the Western Area Power Administration.
- (2) Wind and Solar – monthly energy and capacity values will be based on the monthly historic performance using the previous two-year average. New wind or solar units that do not have two years of historical data will be assigned qualifying capacity for each year with historic data for generation located in the same regime and having similar technology. Wind and solar units must be participants in the CAISO's Participating Intermittent Resource Program.

(3) Landfill Gas - monthly energy and capacity values will be based on the monthly historic performance using a previous two year average. New landfill gas units that do not have two years of historical data will be assigned qualifying capacity for each year with historic data for generation located in the same regime and having similar technology.

3.6 Inter-Scheduling Coordinator Trades: Qualifying capacity for Inter-Scheduling Coordinator trades entered into prior to February 15, 2006 shall be counted commensurate with the contract capacity for the term of the transaction. Transactions entered into after February 15, 2006, must specify the generating resources within the CAISO Control Area providing the contract capacity. The amount of such capacity counted must be deliverable pursuant to CAISO generation deliverability criteria for the term of the transaction.

3.7 Resource Adequacy Capacity-Only Resources: Contracts for capacity under which the seller has pledged to follow the CAISO's scheduling and operating protocols, including any Must Offer Obligation, may be a source of Resource Adequacy qualifying capacity, provided that the contract: (i) identifies the generating unit(s) dedicated to providing the Resource Adequacy Capacity, (ii) specifies that the seller shall not simultaneously sell the capacity covered by the contract to other parties, and (iii) specifies that the seller will comply with the applicable CAISO Tariff provisions.

3.8 Demand Response Programs: Qualifying capacity from energy efficiency, conservation, and demand response programs may be a source of Resource Adequacy Capacity and shall be deemed to directly reduce the City's Resource Adequacy Capacity requirement. The Department shall document the effects of such demand reduction in the City's Resource Adequacy Plans.

3.9 Load Reduction Resources: The amount of qualifying capacity attributable to load reduction resources, such as City-owned generating units not subject to a Participating Generator Agreement and located within the City's service area, shall be equal to the net operating capability of such resources. The operation of such resources shall reduce the City's CAISO metered load.

4. AVAILABILITY OF RESOURCES TO THE CAISO:

4.1 Availability During Normal Operating Conditions: The City shall comply with CAISO's MRTU tariff and protocols in the submittal of bids and any offer obligation related to City's power resources.

4.2 Availability During System Emergencies: If the CAISO declares a System Emergency pursuant to its Operating Procedures, the City shall make available to the CAISO any available energy (including load reduction resources) from the City's Resource Adequacy Resources that is not required to serve the City's customers. In the event that the City provides such energy to the CAISO during a System Emergency and such circumstance or compensation mechanism is not covered in the then CAISO Tariff and protocols, then the terms and conditions for the sale of such energy shall be documented in a written communication affirmed by an authorized representative of the CAISO in the form attached hereto as Appendix A.

5. COMPLIANCE PROCESS:

In the event of non-compliance—or a reasonable expectation of non-compliance—with the provisions herein, the Department shall compile a report stating the reason(s) for non-compliance and the corrective actions to be undertaken. The Department shall promptly provide such report to the CAISO to the extent required by the CAISO Tariff. The Public Utilities General Manager, or his designee, shall advise the Public Utilities Board and the City Council of each non-compliance incident pursuant to Sections 1.2 and 1.3. Any reports to the Public Utilities Board and the City Council must identify clearly the incident or incidents of non-compliance, describe in detail the actions the Department has taken or will take to re-establish full compliance with this program, and set forth a timeline for such actions.

CITY OF RIVERSIDE RESOURCE ADEQUACY PROGRAM

APPENDIX A

CONFIRMATION FOR SALES OF ENERGY TO CAISO DURING SYSTEM EMERGENCIES

This confirmation sheet documents the terms and conditions for the sale of energy to the CAISO by the City of Riverside in response to the CAISO's declaration of a System Emergency.

Date: _____

MWH Energy sold by the City of Riverside: _____

Hours: _____

Price: _____

MWH Load Reduction Resources: _____

Hours: _____

Price: _____

CAISO Requestor's Name: _____

The CAISO representative executing this confirmation represents and warrants that he or she is authorized by the CAISO to enter into the requested transaction in accordance with the terms set forth above.

[Name]