



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 13, 2022
FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL
SUBJECT: PROPOSED CHANGES TO THE FEED-IN TARIFF PROGRAM FOR
RENEWABLE ENERGY GENERATION FACILITIES

ISSUE:

Consider adoption of a Resolution approving the proposed changes to Schedule FIT, “Feed-In Tariff for Renewable Energy Generation Facilities”, the Standard Form Feed-In Tariff Purchase Power Agreement, and Standard Form Feed-in Tariff Generating Facility Interconnection Agreement.

RECOMMENDATIONS:

That the City Council:

1. Adopt the attached Resolution approving the changes to Schedule FIT, “Feed-In Tariff for Renewable Energy Generation Facilities”;
2. Approve the Standard Form Feed-In Tariff Purchase Power Agreement and Standard Form Feed-in Tariff Generating Facility Interconnection Agreement; and
3. Authorize the City Manager, or designee, to execute the Standard Form Feed-In Tariff Purchase Power Agreement and Standard Form Feed-in Tariff Generating Facility Interconnection Agreement and sign all necessary documents and instruments.

BOARD RECOMMENDATION:

After the requisite public hearing on November 14, 2022, the Board of Public Utilities (Board), with eight members present, conducted a public hearing and unanimously voted to adopt a resolution establishing the changes to Schedule FIT, “Feed-In Tariff for Renewable Energy Generation Facilities” (Schedule FIT) and recommended that the City Council adopt a resolution approving the changes to Schedule FIT.

BACKGROUND:

State Senate Bill 32 (SB32), enacted on October 11, 2009, added Public Utilities Code (PUC) Section 387.6, now PUC Section 399.32, that required publicly owned utilities (POU), such as Riverside Public Utilities, to establish a feed-in tariff (FIT) for renewable energy generators located within the POU service territory wishing to sell to the utility the output from a California Energy Commission (CEC) certified wind and /or solar energy generation facility, with an effective capacity of no more than three megawatts to the POU. It also requires that the customer-generator must have ownership of environmental attributes and renewable energy credits (REC) associated with energy delivered to RPU's electric grid, and compliance with RPU's Electric Rule 22 Distributed Generation Facilities Interconnection.

On December 14, 2010, the City Council approved Schedule FIT, “Feed-In Tariff for Renewable Energy Generation Facilities” (Schedule FIT) effective January 1, 2011. Customer-generators that receive incentives or rebates from RPU for the construction of the renewable energy generation facility are not eligible for Schedule FIT. Participation in Schedule FIT is limited to RPU's proportionate share of the statewide peak demand of 750 MW, which is 7.6 MW, as approved by the City Council on December 14, 2010.

DISCUSSION:

RPU has had no customer-generators under the Feed-In Tariff Program. The proposed changes to Schedule FIT are intended to address a limitation under the current program that prohibited customer generators from securing financing for their projects and thus limited participation under the tariff. The proposed amendments below address the limitation and are consistent with other publicly owned utilities, such as those offered by the Sacramento Municipal Utilities District and the Los Angeles Department of Water and Power, for which customers are eligible to participate.

Staff is proposing to include a standard agreement for new projects that are necessary for the tariff's implementation. Proposed are many customer-generator benefits including a minimum facility size, three optional Power Purchase Agreement terms, price certainty for the term of Purchase Power Agreement, Standard Form Purchase Power Agreement, and Standard Form Feed-in Tariff Generating Facility Interconnection Agreement. The proposed changes are expected to become effective following approval by the City Council.

Proposed Feed-In Tariff Program Changes

The proposed changes to the Feed-In Tariff Program are included below.

Current Feed-In Tariff Program	Proposed Feed-In Tariff Program
Renewable Energy Generation Facility including solar, wind and other renewable resources	No change
No minimum size	Minimum size limit 0.5 MW (500 kilowatts)
Maximum size limit 3 MW	No change
Purchase Power Agreement term of 20 years	Purchase Power Agreement term of 10, 15, or 20 years
Pricing reset annually over the term of the Agreement	Pricing at time of Power Purchase Agreement execution is in effect for term of Purchase Power Agreement
None	Standard Form Purchase Power Agreement

None	Standard Form Feed-in Tariff Generating Facility Interconnection Agreement
Program cap calculation referenced but not clearly stated	Program cap clearly stated at 7.6 MW as approved by City Council on December 14, 2010.

STRATEGIC PLAN ALIGNMENT:

This item contributes to the following Strategic Priorities and Goals:

Priority 4 - Environmental Stewardship:

Goal 4.1. Rapidly decrease Riverside’s carbon footprint by acting urgently to reach a zero carbon electric grid with the goal of reaching 100% renewable energy production by 2040 while continuing to ensure safe, reliable and affordable energy for all residents.

Goal 4.6. Implement the requisite measures to achieve citywide carbon neutrality no later than 2040.

Priority 5 - High Performing Government:

Goal 5.4. Achieve and maintain financial health by addressing gaps between revenues and expenditures and aligning resources with strategic priorities to yield the greatest impact.

Priority 6 - Infrastructure, Mobility & Connectivity:

Goal 6.2. Maintain, protect and improve assets and infrastructure within the City’s built environment to ensure and enhance reliability, resiliency, sustainability, and facilitate connectivity.

The Self-Generation Program aligns with each of the Cross-Cutting Threads:

1. **Community Trust** – The Feed-In Tariff Program is transparent and developed with our customers’ and the community’s wellbeing as a top priority.
2. **Equity** – The Feed-In Tariff Program compensates customer-generators according to the time they generate and deliver energy to the utility while providing renewable electricity that will be used to serve all of RPU’s customers.
3. **Fiscal Responsibility** – The Feed-In Tariff Program appropriately compensates customer-generators who wish to sell the generation output from a renewable energy generation facility at a fair renewable energy price set at RPU’s average cost of renewable energy.
4. **Innovation** – The Feed-In Tariff Program offers a creative approach to meeting environmental goals while maintaining a balance between climate policies, reliability, and competitive rates.
5. **Sustainability & Resiliency** – The Feed-In Tariff Program provides for RPU customer-generator’s renewable energy generation facilities to grow in a sustainable and equitable manner and contributes to RPU’s renewable energy portfolio that serves all customers.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by: Todd Corbin, Utilities General Manager
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved by: Kris Martinez, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. Resolution
2. Resolution Attachment 1 - Board of Public Utilities Resolution No. 2022-3
3. Recommended Electric Rate Schedule FIT “Feed-In Tariff for Renewable Energy Generation Facilities” (redlines)
4. Recommended Electric Rate Schedule FIT “Feed-In Tariff for Renewable Energy Generation Facilities” (proposed)
5. Standard Form Feed-In Tariff Purchase Power Agreement
6. Standard Form Feed-in Tariff Generating Facility Interconnection Agreement
7. Board of Public Utilities Public Hearing Notice
8. Presentation