



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL DATE: DECEMBER 11, 2018
FROM: PUBLIC UTILITIES DEPARTMENT WARDS: ALL
SUBJECT: 2018 INTEGRATED RESOURCE PLAN – REQUIRED BY SENATE BILL 350

ISSUE:

Approve and adopt the 2018 Integrated Resource Plan for Riverside Public Utilities and direct staff to file the adopted 2018 Integrated Resource Plan with any applicable supporting material with the California Energy Commission before April 1, 2019 as required by Senate Bill 350.

RECOMMENDATIONS:

That the City Council:

1. Approve and adopt the 2018 Integrated Resource Plan for Riverside Public Utilities; and
2. Direct staff to file the adopted 2018 Integrated Resource Plan and any applicable supporting material with the California Energy Commission before April 1, 2019.

BOARD RECOMMENDATION:

On November 26, 2018, the Board of Public Utilities unanimously recommended that the City Council approve and adopt the 2018 Integrated Resource Plan for Riverside Public Utilities and direct staff to file the adopted plan with any applicable supporting material with the California Energy Commission before April 1, 2019.

LEGISLATIVE HISTORY:

On October 7, 2015, the California Legislature adopted Senate Bill (SB) 350, also known as the Clean Energy and Pollution Reduction Act of 2015, which established that a publicly owned utility (POU) with an annual electrical demand exceeding 700 gigawatt hours based on a three-year average from 2014-2016 must, on or before January 1, 2019, have its governing board adopt an integrated resource plan (IRP) and update the plan at least once every five years.

On September 30, 2017, the California Legislature adopted SB 338, which requires POU governing boards to consider in their IRP the role of existing renewable generation, grid operational efficiencies, energy storage, energy efficiency and distributed energy resources in meeting their energy and reliability needs during the hours of peak demand.

BACKGROUND:

Many utilities, including Riverside Public Utilities (RPU), have periodically developed IRPs as an industry best practice. An IRP is used to help guide a utility's long-term power procurement decisions to meet its customers' future peak load and system energy requirements. As part of the process of developing an IRP, a utility typically would examine both supply- and demand-side resources in an effort to identify one or more least-cost, least-risk future resource procurement scenarios that can be used to meet its expected future resource needs.

In 2008, the Board of Public Utilities (Board) approved and adopted RPU's 2008 IRP. In 2011, RPU acquired new state-of-the-art statistical modeling software to assist in analyzing and updating the previous IRP along with incorporating new regulatory mandates and constantly changing market designs. Staff completed the majority of modeling and technical analyses in 2014, and in June and July 2015 the Board and City Council, respectively, approved and adopted the RPU 2014 Power Supply Integrated Resource Plan.

Later in 2015, the California Legislature adopted SB 350, which required that qualifying POU's adopt IRPs showing progress toward meeting the following goals outlined in Section 454.52(a)(1)(A-H) of the Public Utilities Code:

- a) Greenhouse gas (GHG) reductions of at least 40 percent from 1990 levels by 2030, as established by the California Air Resources Board;
- b) 50 percent eligible renewable energy resources by 2030;
- c) Fulfillment of the obligation to serve customers at just and reasonable rates, and to minimize the impacts on ratepayers' bills;
- d) Assurance of system and local reliability;
- e) Strengthened diversity, sustainability and resiliency of bulk transmission and distribution systems, as well as of local communities;
- f) Enhanced energy efficiency and demand-side energy management; and
- g) Minimization of localized air pollutants and other GHG emissions, with early priority on disadvantaged communities.

Beginning in 2017, SB 350 also required the California Energy Commission (CEC) to review IRPs and provide recommendations to correct any deficiencies. The CEC formally adopted POU IRP Submission and Review Guidelines at their August 9, 2017 Business Meeting. On August 1, 2018, the CEC adopted a Second Edition of the POU IRP Submission and Review Guidelines to include the requirements of SB 338.

Based on SB 350 criteria, the CEC determined that RPU was one of the 16 POU's required to file an official IRP to the CEC. Any new or updated IRPs must be approved by a POU's governing board, and a courtesy notice should be provided to the CEC of upcoming public meetings. In addition, an updated RPS Procurement Policy must be approved and adopted before January 1, 2019 and be incorporated into the POU's IRP. The RPS Procurement Policy was adopted on September 10, 2018 and October 9, 2018 by the Board and City Council, respectively.

DISCUSSION:

The 2018 IRP provides an intermediate- and long-term analysis of, as well as the types and timing related to, RPU's acquisition of new power resources and their corresponding financial impacts

on future projected cost of service in the 2018-2037 timeframe. In addition to SB 350 requirements, the IRP also includes and discusses the following CEC-required topics: a) demand forecasts; b) resource procurement plans (for achieving statutorily required GHG reductions); c) forecasted future system and local reliability needs; d) GHG emissions estimates (for all analyzed procurement plans); e) retail rates; f) transmission and distribution system issues; and g) localized air pollutants and disadvantaged communities.

RPU's IRP analyzes both intermediate-term (2018-2022) and long-term (2018-2037) periods covering all of the SB 350 requirements and CEC guideline topics, in addition to other relevant analyses and discussion pertinent to RPU's planning efforts, in 20 chapters as follows:

- 1) Introduction
- 2) RPU System Load & Peak Demand Forecasts
- 3) RPU Generation and Transmission Resources
- 4) RPU Existing Electric System
- 5) Important Legislation and Regulatory Mandates and CAISO Initiatives
- 6) Demand Side Management and Energy Efficiency
- 7) Market Fundamentals
- 8) Intermediate Term (Five-Year Forward) Power Resource Forecasts
- 9) GHG Emission Targets and Forecasts
- 10) Future Assumptions about Current Generation Resources
- 11) Future Resource Adequacy Capacity Needs
- 12) Assumptions about Future Low-Carbon and Carbon-Free Resources
- 13) Long-term (Twenty-Year Forward) Portfolio Analyses
- 14) Evaluating the Impact of Increasing Energy Efficiency Program Targets
- 15) Energy Storage
- 16) Retail Rate Design
- 17) Transportation Electrification
- 18) Long-Term Load Impacts of Customer Solar PV Penetration
- 19) Minimizing Localized Air Pollutants and GHG Emissions in Disadvantaged Communities
- 20) Conclusion

In addition to the required elements of SB 350 and the CEC guidelines, the IRP's analyses, findings and recommendations are designed to assist RPU in continuing to provide the highest quality water and electric services at the lowest possible rates to benefit the community proactively, as well as to meet expected future resource planning needs.

As part of the submission requirements to the CEC, a POU must submit an IRP filing consisting of the utility's IRP, supporting information (if applicable) and four standardized tables summarizing the following resource planning information: 1) capacity resource accounting; 2) energy balance; 3) RPS procurement; and 4) GHG emissions accounting.

Upon receiving the IRP filing, the CEC will conduct a two-step review process – one for completeness, and the other for consistency with IRP requirements. In addition, the CEC will post the IRP filing on its website and accept public comment for 30 calendar days following the electronic filing. Any public comments received related to the consistency of the IRP may be considered by the CEC as part of its determination of consistency review.

During the CEC review, additional information may be requested of the POU. Upon completion of the review, the CEC will issue an Executive Director's determination stating if the IRP was consistent or inconsistent. If the IRP is determined to be inconsistent, then it will include recommendations to correct any deficiencies.

FISCAL IMPACT:

There is no fiscal impact associated with this report. The adoption of the 2018 IRP is required in order to comply with CEC regulations. Costs associated with compliance to CEC regulation have been included in the FY 18/19 and 19/20 budgets. Future costs will continue to be incorporated into the biennial budget process and the Electric Utility's financial plan.

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Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. Presentation
2. Draft November 26, 2018, Board of Public Utilities Meeting Minutes
3. 2018 Integrated Resource Plan