



City of Arts & Innovation

City Council Memorandum

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: JULY 28, 2015**
FROM: PUBLIC UTILITIES DEPARTMENT **WARDS: ALL**
SUBJECT: APPROVAL OF THE POWER SUPPLY INTEGRATED RESOURCE PLAN

ISSUE:

The issue for City Council consideration is to approve and adopt the Power Supply Integrated Resource Plan (IRP).

RECOMMENDATION:

That the City Council approve and adopt the Power Supply Integrated Resource Plan.

COMMITTEE RECOMMENDATION:

On July 7, 2015 the Utility Services/Land Use/Energy Development Committee, with all members present, unanimously approved the Power Supply Integrated Resource Plan.

BOARD RECOMMENDATION:

On June 4, 2015 the Board of Public Utilities, with six of nine Board Members present, unanimously approved the Power Supply Integrated Resource Plan.

BACKGROUND:

It is an industry best practice for both public and investor owned utilities to periodically perform and compile Integrated Resource Plans. At its most fundamental level, an Integrated Resource Plan (**IRP**) is used to help guide Riverside Public Utilities' (**RPU**s) long-term power procurement decisions to meet its customers' future peak load and system energy requirements, along with appropriate reserve margins. In an IRP, a utility examines both supply-side 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 the utilities expected future resource needs.

RPU's last official IRP was approved and adopted by the Board of Public Utilities (**Board**) in 2008. Since that time, a number of new energy market paradigm shifts have occurred. RPU's procurement of new state-of-the-art statistical modeling software on November 4, 2011 assists in analyzing and updating the previous IRP and that software also incorporates new regulatory mandates and market design changes.

Although the vast majority of the modeling was performed during 2014, the results were updated in early 2015 to include additional enhancements and analysis. This Power Supply IRP provides an intermediate and long-term impact analysis of, as well as the types and timing related to, RPU's acquisition of new power resources and the resulting impact on RPU's future projected cost of service in the 2014-2033 timeframe. The IRP analyzes, for the beginning five-year term, RPU's: (a) projected capacity and resource adequacy needs; (b) renewable portfolio standard (**RPS**) mandates; (c) carbon emission goals and mandates; (d) power resource budgetary objectives; and (e) cash-flow risk metrics. The IRP reviews for a 20-year term issues including: (a) projected load growth impacts; (b) timing impacts associated with the termination of our Intermountain Power Project (**IPP**) contract; (c) how market price shocks could impact RPU's resource portfolio; (d) potential replacement options for RPU's IPP contract; and (e) potential changes in future RPS mandates.

A detailed presentation of the IRP was made to the Board on February 20, 2015, with an extended discussion concerning some of the more important IRP findings. The full IRP document was posted on RPU's website one week thereafter at http://www.riversideca.gov/utilities/pdf/2015/RPU_2014IRP_revised_draft_forPUB_0219_2015.pdf in order to initiate a 60-day public review process. As of May 20, 2015 RPU has received no public comments.

In summary, a significant number of diverse resource planning issues are discussed and analyzed in this IRP. A detailed discussion of findings is presented in both the Executive Summary and Chapter 14 of the attached IRP document, along with recommendations for additional analyses and studies that should be undertaken in the future. The analyses, findings and recommendations presented in this 2014 Power Supply IRP 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 in a proactive, intelligent and optimal manner.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

Prepared by:	Girish Balachandran, Public Utilities General Manager
Certified as to availability of funds:	Brent A. Mason, Finance Director/Treasurer
Approved by:	John A. Russo, City Manager
Approved as to form:	Gary G. Geuss, City Attorney

Concurs with:



CHRIS MAC ARTHUR, Chair
Utility Services/Land Use/Energy
Development Committee

Attachments:

1. Minutes from February 20, 2015 Board of Public Utilities meeting
2. 2014 Power Supply Integrated Resource Plan