



Arts & Innovation

Intermountain Power Project Repowering Compliance Filing

City Council

November 1, 2016

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Legislative Requirements

1. Senate Bill 1368 (SB 1368) enacted in 2006- limits investments in long-term resources to those meeting California's Emission Performance Standards (EPS)
2. Requires publicly-owned utilities (POU) to submit EPS Compliance Filing to California Energy Commission (CEC) within 10 business days of entering into a "covered procurement" such as the Intermountain Power Project (IPP) Repower Project
3. Compliance Filing requires governing body approval in a noticed public meeting prior to submission to the CEC
4. CEC will evaluate and verify the covered procurement's compliance with EPS

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Legislative Requirements

5. California Code of Regulations (Title 20 Section 2908) - POU required to post public notice whenever its governing body will deliberate on a “covered procurement”
6. Public Notice will be issued concurrently with the City Council notification for consideration and approval at the November 1, 2016 meeting
7. Public Notice will be provided to the CEC and the interested public on the CEC’s listserv

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Intermountain Power Project (IPP)



1. Located near Delta, Utah
2. 36 Participants (6-California, 30-Utah)
3. Total 1800 MW Capacity
4. Riverside existing share 7.617% - 136 MW
5. Current Power Sales Contract expires on June 15, 2027
6. SB1368 prohibits CA purchasers from renewing IPP as a coal-fueled generator with CO₂ emission over 1,110 lb/MWh

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IPP Repower Project

1. Repower Project default design – Two Natural Gas Combined Cycle Units (total of 1,200 MW), with CO₂ emission approximately 800 lb/MWh
2. Plant can be modified with an 80% vote by Repower Project participants



IPP Coal Plant
(Approx. 2,000lbs CO₂/MWh)



Natural Gas Plant
(Proposed: Approx. 800lbs CO₂/MWh)

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Prior City Council and Board Action

1. Second Amendatory Power Sales Contract (2APSC)
2. May 15, 2015 – Board Approved
3. June 16, 2015 – Council Approved
4. Authorized Riverside's participation for up to 5% or 60 MW

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IPP Repower Project Status

1. March 16, 2016 – 2APSC went into effect
2. March 18, 2016 – Intermountain Power Agency (IPA) issued the Renewal Offer to Riverside
3. Prior to accepting the offer, Riverside must first obtain all required regulatory approvals
4. CEC - SB1368 EPS Compliance Filing was identified by IPA as a required Regulatory Contract Approval

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Riverside's Exit Option

1. Under the 2APSC, California participants (except Los Angeles) have the right, but not the obligation, to exit completely (or partially exit) from the Repower Project prior to November 1, 2019
2. Exiting Participants - no future cost obligations, including decommissioning costs

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Greenhouse Gas Reduction Efforts

1. Riverside's environmental leadership is well established
2. Renewable Portfolio Standard adopted in 2003, well before the SBx 1-2 mandate in 2011
3. Riverside has approved 13 renewable resource contracts, exceeding 200 MW, providing over 40% of power needs with renewables by 2020
4. The Repower Project is anticipated to help reduce the City's power supply GHG footprint by more than 85% below 2006 levels

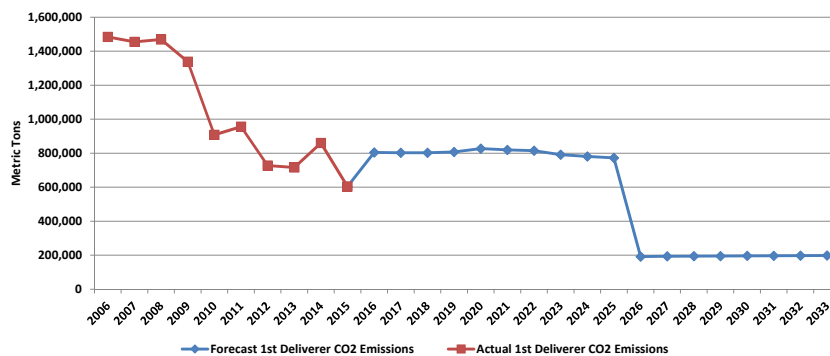
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Greenhouse Gas Reduction Efforts

RPU CO2 Emissions Trajectory: Actual and Forecast



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Utility 2.0 - Maintain Flexibility

1. Must submit the Compliance Filing now to participate in the Repower Project
2. Option to exit or reduce participation in the Repower Project completely before November 1, 2019
3. Preserves optionality to stay in, exit, or reduce participation in the IPP Repower Project is consistent with RPU's Utility 2.0 framework -
Maintain maximum flexibility by allowing staff to continue participating in the IPP Repower Project decision-making process while exploring other viable resource alternatives in the coming years to meet RPU's reliability and regulatory mandates

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Staff Recommendation

1. Submit the Compliance Filing now to:
 - a) Be consistent with the joint participants, who are making similar CEC filings
 - b) Avoid an impasse with IPA and LADWP on the CEC's regulatory requirements
 - c) Facilitate the subscription process, allowing the Repower Project to proceed

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Compliance Filing

1. This Compliance Filing:
 - a) Fulfills a regulatory obligation at no cost to the Utility or the City
 - b) Does not commit Riverside to future participation in IPP
 - c) Allows maximum flexibility and time for Riverside to fully consider its future resource procurement decisions, and the appropriate level of participation in the IPP Repower Project that will ultimately impact future electric rates
2. If there are substantive changes to the design of the Repower Project, Staff will seek additional approvals

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Recommendation

That the City Council:

1. Approve the attached Senate Bill 1368 Compliance Filing package to the CEC for potential participation in the Repowering of Intermountain Power Project; and
2. Authorize the City Manager or his designee, to execute any documents necessary to complete and submit the Compliance Filing.

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Questions?

