

RESOLUTION NO. 2013-87
ADOPTING MODESTO IRRIGATION DISTRICT'S
RENEWABLE PORTFOLIO STANDARD PROCUREMENT PLAN

WHEREAS, on December 16, 2003, the Modesto Irrigation District (MID) adopted a Renewable Portfolio Standard (RPS) in an effort to meet 20 percent of its retail energy sales with renewable resources by 2017, consistent with Senate Bill (SB 1078); and

WHEREAS, during the legislature's First Extraordinary Session, the California Legislature adopted, and on April 12, 2011, Governor Brown signed into law Senate Bill X1-2 (SBX1-2), establishing a statewide target for the State's retail energy seller's, including MID, to serve 33 percent of retail electric sales from eligible renewable energy resources by 2020; and

WHEREAS, on December 13, 2011, by MID Board Resolution No. 2011-82, the Modesto Irrigation District Board of Directors adopted an Enforcement Program in compliance with Public Utilities Code Section 399.30(e); and

WHEREAS, such Enforcement Program was submitted to the California Energy Commission in compliance with Public Utilities Code Section 399.30(e); and

WHEREAS, the applicable provisions of SBX1-2 and the California Energy Commission (CEC) Enforcement Procedures for the RPS for Local Publicly Owned Utilities require MID to adopt a Renewable Energy Resources Procurement Plan; and

WHEREAS, staff prepared a plan and for the Board of Director's consideration and a notice for the plan's consideration was provided in accordance with Section 3205(a)(3) of the CEC's Enforcement Procedures for the RPS for Local Publicly Owned Utilities.

NOW, therefore, BE IT RESOLVED, That after due consideration and opportunity for public input, the Modesto Irrigation District Board of Directors hereby adopts the MID RPS Procurement Plan and authorizes the General Manager to take all necessary or appropriate action to implement the MID RPS Procurement Plan attached to this Resolution as Attachment A, and comply with SBX1-2.

Moved by Director Warda, seconded by Director Byrd, that the foregoing resolution be adopted.

The following vote was had:

Ayes: Directors Blom, Byrd, Van Groningen, Warda and Wild

Noes: Directors None

Absent: Directors None

The President declared the resolution adopted.

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I, Pat Mills, Secretary of the Board of Directors of the Modesto Irrigation District, do hereby CERTIFY that the foregoing is a full, true and correct copy of a resolution duly adopted at a regular meeting of said Board of Directors held the 12th day of November 2013.



Secretary of the Board of Directors
of the Modesto Irrigation District

ATTACHMENT A



Renewable Portfolio Standard Procurement Plan



November 12, 2013
Docs No: 337455



SECTION 1: INTRODUCTION

In the fall of 2002, the Governor signed into law Senate Bill 1078 (SB 1078). This legislation set a target of 20 percent of retail electric sales procured from eligible renewable energy resources by the end of 2017, the initial Renewable Portfolio Standard (RPS) for the State of California.¹ The California Public Utilities Commission was charged with implementing the RPS program for retail electric sellers subject to its jurisdiction. The State's publicly-owned utilities (POUs), such as the Modesto Irrigation District (MID), were required to implement and enforce an RPS that "recognizes the intent" of SB 1078.² The MID adopted its RPS in December of 2003.³ The MID RPS includes the Stone Drop Mini Hydroelectric Project as its original baseline eligible renewable energy resource project, and MID also committed to an annual retail energy sales procurement target of 1.72 percent from additional renewable energy in order to stay on target with the 20 percent by 2017 trajectory line. SB 107, enacted in 2006, accelerated the RPS percentage to a 20 percent by 2010 retail energy sales target from eligible renewable energy resources for all retail energy sellers and maintained the requirement that POUs "recognize the intent" of the legislation.⁴

Senate Bill (SB) X1-2⁵, enacted in the 2011-2012 First Extraordinary Session of the Legislature, further modified the State's RPS program and set forth new RPS requirements applicable to POUs. Among other things, SBX1-2 codified an RPS target of 33 percent of retail sales from eligible renewable resources by 2020. SBX1-2 also directs the California Energy Commission (CEC) to adopt regulations to implement an enforcement mechanism for POUs. On June 12, 2013, the CEC adopted the "*Enforcement Procedures for the Renewable Portfolio Standard for Local Publicly-Owned Utilities*" (CEC RPS Regulations).⁶ The CEC RPS Regulations became effective on October 1, 2013.

MID has developed this RPS Procurement Plan in order to implement, administer, and comply with SBX1-2 and the CEC RPS Regulations. The CEC RPS Regulations require that a POU adopt a renewable energy resources procurement plan "detailing how the POU will achieve its RPS procurement requirements for each compliance period" within 60 calendar days of the effective date of the CEC RPS Regulations.⁷ MID previously adopted and implemented a separate program for the enforcement of the RPS Procurement Plan on December 13, 2011, in accordance with SBX1-2.⁸

SECTION 2: MID'S RPS PROCUREMENT HISTORY

Prior to SB 1078, MID had invested in a small hydroelectric unit, the Stone Drop Electric Generation Station (the Stone Drop Station). The Stone Drop Station is located on the District's main irrigation canal in unincorporated Stanislaus County east of the City of Waterford. This small (*i.e.*, 260 kilowatt)

¹ SB 1078 (Chapter 516, Statutes of 2002). The pertinent provisions of SB 1078 are codified in Public Utilities Code Sections 399.11 through 399.15.

² Public Utilities Code Section 387(a).

³ MID adopted its RPS on December 16, 2003 via Board Resolution No. 2003-245

⁴ SB 107 (Chapter 464, Statutes of 2006). SB 107 amends pertinent provisions in Public Resources Code Sections 25740 through 25751 and Public Utilities Code Sections 399.11 through 399.16.

⁵ SBX1-2 (Chapter 1, Statutes of 2011, First Extraordinary Session) amends pertinent provisions in Public Resources Code Sections 25740 through 25751 and amends and/or adds Public Utilities Code Sections 399.11 through 399.31.

⁶ The CEC RPS Regulations are set forth in Title 20, Division 2 of the California Code of Regulations.

⁷ CEC RPS Regulations, Section 3205 (a)(1).

⁸ MID adopted its program for the enforcement of the RPS during its regularly scheduled meeting on December 13, 2011 via Board Resolution No. 2011-82.

hydroelectric facility is owned and operated by MID. It entered commercial operation in 1983. The Stone Drop Station produces 700 megawatt-hours (MWhs) of energy annually. This resource is considered a baseline eligible renewable resource in this RPS Procurement Plan.

In accordance with the MID RPS, as it has been updated from time to time, MID made the following additional renewable energy procurement investments:

2004

- In 2004, MID approved a 10-year contract for the purchase of the output from a 25 megawatt (MW) share of the High Wind Project located in Solano County, CA, which provides approximately 65 gigawatt-hours (GWh) of renewable energy annually. Delivery of the output from the facility commenced June 1, 2004.
- MID met about 3% of its retail energy sales with renewable energy in 2004.

2005-2006

- In 2005, MID approved a 10-year contract for the purchase of the output from a 50 MW share of the Shiloh Wind Project located in Solano County, CA, which provides approximately 140 GWh of renewable energy annually. Delivery of the output from the facility commenced June 1, 2006 and will end in 2016.
- In 2006, MID acquired a share of the output from the Big Horn Wind Project 1 through the Modesto-Santa Clara-Redding Public Power Agency (MSRPPA). This project is located in Klickitat County, WA. The project began to generate wind energy in 2006 and MID receives about 70 GWh annually from this contract, with a 20-year duration and an extension right of 5 years.
- MID met about 7% of its retail energy sales with renewable energy in 2006.

2008

- In 2008, MID released a request for offers (RFO) in order to procure additional renewable energy, consistent with anticipated RPS developments. This early action was a proactive approach to plan for what was clearly inevitable with the California Air Resources Board planning the extension of the RPS target to 33 percent by 2020 in order to comply with the proposed targets of the "Global Warming Solutions Act" (AB 32). MID received several offers for various technologies and locations.

2009

- After negotiations with the most competitive respondents to the 2008 RFO, MID acquired the output from the Star Point Wind Project, a 99.7 MW wind energy generation facility located in Sherman County, OR. MID negotiated a 20-year contract for the output from this facility. The project provides about 280 GWh of energy and delivery of the energy commenced in 2010.
- In 2009, MID also negotiated an extension and an increased share of the High Wind Project. The negotiations produced a contract extension of 1 year at the original 25 MW level (through May 31, 2015) and an additional 13 year extension at the increased level of 50 MW starting June 1, 2015. This will add 65 GWh of wind energy to MID's RPS annually.
- In 2009, MID also acquired the roughly 4 GWh annual output from a local dairy digester project that uses digester gas for the generation of energy. The original term of the contract expired in March 2012 and a new contract commenced in April 2012 with a 15-year term.
- In 2009, MID was meeting about 10 percent of its retail energy sales with renewable energy.

2010

- The final contract that resulted from the 2008 RFO was for the development of a local 25 MW solar photovoltaic power plant. MID negotiated a 25-year contract for the purchase of the output of this renewable energy resource. The project provides about 60 GWh of renewable energy and commenced deliveries in 2012.
- In 2010, MID also acquired a 33 MW share of the output from the Big Horn Wind Project 2 through the MSRPPA. This project is also located in Klickitat County, WA. The project began to generate wind energy in 2010 and MID receives about 80 GWh annually from this project.
- In addition, in 2010, MID renegotiated a contract with PG&E to take the output from the New Hogan Hydro Electric Project (a small 3.3 MW hydroelectric project which was built and operated by MID). This project provides about 9 GWh of annual energy.
- MID was meeting about 13 percent of its retail energy needs with renewable energy in 2010.

2012

- By the time all of the renewable energy projects were generating energy, MID was meeting about 25 percent of its retail energy sales from eligible renewable energy resources.
- MID had planned to meet about 29 percent of its retail energy needs with renewable energy from its current acquired resources, however the intermittent nature of some of these resources has had an impact on the energy production.

SECTION 3: MID'S RPS PROCUREMENT PLAN

In order to comply with Public Utilities Code (PUC) Section 399.30(a) and fulfill its renewable energy resource generation procurement targets, MID adopts and implements this RPS Procurement Plan incorporating the specific compliance periods and targets specified in PUC Sections 399.16 and 399.30. MID shall procure energy from eligible renewable resources that the CEC has determined meet the definition of an "eligible renewable energy resource" as set forth in Section 399.12(e) of the Public Utilities Code, and including facilities satisfying the criteria of Section 399.12.5 of the Public Utilities Code, and that have been certified by the CEC as an eligible renewable energy resource. The General Manager shall take all necessary or appropriate actions to implement this MID RPS Procurement plan.

PUC Section 399.30(k) provides that MID shall retain discretion over both of the following:

- The mix of eligible renewable energy resources procured by MID and those additional generation resources procured by MID for purposes of ensuring resource adequacy and reliability.
- The reasonable costs incurred by MID for eligible renewable energy resources owned by MID.

In compliance with SBX1-2, and the CEC RPS Regulations, including the discretion expressly reserved to MID, MID will endeavor to procure energy from eligible renewable energy resources in a manner that complies with the procurement targets and the portfolio balance percentages for portfolio content categories (PCC). The sections and table below summarize those requirements. The procurement compliance targets listed below are minimum requirements established in SBX1-2 and by the CEC in the CEC RPS Regulations. ATTACHMENT 1 shows MID's plan for compliance with SBX1-2.

A. Compliance Periods

PUC Section 399.30(b) defines compliance periods as follows (*see also* CEC RPS Regulations § 3204):

1. Compliance Period 1: January 1, 2011, to December 31, 2013, inclusive.
2. Compliance Period 2: January 1, 2014, to December 31, 2016, inclusive.
3. Compliance Period 3: January 1, 2017, to December 31, 2020, inclusive.

All subsequent years: MID must procure not less than 33 percent of retail sales of electricity products from eligible renewable resources in all subsequent years. (PUC § 399.30(c)(2) and CEC RPS Regulations § 3204(a)(4).)

B. Procurement Requirements within Each Compliance Period

1. PUC Section 399.30 (c)(1) and (2) establishes the quantities of energy from eligible renewable energy resources to be procured for each compliance period and calls for reasonable progress toward compliance period targets during intervening years (*see also* CEC RPS Regulations § 3204(a)):

The following definitions are used:

EP_x = electricity products retired for the specified year x; this may include excess procurement and historic carryover that MID has chosen to apply to the compliance period containing year x

RS_x = total retail sales made by MID for the specified year x

- a. For Compliance Period 1 – January 1, 2011 through December 31, 2013, MID shall procure electricity products (as defined in CEC RPS Regulations Section 3201(j)) equivalent to an average of at least 20 percent of retail sales over the three calendar year compliance period, applying the following formula:

$$\frac{(EP_{2011} + EP_{2012} + EP_{2013})}{(RS_{2011} + RS_{2012} + RS_{2013})} \geq 0.20$$

Note: This requirement has been met.

- b. For Compliance Period 2 – January 1, 2014 through December 31, 2016, MID shall procure electricity products equivalent to at least the sum of 20 percent of its 2014 retail sales, 20 percent of its 2015 retail sales, and 25 percent of its 2016 retail sales, applying the following formula:

$$EP_{2014} + EP_{2015} + EP_{2016} \geq 0.20(RS_{2014}) + 0.20(RS_{2015}) + 0.25(RS_{2016})$$

Note: MID may not apply Procurement Content Category 3 renewable energy credits (RECs) in excess of the maximum limit set forth in Section 3.E.2 below.

- c. For Compliance Period 3 – January 1, 2017 through December 31, 2020, MID shall procure electricity products equivalent to at least the sum of 27 percent of its 2017 retail sales, 29 percent of its 2018 retail sales, 31 percent of its 2019 retail sales, and 33 percent of its 2020 retail sales, applying the following formula:

$$(EP_{2017} + EP_{2018} + EP_{2019} + EP_{2020}) \geq 0.27 (RS_{2017}) + 0.29 (RS_{2018}) + 0.31 (RS_{2019}) + 0.33 (RS_{2020})$$

Note: MID may not apply Procurement Content Category 3 RECs in excess of the maximum limit set forth in Section 3.E.3 below.

- d. For the calendar year January 1, 2021 through December 31, 2021, and each calendar year thereafter, MID shall procure electricity products equivalent to at least 33 percent of retail sales.

Note: MID may not apply Procurement Content Category 3 RECs in excess of the maximum limit set forth in Section 3.E.4 below for the calendar year ending December 31, 2021, or for any calendar year thereafter.

C. MID’s Interim Compliance Period Targets

(PUC § 399.30(c)(1) and (2), CEC RPS Regulations § 3204(a)(1))

1. Within each year in Compliance Period 2 (2014, 2015, and 2016) MID shall demonstrate that it is making reasonable progress towards the 25 percent RPS target by the end of 2016.
2. Within each year in Compliance Period 3 (2017, 2018, and 2019) MID shall demonstrate that it is making reasonable progress to ensure that it shall meet the 33 percent RPS target by the end of 2020.

D. Defining Portfolio Content Categories (PCCs)

PUC Sections 399.30(c)(3) and 399.16 establish PCCs specifying the electricity products that may be procured for RPS compliance during each compliance period (*see also* CEC RPS Regulations § 3203):

1. PCC 1: (PUC § 399.16(b)(1), CEC RPS Regulations 3203(a))
 - a. PCC 1 electricity products must be procured bundled to be classified as PCC 1, and MID may not resell the underlying electricity from the electricity product back to the eligible renewable energy resource from which the electricity product was procured. The electricity products must be generated by an eligible renewable energy resource that is interconnected to a transmission network within the Western Electricity Coordinating Council (WECC) service territory. For purposes of CEC RPS Regulations Section 3203 and this Plan, the first point of interconnection to the WECC transmission grid is the substation or other facility where generation tie lines from the eligible renewable energy resource interconnect to the network transmission grid. PCC 1 electricity products must also meet one of the following criteria:

- i. Electricity products must be generated by an eligible renewable energy resource that has its first point of interconnection within the metered boundaries of a California balancing authority area (CABAA).
 - ii. Electricity products must be generated by an eligible renewable energy resource that has its first point of interconnection to an electricity distribution system used to serve end users within the metered boundaries of a CABAA. For purposes of CEC RPS Regulations Section 3203 and this Plan, the first point of interconnection to an electricity distribution system is within the service area boundaries of a utility distribution company.
 - iii. Electricity products from the eligible renewable energy resource with a first point of interconnection outside the metered boundaries of a California balancing authority (CABA) must be scheduled into a CABA without substituting electricity from another source. For purposes of CEC RPS Regulations Section 3203 and this Plan, electricity generated by the eligible renewable energy resource must be scheduled into a CABA on an hourly or sub-hourly basis, and MID's governing board or other authority, as delegated by the MID governing board, must have approved an agreement, before the electricity is generated, to schedule the electricity from the eligible renewable energy resource into the CABA on an hourly or subhourly basis. If there is a difference between the amount of electricity generated within an hour and the amount of electricity scheduled into a CABA within that same hour, only the lesser of the two amounts shall be classified as PCC 1.
 - iv. Electricity products must be subject to an agreement between a CABA and the balancing authority in which the eligible renewable energy resource is located, executed before the product is generated, to dynamically transfer electricity from the eligible renewable energy resource into the CABA.
- b. Electricity products originally qualifying in PCC 1 and resold must meet the following criteria to remain in PCC 1:
- i. The original contract for procurement of the electricity products meets one of the criteria in Section 3.D.1.a.i – iv above (*see also* CEC RPS Regulations § 3203(a)(1)(A) – (D)).
 - ii. The resale contract transfers only electricity and RECs that have not yet been generated prior to the effective date of the resale contract.
 - iii. The electricity and associated RECs must be transferred by the resale contract to the ultimate buyer, and the electricity must be transferred in real time.
 - iv. For those electricity products that satisfy Section 3.D.1.a.iii above (*see also* CEC RPS Regulations § 3203(a)(1)(C)), the original hourly or subhourly schedule is maintained, and the criteria of Sections 3.D.1.b.i-iii above (*see also* CEC RPS Regulations § 3203(a)(2)(A) – (C)) are met.
- c. Electricity products originally qualifying in PCC 1 and resold that do not meet the criteria of Sections 3.D.1.b.i-iv above (*see also* CEC RPS Regulations Section 3203(a)(2)(A) – (D)) shall not be counted in PCC 1.

2. PCC 2: (PUC § 399.16(b)(2), CEC RPS Regulations 3203(b))
 - a. PCC 2 electricity products must be generated by an eligible renewable energy resource that is interconnected to a transmission network within the WECC service territory, and the electricity must be matched with incremental electricity that is scheduled into a CABA.
 - b. PCC 2 electricity products must be procured bundled and must meet all of the following criteria:
 - i. The first point of interconnection to the WECC transmission grid for both the eligible renewable energy resource and the resource providing the incremental electricity must be located outside the metered boundaries of a CABA.
 - ii. The incremental electricity used to match the electricity from the eligible renewable energy resource must be incremental to MID. For purposes of this Section (*see also* CEC RPS Regulations § 3203), “incremental electricity” means electricity that is generated by a resource located outside the metered boundaries of a CABAA and that is not in the portfolio of MID claiming the electricity products for RPS compliance prior to the date the contract or ownership agreement for the electricity products from the eligible renewable energy resource, with which the incremental electricity is being matched, is executed by MID or other authority, as delegated by the MID governing board.
 - iii. The contract or ownership agreement for the incremental electricity is executed by the governing board or other authority, as delegated by the MID governing board, at the same time or after the contract or ownership agreement for the electricity products from the eligible renewable energy resource is executed.
 - iv. The incremental electricity must be scheduled into the CABA within the same calendar year as the electricity from the eligible renewable energy resource is generated.
 - v. The electricity from the eligible renewable energy resource must be available to be procured by the MID and may not be sold back to that resource.
 - c. Electricity products originally qualifying in PCC 2 and resold must meet the following criteria to remain in PCC 2:
 - i. The original contract for procurement of the electricity products meets the criteria of Section 3.D.2.b.i-v above (*see also* CEC RPS Regulations § 3203(b)(2)(A) – (E)).
 - ii. The resale contract transfers only electricity and RECs that have not yet been generated prior to the effective date of the resale contract.
 - iii. The resale contract transfers the original arrangement for incremental electricity, including the source and quantity for the incremental electricity.
 - iv. The resale contract retains the scheduling of the incremental electricity into the CABA as set out in the original transaction.

- v. The transaction provides incremental electricity for the MID in its claim of the transaction for RPS compliance.
 - vi. The incremental electricity is scheduled into the CABA.
 - d. Electricity products originally qualifying in PCC 2 and resold that do not meet the criteria requirements of either PCC 1 or PCC 2 fall within PCC 3.
3. PCC 3: (PUC § 399.16(b)(3), CEC RPS Regulations § 3203(c))
- a. All unbundled renewable energy credits and other electricity products procured from eligible renewable energy resources located within the WECC transmission grid that do not meet the requirements of either PCC1 or PCC2 fall within PCC3.
4. PCC 0: (PUC § 399.16(d), CEC RPS Regulations § 3202(a))
- a. Except as provided in Sections 3.D.4.b. and c. below, any contract or ownership agreement originally executed prior to June 1, 2010, shall count in full towards RPS procurement requirements, if all of the following conditions are met:
 - i. The renewable energy resource met the CEC's RPS eligibility requirements that were in effect when the original procurement or ownership agreement was executed by the MID.
 - ii. If the associated REC is retired within 36 months of the date the electricity product is generated, the electricity product will count toward the RPS procurement targets set forth in Section 3.B above.
 - iii. Electricity products associated with contracts of less than 10 years will not be subtracted when calculating excess procurement in accordance with CEC RPS Regulations Section 3206(a).
 - iv. Any contract amendments or modifications that occurred after June 1, 2010, do not increase the nameplate capacity or expected quantities of annual generation, or substitute of a different renewable energy resource to meet the terms of the original agreement.
 - b. If contract amendments or modifications after June 1, 2010 increase nameplate capacity or expected quantities of annual generation, increase the term of the contract as provided in Section 3.D.4.c. below (*see also* PUC § 399.16(d)(3) and CEC RPS Regulations § 3202(a)(2)(C)), or substitute a different renewable energy resource, only the MWhs or resources procured prior to June 1, 2010, shall count in full toward the RPS procurement targets. The remaining procurement must be classified into PCC 1, 2, or 3, and follow the portfolio balance requirements in accordance with Section 3.E below (*see also* CEC RPS Regulations §3204(c)).
 - c. The duration of the contract may be extended if the original contract specified a procurement commitment of 15 or more years.
 - d. PCC 0 resources may not be applied to the balancing requirements defined in Section 3(E) below (*see also* CEC RPS Regulations § 3204(c)).
5. Historic Carryover: (CEC RPS Regulations § 3206(a)(5))

- a. MID procurement generated before January 1, 2011, that meets the criteria of Section 3.D.4.a. above (*see also* CEC RPS Regulations § 3202(a)(2)), that is in excess of the sum of the 2004 – 2010 annual procurement targets defined in CEC RPS Regulations Section 3206(a)(5)(D), can be applied to the MID’s RPS procurement target for the compliance period ending December 31, 2013, or for any subsequent compliance period.
- b. The historic carryover must be procured pursuant to a contract or ownership agreement executed before June 1, 2010. Both the historic carryover and the procurement applied to MID’s annual procurement targets must be from eligible renewable energy resources that were RPS-eligible under the rules in place at the time of execution of the contract or ownership agreement, except that the generation from such resources need not be tracked in the Western Renewable Energy Generation Information System. If the contract or ownership agreement is executed prior to April 21, 2004, the procurement must be from resources that were RPS-eligible under the rules in the RPS Guidelines in place as of April 21, 2004.
- c. Historic carryover shall be calculated by subtracting procurement generated between January 1, 2004, and December 31, 2010, in an amount that is equal to the sum of the 2004 – 2010 annual procurement targets defined in CEC RPS Regulations Section 3206(a)(5)(D) and the amount of procurement that was sold, claimed for a voluntary program, or claimed for compliance with the RPS of another state, from the total procurement generated during that same period.
- d. The RPS compliance obligation used to calculate a MID’s historic carryover shall be based on the formula defined in CEC RPS Regulations Section 3206(a)(5)(D).
- e. MID shall submit all applicable procurement claims for January 1, 2004 – December 31, 2010, baseline calculations, annual procurement target calculations, and any other pertinent documentation to the CEC within 90 calendar days after the effective date of the CEC RPS Regulations. All applicable procurement claims must be retired and reported to the CEC within 90 calendar days after the effective date of the CEC RPS Regulations to qualify as historic carryover.

E. Portfolio Balancing Requirements- Quantities for PCCs

(PUC §§ 399.30(c)(3) and 399.16(c), CEC RPS Regulations § 3204(c))

MID’s RPS needs presently are being met with PCC 0 products, however, if that should change, the following descriptions and table provide a summary of the product mix, comprised of contracts or ownership agreements executed after June 1, 2010, that would meet relevant requirements of SBX1-2 and the CEC RPS Regulations.

1. Compliance Period 1 Procurement Requirements: For Compliance Period 1, not less than 50 percent of electricity products that meet the criteria of PCC 1, and not more than 25 percent from PCC 3, shall be credited toward the applicable RPS procurement target.
2. Compliance Period 2 Procurement Requirements: For Compliance Period 2, not less than 65 percent of electricity products that meet the criteria of PCC 1, and not more than 15 percent from PCC 3, shall be credited toward the applicable RPS procurement target.

3. Compliance Period 3 Procurement Requirements: For Compliance Period 3, not less than 75 percent of electricity products that meet the criteria of PCC 1, and not more than 10 percent from PCC 3, shall be credited toward the applicable RPS procurement target.
4. Annual Procurement Requirements After 2020: Beginning in calendar year 2021 and annually thereafter, not less than 75 percent of electricity products that meet the criteria of PCC 1, and not more than 10 percent from PCC 3, shall be credited toward the applicable RPS procurement target.
5. Summary Table: The following table provides a summary of the RPS requirements for that were developed for local POUs in the CEC RPS Regulations, pursuant to SBX1-2:

Compliance Periods	Years in Period	CEC RPS Regulation Targets	Balancing Requirements for Portfolio	
			PCC1	PCC3
Compliance Period 1	2011	20% Average	≥50%	≤25%
	2012			
	2013			
Compliance Period 2	2014	20%	≥65%	≤15%
	2015	20%		
	2016	25%		
Compliance Period 3	2017	27%	≥75%	≤10%
	2018	29%		
	2019	31%		
	2020	33%		
Annual Period	2021	33%	≥75%	≤10%
Annual Period	Future	33%	≥75%	≤10%

SECTION 4: OPTIONAL COMPLIANCE MEASURES

Both SBX1-2 and the CEC RPS Regulations authorize additional flexible measures for compliance. MID incorporates each of optional compliance measures into this RPS Procurement Plan:

A. Banking Mechanism

(PUC § 399.30(d), CEC RPS Regulations § 3206(a)(1))

1. MID may apply excess procurement from one compliance period to subsequent compliance periods, including compliance years following 2020, using the criteria outlined in Section 3206(a)(1)(A) of the CEC RPS Regulations. MID may begin accruing excess procurement beginning January 1, 2011. Excess procurement shall be calculated as set forth in the CEC RPS Regulations Section 3206(a)(1)(D).

B. Deviation from Procurement Content Category Requirements and Timely Compliance

(PUC § 399.30(d)(2), CEC RPS Regulations §§ 3206(a)(2) and (a)(4))

1. MID may waive or delay timely compliance with an RPS requirement if MID demonstrates that any of the conditions beyond the control of MID, consistent with those set forth in CEC RPS Regulations Section 3206(a)(2)(A)1-3, exist and MID would have met its RPS procurement requirements but for the cause of delay.
2. In addition, MID may reduce the portfolio balance requirement for PCC 1 for a specific compliance period. The need to reduce portfolio balance requirements for PCC 1 must have resulted from conditions beyond the control of MID as set forth in CEC RPS Regulations Section 3206(a)(2)(A)1-3, and consistent with PUC Section 399.16(e). If MID reduces its portfolio balance requirements for PCC 1, it must adopt such changes at a publicly noticed meeting (with advance notice to the CEC) and must include this information in an updated RPS Procurement Plan submitted to the CEC.

C. Cost Limitations

(PUC §§ 399.30(d)(3) and 399.15(c) and CEC RPS Regulations § 3206(a)(3))

1. The following cost limitations rules shall apply to MID's expenditures for procurement under this RPS Procurement Plan, consistent with CEC RPS Regulations Section 3206(a)(3).

In implementing a cost limitation for procurement expenditures under this RPS Procurement Plan, MID will consider the following:

- a. In its efforts to diversify its RPS, MID will examine the cost-effectiveness of new opportunities while taking into consideration the impacts on rates and protecting its customers from an excessive rate increase(s). Incorporating the annual expenditure on new eligible renewable resources into MID's current RPS Procurement Plan must not require rate increases of more than 2 percent per year at any time during the life of the considered RPS procurement.
- b. When estimating the considered expenditure for the new eligible renewable energy resource procurement, the following must be included:
 - i. The costs associated with firming and shaping, and/or storage, as needed for example for intermittent resources; and
 - ii. The costs associated with delivery.

D. MID Authority

(PUC § 399.30(k), and other relevant laws and regulations)

1. In endeavoring to procure adequate supplies of renewable energy to meet the targets set forth in this RPS Procurement Plan, MID shall at all times maintain system reliability and safety and maintain average procurement costs for retail electric sales in accordance with the budget and retail electric rates approved by the Board of Directors. The District retains all authority and flexibility granted under PUC Section 399.30 and other relevant authorities in meeting its obligations under PUC Section 399.30 and implementing its RPS Procurement Plan and retains the ability to modify this Plan at any time in order to maintain these goals.

SECTION 5: REVIEW, UPDATES, AND ENFORCEMENT

(PUC § 399.30(f), CEC RPS Regulations § 3205(a))

MID updates its load forecast annually. The load forecast will be used to anticipate and evaluate RPS needs in the future. This RPS Procurement Plan will be updated as appropriate, as may be required by the load forecast process and/or consistent with RPS requirements, as they may change from time to time.

- A. MID will provide the following notice regarding a new or updated renewable energy resources procurement plan:
 1. MID shall post notice in accordance with Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code whenever the Board of Directors will deliberate in public on the RPS Procurement Plan.
 2. In addition, MID shall notify the CEC of the date, time, and location of the public meeting to consider the RPS Procurement Plan. This requirement will be satisfied if MID provides the CEC with the uniform resource locator (URL) that directly links to the notice for the public meeting. Alternatively, an e-mail with information on the public meeting in Portable Document Format (PDF) may also be provided to the CEC.
 3. MID will notify the CEC if any URL provided by MID no longer contains the correct link, and MID will send the CEC a corrected URL that links to the information or a PDF containing the information as soon as it becomes available.
 4. If MID distributes information to its Board of Directors related to its renewable energy resource procurement status or future procurement plans or enforcement programs, for the MID Board of Directors' consideration at a public meeting, MID shall make all that information available to the public at the same time that it is distributed to the Board of Directors and shall provide an electronic copy of that information to the CEC for posting on the CEC website.
 - a. This requirement is satisfied if MID provides to the CEC the URL that directly links to the documents or information regarding other manners of access to the documents. Alternatively, an e-mail with the information in PDF may also be provided to the CEC.
 - b. MID will notify the CEC if any URL provided by MID no longer contains the correct link, and MID will send the CEC a corrected URL that links to the information or a PDF containing the information as soon as it becomes available.
- B. The Board of Directors directs the General Manager to inform the Board of Directors at a duly noticed public meeting in the event that MID will not meet the renewable energy resource procurement requirements set forth in MID's RPS Procurement Plan.
- C. The General Manager shall also notify the CEC of such noncompliance, in the manner and schedule established by the CEC pursuant to the CEC RPS Regulations, and subject to PUC Section 399.30(n). MID has separately adopted an RPS Enforcement Plan.

- D. As soon as reasonably practicable following informing the Board of Directors of a noncompliance issue, the General Manager shall develop and present to the Board a plan to bring the District into compliance.

ATTACHMENT 1

1. EXISTING ELIGIBLE RENEWABLE ENERGY RESOURCES

MID currently has the following energy resources under contract and/or ownership that meet the eligible renewable energy requirements set forth in PUC Section 399.11, *et seq.* and the CEC RPS Regulations:

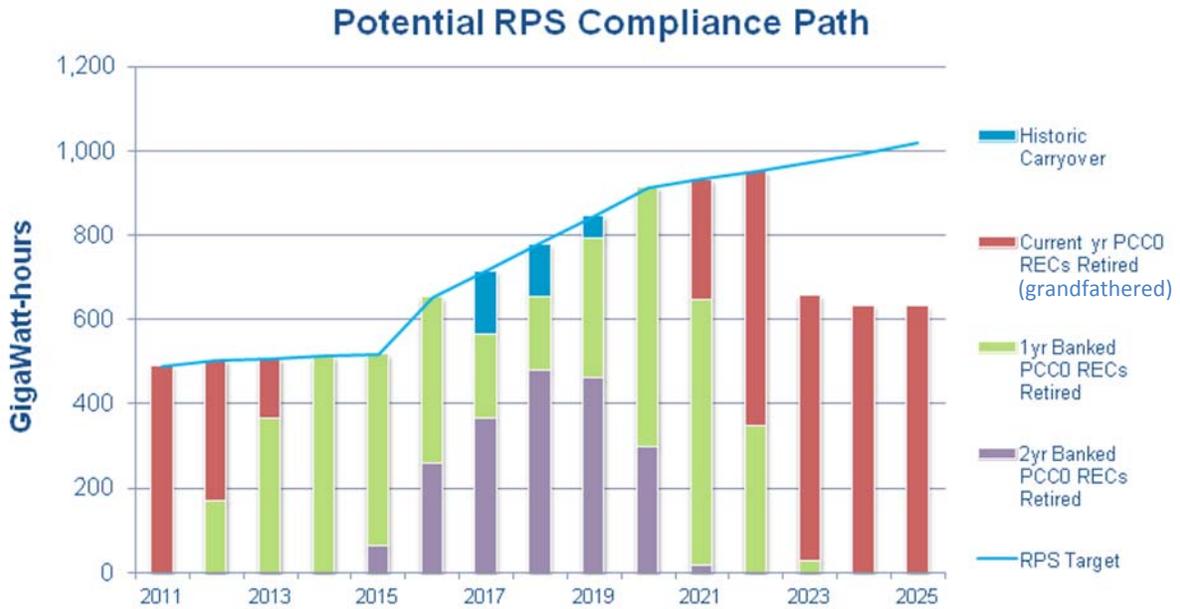
Table 1: MID Current Eligible Renewable Energy Resources

Technology/Projects	PCC Category	MW	Annual GWh
Small Hydroelectric			
• Stone Drop Mini Hydro	PCC0	0.260	0.7
• New Hogan	PCC0	3.3	9
Wind			
• High Winds Project	PCC0	25	65
• Shiloh Wind Project	PCC0	50	140
• Big Horn Wind Project 1	PCC0	25	70
• Big Horn Wind Project 2	PCC0	32.5	80
• Star Point Wind Project	PCC0	99.7	280
Digester Gas			
• Fiscalini Farms	PCC0 and PCC1	0.750	4
Solar			
• McHenry Solar Farm	PCC0	25	60
• Small Solar Photovoltaic Systems	PCC0 and PCC1	11	18

2. PROCUREMENT PLAN FOR FUTURE RENEWABLE ENERGY RESOURCES

In order to meet the requirements of SBX1-2 and the CEC RPS Regulations, MID plans on banking its existing PCC 0 resources and carry forward excess procurement from one compliance period to the next whenever possible. As PCC 0 contracts near expiration, MID will renegotiate an extension on existing contracts or replace those resources with other eligible renewable energy resources based on the forecasted need for additional renewable energy and in consideration of the timing of such energy resources. MID will also use its available historic carryover in the years where there may be a shortfall or to the extent that it can optimize its excess procurement through the banking mechanism described above.

The following figure is an example that depicts MID’s banking approach.



In its efforts to diversify its RPS, MID will also examine the cost-effectiveness of new opportunities while taking into consideration the impacts on rates and protecting its customers from an excessive rate increase.

3. REVISION HISTORY

Revision Number	Revision Date	Summary of Changes