

To: Honorable Public Utilities Board

Submitted by: _____/s/_____
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AGM – Customer Resources

From: Deborah Whiteman
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Approved by: _____/s/_____
Nicolas Procos
General Manager

Subject: Renewable Energy Credit Sales Revenue and Expenditures Update and Policy
Discussion – For Discussion Only

RECOMMENDATION

For discussion only, regarding an update on the Renewable Energy Credit (REC) sales revenues and expenditures and policy discussion as it relates to use of the sales revenues.

BACKGROUND

Resolution No. 4889 was approved by the Public Utilities Board (Board) on January 30, 2012, and rescinded and replaced via Resolution No. 5062 - “Adopt the Amended and Restated Policy for Short-Term Renewable Energy Sales and Use of Resulting Revenues,” on January 26, 2015. Pursuant to these two resolutions Alameda Municipal Power (AMP) sold eligible renewable energy and the associated RECs not required to comply with the Board approved Renewable Portfolio Standard (RPS) to the California Department of Water Resources (CDWR) from October 15, 2012 – December 31, 2016 and received \$25.6 million. Subsequent to the expiration of this contract AMP negotiated a similar sale to Shell Energy North America from January 1, 2017 – December 31, 2019. Revenues are estimated to total \$7.1 million.

In addition to authorizing REC sales, Resolution No. 5062 also stipulates criteria for how the REC revenues can be spent. The second criteria of the resolution states:

“Revenues accruing from the sale of renewable energy that are not required to comply with the RPS Policy shall be retained only for the benefit of utility ratepayers and shall be used to support AMP initiatives to reduce greenhouse gas (GHG) emissions associated with electricity use by AMP’s customers.”

DISCUSSION

The presentation that accompanies this administrative report provides details on actual expenditures and requests the Board's feedback regarding possible changes to the revenue use policy adopted through Resolution No. 5062.

FINANCIAL IMPACT

There is no financial impact associated with this discussion request.

NEXT STEPS

Staff will use the Board's direction as it proposes projects/programs funded with REC sales revenue.

LINKS TO STRATEGIC PLAN AND METRICS

KRA 5.3: Achieve maximum utilization of REC funds

EXHIBIT

A. Power Point Presentation

Renewable Energy Credit Sales Revenue & Expenditures Update and Policy Discussion

September 18, 2017

Overview

- Background
- Revenue and expenditures from the Renewable Energy Credits (REC) sale to the California Department of Water Resources
- Revenue from the REC sale to Shell Energy North America
- Discussion
- Next steps

Background

- Greenhouse Gas (GHG) Designated Funds Expenditure Plan – Resolution No. 5060 (January 26, 2015)
- Renewable Energy Credit (REC) Sales and Use of the Resulting Revenues Policy – Resolution No. 5062 (January 26, 2015)

Renewable Energy Credit (REC) Sales Revenue - Actual

First REC Sales Agreement	Contract Period	Actual Sales Revenue
California Department of Water Resources (CDWR)	October 15, 2012 – December 31, 2016	\$ 25.6 M

REC Sales Revenue Expenditures

ACTUAL & PLANNED REC REVENUE SPENDING - \$ THOUSANDS					
	ACTUALS FY 2013 - FY 2017	BUDGETED FY 2018	PLANNED - NOT BUDGET APPROVED		
			FY 2019	FY 2020	TOTAL
Residential Energy Efficiency Programs	\$ 800	\$ 390	\$ 600	\$ 600	\$ 2,390
Commercial Energy Efficiency Programs	\$ 1,200	\$ 530	\$ 1,000	\$ 1,000	\$ 3,730
Other Programs/Projects					
LED Streetlights	\$ 1,100				\$ 1,100
Replace SF6 Breakers	\$ 40				\$ 40
Distribution System Capacity & Perform Load		\$ 20			\$ 20
Advanced Metering Infrastructure (AMI)	\$ 1,100	\$ 4,600			\$ 5,700
Microgrid Study	\$ 80				\$ 80
Service Center Energy Efficiency Upgrades		\$ 530			\$ 530
Silicon Valley Power Purchase Agreement *		\$ 270	\$ 550	\$ 550	\$ 5,500
Other Renewable Purchases					\$ 5,000
Community Solar		\$ 1,000	\$ 500		\$ 1,500
Administrative	\$ 60				\$ 60
<i>Sub-Total</i>	\$ 2,380	\$ 6,420	\$ 1,050	\$ 550	\$ 19,530
Total Spent & Planned	\$ 4,380	\$ 7,340	\$ 2,650	\$ 2,150	\$ 25,650
* Total reflects estimated payments for all 10 years of the Board approved contract					

Resolution No. 5062

REC Sales & Use of Revenues Policy

“Revenues accruing from the sale of renewable energy that are not required to comply with the RPS Policy shall be retained only for the benefit of utility ratepayers and shall be used to support AMP initiatives to reduce GHG emissions associated with electricity use by AMP’s customers;”

REC Sales Revenue - Estimated

Second REC Sales Agreement	Contract Period	Estimated Sales Revenue
Shell Energy, North America (Shell)	January 1, 2017 – December 31, 2019	\$7.1 M

Discussion

- Strategic Planning Process is tentatively scheduled for November 2017
 - Identify AMP's needs and opportunities
 - Plan within parameters of current REC revenue use policy, or
 - Broaden the policy to include other types of expenditures

Next Steps

- Receive comments from the Board on this presentation
- Incorporate the comments into AMP's Strategic Planning process
- Possibly revise the REC Sales and Use of the Resulting Revenues Policy – Resolution No. 5062

Questions?

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