

RESOLUTION NO.

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSE AUTHORIZING THE DIRECTOR OF COMMUNITY ENERGY OR HER DESIGNEE TO NEGOTIATE AND EXECUTE ~~SUPPLY~~ CONTRACTS FOR CALENDAR YEAR 2019 FOR ~~ENERGY,~~ RENEWABLE ENERGY AND RENEWABLE ENERGY CREDITS, ~~AND GREENHOUSE GAS FREE POWER AND ATTRIBUTES TO MEET SAN JOSE CLEAN ENERGY'S MINIMUM COMPLIANCE OBLIGATIONS PURSUANT TO THE CALIFORNIA RENEWABLES PORTFOLIO STANDARD,~~ USING EITHER THE EDISON ELECTRIC INSTITUTE AGREEMENT OR THE WESTERN SYSTEMS POWER POOL AGREEMENT, ~~AND TO TRANSACT FOR BALANCING ENERGY AND OTHER NECESSARY SERVICES FROM THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR THROUGH THE NORTHERN CALIFORNIA POWER AUTHORITY,~~ IN AN AMOUNT NOT TO EXCEED \$~~200~~32,000,000 IN AGGREGATE, SUBJECT TO THE ENERGY RISK MANAGEMENT POLICY AND REGULATIONS

WHEREAS, on August 29, 2017, the Council of the City of San José (“City”) approved the San José Clean Energy (“SJCE”) Implementation Plan discussing the funding strategy to obtain power supply contracts; and

WHEREAS, on January 30, 2018, the City Council approved September 1, 2018 as the launch date for electric generation service to Phase I customers, which includes City accounts, and March 1, 2019 as the date SJCE will launch to Phase II customers, which includes residential and commercial accounts; and

~~**WHEREAS**, on March 27, 2018, the City Council approved an agreement with Northern California Power Authority (“NCPA”) for wholesale energy services, and beginning in~~

~~September 2018 NCPA will undertake transactions with the California Independent System Operator (“CAISO”) on SJCE’s behalf; and~~

WHEREAS, on May 1, 2018, the City Council approved the Energy Risk Management Policy and Regulations for supply contracts entered into by the City, ~~including a requirement that all counterparties must be reviewed for creditworthiness and assigned a credit limit, and transactions must be within these limits;~~ and

WHEREAS, on June 12, 2018, the City Council adopted a resolution authorizing the Director of Community Energy to negotiate and execute energy supply contracts for Phase I using the Western Systems Power Pool (“WSPP”) Agreement, a form approved by the Federal Energy Regulatory Commission and the most commonly used standardized power sales contract in the electric industry, in an amount not to exceed \$3,000,000 in aggregate; and

WHEREAS, on August 14, 2018, the City Council adopted a resolution authorizing the Director of Community Energy to negotiate and execute contracts for Resource Adequacy, a product required by law to ensure there are sufficient generators available at all times to maintain the reliability of the electric system, for November 2018 through December 2019 using either the WSPP Agreement or the Edison Electric Institute (“EEI”) Agreement, a model agreement developed through an EEI-facilitated industry-wide collaboration with the National Energy Marketers Association and others which is used extensively by industry participants to buy and sell power products, ~~in an amount not to exceed \$35,000,000, subject to approval by the Risk Oversight Committee for contracts over \$1,000,000;~~ and

WHEREAS, the City has issued a solicitation for Renewable Energy and Renewable Energy Credits ~~and GHG-free energy and attributes~~ for the period of January to

~~December 2019, and intends to issue a solicitation to hedge energy prices for February to December 2019 to provide SJCE with undifferentiated energy at a defined price; and~~

WHEREAS, the California Public Utilities Commission is considering changes in the fall of 2018 to the Power Charge Indifference Adjustment, an exit fee that energy customers pay when they switch to community-based clean power program providers in lieu of investor-owned utilities, which may impact the ability of SJCE to meet Climate Smart San José goals and California's long-term environmental policy goals, and which will limit the availability of renewable energy products in 2019 that meet California Renewables Portfolio Standard ("RPS") requirements; and

WHEREAS, the City desires to authorize the Director of Community Energy or her designee to execute renewable energy supply contracts using either the EEI Agreement or the WSPF Agreement forms, with modifications, as appropriate, in consultation with the City Attorney, in order to procure sufficient power to meet SJCE's ~~energy needs~~minimum RPS compliance obligations for January to December 2019, in an amount not to exceed \$~~200~~32,000,000 in aggregate, ~~and to transact for necessary products with the CAISO in order to balance SJCE's power purchases with its load on a moment by moment basis and to maintain system reliability;~~

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE THAT:

The Director of Community Energy or her designee is hereby authorized to negotiate and execute ~~supply~~ contracts for Calendar Year 2019 for ~~Energy,~~ Renewable Energy and Renewable Energy Credits, ~~and Greenhouse Gas free power and attributes to meet San José Clean Energy's minimum compliance obligations pursuant to the California Renewables Portfolio Standard,~~ using the Edison Electric Institute Agreement or the

Western Systems Power Pool Agreement, with modifications, as appropriate, in consultation with the City Attorney, ~~and to transact for balancing energy and other necessary services from the California Independent System Operator through the Northern California Power Authority,~~ in an amount not to exceed \$~~20032~~20032,000,000 in aggregate, subject to the Energy Risk Management Policy and Regulations, ~~including a requirement that all counterparties must be reviewed for creditworthiness and assigned a credit limit, and transactions must be within these limits.~~

ADOPTED this _____ day of _____, 2018, by the following vote:

AYES:

NOES:

ABSENT:

DISQUALIFIED:

SAM LICCARDO
Mayor

ATTEST:

TONI J. TABER, CMC
City Clerk