

**Power & Water Resources Pooling Authority  
Resolution 24-08-10**

**RENEWABLE ENERGY CERTIFICATE TRANSFER NOTICE AND RULE**

WHEREAS, the Power and Water Resources Pooling Authority (“PWRPA”) Board of Directors is responsible for procuring sufficient compliance instruments to ensure that PWRPA meets its obligations for all Renewable Portfolio Standard (“RPS”) compliance periods; and

WHEREAS, PWRPA adopted Resolution 14-04-04 *RPS Cost of Compliance Rule* and Resolution 20-12-25 *Renewable Energy Resources Procurement Plan and Enforcement Program*; and

WHEREAS, at least quarterly, PWRPA evaluates each Project Participant’s position for each compliance period whereby they are either compliant or Net Short; and

WHEREAS, Project Participants having excess Compliance Instruments in one compliance period, may bank those Compliance Instruments for future compliance periods; and

WHEREAS, Project Participants that are Net Short are financially responsible for PWRPA’s actions to ensure compliance by procuring Compliance Instruments; and

WHEREAS, in accordance with PWRPA’s responsibility to comply with the RPS, it has the authority to purchase Compliance Instruments when a Project Participant is Net Short; and


WHEREAS, the General Manager, acting pursuant to notice and transfer rules adopted by the Board, has the authority to transfer Excess Compliance Instruments that have been banked within PWRPA from the net long Project Participant to the Net Short Project Participant.

NOW, THEREFORE, BE IT RESOLVED that the Pooling Authority Board of Directors hereby:

1. Approves the Renewable Energy Certificate Transfer Notice and Rule, appended hereto as Attachment A.

PASSED AND ADOPTED by the Pooling Authority Board of Directors this 9<sup>th</sup> day of August 2024, by the following vote on roll call:

AYES	Arvin-Edison WSD, Banta Carbona ID, Byron Bethany ID, Cawelo Water District, Glenn-Colusa ID, James ID, RD 108, Santa Clara Valley WD, Sonoma County Water Agency, West Stanislaus ID, Westlands Water District, Zone 7 Water Agency (91.3% <i>Voting Shares</i> )
NOES	None
ABSENT	Lower Tule River ID, Princeton/Provident ID (8.7% <i>Voting Shares</i> )

  
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David Weisenberger  
Chairman

  
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Attest by: Bruce McLaughlin  
Secretary

ATTACHMENT A to Resolution 24-08-10  
Renewable Energy Certificate Transfer Notice and Rule  
August 9, 2024

1. The PWRPA Board of Directors (Board) is responsible for procuring sufficient compliance instruments to ensure that PWRPA meets its obligations for all Renewable Portfolio Standard (RPS) compliance periods.<sup>1</sup> To that end, PWRPA adopted Resolution 14-04-04 *RPS Cost of Compliance Rule* (RPS Rule) and Resolution 20-12-25 *Renewable Energy Resources Procurement Plan and Enforcement Program* (Procurement Plan).
2. For the purpose of this Renewable Energy Certificate (REC) Transfer Notice and Rule, a Compliance Instrument shall mean an "Unbundled REC" as defined in Section 6 of the Procurement Plan.<sup>2</sup>
3. The RPS compliance obligation applies to PWRPA and the PWRPA Board has the authority and responsibility to ensure compliance through the procurement of sufficient Compliance Instruments to meet the targets for each Compliance Period as established by California law.<sup>3</sup>
4. Each PWRPA Project Participant must meet its pro rata obligation within PWRPA by procuring Compliance Instruments.<sup>4</sup>
5. At least quarterly, PWRPA evaluates each Project Participant's position for each compliance period whereby they are either compliant or Net Short.<sup>5</sup>
6. If a Project Participant has excess Compliance Instruments in one compliance period, it may bank those Compliance Instruments for future compliance periods.<sup>6</sup>
7. If a Project Participant is Net Short, it is financially responsible for PWRPA's actions to ensure compliance by procuring Compliance Instruments.<sup>7</sup>
8. In CP4<sup>8</sup> which is the current compliance period, Arvin Edison Water Storage District (Arvin) is forecast to be net long. Arvin has requested the banking of all excess Compliance Instruments to future compliance periods. Arvin is currently forecast to be net short in CP5<sup>9</sup> and plans to utilize its banked RECs for compliance.<sup>10</sup>
9. The West Stanislaus Irrigation District (WSID) is forecast to be Net Short in CP4, however, it has a Subscribed Position for the full output of a 3.8 kWAC Separately Metered Distributed Generation (SMDG) project with an expected commercial operation date in 2026. Accordingly, WSID is forecast to be net long in CP5 and will have the capability to bank Excess Compliance Instruments once the SMDG project is operating.<sup>11</sup>
10. In accordance with PWRPA's responsibility to comply with the RPS, it has the authority to purchase Compliance Instruments when a Project Participant is Net Short.<sup>12</sup>
11. The PWRPA General Manager (GM), acting pursuant to notice and transfer rules adopted by the Board, has the authority to transfer Excess Compliance Instruments that have been banked within PWRPA from the net long Project Participant to the Net Short Project Participant. In that situation, the Project Participant that declared the Excess Compliance Instruments shall be credited and the Project Participant that is Net Short shall be debited for the Compliance Instruments.<sup>13</sup>
12. The GM and Operations Manager have consulted with Arvin and WSID and requested their voluntary participation in a process whereby: (a) the necessary number of Arvin's excess Compliance Instruments shall be applied to WSID's final Net Short in CP4; (b) WSID shall replace those Compliance Instruments in-kind to PWRPA as soon as practical in CP5, however, no later

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than June 30, 2027; and (c) those Replacement Compliance Instruments shall be allocated to Arvin for its compliance obligation in CP5 or other use as determined by Arvin and approved by the PWRPA Board.

13. In accordance with existing rules and policies in the Joint Powers Agency Agreement, Aggregation Services Agreement (ASA), ASA Exhibit E and Appendix 3 to ASA Exhibit E, if WSID fails to replace the Compliance Instruments by June 30, 2027, PWRPA shall procure Replacement Compliance Instruments for Arvin’s Compliance Instrument account, and all procurement costs shall be allocated to WSID in the next billing cycle.<sup>14</sup>
14. This document serves as notice of the proposed Compliance Instrument transfer to ensure PWRPA’s compliance in CP4 with a “transfer rule” of one Replacement Compliance Instrument allocated to Arvin’s Compliance Instrument account in CP5 for each Excess Compliance Instrument used to meet WSID’s Net Short in CP4.

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David Weisenberger, Chair  
Power & Water Resources Pooling Authority

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Name  
Arvin Edison Water Storage District

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Name  
West Stanislaus Irrigation District

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<sup>1</sup> Public Utilities Code Section 399.30(a) requires all POU, including PWRPA, to “adopt and implement a renewable energy resources procurement plan” that requires the POU to procure a minimum quantity of electricity and/or renewable energy credits (“RECs”) from eligible renewable energy resources, as a specified percentage of total retail sales. PWRPA’s RPS Procurement Plan describes how PWRPA will achieve its RPS procurement requirements in each compliance period.

<sup>2</sup> The CEC RPS Regulations specify certain procurement requirements that are applicable to “electricity products,” which refers to either: (1) electricity and the associated REC generated by an eligible renewable energy resource; or (2) and unbundled REC.

<sup>3</sup> Section 4: Specified RPS Procurement Targets. In order to comply with PUC Section 399.30(a) and fulfill its renewable energy resource generation procurement targets, PWRPA adopts and implements this RPS Plan incorporating the specific compliance periods and targets specified in PUC Section 399.30. PWRPA 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 of the Public Utilities Code, and that have been

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certified by the CEC as an eligible renewable energy resource. PUC Section 399.30(m) provides that PWRPA shall retain discretion over both of the following: (a) the mix of eligible renewable energy resources procured by PWRPA and those additional generation resources procured by PWRPA for purposes of ensuring resource adequacy and reliability; and (b) the reasonable costs incurred by PWRPA for eligible renewable energy resources owned by PWRPA.

<sup>4</sup> For purposes of the RPS Rule, each Project Participant shall be assigned responsibility for a share of PWRPA's RPS compliance obligation costs, by applying the compliance obligation metric applicable to PWRPA to each Project Participant the sum of the individual Project Participant's obligation costs shall equal PWRPA's obligation costs in total.

<sup>5</sup> Periodically, but not less than quarterly, the GM shall evaluate PWRPA's RPS position and net short positions relative to the applicable RPS compliance period requirements for PWRPA in total and for each Project Participant, as allocated pursuant to this RPS Rule. The evaluation shall identify three categories: (a) Subscribed Positions (i.e., expected deliveries from agreements under which PWRPA and Project Participants have contracted to procure Compliance Instruments); (b) Allocated Positions (i.e., the RPS obligations of PWRPA and Project Participants allocated as per Section 3); and (c) Net Short Positions (i.e., the difference between (b) and (a)). At least one evaluation shall be coincident with PWRPA's annual budget and rate cycle, which typically occurs at the start of a calendar year.

<sup>6</sup> To the extent that the projected sum of all Compliance Instruments from such rate agreements for any Project Participant exceeds that Project Participant's assigned share of PWRPA RPS compliance obligations for any compliance period, the Project Participant may elect to bank those excess Compliance Instruments in a manner consistent with Section 10 of the Procurement Plan. Absent this election, the excess Compliance Instruments shall pro-rata reduce all other Project Participants' assigned responsibility for that period.

<sup>7</sup> For purposes of the RPS Rule, each Project Participant shall be assigned responsibility for a share of PWRPA's RPS compliance obligation costs, by applying the compliance obligation metric applicable to PWRPA to each Project Participant the sum of the individual Project Participant's obligation costs shall equal PWRPA's obligation costs in total.

<sup>8</sup> Compliance Period 4: For the four-year period beginning January 1, 2021 and ending December 31, 2024, PWRPA shall procure sufficient RPS-eligible resources to equal the sum of the following: (35.75 percent of 2021 retail sales) + (38.5 percent of 2022 retail sales) + (41.25 percent of 2023 retail sales) + (44 percent of 2024 retail sales).

<sup>9</sup> Compliance Period 5: For the three-year period beginning January 1, 2025 and ending December 31, 2027, PWRPA shall procure sufficient RPS-eligible resources to equal the sum of the following: (46 percent of 2025 retail sales) + (50 percent of 2026 retail sales) + (52 percent of 2027 retail sales).

<sup>10</sup> Arvin is forecast to have approximately 10,000 Excess Compliance Instruments banked for future Compliance Periods.

<sup>11</sup> WSID's Net Short in CP4 is forecast to be approximately 1,500 Compliance Instruments.

<sup>12</sup> The PWRPA Board of Directors shall be responsible for procuring sufficient compliance instruments to assure PWRPA meets its obligations for all compliance periods and thereafter unless amended. For the purpose of this RPS Rule, a Compliance Instrument shall mean an "electricity product" as defined in Section 6 of the Procurement Plan.

<sup>13</sup> The RPS Rule provides that the GM may transfer the amount of banked "excess Compliance Instruments" from one or more Participant's Subscribed Positions that have been declared surplus by said Participants ("Surplus Compliance Position") to other Participant's with Net Short Positions, pursuant to notice and transfer rules adopted by the Board from time to time.

<sup>14</sup> To the extent practical, PWRPA endeavors to create opportunities pursuant to rate agreements by which Project Participants may be directly assigned costs and rights to specific renewable energy resources sufficient to reliably meet PWRPA's RPS compliance obligations. In the event such opportunities do not materialize, or rate agreements are not executed by Project Participants, the GM shall procure in a cost-effective manner sufficient RPS Compliance Instruments and allocate the costs of such compliance activities pursuant to the RPS Rule.