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Date: 2/13/2009 12:25 PM
Subject: Docket #09IEP-1B Resource_Plan
Attachments: RCMU Narrative IEP-1B.doc; RanchoCucamongaMunicipalUtiliy_Docket_09IEP-1B_Resource_Plan.xls

<<RCMU Narrative IEP-1B.doc>>
 <<RanchoCucamongaMunicipalUtiliy_Docket_09IEP-1B_Resource_Plan.xls>>
 Mr. Woodward,

Here is Rancho Cucamonga 2009 IEP 1B Resource Plan

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The message is ready to be sent with the following file or link attachments:

RCMU Narrative IEP-1B.doc
 RanchoCucamongaMunicipalUtiliy_Docket_09IEP-1B_Resource_Plan.xls

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RCMU Narrative

On August 31, 2001, the Rancho Cucamonga City Council authorized the creation and operation of a municipally owned utility for the purpose of providing various utility services. Subsequently, in August 2002, the City authorized the filing of a Wholesale Distribution Access Tariff Application (WDAT) with Southern California Edison Company (SCE) for the provision of electric service by the City. In accordance with the SCE Interconnection Facilities Agreement, the City constructed the Arbors Substation at the southeast corner of Rochester Avenue and Stadium Parkway. The City is currently providing electric service to over 400 non-residential customers with a system peak demand of approximately 14 megawatts. The City currently serves no residential customers.

Resource Adequacy Requirements

The City's Resource Adequacy (RA) policy is intended to provide additional electric resources above the forecasted peak demand that can be available to: (i) supply requirements for load variation; (ii) replace generating capacity and energy lost due to forced outages; (iii) meet on demand obligations; and (iv) replace energy lost due to curtailment of interruptible imports. The Western Electricity Coordinating Council (WECC) coordinates and promotes electric system reliability for the interconnected power systems in the 14 Western States. The WECC Minimum Operating Reliability Criteria (MORC) above the forecasted peak demand (the "Reserve Margin") is 7%.

The City monthly planning reserve is equal to or greater than the minimum planning reserve and reliability criteria approved by the WECC. The City's RA Plan includes RA Qualifying Capacity, including RA Capacity eligible to satisfy a Local Capacity Area Requirement (i.e. the Los Angeles basin) need, where the City's Utility Operations Manager ("UOM") believes such local resources are necessary to assure reliable services to the City's customers. Firm energy contracts that do not specify specific physical resources (commonly referred to as liquidated damages or "LD")

contracts) are eligible to count as RA Qualifying Capacity. The City's Annual RA Plan identifies capacity resources owned or contracted for by the City sufficient to meet 90% of the City's summer (May through September) forecast monthly peak loads plus the Reserve Margin. This annual plan is forwarded to the CAISO to the extent required under the CAISO tariff.

The City's Monthly Resource Adequacy Plan identifies capacity resources owned or contracted for by the City sufficient to meet 107% of the City's forecast monthly peak loads. This monthly plan is forwarded to the CAISO to the extent required. The City will also identify certain back-up generators ("BUGs") as RA capacity resources and identify those generation resources that can operate during CAISO Stage 2 or 3 emergencies and thereby minimize involuntary rotating outages. If, in the UOM's opinion, such programs are feasible, they will be included in meeting the City's RA goals.

The City will encourage customer demand response programs that provide additional capacity available through measurable reductions in load during CAISO emergencies affecting the SP 15 zone.