



CITY OF LODI

COUNCIL COMMUNICATION

AGENDA TITLE: Conduct Public Hearing for June 18, 1997, to receive Public comment on the Northern California Power Agency Integrated Resource Plan (IRP) and approve IRP for submittal.

MEETING DATE: June 18, 1997

SUBMITTED BY: Electric Utility Director

RECOMMENDED ACTION: That the City Council conduct a public hearing for the regularly scheduled Council Meeting of June 18, 1997, to receive public input on the proposed Integrated Resource Plan (IRP). After receipt of public comment, it is recommended that the Council approve the IRP for submittal to the Western Area Power Administration (Western).

BACKGROUND: This hearing is being held to meet the public involvement process portion of the IRP as required by the Energy Policy Act of 1992 (EP Act) and the Department of Energy, Energy Planning and Management Program (Program). Receipt of public comment will follow a brief outline of the IRP.

As stated in the Program description, "The Program goal is to promote the efficient use of electrical energy by Western's customers and to extend Western's long-term firm commitments in support of customer IRP's."

Western customers, such as the City of Lodi, must complete an IRP containing Two-Year and Five-Year Action Plans. As a minimum, the City must submit or have submitted on its behalf an updated IRP every five years and provide yearly IRP progress reports to Western. Additionally, each utility must conduct a public involvement process that provides opportunity for public comments on information and recommendations contained in the proposed IRP. Comments resulting from the public involvement process and a copy of the resolution approving the City's IRP must accompany the IRP submittal to Western.

Lodi and the cities of Alameda, Biggs, Gridley, Healdsburg, Lompoc and Ukiah and the Plumas-Sierra Rural Electric Cooperative are making a joint IRP filing through the Northern California Power Agency. The proposed IRP contains the following sections:

Approved

H. Dixon Flynn
City Manager

June 11, 1997

- I. Introduction
- II. Customer Surveys
- III. Load Forecast
- IV. Resource Requirements and Description
- V. DSM Analysis
- VI. Least Cost Resource Plan
- VII. Two- and Five-Year Action Plans
- VIII. Monitoring Program for Two- and Five-Year Action Plans
- IX. Environmental Impacts
- X. Public Involvement Process

The IRP requirements of the EP Act are intended to help insure acquisition of least cost resources by Western's customers and to insure efficient use of all resources in each customer's portfolio. At the time of the passage of the EP Act, Lodi was completing acquisition of power resources through NCPA to meet its rapidly growing demand. These resources, both plants and contracts, were intended to make the City self-sufficient in a time of high alternate resource costs and severe limits on access to alternate bulk power markets.

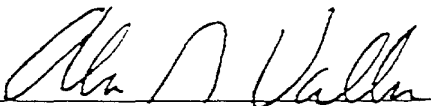
Subsequently, City resource needs decreased due to customer self-generation and a general slowdown in overall load growth. As a result, the City has sufficient electric power capacity resources to last into the next century. Based on current forecasts, the City will not require additional capacity resources until the 2004 to 2007 time frame, at which time new capacity is expected to be provided from the emerging competitive generation market.

With the progression of electric utility industry restructuring and the steep drop in market prices, a "no build" policy is recommended for the foreseeable future.

Currently, NCPA and the Electric Utility Department are investigating possible power cost savings in the following areas:

1. Non-renewal, renegotiation and/or termination of contracts which are no longer competitive in the new energy market;
2. Reduction in operation of existing projects whenever market energy prices are lower than the projects' variable fuel costs;
3. Retirement or sale of non-economic projects; and
4. Marketing of surplus resources.

FUNDING: Not applicable



Alan N. Vallow
Electric Utility Director

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ANV/JS/lst

c: City Attorney

RESOLUTION NO. 97-88

A RESOLUTION OF THE LODI CITY COUNCIL
APPROVING NORTHERN CALIFORNIA POWER AGENCY
INTEGRATED RESOURCE PLAN (IRP) FOR SUBMITTAL
TO THE WESTERN AREA POWER ADMINISTRATION

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RESOLVED, that the City Council of the City of Lodi does hereby approve the Northern California Power Agency Integrated Resource Plan (IRP) for submittal to the Western Area Power Administration.

Dated: June 18, 1997

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I hereby certify that Resolution No. 97-88 was passed and adopted by the City Council of the City of Lodi in a regular meeting held June 18, 1997, by the following vote:

AYES: COUNCIL MEMBERS -
NOES: COUNCIL MEMBERS -
ABSENT: COUNCIL MEMBERS -
ABSTAIN: COUNCIL MEMBERS -

ALICE M. REIMCHE
Acting City Clerk