



The following information comprises the minutes for a regular meeting of the City Council, a joint meeting of the Banning City Council and Banning Utility Authority and a joint meeting of the Banning City Council and the Banning City Council sitting in its capacity as the Successor Agency Board.

**MINUTES
CITY COUNCIL**

9/26/2023

REGULAR MEETING

COUNCIL MEMBERS PRESENT:

Council Member Sheri Flynn
Council Member Reuben Gonzales
Council Member Rick Minjares
Mayor Alberto Sanchez
Mayor Pro Tem Colleen Wallace

COUNCIL MEMBERS ABSENT: None

OTHERS PRESENT:

Doug Schulze, City Manager
Serita Young, City Attorney
Marie Calderon, City Clerk
Caroline Patton, Deputy City Clerk
Art Vela, Director of Public Works
Nate Smith, Deputy Director of Public Works/City Engineer
Lincoln Bogard, Administrative Services Director
A'ja Wallace, Deputy Finance Director
Adam Rush, Community Development Director
Jim Steffens, Acting Electric Utility Director
Barbara Mason, Purchasing Manager
Laurie Sampson, Assistant City Manager
John Garside, Multimedia Specialist

1. CALL TO ORDER

Mayor Sanchez called the regular meeting to order at 5:10 p.m.

- 1.1. Invocation – Ryan Houssein of Calvary Chapel Sweet Hills led the invocation.
- 1.2. Pledge of Allegiance – Council Member Gonzales led the Pledge of Allegiance.
- 1.3. Roll Call

COUNCIL MEMBER	PRESENT	ABSENT
Flynn, Sheri	X	
Gonzales, Reuben	X	
Minjares, Rick	X	
Sanchez, Alberto	X	

Wallace, Colleen

2. AGENDA APPROVAL

2.1. Approve Agenda

Motion to approve the agenda, with the removal of agenda item 6.12.

Motion by Mayor Pro Tem Wallace
Seconded by Council Member Gonzales

COUNCIL MEMBER	YES	NO	ABSTAIN	RECUSE	ABSENT
Flynn, Sheri	X				
Gonzales, Reuben	X				
Minjares, Rick	X				
Sanchez, Alberto	X				
Wallace, Colleen	X				

Motion approved by a vote of 5-0.

3. PRESENTATIONS

None

4. REPORT ON CLOSED SESSION

Serita Young, City Attorney, reported on the closed session beginning at 3:30 p.m. For item 3.1 and 3.2, there was discussion with direction provided to staff. No other reportable action was taken.

5. PUBLIC COMMENTS, CORRESPONDENCE, APPOINTMENTS, CITY COUNCIL COMMITTEE REPORTS, CITY MANAGER REPORT, AND CITY ATTORNEY REPORT

5.1. PUBLIC COMMENTS

The following individuals addressed City Council during Public Comment:

- Bill Hobbs
 - Kathy Aranda
 - Paul Perkins
 - Diego Rose
 - Richard Royce

5.2. CORRESPONDENCE

One item of correspondence was received regarding the Banning Animal Shelter.

5.3. APPOINTMENTS

- 5.3.1. Consideration of the Appointment of Two Council Members to the Community Development Block Grant (CDBG) Ad-Hoc Committee for FY 2024/2025

Public Comment

- Diego Rose
- Richard Royce

Motion to appoint Council Member Minjares and Council Member Gonzales to the CDBG Ad-Hoc Committee for FY 2024-2025.

Motion by Mayor Sanchez
No second. The motion failed.

Motion to appoint Council Member Flynn and Council Member Gonzales to the CDBG Ad-Hoc Committee for FY 2024-2025.

Motion by Council Member Minjares
Seconded by Mayor Pro Tem Wallace

COUNCIL MEMBER	YES	NO	ABSTAIN	RECUSE	ABSENT
Flynn, Sheri	✗				
Gonzales, Reuben	✗				
Minjares, Rick	✗				
Sanchez, Alberto		✗			
Wallace, Colleen	✗				

Motion approved by a vote of 4-1.

5.4. CITY COUNCIL COMMITTEE REPORTS

Council Member Gonzales reported on attending the annual League of California Cities ("Cal Cities") conference and a Western Riverside County Council of Governments (WRCOG) Executive Committee meeting.

Mayor Pro Tem Wallace reported on attending the annual Cal Cities conference and a Southern California Association of Governments (SCAG) meeting. She announced there would be a Community Police Day October 7th at Repplier Park.

Council Member Minjares reported on attending the annual Cal Cities conference.

Council Member Flynn. reported on attending the annual Cal Cities conference and a Riverside County Transportation Commission (RCTC) meeting.

Mayor Sanchez reported on attending the annual Cal Cities conference.

5.5. CITY MANAGER REPORT

City Manager Schulze reported on planned Highway 79 improvements.

5.6. CITY ATTORNEY REPORT

City Attorney Young had no report.

5.7. CITY TREASURER REPORT

Treasurer Geronimo was not in attendance.

6. CONSENT AGENDA

- 6.1. Approval of the Meeting Minutes for the September 12, 2023 City Council Meetings
- 6.2. Approval and Ratification of Accounts Payable and Payroll Warrants Issued in the Month of August 31, 2023
- 6.3. Receive and File Cash, Investments and Reserve Report for the Month of August 2023
- 6.4. Receipts, Disbursements, & Fund Balances Reporting for August 2023 and Fiscal Year-to-Date 2022-23
- 6.5. Receive and File Police Department Statistics for the Month of August 2023
- 6.6. Receive and File Fire Protection Services Statistics for the Month of August 2023
- 6.7. Receive and File Public Works Capital Improvement Project Tracking List
- 6.8. Receive and File Code Enforcement Statistics for the Month of August 2023
- 6.9. Receive and File Contracts Approved Under the City Manager's Signature Authority
- 6.10. Consideration of the Second Reading and Adoption of Ordinance 1596, Amendment Establishing Amended Uses and Adding Development Standards for Multi-family and High Density Residential Uses in the Downtown Commercial Zoning District ("Downtown Zoning Overlay")
- 6.11. Consideration of Resolution 2023-164, Initiating Proceedings for the Annexation of Tract Number 32370 (Annexation No. 2) to the City of Banning's Landscape Maintenance District No. 1
- 6.12. Consideration of Resolution 2023-165, Approving Amendment No. 2 to the Professional Services Agreement (CC00658) with Romo Planning Group, Inc.
- 6.13. Accept Various Improvements within the Atwell Specific Plan Development (TR37298 PA2) and Authorize a 90% Bond Reduction for Various Improvement Bonds

Public Comment

- Frank Connolly
- Kathleen Dale

Motion to adopt consent agenda items 6.3 through 6.11 and 6.13.

Motion by Mayor Pro Tem Wallace
Seconded by Council Member Minjares

COUNCIL MEMBER	YES	NO	ABSTAIN	RECUSE	ABSENT
Flynn, Sheri	×				
Gonzales, Reuben	×				
Minjares, Rick	×				
Sanchez, Alberto	×				
Wallace, Colleen	×				

Motion approved by a vote of 5-0.

6.1. Approval of the Meeting Minutes of the September 12, 2023 City Council MeetingsPublic Comment

- Kathleen Dale
- Paul Perkins
- Kathy Aranda
- Lincoln Bogard

Motion to adopt the meeting minutes for the September 12, 2023 meeting of the City Council.

Motion by Mayor Sanchez
Seconded by Council Member Gonzales

COUNCIL MEMBER	YES	NO	ABSTAIN	RECUSE	ABSENT
Flynn, Sheri		×			
Gonzales, Reuben	×				
Minjares, Rick	×				
Sanchez, Alberto	×				
Wallace, Colleen	×				

Motion approved by a vote of 4-1.

6.2. Approval and Ratification of Accounts Payable and Payroll Warrants Issued in the Month of August 31, 2023

Public Comment

- Diego Rose

Motion to approve and ratify the accounts payable and payroll warrants issued in the month of August 2023.

Motion by Mayor Pro Tem Wallace
Seconded by Council Member Minjares

COUNCIL MEMBER	YES	NO	ABSTAIN	RECUSE	ABSENT
Flynn, Sheri		×			
Gonzales, Reuben	×				
Minjares, Rick	×				
Sanchez, Alberto	×				
Wallace, Colleen	×				

Motion approved by a vote of 4-1.

Mayor Sanchez announced a recess at 6:34 p.m. The meeting was reconvened at 6:50 p.m.

7. PUBLIC HEARING(S)

None

8. REPORTS OF OFFICERS**8.1. Cannabis Ad-Hoc Committee Report**

Adam Rush, Community Development Director, presented the staff report.

Public Comment

- Laura Leindecker
- Kathleen Dale
- Virginia Cervantes

8.2. Update on Traffic Signal Sign Replacements within the City of Banning

Nate Smith, Deputy Director of Public Works/City Engineer, presented the staff report.

Public Comment

- Virginia Cervantes

8.3. Consideration and Approval of WSPP Agreement/Confirmation between the City of Banning and the City of Pasadena, CA for the Sale of Project Energy Bundled with the Associated Renewable Energy Credits (RECs)

Motion to table this agenda item to the next regular meeting.

Motion by Council Member Flynn
No second. The motion failed.

Jim Steffens, Acting Electric Utility Director, presented the staff report.

Motion to call the question.

Motion by Mayor Pro Tem Wallace

Before determining if there was a second to the motion, the Mayor opened public comment.

Public Comment

None

Motion to call the question, calling a vote on whether there is consensus on staff's recommendation to approve a WSPP Agreement/Confirmation between the City of Banning and the City of Pasadena, CA and authorize the City Manager to sign the Agreement/Confirmation.

Motion by Mayor Pro Tem Wallace
Seconded by Council Member Gonzales

COUNCIL MEMBER	YES	NO	ABSTAIN	RECUSE	ABSENT
Flynn, Sheri		X			
Gonzales, Reuben	X				
Minjares, Rick	X				
Sanchez, Alberto	X				
Wallace, Colleen	X				

Motion approved by a vote of 4-1.

9. DISCUSSION ITEM(S)

None

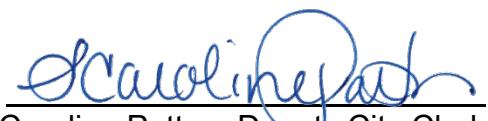
10. ITEMS FOR FUTURE AGENDAS

- 10.1. New Items
 1. Requesting a comments section (Flynn)
- 10.2. Pending Items:
 1. Grow Banning (Sanchez)
 2. Potential Grants to Fund Playhouse Bowl Improvements (Sanchez) – Tentatively Scheduled for 9/26
 3. Food Desert Zoning Overlay (Minjares)
 4. Beautification of San Gorgonio Overpass Funding (Gonzales) – Tentatively Scheduled for 10/24
 5. Scope and Duties of the Budget and Finance Committee (Wallace) – Tentatively Scheduled for 10/10
 6. Neighborhood Groups/Identities (Minjares)
 7. Update on Community Garden (Flynn)
 8. ~~Update on Street Sign Replacements (Flynn)~~
 9. ARE Animal Rescue Contract (Flynn) – Tentatively Scheduled for 10/24
 10. Policy to Ban Personal Phones on Dais (Flynn) – Tentatively Scheduled for 10/10
 11. Public Notification Policy for Development Projects (Flynn) – Tentatively Scheduled for 10/10
 12. Donation Policy (Flynn)
 13. Zencity Contract (Flynn)

11. ADJOURNMENT

The meeting was adjourned at 8:57 p.m.

Minutes Prepared by:



Caroline Patton, Deputy City Clerk

*These minutes have been prepared as **Action Minutes** in accordance with City Council Resolution 1995-21 and Government Code Sections 36814, 40801, and 54953(c)(2).*

This entire meeting may be viewed here:

<https://banninglive.viebit.com/index.php?folder=City+Council+Meetings>

All documents related to this meeting are available here:

<https://banningca.gov/Archive.aspx?ADID=2902>

ATTACHMENTS:

Exhibit A – Correspondence Received

Exhibit B – Agenda Item 8.1: Staff Handout

Exhibit C – Agenda Item 8.2: Staff Presentation

Exhibit D – Agenda Item 8.3: Staff Report

Exhibit E – Agenda Item 8.3: Staff Presentation

EXHIBIT A

From: Cindy Medley <sprinklergal08@yahoo.com>
Sent: Friday, September 15, 2023 1:14 PM
To: Alberto Sanchez
Cc: Colleen Wallace; Rick Minjares; Sheri Flynn; Reuben Gonzales; Doug Schulze; district5@rivco.org; Caroline Patton
Subject: Banning Animal Shelter

Follow Up Flag: Follow up
Flag Status: Flagged

Mayor Sanchez, Council Members Colleen Wallace, Rick Minjares, Reuben Gonzales, Sheri Flynn and City Manager Doug Schulze, Yxstian Gutierrez

I am writing this letter today with regard of the Banning Animal Shelter. I have heard numerous reports of horrible care, living conditions and welfare of the animals living in this shelter.

I find it very concerning that a contract status report was requested in March 2023 and the citizens are still waiting for the report. Since Doug Schulze is the contract administrator please have him explain why the requested report is not provided. Think it would be interesting to know how many animals have been adopted from this shelter and how many have perished while in its care. Also why the shelter is not open during the business hours and days as advertised.

I would also request that all the City Council Members plan a group site visit to see the condition in person. It is time the questions concerning the Banning Animal Shelter are answered and this facility is cleaned up.

This is a very sad and disappointing situation for our community.

Thank you,
Cindy Medley

Sent from my iPhone



EXHIBIT B

City of Banning

Community Development

City Council: Staff Handout

Tuesday, September 26, 2023

TO: Deputy City Clerk

FROM: Community Development Director

RE: Item 8.1 – Cannabis Ad-Hoc Committee Update

Please distribute these exhibits to the City Council simply for their reference during the Cannabis Ad-Hoc Committee Update (Item 8.1).

Sincerely,

Adam B. Rush, M.A., AICP

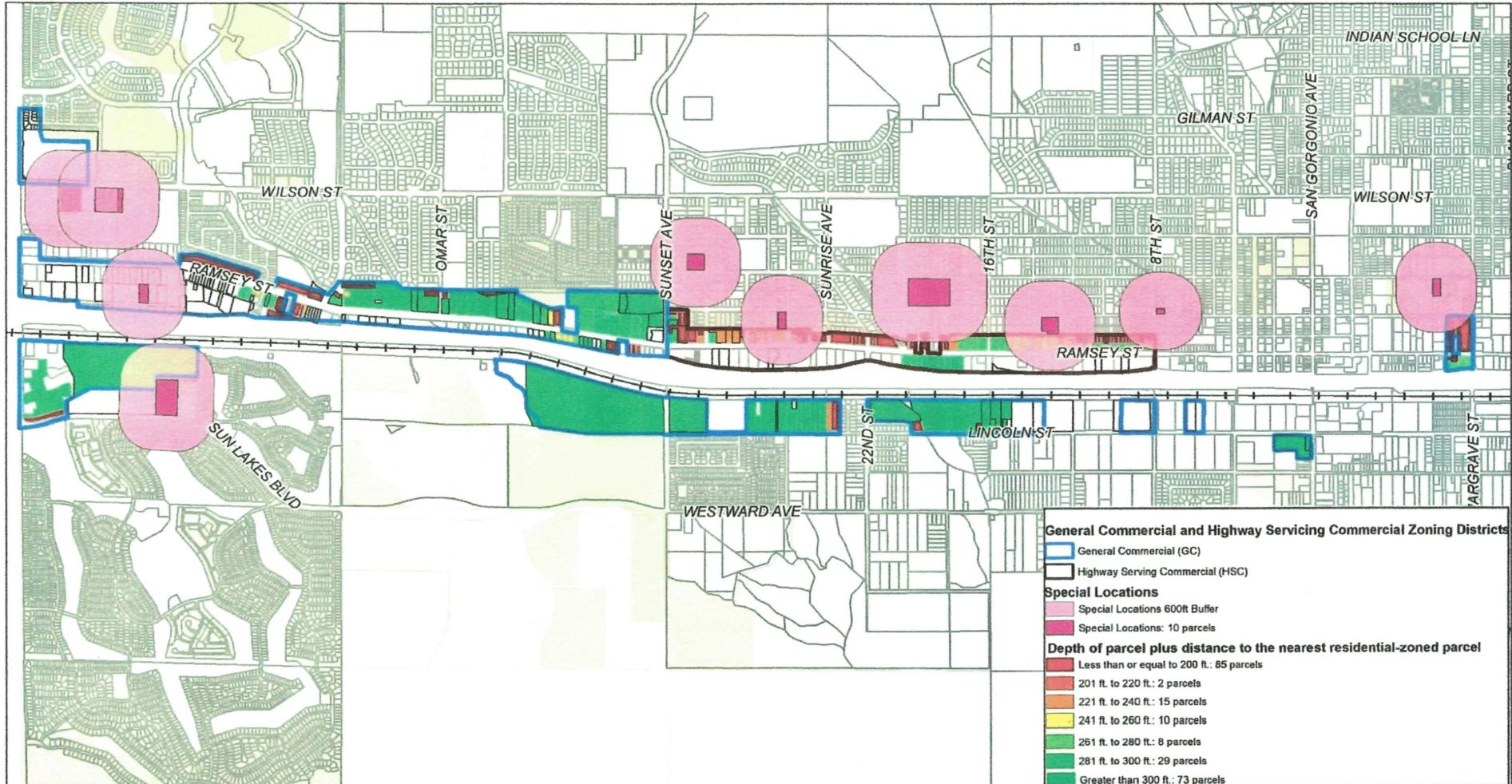
Adam B. Rush, AICP
Community Development Director

CITY OF BANNING

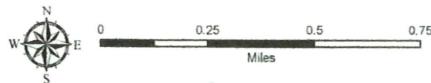


09/22/2023

GENERAL COMMERCIAL (GC) AND HIGHWAY SERVING COMMERCIAL (HSC) ZONING DISTRICT PARCELS: DISTANCE FROM RESIDENTIAL PARCELS AND SPECIAL LOCATIONS



CITY OF BANNING

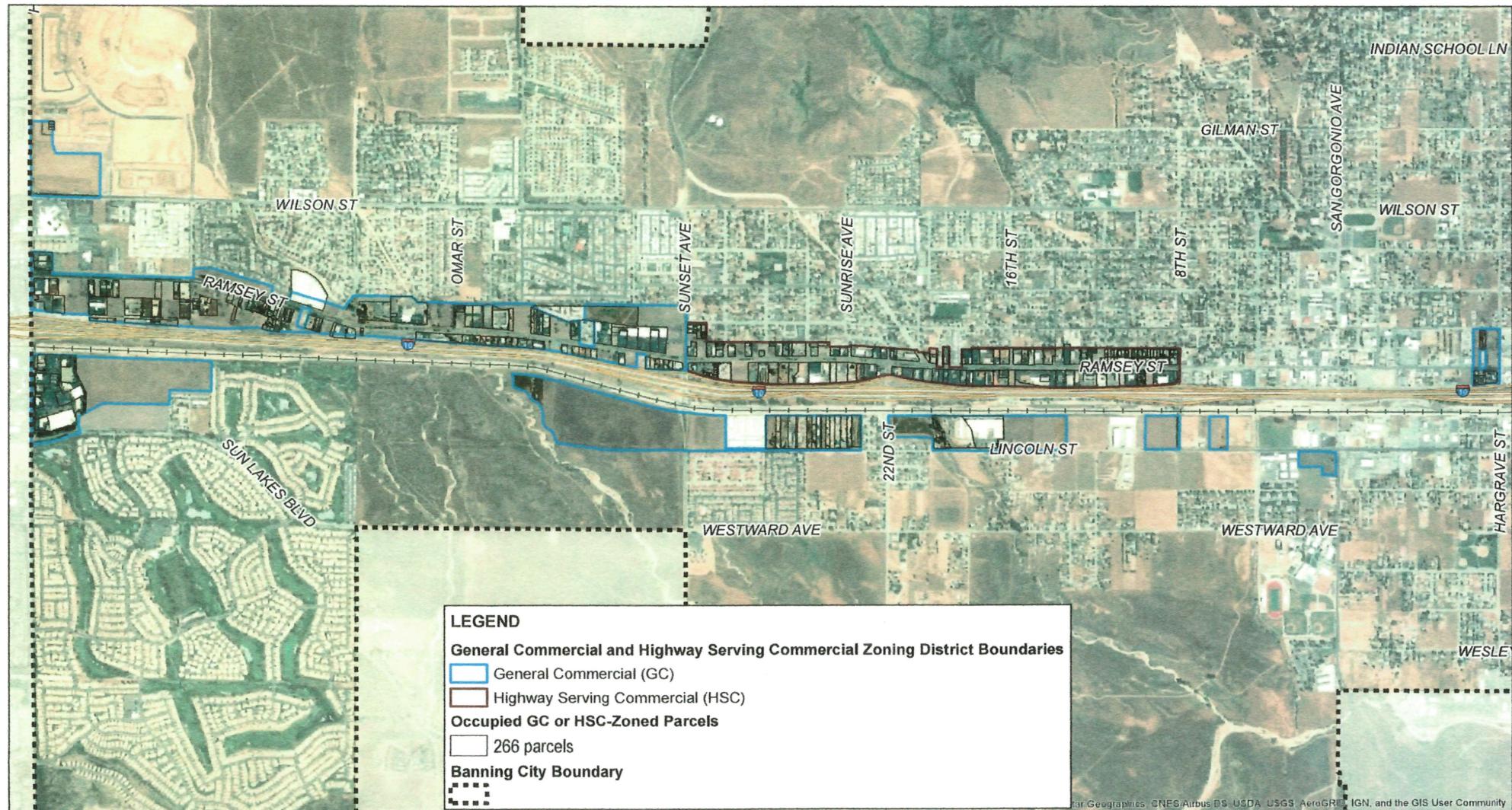


4/26/2022

WILLDAN
Engineering

GENERAL COMMERCIAL (GC) AND HIGHWAY SERVING COMMERCIAL (HSC) ZONING DISTRICTS: OCCUPIED PARCELS

(not vacant, not used only as storage)

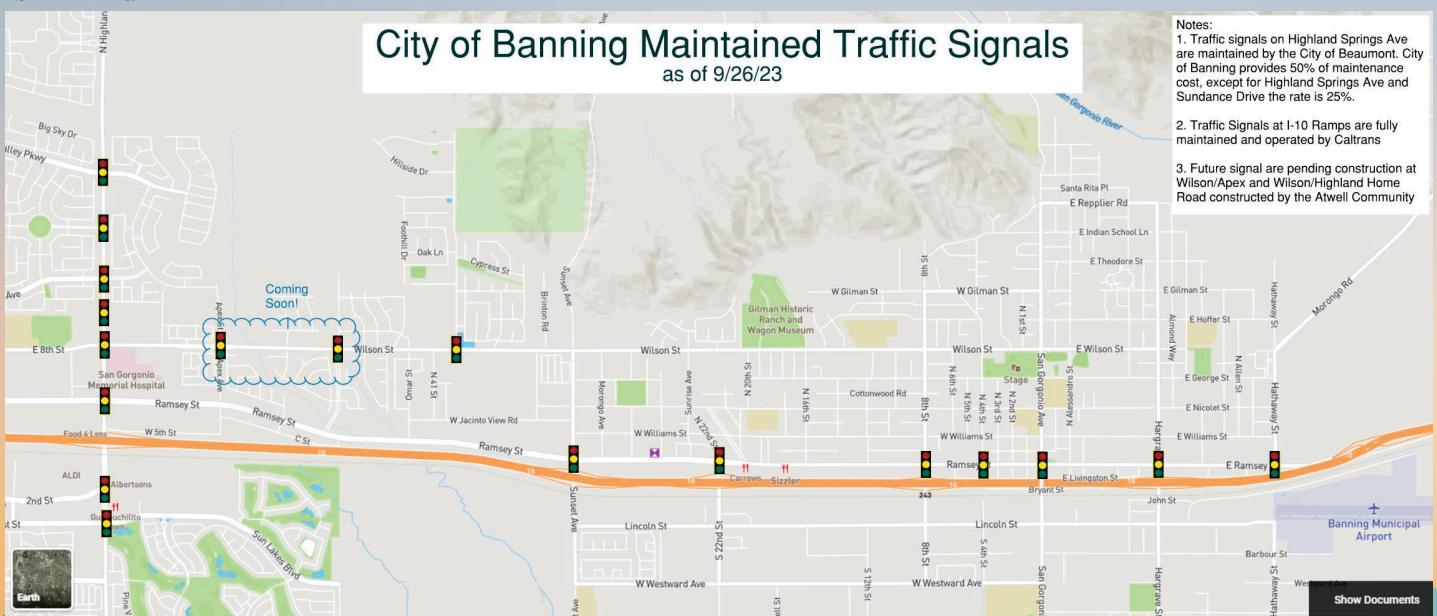


TRAFFIC SIGNAL SIGN REPLACEMENT

September 26, 2023



City of Banning Maintained Traffic Signals as of 9/26/23



Existing Conditions

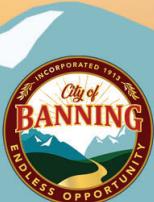


- Not all signs are illuminated
- Signs are faded
- Signs include old city seals or logos
- New installations exist surrounding the Atwell community



Street Name Sign Types Reflective Street Name Sign

- Cheapest Option
- No lighting of the sign
- Costs ~\$4,000 to \$5,000 per sign, depending on length of the board



Street Name Sign Types

Type "A" Body IISNS

- Most prevalent type in the City
- Fluorescent or LED Internally Lit
- Placards installed for street name sign
- Placard replacement is about \$1,000 per sign (2-sided)



Street Name Sign Types

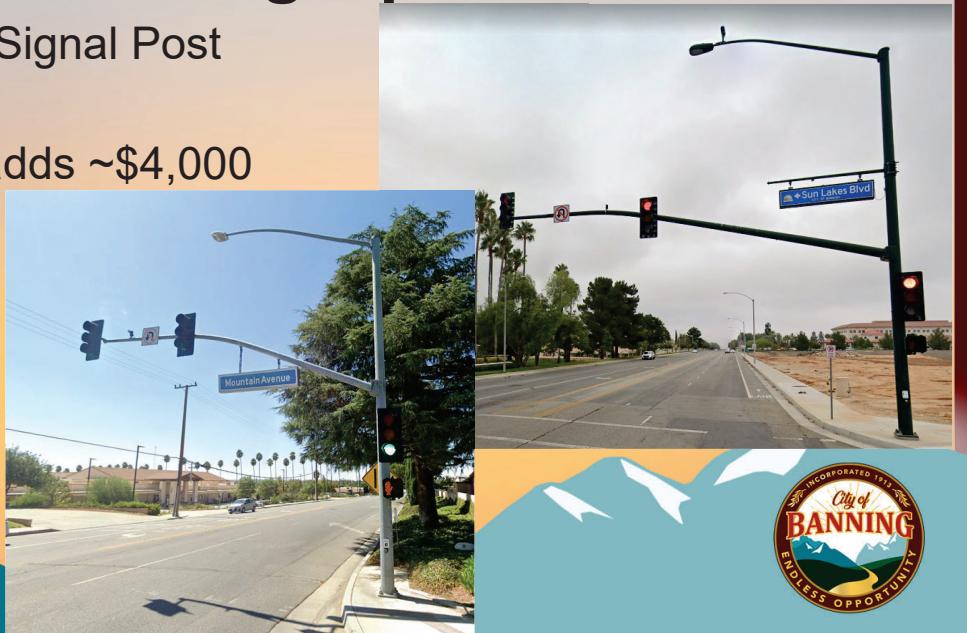
Edge Lit LED IISNS

- Standard for new installations
- In use around the Atwell Community
- Replaceable placards within the housing
- Most expensive sign type

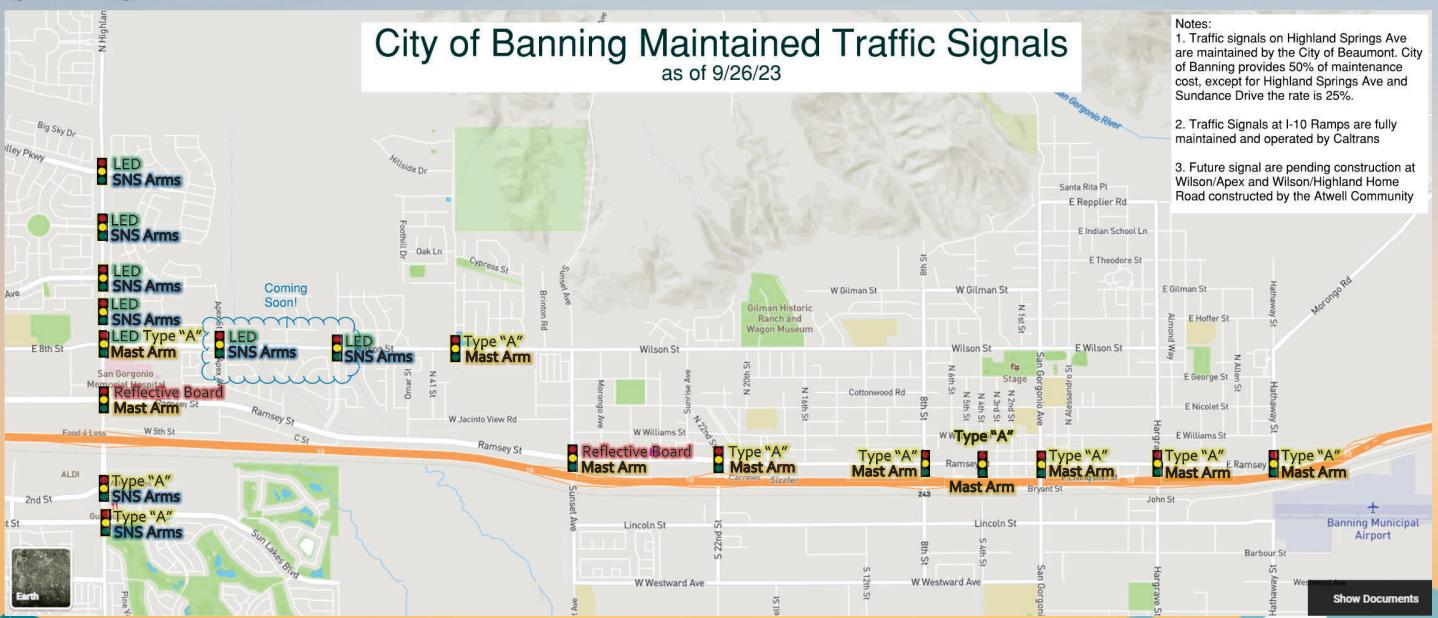


Street Name Sign Types Sign Mounting Options

- Mast Arm Mount or Signal Post Mount
- Signal Post Mount adds ~\$4,000 per installation

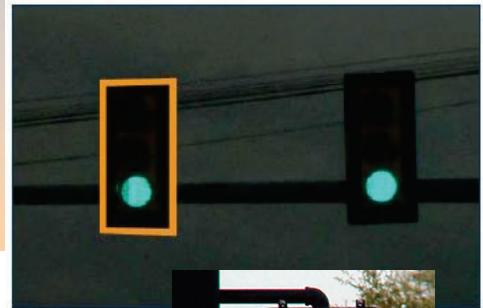
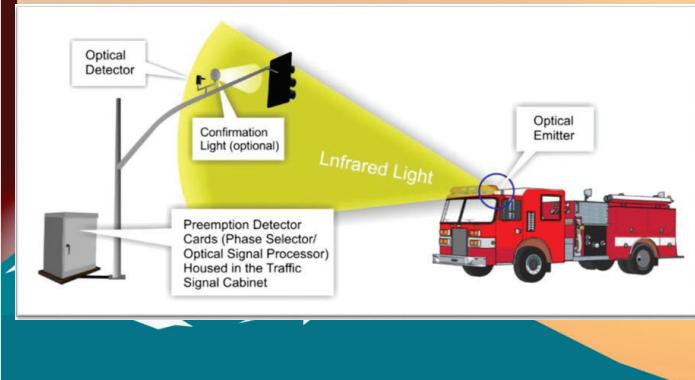


City of Banning Maintained Traffic Signals as of 9/26/23



Pending Traffic Signal Upgrades

- HSIP Cycle 11 Funded, 10% Local Match
- Reflective Backplates
- Accessibility Upgrades
- Pedestrian Countdown Heads
- Emergency Vehicle Pre-Emption



Funding Sources

- Fund 100 – Streets Department Sign Replacement Line Item
 - Limited annual funding available. Multi-year project and investment
- Measure A Funds
 - Used for City Repaving/Slurry Programs
 - Traffic Signals are eligible expense
- Grant Projects
 - HSIP (Awarded, \$390,510 Caltrans/\$43,390 Local)
 - CalGreen (In Review)



Questions?

Contact Information

Nate Smith

nsmith@banningca.gov



EXHIBIT D
**CITY OF BANNING
STAFF REPORT**

TO: CITY COUNCIL

FROM: Douglas Schulze, City Manager

PREPARED BY: Jim Steffens, Acting Electric Utility Director

MEETING DATE: September 26, 2023

SUBJECT: Consideration and Approval of WSPP Agreement/Confirmation between the City of Banning and the City of Pasadena, CA for the Sale of Project Energy Bundled with the Associated Renewable Energy Credits (RECs).

RECOMMENDATION:

Staff recommends that the City Council approve the proposed WSPP Agreement/Confirmation between the City of Banning and the City of Pasadena, CA for the sale of project energy bundled with the associated Renewable Energy Credits (RECs), and authorize the City Manager to execute the WSPP Agreement/Confirmation on behalf of City Council.

BACKGROUND:

The State of California has implemented the Renewable Portfolio Standard (RPS) program as one of its tools to decarbonize the electric utility sector. The RPS program mandates that electric utilities meet specified targets of renewable energy to serve their customers. The RPS program sets soft targets for specific years, and hard targets for Compliance Periods, which are periods of three to four years. For example, we are currently in Compliance Period 4, which runs from 2021-2024. The percentage of retail sales that must be served by renewable energy in Compliance Period 4 is depicted in the table below:

Year	% of Retail Sales Required to be Served by Renewables
2021	35.75%
2022	38.50%
2023	41.25%
2024	44.00%
Average for CP 4:	39.88%

Staff Report: Sale of Project Energy Bundled with the Associated RECs
September 26, 2023
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The method by which utilities comply with these RPS targets is by obtaining RECs and retiring the RECs for the RPS compliance periods. Utilities can obtain RECs by generating/purchasing their own renewable energy, or they can purchase RECs in the secondary markets. There are three types, or “buckets”, of RECs for the RPS program: Portfolio Content Category 1 RECs (PCC1 RECs), Portfolio Content Category 2 RECs (PCC2 RECs), or Portfolio Content Category 3 RECs (PCC3 RECs). PCC1 RECs are the most important and most valuable because utilities must use at least 70% PCC1 RECs to meet their RPS targets. PCC1 RECs are RECs that are bundled with the associated renewable energy that produced them, and the renewable energy must be generated in California.

The secondary market for PCC1 RECs has skyrocketed over the last few months. Historically, PCC1 RECs have sold for around \$15 each. However, the current market for PCC1 RECs has risen to between \$60 to \$65 each due to high demand and market scarcity. The scarcity has been driven by COVID and the resulting supply chain issues. Many utilities had subscribed to renewable projects that they were going to use to meet their RPS targets. However, COVID postponed many of these projects from getting completed. Therefore, there are many utilities that are currently in the market for PCC1 RECs, driving up the prices. Many utilities are very short of meeting the 2023 RPS soft target and very short of meeting the hard target for Compliance Period 4, which ends on December 31, 2024.

The City of Banning Electric Utility (Utility) entered an 8 MW geothermal project that began on January 1, 2022, resulting in the Utility being 81.3% renewable in 2022. Therefore, the Utility is way ahead of the RPS targets for Compliance Period 4 and has excess PCC1 RECs. Given the elevated market for PCC1 RECs, the Utility put out a request for bids to sell some of our excess RECs. The City of Pasadena was the high bidder, bidding \$62 per REC to purchase 40,000 of our excess 2023 and 2024 vintage PCC1 RECs. The City of Pasadena is very short on 2023 RECs, so the Utility is trying to help the City of Pasadena by having this deal signed before the month of October begins. (Since PCC1 RECs are bundled with the energy, the deal must be signed prior to the corresponding energy being produced.) It is also advantageous for the Utility to have the deal include as many 2023 RECs as possible, to give us more flexibility if we want to sell more 2024 RECs in the future. This flexibility is important, because selling the RECs will reduce our 81.3% reported renewability on our Power Content Label. For example, if we sell 30,000 2023 vintage RECs, it will reduce our renewability from 81.3% in 2022 to 60.7% in 2023.

The sale will be transacted through a Confirmation to the WSPP Agreement, including Service Schedule R of the WSPP Agreement. The WSPP Agreement is a standardized contract that is used by almost all in the power industry. The purpose of the WSPP Agreement is to allow market participants to transact deals quickly, without having to negotiate a contract for every deal. A WSPP Confirmation states that the deal is governed by the WSPP Agreement, and provides the details of the deal, such as parties, product, volume, price, etc. A link to the WSPP Agreement, including Service Schedule R, is below:

Staff Report: Sale of Project Energy Bundled with the Associated RECs
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https://www.wspp.org/pages/documents/08_26_22_current_effective_agreement.pdf

JUSTIFICATION:

The Utility is in an advantageous position of having excess PCC1 RECs during a time when the secondary market prices of RECs are extremely elevated. By selling our excess PCC1 RECs, the Utility can improve its cash flow position, and possibly delay the need for a rate increase.

FISCAL IMPACT:

The Utility is looking to sell 40,000 2023 and 2024 vintage PCC1 RECs to the City of Pasadena at \$62 each, which will generate \$2,480,000 in revenue.

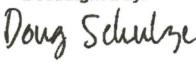
ALTERNATIVES:

1. Approve the sale of PCC1 RECs as recommended and authorize the City Manager to execute the WSPP Confirmation.
2. Do not approve the sale of PCC1 RECs and provide alternative direction to staff.

ATTACHMENTS:

1. Portfolio Content Category 1 (PCC1) Confirmation (WSPP Confirmation).

Approved by:

DocuSigned by:

0AD14BA212CE497
Douglas Schulze
City Manager

Staff Report: Sale of Project Energy Bundled with the Associated RECs
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ATTACHMENT 1

Portfolio Content Category 1 (PCC1) Confirmation (WSPP Confirmation).

**WSPP AGREEMENT
SCHEDULE R
PORTFOLIO CONTENT CATEGORY ONE ("PCC1") CONFIRMATION
BETWEEN
CITY OF PASADENA AND CITY OF BANNING.**

This confirmation ("Confirmation") confirms the transaction ("Transaction") between City of Pasadena ("Purchaser" or "Buyer"), a municipal corporation, and City of Banning. ("Seller"), a municipal corporation, each individually a "Party" and together the "Parties", effective as of (the "Confirmation Effective Date"). This Transaction is governed by the WSPP Agreement effective August 12, 2021 (the "WSPP Agreement"), and Service Schedule R to the WSPP Agreement, both of which are incorporated by this reference as if fully set forth herein. The WSPP Agreement, the Schedule R to the WSPP Agreement and this Confirmation are referred to herein as the "Agreement." In the event of a conflict between the provisions of the WSPP Agreement, the Schedule R to the WSPP Agreement and this Confirmation, this Confirmation shall control. Capitalized terms used but not otherwise defined in this Confirmation have the meanings ascribed to them in the WSPP Agreement and the Schedule R to the WSPP Agreement.

**ARTICLE 1
COMMERCIAL TERMS**

	Seller: City of Banning	Purchaser: City of Pasadena.						
Contact Information:	<u>Seller</u> Address: 99 E. Ramsey Ave. Banning, CA 92220 Contact: Jim Steffens Tel: 951-922-3266 Cell: Email: jsteffens@banningca.gov	<u>Purchaser</u> Address: 150 S. Los Robles Ave. Suite 200 Pasadena, CA 91101 Contact: Erik Johnson Tel: 626-744-7920 Cell: Email: ejohnson@cityofpasadena.net						
Addresses For Formal Notices:	99 E. Ramsey Ave. Banning, CA 92220 Attn: Electric Utility Director	150 S. Los Robles Ave. Suite 200 Pasadena, CA 91101 Attn: General Manager; Water and Power						
REC TRANSACTION:	Product: (Check One): <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="padding: 2px;"><input type="checkbox"/> Firm REC</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Firm Bundled REC</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Resource Contingent REC</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Resource Contingent Bundled REC</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Facility As-Run REC</td> </tr> <tr> <td style="padding: 2px;"><input type="checkbox"/> Facility As-Run Bundled REC</td> </tr> </table>		<input type="checkbox"/> Firm REC	<input type="checkbox"/> Firm Bundled REC	<input type="checkbox"/> Resource Contingent REC	<input type="checkbox"/> Resource Contingent Bundled REC	<input type="checkbox"/> Facility As-Run REC	<input type="checkbox"/> Facility As-Run Bundled REC
<input type="checkbox"/> Firm REC								
<input type="checkbox"/> Firm Bundled REC								
<input type="checkbox"/> Resource Contingent REC								
<input type="checkbox"/> Resource Contingent Bundled REC								
<input type="checkbox"/> Facility As-Run REC								
<input type="checkbox"/> Facility As-Run Bundled REC								

	<p><input checked="" type="checkbox"/> Other (specify): Project Energy bundled with the associated Renewable Energy Credits ("RECs") delivered on an hourly, sub-hourly or real time basis, without substituting energy from another source to the Delivery Points ("PCC 1 Product") In accordance with PUC 399.16 (b)(1) and Section 3203 (a)(1) of the Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities, as adopted by the California Energy Commission on December 22, 2020 and effective on July 12, 2021</p> <p>Project Energy and the associated RECs may be generated from the Eligible Renewable Energy Resources listed below.</p> <p>Project Energy does not include Resource Adequacy Benefits.</p>																																				
	Type of REC																																				
	<p><input checked="" type="checkbox"/> All Attributes (this designation is effective only if a Renewable Energy Source or Renewable Energy Facility is designated below)</p> <p><input type="checkbox"/> Program Attributes (this designation is effective only if an Applicable Program is identified below) (Note: WREGIS and possibly other Tracking Systems will not recognize a Program Attributes REC, or may treat it as an All Attributes REC)</p>																																				
	Applicable Program																																				
	California Renewables Portfolio Standard																																				
	Certification Authority																																				
	<p><input checked="" type="checkbox"/> WREGIS</p> <p><input type="checkbox"/> Center for Resource Solutions Green-e</p> <p><input type="checkbox"/> Other</p>																																				
Contract Quantity:	<table border="1" style="width: 100%;"> <tr> <td style="width: 50%;">PCC1 Product</td> <td style="width: 50%;">40,000</td> </tr> </table>						PCC1 Product	40,000																													
PCC1 Product	40,000																																				
Project:	List of Eligible Renewable Energy Resources (Projects):																																				
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 15%;">Facility Name</th> <th style="width: 15%;">State</th> <th style="width: 20%;">Technology</th> <th style="width: 15%;">CEC RPS ID</th> <th style="width: 15%;">WREGIS ID</th> <th style="width: 20%;">Total Facility Nameplate (MW)</th> </tr> </thead> <tbody> <tr> <td>Coso Energy Developers – BLM West</td> <td>CA</td> <td>Geothermal</td> <td>60322A</td> <td>W748</td> <td>30</td> </tr> <tr> <td>Coso Energy Developers – BLM East</td> <td>CA</td> <td>Geothermal</td> <td>60322A</td> <td>W460</td> <td>60</td> </tr> <tr> <td>Coso Finance Partners – Navy 1 – Unit 1</td> <td>CA</td> <td>Geothermal</td> <td>60309A</td> <td>W453</td> <td>32.2</td> </tr> <tr> <td>Coso Finance Partners – Navy 1 – Unit 2</td> <td>CA</td> <td>Geothermal</td> <td>60309A</td> <td>W746</td> <td>30</td> </tr> </tbody> </table>						Facility Name	State	Technology	CEC RPS ID	WREGIS ID	Total Facility Nameplate (MW)	Coso Energy Developers – BLM West	CA	Geothermal	60322A	W748	30	Coso Energy Developers – BLM East	CA	Geothermal	60322A	W460	60	Coso Finance Partners – Navy 1 – Unit 1	CA	Geothermal	60309A	W453	32.2	Coso Finance Partners – Navy 1 – Unit 2	CA	Geothermal	60309A	W746	30	
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Coso Finance Partners – Navy 1 – Unit 3	CA	Geothermal	60309A	W747	30	
Coso Power Developers – Navy 2	CA	Geothermal	60321A	W459	90	
L.A. Co. Sanitation District – Puente Hills Landfill Gas-to-Energy Facility	CA	Biogas	60290A	W448	52.8	

Seller shall provide written notice to Buyer, of any additional facilities from which it may obtain Project Energy and the associated RECs, prior to Project Energy generation and prior to making any deliveries from that facility to Buyer. Seller may obtain the Project Energy from other projects if and only if doing so complies with then effective Enforcement Procedures For The Renewables Portfolio Standard For Local Publicly Owned Electric Utilities for PCC1 Product.

Contract Price:	The Contract Price for each MWh of PCC1 Product delivered to Buyer shall consist of the Energy Price and the REC Price, calculated as follows: Contract Price = Energy Price – CAISO Credit + REC Price Where: “Energy Price” is the applicable day-ahead or real-time LMP at the Delivery Point for the Project per MWh; “CAISO Credit” is the Energy Price paid directly to Seller by the CAISO at the Delivery Point for the Project Energy; and “REC Price” is \$62.00 per MWh (i.e., per REC) for the PCC1 Product conveyed to Buyer in accordance with the terms of this Agreement. The Contract Price for each MWh of Project Energy is the sum of (a) Energy Price minus the CAISO Credit, which shall equal to zero dollars (\$0.00) and (b) the REC Price.
Term:	The Term of this Transaction shall commence upon the Confirmation Effective Date and shall continue until the later of (i) the expiration of the Delivery Term and (ii) all obligations of the Parties under this Agreement have been satisfied.
Delivery Term:	October 1, 2023 to July 31, 2024

Terms Applicable To Energy Included In REC Product	<p><u>Energy Type:</u> Project Energy shall be Firm.</p> <p><u>Delivery Point(s):</u> The Delivery Points shall be the nodes on the CAISO system where Eligible Renewable Energy Resources inject energy onto the CAISO system.</p> <p><u>Delivery Rate:</u> N/A</p> <p><u>Scheduling:</u> Seller will perform all scheduling and if applicable, NERC e-tagging requirements for this Transaction. All scheduling shall be performed consistent with all applicable NERC, CAISO and WECC scheduling protocols. The Project Energy shall only be sourced from the Projects.</p> <p>For Projects that require a NERC e-Tag ("e-Tag"), each e-Tag shall have a Project as the source of energy, sink inside California, list the Buyer, ID# CORPW, as the last PSE in the physical path, and contain the Projects' CEC RPS IDs (noted in table above) on the Buyer's Designee line of the physical path in the Miscellaneous Information field. Buyer will be copied on all e-Tags.</p> <p>Seller shall be the electricity importer for purposes of California Global Warming Solutions Act, California Cap on Greenhouse Gas Emissions and Market-Based Compliance Mechanisms, also referred to as Cap and Trade Regulations.</p> <p>For Projects that require a NERC e-Tag, Buyer agrees, by May 15 following the end of each Calendar Year, covered in the Term of this Confirmation, to provide Seller with a WREGIS event log, providing a detailed breakdown of the total quantity of WREGIS Certificates transferred under this Confirmation associated with the PCC 1 Product that have been placed in a WREGIS retirement subaccount and those that remain in a WREGIS active subaccount and the name of each such account. The detailed breakdown should include REC serial numbers, vintage year and month by quantity and WREGIS Generating Unit ID, as well additional information necessary to meet the California Air Resources Board Mandatory Reporting Requirements section 95.111 (g)(1)(M)(3).</p>
Allocation of Change in Law Risk:	<p>Change in Law Provisions (Check One)</p> <p><input checked="" type="checkbox"/> Regulatorily Continuing (Section R-5.2.2(b), requiring that Seller make commercially reasonable efforts to obtain compliance with Changes in Law in the designated Applicable Program. If checked, state any agreed maximum costs of such efforts (if no maximum is stated, then no maximum applies): \$20,000 in the aggregate for this provision, Section 2.02(b) and Section 2.02(c).</p> <p><input type="checkbox"/> Not Regulatorily Continuing (Section R-5.2.2(c)).</p>
Damages:	<p>Damages shall be calculated in accordance with Schedule R Section R-9.1.2 (b) Failure to Receive or Deliver provided however Buyer is obligated to pay the Contract Price minus the REC Price for all Substitute Energy delivered and received at the Delivery Point.</p>

ARTICLE 2 SPECIAL PROVISIONS

2.01 Additional Definitions.

"CAISO" means the California Independent System Operator.

"CEC" means the California Energy Commission.

"CPUC" means the California Public Utilities Commission.

"Eligible Renewable Energy Resource" means an electrical generation facility that has been certified as a renewable electrical generation facility by the CEC pursuant to the CEC Renewables Portfolio Standard Eligibility Guidebook as amended from time to time (the "CEC Guidebook").

"Energy" means three-phase, 60-cycle alternating current electric energy, expressed in megawatt hours.

"Resource Adequacy Benefits" means the rights and privileges attached to the Projects that satisfy any entity's resource adequacy obligations, as those obligations are set forth in any Resource Adequacy Rulings and shall include any local, zonal or otherwise locational attributes associated with the Projects.

"RPS" means the California Renewables Portfolio Standard Program as codified at California Public Utilities Code Section 399.11 *et seq.*, and any decisions by the CEC related thereto.

"Scheduling Protocols" means the tariffs, operating procedures and protocols and business practices of the entity or entities transmitting the energy associated with the Product on behalf of Seller or Purchaser to or from the Delivery Point.

"WREGIS" means the Western Renewable Energy Generation Information System or its successor organization recognized under applicable laws for the registration, transfer or ownership of RECs or Green Attributes.

"WREGIS Certificate" means "Certificate" as defined by WREGIS in the WREGIS Operating Rules.

"WREGIS Operating Rules" means the operating rules and requirements adopted by WREGIS.

2.02 Additional Representations and Warranties.

(a) During the Term, each Party represents and warrants to the other that: (i) it is an "eligible commercial entity" and an "eligible contract participant" within the meaning of United States Commodity Exchange Act §§1a(11) and 1a(12), respectively, and this Transaction has been subject to individual negotiation by the Parties, and (ii) all necessary steps have been taken to allow the RECs to be transferred to Buyer in WREGIS.

(b) Eligibility: Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Projects qualify and are certified by the CEC as Eligible Renewable Energy Resources ("ERRs") as such term is defined in Public Utilities Code Section 399.12 or Section 399.16; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

"Commercially reasonable efforts" shall not require Seller to incur out-of-pocket expenses in excess of \$10,000.

(c) Transfer of Renewable Energy Credits: Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the Renewable Energy Credits transferred to Buyer conform to the definition and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in Public Utilities Code section 399.12 (h) and the Enforcement Procedures For The Renewables Portfolio Standard for Local Publicly Owned Electric Utilities effective July

12, 2021, and as may be modified by subsequent decision of the California Energy Commission or by subsequent legislation. To the extent a change in law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such change in law.

"Commercially reasonable efforts" shall not require Seller to incur out-of-pocket expenses in excess of \$2,000.

(d) Tracking of RECs in WREGIS: Seller represents and warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under this Confirmation.

(e) Seller represents and warrants that it is not selling the electricity produced by the Project back to the Project.

2.03 Compliance with RPS.

Seller further represents and warrants that:

(a) Seller's agreements with Project LLCs that own the Projects provide for the simultaneous purchase of energy and associated RECs from the Projects.

(b) Seller has reviewed the applicable regulations and statutes including but not limited to, section 399.16 (b) (1) of the California Public Utilities Code and Section 3203 (a)(1) of the Enforcement Procedures for the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities, as adopted by the California Energy Commission on December 20, 2020 and effective on July 12, 2021 and as of the Confirmation Effective Date the bundled Product provided for hereunder qualifies as eligible renewable energy having a first point of interconnection with a California balancing authority, having a first point of interconnection with distribution facilities used to serve end users within a California balancing authority area, or are scheduled from the eligible renewable energy resource into a California balancing authority without substituting electricity from another source, and the generation facility(ies) have an agreement to dynamically transfer energy to a California balancing authority, therefore the Product meets the requirements of portfolio content category 1 treatment under such sections.

(c) Seller shall use Western Renewable Energy Generation Information System (WREGIS) to transfer RECs to Buyer and conform to the definition and attributes required for compliance with the RPS, as set forth in Enforcement Procedures For the Renewables Portfolio Standard for Local Publicly Owned Electric Utilities effective July 12, 2021 and as may be modified by subsequent decision of the California Energy Commission or by subsequent legislation, but in no event shall RECs be transferred that do not contain the California RPS Certification Number. Seller warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under this Confirmation. Buyer warrants that all necessary steps to allow the Renewable Energy Credits transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under this Confirmation.

2.04 REC Delivery.

(a) The parties shall utilize WREGIS for transferring RECs from Seller to Buyer. Such WREGIS Certificates shall reflect RECs with the vintage and quantities specified in the Contract Quantities section above.

(b) Seller shall deliver and convey the RECs for the PCC1 Product according to WREGIS requirements. Seller shall transfer the WREGIS Certificates within five (5) days after the WREGIS Certificates have been transferred to Seller's WREGIS account, which is managed by the Southern California Public Power Authority. Seller shall properly transfer such WREGIS Certificates, in accordance

with the rules and regulations of WREGIS, equivalent to the quantity of the PCC1 Contract Quantity delivered to the Delivery Points for the applicable period, to Buyer into Buyer's WREGIS account such that all right, title and interest in and to such WREGIS Certificates shall transfer from Seller to Buyer, provided however such date shall be extended in the event of a WREGIS functionality failure. Buyer shall pay for the RECs transferred through WREGIS within 10 days of the latter of (a) Seller completing transfer into Buyers WREGIS account or (b) the receipt of invoice according to Section 2.05(b).

2.05 Settlements and Payment. Seller shall invoice Buyer as follows:

- (a) Project Energy. Seller shall receive CAISO Credit directly from the CAISO for Project Energy delivered under this Confirmation. Seller shall invoice, and Buyer shall pay for Project Energy delivered to the Delivery Points at the Energy Price less the CAISO Credit, which shall equal out to zero dollars (\$0.00), pursuant to Article 9 of the WSPP Agreement.
- (b) RECs. Payments of amounts owed by Buyer to Seller hereunder shall be due and payable after the WREGIS Certificates for the RECs have been transferred to Buyer's WREGIS account. Buyer shall pay for the invoice no later than ten (10) days following receipt of Seller's invoice subsequent to the transfer of the RECs, pursuant to Article 9 of the WSPP Agreement. Seller shall send supporting generation data for the Projects upon request by Buyer.

2.06 Documentation.

- (a) Seller shall provide Buyer with all necessary documentation needed to support and verify that delivery requirements have been met according to RPS requirements under the CEC Renewables Portfolio Standard Eligibility Guidebook as amended from time to time.
- (b) Upon written request of Buyer, Seller shall provide Buyer (within a reasonable period of time) such data and information as may be necessary for Buyer to complete all forms required by the CPUC or CEC in connection with compliance to verify that the Product sold hereunder meets the requirements of PCC1 Product.

2.07 Governing Law. This agreement and the rights and duties of the parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of law. To the extent enforceable at such time, each party waives its respective right to any jury trial with respect to any litigation arising under or in connection with this agreement.

ACKNOWLEDGED AND AGREED TO AS OF THE CONFIRMATION EFFECTIVE DATE:

Seller: City of Banning

By: _____
Name: _____
Title: _____

Buyer: City of Pasadena

By: _____
Name: _____
Title: _____



PCC1 REC SALE REVENUE OPPORTUNITY

The Market Price for PCC1 RECs Has Skyrocketed



What is a REC?

- REC = Renewable Energy Credit
- 1 REC is equal to 1 MW of Renewable Energy Generated
- California Renewable Portfolio Standard (RPS)
- RPS Broken into Compliance Periods
- We are now in Compliance Period 4



Compliance Period 4

Year	% of Retail Sales Required to be Served by Renewables
2021	35.75%
2022	38.50%
2023	41.25%
2024	44.00%
Average for CP 4:	39.88%



How Do Utilities Obtain RECs?

- Generate Their Own Renewable Energy
- Enter into a PPA for Renewable Energy
- Purchase RECs in the Secondary Markets



What Does “PCC1” Stand For?

- Portfolio Content Category 1
- Also Called “Bucket 1 REC”
- REC is Sold “Bundled” with the Renewable Energy
- Renewable Energy is Generated in California
- Most Valuable REC



PCC1 REC Secondary Market

- Historical Price Around \$15 Each
- Current Price is Around \$60 to \$65 Each
- COVID Caused Delays in Renewable Projects
- Supply Chain Issues
- Utilities are Scrambling to Meet RPS Compliance
- Compliance Period 4 Ends December 31, 2024



Banning's RPS Position

Year	Recs Retired	% Required	Retail Sales	Obligation	Actual %
2021	92,931	35.75%	136,924	48,950	68%
2022	119,336	38.50%	145,727	56,105	82%
2023	70,000	41.25%	150,000	61,875	47%
2024		44.00%	150,000	66,000	0%
CP 4:	282,267		582,652	232,930	48%



Proposed PCC1 REC Deal

- City of Pasadena Highest Bidder at \$62 Per REC
- $40,000 \text{ RECs} \times \$62 = \$2,480,000$
- Boost to the Utility's Cash Flow



WSPP Agreement

- Standardized Contract Used by most in the Electricity Industry
- No Need to Negotiate a New Contract for Every Deal
- Executed Through a WSPP Confirmation



Questions?

