

Briefing Document

Description:

A RESOLUTION AUTHORIZING A TAX CERTIFICATE AND AGREEMENT FOR UAMPS' RED MESA AND STEEL SOLAR 1A & 1B PROJECTS; AND RELATED MATTERS.

Presenter: Rick Hansen

Submitted By: Rick Hansen

Recommendation:

Recommend to the City Council to approve the provided Resolution Authorizing a Tax Certification and Agreement for UAMPS Red Mesa and Steel Solar 1A & 1B Projects

Background Information:

UAMPS staff has identified an opportunity to realize a cost savings to the Red Mesa and Steel Solar 1A & 1B Projects by utilizing a Pre-Pay arrangement for the output of the project. See included UAMPS talking points for additional details.

Fiscal Impact:

Through the pre-pay transaction it is anticipated that a savings of 7.5% will be realized for the power received from these Projects. This will result in lower operating costs to the project participants.

Impacted Fund: Electric

March 2024

Project Meeting Overview Report

CARBON FREE POWER PROJECT (CFPP)

1. Discussed in Executive Session:
 - a. Project wind down status, timeline and Department of Energy interactions.
2. **Approved resolution authorizing and approving the Third Amendment to the Revolving Credit and Security Agreement and the amended Fee Letter between UAMPS and Bank of America, and related matters.**

CENTRAL-ST. GEORGE PROJECT

1. Discussed Asset Audit including an overview, project schedule and a review of the memo worksheet.
2. **Approved Hurricane Joint Use Agreement.**
3. Discussed Rights of Way (ROW):
 - a. Dennett Development including analysis complications, now replacing three poles and the increased cost.
 - b. Sand Hollow Road including successful coordination meeting, PID building pad and continued coordination to complete replacement.
4. Discussed St. George Transformer update including capital work suspension, PAC response and PAC's position on cost allocation.
5. Discussed the Operations Report including substation reports for the month of February.

FIRM POWER SUPPLY PROJECT

1. Discussed Prepay for Solar Reboot including completing the Prepay transaction closing date scheduled for May, next steps for approval and details regarding the solar Prepay.

2. Discussed Steel 1A & 1B Project including Commercial Operation Dates (COD), 1A is currently generating test energy, 1B construction updates, battery energy storage system (BESS) proposal, site photos and next steps.
3. Discussed Red Mesa Tapaha Project including the status of the project and next steps.
4. Discussed Red Mesa Curtailment Options including the creation of the scheduling model, economic dispatch hierarchy, average output of energy and estimated cost per option (redirect, sale, curtail).
5. **Approved Resolution regarding a Power Supply Contract and Limited Assignment Agreements between UAMPS and Southeast Energy Authority (SEA) and participation in a prepaid energy transaction being undertaken by SEA; approving tax and disclosure agreements; delegating authority to approve final terms; and related matters.**
6. Discussed the Operations Report including output and scheduling from each resource for the month of February.

GOVERNMENT AND PUBLIC AFFAIRS PROJECT (GPA)

1. Discussed a debrief on the congressional meetings during the 2024 APPA Legislative Rally.
2. Discussed Federal & State Legislative including Executive Branch and Congressional Updates:
 - a. 2024 Presidential Election and candidate details.
 - b. Election polls and issues resonating with voters.
 - c. Crucial states for the election including Georgia and Arizona.
 - d. Congressional update including the Atomic Energy Advancement Act and permitting reform.
 - e. Colorado River Storage Project (CRSP) political updates including SEIS regarding the Smallmouth Bass fish species.
 - f. Call to action regarding SEIS “me too” letters due March 25th.
 - g. Utah 2024 Elections including the Governor Race, U.S. Senate Race, CD 3 and AG Race.
 - h. State Legislative recap including the number of bills passed, budget and announced retirements.
 - i. 2024 Energy Bill Summary including bills affecting both Rocky Mountain Power (RMP) and Intermountain Power Agency (IPA).

- j. 2024 Legislative Reception and 2024 Legislative Rally event debriefs.

HORSE BUTTE PROJECT (HBW)

1. Discussed Conditional Use Permit including follow-up from last month, Bonneville County letter from March and future path with Bonneville County.
2. Discussed landowner concerns and staff is creating a recommendation for landowners with a lease and no turbine payment.
3. Discussed plant operations including plant maintenance/upgrades, photos of the site and site updates.
4. Discussed the Operations Report including production output for the month of February.

HUNTER PROJECT

1. Discussed in Executive Session:
 - a. Long-term strategy including recent activities, Rocky Mountain Power and next steps.
 - b. PacifiCorp Side Letter Agreement including background and new conditions to the original agreement from December 2023.
2. Discussed the Operations Report including plant scheduled output for the month of February.

INTERMOUNTAIN POWER PROJECT (IPP)

1. Discussed legislative update referring to the Government and Public Affairs Project (GPA).
2. Discussed plan update including coal supply for callback.
3. Discussed the Operations Report including scheduled output for the month of February.

MEMBER SERVICES PROJECT

1. Discussed the Payson City Generator Project including project details and plan for moving forward.

2. **Approved Payson City Generator Project.**
3. Discussed AMI including review of AMI Taskforce meeting.
4. Discussed Member Services Survey including survey results from members regarding current services provided and suggested additional services.
5. Discussed High Wind Resiliency Grant Service including cost share, roles of responsibility and the documents needed.
6. **Discussed Grant Services Webinar scheduled for Thursday, March 21st at 9:30am MT.**
7. Discussed adding Hyrum to the equipment share.

NEBO (PAYSON) PROJECT

1. Discussed UAMPS Hedging Policy including the “sweet spot”, term purchases compared to projected runs, volume differences against term purchases, shoulder months and future considerations.
2. Discussed plant operation including February statistics, operational item highlights, plant maintenance/safety highlights and plant water regarding both Payson City Sewer Water and Payson City Culinary Water.
3. Discussed Nebo 138 kV transmission line damage update including pictures of the line, completed repair work and starting the insurance claim.
4. Discussed Rights of Way (ROW):
 - a. Cloud 9 Recreation Center expansion.
 - b. Proposed development for adding Tesla chargers within ROW.
5. Discussed the Operations Report for the month of February including Nebo energy breakdown and Nebo sales margins.

POOL PROJECT

1. Discussed PX & Scheduling Report including long-term and short-term purchases by counterparties and average rate by year.
2. Discussed optimizing the UAMPS energy portfolio including EIM pricing, upcoming major projects for operations, summer forecast and future look at PV and MIDC.
3. Discussed the Operations Report for the month of February including load peak and energy, along with Pool information.

RESOURCE PROJECT

1. Discussed in Executive Session:
 - a. Fremont Solar including the status of the project and next steps.
 - b. Natural Gas Study including the status of the project, timeline and next steps.
 - c. Resource Procurement Plan including capacity outlook and continuing to review and evolve the plan.
2. **Approved the Resource Procurement Plan.**

SPECIAL MEMBER MEETING

1. **Elected Directors for both the Pool and Resource Projects.**
2. **Deemed Director in the Craig-Mona, CRSP, Natural Gas, Nebo and San Juan Projects.**

BOARD OF DIRECTORS MEETING

1. **Approved resolution authorizing and approving the Third Amendment to the Revolving Credit and Security Agreement and the amended Fee Letter between UAMPS and Bank of America, and related matters.**
2. **Approved resolution approving a Power Supply Contract and Limited Assignment Agreements between UAMPS and Southeast Energy Authority (SEA) and participation in a prepaid energy transaction being undertaken by SEA; approving tax and disclosure agreements; delegating authority to approve final terms; and related matters.**
3. Discussed Operations Report:
 - a. Natural Gas storage including regional storage, weather effects and consumption.
 - b. Industry News including CAISO EDAM schedule, PacifiCorp Stakeholder Process and NV Energy influence.
 - c. Seasonal Outlook including March forecast, prior month, 1-5 month precipitation forecast and electricity wholesale prices.
4. Discussed UAMPS Bylaws amendments including member feedback and next steps.

Project Meeting Overview Report

5. Discussed next month's UAMPS Board Meetings in St. George and municipal toolkit workshop.
6. Discussed continuing education class for electrical license being held in Lehi in June.
7. Discussed Lehi's open house in May after UAMPS Board Meetings.
8. Approved all action items for the Project Meetings.

