

Agenda Item 2.3 Program Design Committee Update

Utah Renewable Communities (URC) Board Meeting

Sep 2024 (*Updated 9/9*)



UTAH
RENEWABLE
COMMUNITIES

100% Committed to Clean Energy

Program Design Committee Membership

- Summit County
- Holladay
- Millcreek
- Ogden
- Park City
- Salt Lake City
- Springdale

[Resolution 21-05](#)

[Resolution 21-06](#)

		NOTES	Agency	Utility	Commission
App. #1	Solicitation Procedures	Finalizing	Board Approved Finalizing (July '24)		
	Solicitation Narrative	Finalizing	Board Approved Sent to RMP (July '24)	Reviewing (July '24)	
App #2	Governance Agreement	Complete	--	--	
	Name and Boundary Map	Complete	Approved (Apr '23)		
	Participation Ordinance	Complete	Approved (Jan '23)		
	Plans for Low-Income Assistance	Complete	Approved (Feb '23)		
	Utility Agreement	18 member communities need to re-sign lightly updated version	Approved (Oct '23) Revised (Aug '24)		
	Opt-Out Notices	Drafting w/ placeholders	Revised (Feb '24)	Reviewing (Feb '24)	
	Customer Count (Schedule)	Complete	Received (Aug '24)		
	Monthly Load (customer class)	Complete	Received (Aug '24)		
	Ten-Year Load (customer class)	Update & new communities 7/15	Requested (Aug '24)	Reviewing (Aug '24)	
	Tariff Changes	Resource valuation approach	Requested of RMP Oct '24	Drafting (Jun '23)	
	Process for Periodic Rate Adjustment	Resource valuation approach	Requested of RMP Oct '24	Assigned (Mar '23)	
	Projected Rates (customer class)	Resource valuation approach	Proposed to co-develop by Oct '24	Waiting (Sep '24)	
	Termination Fee	Resource valuation approach	Drafted (Feb '24), proposed to finalize by Sep '24		
	Projected Implementation Date	Resource valuation approach	Proposed Jan '26 (Aug '24)	Waiting (Sep '24)	
	Explain How Costs Not Shifted	Resource valuation approach	Proposed Agency to draft by Oct '24 (Aug '24)		
	Other Informational Materials	Assessing			

Key Activities

- Committee met twice in August
- Small group met four times to discuss resource valuation, procurement, and financial backstop
- Sent two written proposals to PacifiCorp
 - URC resource valuation method
 - Timeline

Utility Agreement - Revised

- Our outside counsel, Phil Russell, recommended that we update the Utility Agreement to conform to changes to our program's enabling statute by the Utah legislature
- Changes
 - Updates "renewable" to "clean"
 - Adds Midvale City as a party
 - Updates names for Kearns and Emigration Canyon
 - Kearns City
 - Emigration Canyon City
 - Updates Utah Code references to requirements to become a Participating Community and removes references to 2019 resolution requirement
 - Adds a provision (Section 15.09) to reduce administrative burden if additional communities join the Utility Agreement in the future

Proposed Resource Valuation

- Difficult to get PacifiCorp to commit to a specific method, so the committee proposed a method in writing and asked the utility to agree by **August 31, 2024**
- Proposes that PacifiCorp establish the value of URC program resources in a manner similar to how PacifiCorp values resources that are bid into its own RFPs
- As of Fri Sep 6, PacifiCorp has not responded
- *Late Friday night, PacifiCorp responded to this request; it is still being reviewed by the Program Design Committee*

Proposed Timeline



Milestone	Date
PPA signed	May 2025
PSC approval	June 2025
Participation ordinance adoption deadline	September 2025
PPA approved by Utah PSC	December 2025

Milestone	Date
PacifiCorp prepares roll-out and conducts noticing	January 2026
PPA reserve fund achieved	December 2026
First URC resource achieves commercial operation	December 2027

PacifiCorp Timeline Response

- *Late Friday night, PacifiCorp responded to this request; it is still being reviewed by the Program Design Committee*
- Submit Part 1 of the Program Application by **Sep 2024**
- PacifiCorp to provide estimated program initiation / setup costs by **Sep 2024**
- PacifiCorp to provide estimated ongoing administrative costs by **Oct 2024**
- PacifiCorp to provide estimated program rates (low, med, high), proposed reserve fund mechanics, proposed process for rate, termination fee, admin, and other tariff adjustments by **Dec 2024**
- File Part 2 of the Program Application by **Apr 2025**
- Send first customer opt-out notices **Apr 2026**
- First program fees collected on **July 1, 2026**
- First program resource comes online **July 2028**

Mounting Concerns about PacifiCorp

- Cancelled resource solicitation (Apr 2024)
- Cancelled long-planned billing system upgrade, resulting in an estimated \$530,000 extra administrative cost for URC program (Aug 2024)
- Cancelled ongoing Multi-State Protocol (MSP) negotiations with no new plan in place to share costs among the six PacifiCorp states (~July 2024)
- Lobbyist chatter that big tech companies cannot get PacifiCorp to sign new resource contracts
- “Wildfire claims against PacifiCorp surge to \$46B on Oregon mass complaints” ([S&P Global](#))
- Utah legislature says it wants Rocky Mountain Power to split from the rest of PacifiCorp, wants report by November (Aug 2024)

Interim Public Utilities Testimony

... the demand is greater and greater and greater. Our system needs investment.

We need more generation resources and we need more transmission resources.

We need electrons, green electrons, brown electrons, we need electrons ...



Dick Garlish
President of Rocky Mountain Power

Now the RFP. We're in a challenging time.

We are in this situation post the fires where we are actively managing the liquidity of the company and making priorities on capital projects, managing cash in the door, managing cash out the door, and we're prioritizing things.

What Does this mean for the URC?

- Appears that in a time of unprecedented new demand for electricity, Rocky Mountain Power may not be in a financial position to build new energy resources or sign new energy resource contracts
- Proceed with asking RMP to submit the solicitation documents as part 1 of the program application ASAP
- Proceed with asking RMP to submit part 2 of the program application by the end of this year
- Perhaps wait to invest remaining financial resources in hosting an RFP until we see signals that RMP's financial position improves or it is signing energy resource contracts

Solicitation - Updates

- Sent solicitation narrative to PacifiCorp on **July 10**, but as of **Fri Sep 6**, still have not received PacifiCorp's suggested edits
 - *Early Mon 9/9, received PacifiCorp's proposed redlines*
- Back-and-forth on co-located energy storage (batteries)
 - Co-located batteries can provide additional system benefit, but also add cost and don't directly support URC communities' renewable energy goals
 - Decided to leave co-located storage in the solicitation, but only as an optional add-on
 - Generation-only proposal is required
- Making progress on updating appendices
 - *Late Friday night, PacifiCorp responded with additional appendices but not the solicitation narrative*

Next Steps (subject to change)

- **Sep:** Rocky Mountain Power submits solicitation docs for PSC approval
- **Sep / Oct:** Look for request to sign lightly revised Utility Agreement
- **Oct:** May see a resolution from the Program Design Committee to finalize proposed termination fees and proposed opt-out notices