UTAH100 COMMUNITIES

COMMUNITY RENEWABLE ENERGY PROGRAM
RESOURCE GUIDE

Introduction

The Community Renewable Energy Program originated from efforts by several Utah municipalities whose communities desired renewable energy. The original collaborators considered various program structures and worked together with Rocky Mountain Power to develop a pathway to renewable energy – the Community Renewable Energy Program via House Bill 411. House Bill 411 was passed with more than a two-thirds majority during the 2019 Utah Legislative Session, enabling the Community Renewable Energy Program.

The first of its kind in the nation, the Program is a municipal partnership with a major utility to deliver a customer choice model. To participate in the Program, interested communities were required to pass a resolution by December 31, 2019, aspiring to achieve net-100% renewable energy by 2030. 21 Utah communities completed this step and are now collaborating on further steps to provide all Rocky Mountain Power customers in their jurisdictions with the choice of standard offer electricity or net-100% renewable electricity. Key components of the Program include:

Community Goals

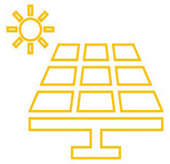
-Provides renewable energy options for participating communities
-Community choice offered at multiple milestones
-Individual customers in participating communities can opt out of the program to remain on standard offer rates

Ratepayer Protection

-Program costs are split across participating communities
-Regulatory oversight by the Public Service Commission
-No cost shifting to other ratepayers
-Customers pay their fair share of existing infrastructure
-Electric system is reliably maintained by Rocky Mountain Power

Clean Energy Investments

-New rural investment and jobs
-Increased local property tax revenue
-Reduced emissions and environmental protection



Key Terms

Division of Public Utilities (DPU)

The Division of Public Utilities is responsible for maintaining the electric transmission grid and ensuring safe and reliable electricity service. They work to assure that all utility customers have access to safe, reliable service at reasonable prices.

House Bill 411 (HB 411)

House Bill 411, the Community Renewable Energy Act, was passed in the 2019 Utah Legislative Session, and enacts the Community Renewable Energy Program. It was sponsered by Representative Stephen G. Handy and Senator Daniel Hemmert, and signed by Governor Herbert.

Office of Consumer Services (OCS)

The Office of Consumer Services is responsible to advocate for the lowest-cost electricity rates for residential customers and small businesses. This office is Utah's consumer advocate, representing residential, small commercial, and agricultural customers.

Public Service Commission (PSC)

The Public Service Commission is responsible for adopting administrative rules, approving the energy rate structure, and ensuring that non-participating customers incur no costs. Rocky Mountain Power must obtain PSC approval for all major decisions and program details.

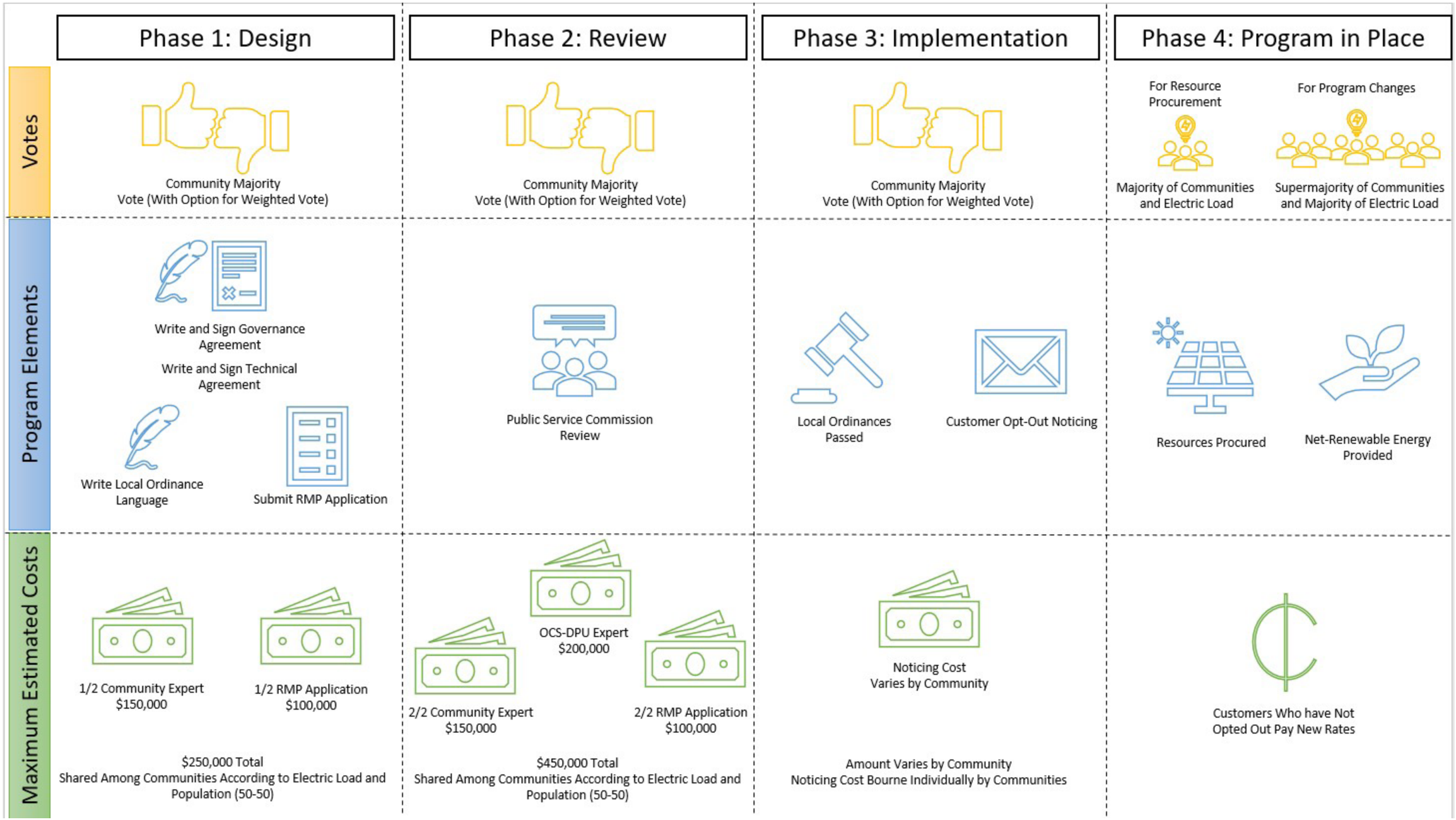
Renewable Energy Resource

A renewable energy resource refers to the source of the renewable energy, such as wind farms, solar photovoltaic farms, thermal solar sites, geothermal resources, and hydroelectric plants. Energy efficiency techniques, measures that that decrease the consumption of energy, are also included.

Net-100% Renewable Energy

Net-100% renewable energy means purchasing the amount of electricity from renewable energy resources in equal amount to the electricity consumed in one year. A community will still use fossil-fuel generated electricity, but this electricity use is offset by the amount of electricity generated via new renewable energy resources, preferably located in Utah.

Program Process



Pre-Implementation Voting

The Community Renewable Energy Program requires Utah 100 communities to operate as one unified entity under a common Governance Agreement. The Governance Agreement will define the program implementation procedures and communities' responsibilities, as well as establish processes for voting and cost sharing. Until the Program is implemented, voting will be based on a simple community majority vote. Each community will get one vote, via their designated member, and decisions will be passed by majority vote. To supplement this voting system, any two communities can call for a weighted vote. This weighted vote will be based on each community's electric load.

Example of Simple Community Majority Vote:
The participating communities are voting on whether to enter into a Utility Agreement with Rocky Mountain Power. There is a motion to enter into the agreement and the 15 communities present all vote. 9 communities, or 60% of the group, vote "yes" and 6 communities, or 40%, vote "no." No communities call for a weighted vote and so the motion wins -- the group agrees to enter into the proposed Utility Agreement.

Example of Weighted Vote:
The participating communities are voting on whether to enter into a Utility Agreement with Rocky Mountain Power. There is a motion to enter into the agreement and the 15 communities present all vote. 9 communities, or 60% of the group, vote "yes" and 6 communities, or 40%, vote "no." Two communities then call for a weighted vote. The group conducts a new vote but this time, each community's vote counts more or less depending on the size of that community's electric consumption. Communities representing 55% of total electric consumption vote "no" and communities representing 45% of total electric consumption vote "yes." The motion fails, and the group does not enter into the proposed Utility Agreement. A new Utility Agreement will need to be proposed.

WHY THIS PROPOSAL?

A community majority vote is simple and avoids unnecessary complications during development of the Governance Agreement. The weighted vote prevents the sheer number of communities from making decisions that might have negative effects on communities with the highest electric loads, and thus the highest costs.

Post-Implementation Voting

After the Public Service Commission approves the application and communities decide whether to adopt the required local ordinance, the Community Renewable Energy Program is implemented. At this point, voting will take on a new form. Changing any program element will require two affirmative votes: one from a supermajority of communities, and one from a majority of the electric load. Procuring new renewable energy resources for the communities will also require two affirmative votes: one from a majority of communities, and one from a majority of the electric load.

Example of Changing Program Elements:
After the program is adopted, several participating communities decide they want to designate a Media Relations Officer. As the Governance Agreement only specifies positions for Chair, Secretary, and Treasurer, this motion would require approval by a supermajority of communities and a majority of the participating electric load. There is a motion to create the new position and the 15 communities present all vote. 11 communities, or over 73% vote "yes" while the remaining 4 communities vote "no," so the motion passes the community vote. The group then holds a second vote by electric load where each community's vote counts more or less depending on the size of that community's participating electric load. Communities representing 55% of the total electric load vote "yes." Because votes representing a supermajority of communities and a majority of participating electric load both succeeded, the motion wins and a new Media Relations Officer position is established.

Example of Procuring New Renewable Energy Resources:
After the program is adopted, the participating communities are deciding which renewable energy bid to select. There is a motion to choose the Bluefire Solar project and the 15 communities present all vote. 8 communities, or over 53%, of the communities vote "yes" and the remaining 7 vote "no". The group then holds a second vote by electric load where each community's vote counts more or less depending on the size of that community's participating electric load. Communities representing 51% of the total electric load vote "yes." Because votes representing a majority of the communities and a majority of participating electric load both succeeded, the motion wins and the Bluefire Solar project is selected.

WHY THIS PROPOSAL?

Once the program is adopted, changes made to it are somewhat like changing the constitution-- a big deal! In order to make changes to an already adopted program, stricter requirements such as community supermajorities and majorities, as well as electric load majorities, prevent participants from altering program elements without broad consensus.

Program Costs

HB 411 defines various costs associated with the Community Renewable Energy Program, including fees for a Community Expert, the Rocky Mountain Power Filing Application, an OCS-DPU Expert, and Customer Opt-Out Noticing.

What is a Community Expert?

A Community Expert is a single representative selected from the participating communities' program representatives who negotiates with Rocky Mountain Power and represents the communities during the Public Service Commission proceedings.

What is the Rocky Mountain Power Application Fee?

This fee is required by Rocky Mountain Power and the Public Service Commission to review and approve the renewable energy rate structure and details of the Community Renewable Energy Program. This fee compensates the utility for the time it spends designing and proposing the program application.

What is an OCS-DPU Expert?

The OCS-DPU Expert is a person or persons that may be contracted by the Office of Consumer Services and/or the Department of Public Utilities to review the program details without passing the cost of program review to non-participants.

What is Customer Noticing?

HB 411 requires participating communities to send two opt-out notices to all Rocky Mountain Power customers within their jurisdiction. The cost of printing and mailing customer notices is to be paid by the participating communities.

WHAT IS THE TOTAL COST?

At this time, we have high-end cost estimates provided by Rocky Mountain Power, OCS, and one of Utah's foremost attorneys representing clients in similar Public Service Commission cases. The estimated total of non-noticing costs (Community Expert, Rocky Mountain Power Application Fee, and OCS-DPU Expert) is $700,000. The total noticing costs are quoted by Rocky Mountain Power as $292,327, if all communities participate.

Cost Sharing

HOW WILL THESE FEES BE SHARED?

The non-noticing costs (Community Expert, Rocky Mountain Power Application Fee, and OCS-DPU Expert) will be shared by the participating communities. The proposed cost share is based 50% on the population and 50% on the electric load of each participating community. Noticing costs will be borne by each individual community in direct relation to the number of notices they are required to send in order to notify all Rocky Mountain Power customers in their jurisdiction.

Example of Non-Noticing Costs:
Community A has a high electric load due to a heavy electricity customer and has a small population. The split between population and electric load prevents Community A from paying a large portion of costs for a small population if the industrial customer opts out of the program.

Example of Noticing Costs:
Community B has 50,000 Rocky Mountain Power customers. Community B will have to pay the cost of sending two opt-out notices per customer for a total of 100,000 notices. On the other hand, Community C only has 2,000 Rocky Mountain Power customers. Community C will have to pay the cost of sending two opt-out notices per customer for a total of 4,000 notices. Each community will incur opt-out noticing costs unique and appropriate to their individual communities.

WHY THIS PROPOSAL?

Sharing the total non-noticing costs using population and electric load creates a more equitable split than one based solely on one factor or the other. By considering a combination of population and electric load, communities with a high electric load and a small population will not be penalized with higher costs than a community with a small electric load and large population. Noticing costs are completely based on the number of Rocky Mountain Power customers within a community's jurisdiction. As such, each community will be responsible for their community's noticing costs only.