

Community Renewable Energy Board Meeting Minutes

The Community Renewable Energy Board, met in a regular public meeting on Tuesday, July 13, 2021 at Millcreek City Hall, located at 3330 S. 1300 E., Millcreek, UT 84106. The Board will convene in an electronic meeting. Board members may participate from remote locations. Board members will be connected to the electronic meeting by GoToMeeting, Zoom, or telephonic communications. The anchor location will be Millcreek City Hall.

PRESENT:

Board Members

Jeff Silvestrini, Chair
Drew Quinn
Luke Cartin
Samantha DeSeelhorst
Dan Dugan
Glenn Wright
Chris Cawley
Andy Beerman
Pamela Gibson
Sarah Stock
Holly Smith
Mila Dunbar-Irwin
Christopher Thomas
Randy Aton
Suzanne Elger
Emily Quinton
Kelly Bush

Staff

John Brems, Millcreek City Attorney
Alexander Wendt, Millcreek Deputy City Recorder
Kurt Hansen, Millcreek Facilities Director

Attendees: Nick Schou, Justin Owen, Janene Eller-Smith, Michael Shea

Minutes by Alexander Wendt.

REGULAR MEETING – 10:00 a.m.

TIME COMMENCED: 10:06 a.m.

1. Welcome, Introduction, and Preliminary Matters

1.1 Purpose and Overview of Meeting

Chair Silvestrini said the purpose of this meeting is to continue and speak about a program design committee and other organizational matters.

1.2 Identification of Voting Board Members

Mayor Silvestrini asked the Board members present to identify themselves for the benefit of the meeting recorder and the record.

Council Member Drew Quinn – Voting Member
Samantha DeSeelhorst – Alternate Member – Voting Today
Council Member Dan Dugan – Voting Member
Mayor Jeff Silvestrini – Voting Member
Andy Beerman – Voting Member
Glenn Wright – Voting Member
Christopher Thomas – Alternate Member - Not voting today
Luke Cartin – Alternate Member – Not voting today
Sherri Jackson – Alternate Member – Not voting today
Pamela Gibson – Voting Member
Kelly Bush – Voting Member
Chris Cawley Voting Member
Suzanne Elger – Alternate Member – Not voting today
Randy Alton – Voting Member
Mila Dunbar-Irwin – Alternate Member – Not voting today
Kalen Jones -Voting Member
Holly Smith – Alternate – Not voting today
Janene Eller-Smith – Alternate Member – Not voting today
Sarah Stock – Voting Member
Emily Quinton – Alternate Member – Not voting today
Michael Shea – Alternate Member – Not voting today

1.3 Discussion of Meeting Schedule and Meeting Locations

Chair Silvestrini asked if meeting the second Tuesday of the month works for the Board. Board Member Quinn said that Tuesdays work well, but not the second Tuesday of the month. Chair Silvestrini said that a poll could be sent out. Board Member Beerman said he supports the first Tuesday of the month. Board Member Bush said third Tuesday. Board Member Dugan said Salt Lake City has Tuesday Council meetings and Tuesdays are difficult. Chair Silvestrini said that maybe the meeting time could be changed to 9am. Then Chair Silvestrini asked if the first Tuesday of the month at 9 a.m. works for the board. Chair Silvestrini said that seemed to be the consensus. Chair Silvestrini asked for a motion when they get to the next agenda

1.4 Discussion and Consideration of Resolution 21-04 Annual Meeting Schedule

Board Member Wright made a motion to hold meetings the first Tuesday of the month at 9 a.m. at Millcreek City Hall. All board members voted yes. The motion passed unanimously.

1.5 Discussion of Officer Election Date

Chair Silvestrini asked that the Board hold an officer election on August 3rd. Offices up for election are the chair, secretary, and treasurer. Chair Silvestrini said that he is volunteering the Millcreek Recorder to record the meeting minutes.

2. Business Matters

2.1 Orientation and Training

Christopher Thomas, Sustainability Analyst for Salt Lake City, introduced himself and gave a presentation. The Community Renewable Energy Program for homes and businesses has a community wide goal to achieve net 100% renewable electricity by 2030. This renewable energy option would become the default option for all residents and businesses and then people will be given time to opt out of the program if they wish. Affordability is key. People need to feel that they can participate. The plan is to inject a significant amount of renewable energy into the electric grid, protect low-income customers, and “combine the interest of communities across Utah to multiply our impact.” Current options are good but limited. The Blue-Sky program mostly supports existing projects that are not interconnected to the electric grid. The Subscriber Solar Program has so far supported one new 20-megawatt solar farm, but is currently capped, and requires customer opt-in. Rooftop solar has many benefits, but typically requires a big upfront financial investor or a loan. This program will be the first of its kind in the country, like Utah’s version of community choice aggregation. The Community Renewable Energy Act passed in 2019. The eligibility window was extended to December 2019. 23 Utah Communities became eligible by adopting qualifying resolutions. Administrative rules were adopted in December 2019. Communities have been meeting to work on next steps since January 2020. The governance subgroup has been meeting weekly to work on a governance agreement and communications.

Board Member Thomas said as a board, by state law, the board must arrive at a single decision on program issues. The governance agreement has administrative functions built into it and was created to be a cooperative group. Programmatic committees will be necessary. Board Member Thomas said that a low-income plan committee and a communications committee may also be beneficial, in addition to the program design committee. There is a stipulation of payment for third-party expertise for state regulators, and stipulation of payment for noticing. A requirement in the utility agreement will be the negotiation of termination charges. The utility agreement will require interpreting the net 100% goal.

Board Member Thomas then explained the program application. They will need a list of participating communities with customer class loads and forecasts. Proposed ordinance language for each community to adopt and participate. Projected program rates and tariffs. The board will propose a process for periodic rate adjustment filings. One plan per community addressing low-income programs and assistance is required. Board Member Wright asked if each community would have its own low-income plan. Board Member Thomas said yes. There must be a proposed solicitation process, form of opt out notices, implementation date. There must also be an explanation of how non-participating customers and the utility will not be subject to program liabilities/costs. To approve the Program Application, the Commission must find: it is in the public interest and may not result in shifting of costs or benefits to non-participants. After Commission approval, an eligible community identified in the application must pass an ordinance within 90 days. At this point the Board may begin resource solicitation and acquisition, as approved. The Board would put out a request for proposal (RFP), first and second opt-out notices as approved, 60 days before commencement, in person for customers over 1 MW. There is a cancellation period

for three billing cycles following commencement, after which a termination fee, if any, applies. Board Member Thomas went over the implementation steps. June 2021, assemble participating communities and sign a governance agreement. Jan 2022, design a program rate, project customer bill impact, develop a low-income plan, and sign a utility agreement, and submit to PSC. Review and approval by Utah PSC by September 2022. December 2022, pass ordinance to finalize participation.

Board Member Thomas spoke about the governance agreement and voting. There is pre-implementation voting and then post-implementation voting. A simple way to think about this is rules for voting before and after program implementation. Pre-Implementation voting requires a majority of communities with the option for two communities to call for a weighted vote. The vote will be weighted by participation percentage, which changes throughout the timeline. The participation percentage weights are as follows. Phase 1 payment obligation, phase 2 payment obligation, and participating electric load. Board Member Thomas described post-implementation voting as follows. To change program elements a supermajority of communities and majority of electric load. To procure new resources; a majority of communities and majority of electric load (unless 10% or more; then a supermajority of both is required). For other votes, a majority of communities with the option to call for a weighted vote based on electric load. During pre-implementation voting general votes must be taken at a meeting with a quorum. This requires at least a majority of Board Members present and voting. If any two Board Members call for a weighted vote, then at least a majority of participation percentage must be present. Board Member Thomas then explained primary and alternate board members. The primary board member must be elected and if present the primary board member casts the vote. Alternate board members do not have to be elected. When a primary board member is absent, the alternate has all the privileges of the primary board member.

Board Member Thomas explained governance agreement costs and program implementation expenses. State law says that program implementation, “may not result in any shift of costs or benefits to any non-participating customer or any other customer of the qualified utility beyond the participating community boundaries.” It has been estimated that the high-end cost could be \$700,000. This is apart from noticing costs. This is broken down between, \$300,000 for legal and technical consultants, \$200,000 for Rocky Mountain Power program design and filing, and \$200,000 for state regulators to contract third-party expertise. The noticing cost estimate is the cost per notice multiplied by the number of customers in each jurisdiction, to reimburse Rocky Mountain Power for the cost of sending notices. The \$700,000 cost will be shared based on a calculation that averages each community’s share of total eligible population and total electric load, spread over two fiscal years. Noticing costs will be directly traceable to the number of customers in each jurisdiction, so they will be paid by the local governments who decided to participate in the program. Does the cost for a local government change depending on what other local governments decide? No, based on feedback, some communities make an anchoring financial commitment that automatically fills the gap left by any community who decides not to join. The anchor commitment works by anchor communities committing to maximum financial amounts that collectively equal the entire \$700,000 implementation cost. As non-anchor communities join, the anchor

payment shrinks proportionally to the size of each local governments maximum anchor commitment. Phase 1 anchor community payments are due October 31, 2021, for cities and January 31, 2022, for counties. Phase 2 payments are due October 31, 2022, for cities and January 31, 2023, for counties. Payment Dates for 2021-2022 are due by July 31st, 2021, for communities who want to be able to vote, sign on, and Phase 1 initial payments due. Board Member Thomas said that perhaps the board will vote to move the phase one initial payment to September 30th to allow election of a treasurer first. For those who want to wait and see, January 31, 2022, is the last chance to sign on and make the phase 1 payment. Phase 2 initial payments are due July 31, 2022. Phase 2 anchor payments are due on October 31, 2022, for cities. Anchor counties phase 2 payments are due on January 31, 2023.

Board Member Thomas explained The Community Renewable Energy Board Cooperative. "It is the intention of the parties that the officers of the Agency will be periodically elected as set forth in the Bylaws, and that each Party will offer qualified employees to serve as potential officers of the Agency in order to equitably share administrative burdens and costs." This includes accounting and payments, public noticing, and record-keeping, and retaining and managing consultants. The board is not locked into their roles as originally envisioned. Board roles as originally envisioned are the president or chair, who has duties such as calling and conducting board and committee meetings, conduct agency business, and retain and manage outside consultants. The secretary will receive and provide notices as well as prepare minutes and books of the agency. Finally, the treasurer will receive and hold payments in a separate ledger for the agency, conduct financial and accounting measures, and perhaps retain and outside consultants.

Committees could play a role in helping accomplish program requirements. These are committees the board may wish to consider. Communications Committee, Low-Income Planning Committee, and Program Design Committee. The Communications Committee may manage updates for the Utah100Communities.org website and coordinate publicity and media relations. The Low-Income Planning Committee could develop a menu of options or a template that individual communities can choose from. The Program Design Committee will manage work with Rocky Mountain Power, in conjunction with consultants, on the Utility Agreement and elements of the Program Application. The suggested time commitment is 5-10 hours per month. Previous experience with electric utility regulation and planning is highly encouraged. Chair Silvestrini said it makes sense for alternate board members to serve on committees to keep them up to speed. Twelve communities have joined the governance agreement. There are three officer roles contemplated. Then there are three potential committees. One community should not be over-represented doing everything. Many functions need to be fulfilled.

All communities will need to sign the utility agreement with Rocky Mountain power. The utility agreement will create the stipulation of payment for third-party expertise for state regulators, stipulation of payment for noticing, termination charges, any initially proposed replaced assets and interpreting the net 100% goal. Board Member Thomas explained the termination fee. The termination fee means the fee, if any, to be assessed on and charged to an existing customer. A customer who

opts out before the cancellation date does not incur a termination fee. The fee can vary by customer class, usage level, or for other reasons as approved by the Commission. Applicability to a residential participating customer who moves outside the program boundaries shall be as approved by the Commission. The termination fee may not be considered part of the unpaid amount for any residential customer for purposes of account termination or disconnection. Board Member Wright asked how much the termination fee might be for a small retail customer? Board Member Thomas said that if the board created a program design committee the committee could examine this.

The Utility agreement can help the Board define the net 100% renewable energy goal. The system should become more dependent on renewable energy by 2030. Board Member Wright asked why does 2024 have such a jump in renewable energy. Board Member Thomas said that Rocky Mountain Power has plans to switch to far more renewable energy by 2024. Board Member Thomas said that this plan will be updated for 2021. Board Member Quinn asked what front office transactions are. Board Member Thomas said front office transactions are often for short-term energy needs, they are usually natural gas contracts. By 2030 Rocky Mountain Power wants to have renewable energy in amounts that were used by traditional power resources in 2020. The world is going to change between now and 2030. In that case there may be more renewable energy available in 2030 than is currently estimated.

Board Member Thomas reviewed program application with the Board. The program application includes the projected program rates. Could there be a 2% increase in year one? What does the projected program rates look like? Board Member Thomas described the process of ratemaking. Ratemaking is the process of taking expenses or revenue requirement. They fall into 3 buckets, generation, transmission, and distribution. The utilities approved rate of return for their investors plus the generation, transmission and distribution create the revenue requirement. The revenue requirement then creates the rate design. The charge for a residential customer will be different than an industrial customer. A commercial customer may also pay for a demand charge. The demand charge will vary depending on their use and how much electricity is available. There are also quantifiable costs and benefits that are called out in the law, said Board Member Thomas. Some costs to customers are easy to identify and others less easy to spot. Program customers must pay for the new system because it was procured on their behalf. There is an element called avoided costs. If the program builds wind and solar farms, then a coal plant may be able to turn down. Because of that the program customer should be able to have their cost reduced due to the avoided cost. Board Member Wright asked Board Member Thomas if transmission costs could be recovered. Board Member Thomas said the program could work many ways and if the standard system used some of the new transmission methods, then the program should be credited. Mr. Thoms explained a utility tariff called Schedule 34. Schedule 34 says if you sign a contract for renewable energy but if you bring a new resource online and you avoid \$2 in cost. It brings the total cost to the customer down. Summit County, Park City, Salt Lake City, Utah Valley University, Deer Valley Resort, Park City Mountain and Vail resorts entered into an agreement creating the Elektron Solar Project which reduced avoided costs by approximately \$2.

Board Member Thomas asked, should the board form a program design committee? Board Member Thomas said the Program Design Committee should be a smaller group devoting 5-10 hours per month, meeting every other week with consultants, monthly meetings with Rocky Mountain Power, and then meeting with state regulators. They will develop and manage the joint Rocky Mountain Power program design work plan and provide regular status updates to the Board. They will act as an advisory body to the Board. Chair Silvestrini said one key to success with negotiating with Rocky Mountain power is to have consultants to rely upon in two areas. First the legal area, and second to help design a program that will work. Board Member Thomas shared recent news regarding the renewable energy landscape. PacifiCorp published their final short list for their request for proposals arrived at. Board Member Thomas said renewable energy keeps getting more affordable which is good for the Board and the program.

2.2 Discussion of a Program Design Committee and its Role

Chair Silvestri said perhaps the board should wait to make appointments to the Program Design Committee to give thought to this. Board Member Wright said he is very interested in being on the Program Design Committee. Chair Silvestrini said that hoped that Salt Lake City would lend Board Member Thomas. Chair Silvestrini asked if there was supported to adopt the Program Design Committee resolution. The Board would have to decide on the right number for the committee size. Board Member Dugan said he was in favor of six members on the Program Design Committee because they will bring all items to the actual board for approval. Board Member DeSeelhorst asked if two of the six members of the committee could come from the same municipality. Board Member Dugan said that if there were two Salt Lake City members of the Committee they would count as one. Chair Silvestrini said that assuming there are enough people the Program Design Committee should not be weighted away from small communities. Board Member Beerman said the Program Design Committee seems very important and Park City would like to be involved. Chair Silvestrini read something from Ogden. Janene Eller-Smith said that Ogden is considering their resolution tonight and would like to serve in the Program Design Committee. Please wait until August to determine who serves. Board member DeSeelhorst asked to create the design committee and then hold off on appointing the committee until August.

2.3 Discussion Regarding Party Interest in or Questions about Officer Roles

Chair Silvestrini said that the board does not select non-permanent officers. If someone is interested in serving in those roles, they need to inform Board Member Quinton. Chair Silvestrini said that the Millcreek Finance Director, Laurie Johnson, said that she has the bandwidth to fulfill the treasurer role. Ms. Johnson has asked that any payments from the Board require two signatures. Mr. Cartin said the Board must determine the term length for the officers. Board Member Dugan said that a one-year term may be appropriate. Chair Silvestrini agreed that a one-year term is good.

2.4 Discussion and Consideration of Resolution 21-05 Program Design Committee

Board Member DeSeelhorst moved to approve Resolution 21-05 to make the Program Design Committee size six rather than seven and allow them to hire experts. Board Member Dugan seconded. Chair Silvestrini asked for vote. All board members voted yes. The motion passed unanimously.

2.5 Discussion and Consideration of Resolution 21-06 Appointments to Program Design Committee

Board Member DeSeelhorst moved to continue item 2.5, Resolution 21-06 to the August 2021 meeting. Board Member Quinn seconded. Chair Silvestrini asked for the vote. All board members voted yes. The motion passed unanimously.

2.6 Discussion and Consideration of Resolution 21-07 Change Phase One Initial Payment Date to September 30, 2021.

Board Member Beerman moved to approve Resolution 21-07. Board Member Bush seconded. Chair Silvestrini asked for the vote. All board members voted yes. The motion passed unanimously.

2.7 Discussion and Consideration of Resolution 21-08 Financial Administration/Procurement Rules

Chair Silvestrini asked the Board to sit on this Resolution for now, review the draft, and be prepared to adopt or offer amendments to this resolution at the next meeting on August 3rd.

2.8 Approval of July 1, 2021, Meeting Minutes

Board Member DeSeelhorst asked why some portions of the minutes call the chair Mayor Silvestrini and in other places Chair Silvestrini. The Deputy Recorder said that in the minutes Mayor Silvestrini was referred to as Mayor before he was elected to be the acting chair. Board Member DeSeelhorst asked how to refer to Board Members in the minutes when they are alternate Board members. Chair Silvestrini said he had no objections to calling them Board Members.

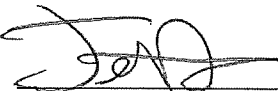
Board Member Dugan made a motion to approve the amended minutes from July 1, 2021. Board Member Wright seconded. Board Member Beerman abstained. All other board members voted yes. The motion passed.

2.9 Discussion of Other Matters for Subsequent Consideration

Board Member Thomas said that Salt Lake City will be putting together a press release because this is a milestone on moving towards net renewable energy. Please let Board Member Thomas know if your municipality would like to be involved. Board Member Quinton asked that this recording be sent to eligible communities, so they have access to the presentation that Board Member Thomas made.

3. Adjournment

ADJOURNED: Board Member Quinn moved to adjourn the meeting at 11:58 a.m. Board Member Wright seconded. Chair Silvestrini called for the vote. All Board Members voted yes. The motion passed unanimously.

APPROVED:  Date August 3, 2021
Jeff Silvestrini, Acting Chair

ATTEST:


_____, Acting Secretary

