

THE COMMUNITY RENEWABLE ENERGY BOARD
RESOLUTION NO. 23-02

**A RESOLUTION OF THE BOARD APPROVING CLIMATE POLLUTION
REDUCTION GRANT COMMENTS**

WHEREAS, the Community Renewable Energy Board (“Board”) met in a regular meeting on January 9, 2023 to consider, among other things, a resolution of the Board approving Climate Pollution Reduction Act Comments (“Comments”) (all capitalized terms used herein and not otherwise defined are defined as set forth in the Agreement referenced below);

WHEREAS, pursuant to the Interlocal Cooperation Act, codified at §11-13-101 *et seq.* and adoption of an Interlocal Cooperative Agreement (“Agreement”) the Community Renewable Energy Agency (“Agency”) was formed; and

WHEREAS, pursuant to the Rules Governing the Community Renewable Energy Program (“Program”), codified at Utah Administrative Code R746-314 *et seq.* (the “Rules”), an application filed with the Utah Public Service Commission to approve a community renewable energy program (“Program Application”) must include “an explanation of how non-participating customers and the utility will not be subject to any program liabilities or costs”; and

WHEREAS, the United States Environmental Protection Agency (“EPA”) requested public comment through a Request for Information issued November 11, 2022 in Docket EPA-HQ-OAR-2022-0873 (“Docket”) regarding a \$5 billion appropriation to fund Climate Pollution Reduction Grants (“Grants”) for eligible entities; and

WHEREAS, the Grants could fund a financial backstop sufficient to prevent the imposition of liabilities or costs on non-participating customers and the utility, for one or more Program resources; and


WHEREAS, the Board finds it necessary to submit comments in the above-referenced Docket to further explore and preserve participating communities’ ability to apply for the Grants to support the Program.

NOW, THEREFORE, BE IT RESOLVED by the Board that comments attached hereto as Exhibit A are approved for submission in the above-referenced Docket.

This Resolution assigned No. 23-02, shall take effect immediately.

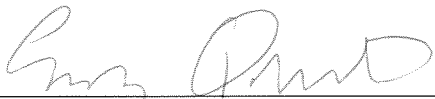
PASSED AND APPROVED by the Board this 9th day of January, 2023.

**COMMUNITY RENEWABLE ENERGY
BOARD**



Dan Dugan, Chair

ATTEST:

A handwritten signature in cursive script, appearing to read "Emily Quinton". The signature is written in dark ink and is positioned above a horizontal line.

Emily Quinton, Secretary

Exhibit A

The Utah Community Renewable Energy Agency (CREA; also called the “Utah 100 Communities”) is pleased to submit the following comments in response to the Environmental Protection Agency’s (EPA) Request for Information - Climate Pollution Reduction Grant (Docket ID No. EPA-HQ-OAR-2022-0873).

No responses are provided for questions #9 and #10. The following six introductory paragraphs are also repeated as a response to question #12, below.

CREA comprises 18 Utah counties, cities, and towns who are working with Utah’s largest electric utility, Rocky Mountain Power/PacifiCorp (RMP), to develop the Community Renewable Energy Program (Program). Together, CREA communities represent almost 25% of RMP’s Utah retail electricity load. Development of the Program is enabled by a state law called the Utah Community Renewable Energy Act (Act) passed in 2019. CREA’s first Board meeting took place in July 2021 and negotiations between the Board’s Program Design Committee and RMP have been taking place since December 2021.

The Program will be designed to provide “net-100% renewable electricity” – meaning that it should match 100% of participating customers’ annual electricity consumption with renewable energy generation delivered to the PacifiCorp system by 2030. Using 2021 numbers, CREA currently estimates that the Program will need to develop over 1 million Megawatt-hours of new renewable energy projects to satisfy the target. This amount of energy is equivalent to what would be provided by roughly 200 Megawatts (MW) of Utah solar and 166 MW of Wyoming wind.

The Program is in development and must be approved by the Utah Public Service Commission (PSC). To obtain PSC approval, RMP and CREA must demonstrate that “non-participating customers and the utility will not be subject to any program liabilities or costs.” Because the Program is optional (participants will be able to exit by paying a modest termination fee) this requirement will likely necessitate the development of a **financial backstop fund** sufficient to cover the total Program-assigned cost of a resource before that resource is placed into service. For a hypothetical 100 MW Utah solar resource under contract for 15 years, the total Program-assigned cost could be approximately \$50 million. (The Program-assigned cost is envisioned to represent the full resource cost minus the value of the quantifiable benefits attributable to the Program resource.) CREA hopes the contract for the first Program resource will be signed as soon as November 2023 through PacifiCorp’s 2022 All-Source Request for Proposals.

The Program-assigned cost of a resource could be raised through participating customer bill charges over a 2-3 year period between when the resource contract is signed and when the resource comes online. But such an approach could erode customer participation for two reasons. First, the Program rate will be much more expensive (around 5x) if a cost that would normally be spread over a 15-year term must be compressed into only 2-3 years. Second, customers may be unwilling to pay even a relatively small Program bill charge before there are any new Program resources in operation.

CREA views the Climate Pollution Reduction Grants as an attractive potential source of funds that could constitute a **financial backstop fund** for the Program's first renewable energy resource. Such an approach would allow the Program-assigned cost of a resource to be spread over the 20-30 year usable life of that resource, reducing the Program premium and increasing participation. As the Program-assigned cost of the first resource is paid off through participating customer bills, that portion of the financial backstop would then become available to backstop the next Program resource. Eventually, after all Program resources have been acquired to reach the net-100% renewable electricity target and assuming that Program participation remains high enough to cover all Program-assigned costs, the remaining financial backstop fund could be devoted to other uses.

CREA believes that similar net-100% renewable electricity programs could be replicated in other states served by large Investor Owned Utilities (IOUs) that do not have binding renewable energy portfolio standards or pollution reduction targets.

Questions:

1. What are the most promising greenhouse gas (GHG) planning and reduction opportunities that could be catalyzed by the Climate Pollution Reduction grants, taking into consideration:

- a. Total potential for GHG reductions and other co-benefits;*
- b. Gaps in existing resources, programs, or policies;*
- c. Availability of other government funding streams?*

In general terms, CREA proposes that EPA prioritize opportunities like the Utah Community Renewable Energy Program (Program) that:

- **address climate pollution that is not otherwise addressed by federal or state laws** like binding renewable portfolio standards or climate pollution reduction targets,
- **focus on deploying affordable and commercial technologies like wind, solar, and battery storage** at utility scale,
- **hasten the deployment of additional carbon-reducing technologies by 2030**, in line with science-based climate targets and the Biden Administration's 50-52% reduction goal,
- **and achieve co-benefits** like reducing other regional air pollutants and power sector-related water consumption in places like the drought-stricken Western United States.

More specifically, CREA hopes to utilize a Climate Pollution Reduction grant to reduce GHG by accelerating the construction and utilization of renewable electric generation resources, which would reduce generation from fossil-fuel resources.

CREA believes that our Program could serve as a demonstration for other states served by large Investor Owned Utilities (IOUs) that do not have binding renewable portfolio standards or pollution reduction targets.

CREA has investigated several avenues toward creating a financial backstop for our Program, and while several may be possibilities, none appear to be a perfect fit.

For example, in speaking with the **Department of Energy's Loan Programs Office (DOE LPO)**, we learned about several requirements that will likely pose challenges for our Program to overcome:

- loans made by DOE LPO are typically at least \$100 million, likely exceeding the total financial backstop amount needed for the Program's first resource
- loans made by DOE LPO for commercially available technologies must receive qualifying funding from a state energy financing institution (SEFI), which would likely require additional state or local appropriations, and
- it is unclear how a project selected by CREA from PacifiCorp's 2022 All-Source Request for Proposals would be able to retroactively seek a DOE LPO loan or guarantee that might affect the overall project's cost of capital.

Another Federal avenue toward funding a financial backstop for our Program could emerge from the **Greenhouse Gas Reduction Fund** provisions of the Inflation Reduction Act. However, it does not appear that CREA qualifies as an eligible recipient for direct investment of general assistance funds. It is also unclear to whom CREA would apply for direct funds, as there is not currently a Utah "green bank" and we are unsure whether there will be a national green bank. Furthermore, it is unclear whether such green banks will be in place and in a position to support projects such as our Program by November of 2023, which is when we hope to have a contract signed for the Program's first renewable energy resource.

While CREA believes our Program has the opportunity to deploy around 400 MW of renewable energy resources by 2030, we face unique challenges. CREA will continue to explore alternative financial backstop mechanisms but views the Climate Pollution Reductions grants as a promising avenue.

2. How should the EPA integrate the needs of underserved communities into the design of this program, taking into consideration:

a. What equity and justice concerns, opportunities, or priorities are most relevant for this program and how can EPA best help address them?

b. How can EPA best address the statutory requirement to consider the "degree to which greenhouse gas air pollution is projected to be reduced in total and with respect to low-income and disadvantaged communities"?

CREA recently approved [a measure](#) designed to allow eligible lower-income households that use a typical amount of electricity to participate in the Program at no additional cost. We hope that EPA will recognize this type of accessibility feature as one among many ways to integrate the needs of underserved communities in projects supported by Climate Pollution Reduction grants.

In terms of addressing the referenced statutory requirement, CREA suggests that EPA consider requiring all planning efforts funded by Climate Pollution Reduction grants to specifically evaluate how low-income and disadvantaged communities within the project scope will be benefited, and how an implementation grant would be used to make project benefits accessible to these households and communities.

3. This program consists of \$250 million in planning grants, \$4.607 billion in climate implementation grants, and \$142.5 million for administrative funding. How should EPA implement and coordinate planning and implementation funding to make the greatest impact with the funds as a whole?

CREA hopes that EPA will coordinate funding so that implementation grants can be made as soon as November of 2023, which is when we hope to have a contract signed for the Program's first renewable energy resource.

- 4. EPA plans to provide technical assistance to grant recipients.*
- a. What technical assistance would be most helpful to eligible entities as they develop climate plans under the Climate Pollution Reduction Program?*
 - b. What technical assistance would be most helpful as applicants prepare for the implementation phase of the program?*

CREA believes that a planning grant funded by the Climate Pollution Reduction Program could help us quantify expected pollution reductions that will result from successful implementation of the Utah Community Renewable Energy Program (Program) and how the benefits will be distributed. To that end, technical assistance made available during the planning phase that emphasizes available government modeling tools would be extremely valuable.

For example, assistance using the AVoided Emissions and geneRation Tool (AVERT) and the Emissions & Generation Resource Integrated Database (eGRID) could help quantify how the addition of Program renewable energy resources would be expected to reduce greenhouse gasses and other regional air pollutants. Additionally, tools such as the Environmental Justice Screening and Mapping Tool (EJScreen) could be used to quantify how much of these benefits would accrue to low-income households and disadvantaged communities.

For the implementation phase, EPA could provide technical assistance aimed at using official government data sources to accurately report project metrics. Examples of valuable data sources include the Clean Air Markets Program Data (CAMPD) and the Energy Information Administration Electricity Data Browser.

5. How can EPA facilitate coordination and leveraging of other available funding and planning efforts to maximize effectiveness of the program (e.g., timing of implementation grant solicitations, time needed to complete a plan, guidance on program interactions, etc.)?

CREA suggests that a Notice of Intent (NOI) process could help discover whether there are multiple interested applicants in a single state and whether those applicants could combine proposals.

In addition, EPA could offer to co-host state-focused informational interviews with officials from the Department of Energy (DOE) so that prospective applicants can hopefully be matched with the funding opportunities that best suit applicants' envisioned projects.

CREA hopes that EPA will coordinate funding so that implementation grants can be made as soon as November of 2023, which is when we hope to have a contract signed for the Program's first renewable energy resource.

6. What internal capacity challenges do you face regarding the development and implementation of GHG reduction plans? How can EPA help address those challenges?

CREA is an interlocal cooperative, meaning that we have no staff and instead rely on staff from our participating local government members to fulfill administrative responsibilities. We have raised nearly \$700,000 from the 18 participating towns, cities, and counties, a portion of which is devoted to funding outside legal counsel ([James Dodge Russell & Stephens](#)) and an energy analytical consultant ([Energy Strategies](#)) who are experienced regulated utility practitioners in the state of Utah.

Our agency is well-positioned to craft a plan that aligns with the Community Renewable Energy Program (Program) – that is, a plan that addresses the electricity consumption of homes and businesses within our 18 communities. We believe that with modest technical assistance from EPA (described in more detail above, under question #4), CREA will be able to develop a plan in a few months.

However, should all plans be required to address all sectors of the economy, our agency would not readily be able to develop such a plan without significant additional funding and stakeholder participation from state government and industry. Please see this concern addressed in more detail below, under question #11.

7. What metrics should this program use for measuring success and ensuring accountability?

As much as possible, CREA hopes EPA will use reporting metrics that are publicly available through government databases such as [CAMPD](#) and the [EIA Electricity Data Browser](#) for reporting. In addition, we hope that the granularity of the planning effort is matched by the granularity of the reporting metrics.

8. How can EPA structure this program to facilitate cooperation and coordination within and across tribal, local, regional, and state agencies to implement climate policies?

EPA could offer to co-host state-focused informational interviews with officials from the Department of Energy (DOE) so that prospective applicants can hopefully be matched with the funding opportunities that best suit applicants' envisioned projects.

11. EPA wants to ensure applicants have adequate time and funding to develop their climate action plans before the deadline to apply for implementation funds. In your experience, how much time and funding is required to complete a state, municipal, or tribal climate action plan?

CREA hopes that EPA will be flexible in defining what constitutes a climate pollution reduction plan. For example, a plan that attempts to address all climate pollution-causing sectors within a state or municipality will necessarily require much broader government and industry stakeholder involvement and much longer development time than a plan that addresses a specific sector.

The Community Renewable Energy Program (Program) will address the electricity sector only. The advantage of focusing on this sector only is that it is a significant contributor to climate pollution; additionally, renewable energy technologies provide a commercially available and affordable carbon-free alternative. We hope EPA will consider such strategically focused efforts with the potential for near-term implementation as eligible for Climate Pollution Reduction grants. Requiring that all plans address all sectors of the economy may significantly diminish interest in the Climate Pollution Reduction Grants, as such efforts require an extraordinary amount of time and stakeholder collaboration to execute.

12. Please provide any additional comments you would like EPA to consider, which are not covered by the prior questions.

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