

UTAH 100 COMMUNITIES

Governance Agreement

Feb 17, 2021

(rev. Feb 24)

Agenda



Welcome and Logistics
(10 min)



Why Create a New
Renewable Energy
Program?
(10 min)



Governance Agreement
Overview
(20 min + 5 min break)



Program Expenses, Cost Sharing, & Anchor
Communities *(1 hour + 5 min break)*

- Overview
- Small group discussions
- Report back



Voting *(1 hour)*

- Overview
- Small group discussions
- Report back



Next Steps *(10 min)*

- Overview
- Small group discussions

Christopher Thomas, Salt Lake City

Welcome and Logistics

The logo for UTAH100 COMMUNITIES is displayed within a yellow silhouette of the state of Utah. The text "UTAH100" is in a large, bold, dark grey font, and "COMMUNITIES" is in a smaller, dark grey font below it. A white, wavy line representing a mountain range is positioned at the bottom of the yellow shape.

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Welcome and Logistics



This interactive Zoom meeting is for local government officials.

If you are **not a local government official**, we will invite you to join the YouTube livestream of this meeting, and to join the **Partners and Public** meeting at 2pm.



Please use the **Rename** function to change your name to “First Last, Local Gov (preferred pronoun)” Example: **Christopher Thomas, Salt Lake City (he/his)**

Please also enter your full name into the chat.



Please stay muted when we are together in the large group.



Please unmute and turn your camera on (as available) during small group breakouts and during the report back.



COMMUNITIES
REGISTERED
TODAY

Alta

Castle Valley

Coalville

Cottonwood Heights

Grand County

Holladay

Kamas

Kearns

Millcreek

Moab

Oakley

Ogden

Orem

Park City

Salt Lake City

Salt Lake County

Springdale

Summit County

West Valley City

Michael Shea, Salt Lake County

Why create a
new renewable
energy program?

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Renewable Energy for Everyone

- Renewable energy is incredibly popular
- But hard to translate demand into new projects “at scale”
- Rocky Mountain Power’s **Blue Sky** is a “certificates” program, not actual utility-scale electricity
- Rocky Mountain Power’s **Subscriber Solar** program is actual utility-scale electricity, but is currently capped and doesn’t include community input
- The Community Renewable Energy Program is our attempt to create an **affordable** and **large-scale** renewable energy program, sized to meet widespread public demand, and in time to protect the climate

Renewable Energy Program Comparison

	Utah Blue Sky	Subscriber Solar	Community Renewable Energy Program
Product contains actual utility electricity, rather than just Renewable Energy Certificates (RECs)	✗	✓	✓
Focused on Utah as an active development location for new projects, rather than the Western Region	✗	✓	✓
Focused on delivering new utility electricity to the Rocky Mountain Power system	✗	✓	✓
Community input on the timing, size, location, and kind of new large-scale renewable energy resources	✗	✗	✓
Relative size of program in annual Gigawatt-hours of utility electricity generation	N/A	50	1,800 (20%) 7,200 (80%)

John Brems, Millcreek

Governance Agreement Overview

The logo for Utah 100 Communities is a yellow silhouette of the state of Utah. Inside the silhouette, the text "UTAH100" is written in a bold, dark grey sans-serif font, with "UTAH" in all caps and "100" in a larger font size. Below "UTAH100", the word "COMMUNITIES" is written in a smaller, dark grey sans-serif font, also in all caps. At the bottom of the yellow silhouette, there is a white, wavy line representing a mountain range.

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Process and Key Elements

Utah Code Ann. 54-17-901

- Contemplates the creation of a community renewable energy program
- For a community to consider participation it required the adoption of a resolution by Dec 31, 2019
- The statute contemplates that the Public Service Commission adopt rules regarding the community renewable energy program (adopted R746-314 in Jan 2020)
- The statute and rules contemplate an agreement among the participating communities and the electric energy supplier (RMP) and that all participating communities speak with one voice to all the entities involved in creating a community renewable energy program
- The statute and rules contemplate that every person in your community participates unless they opt out

Issues that needed to be resolved

- Type of agreement/arrangement among the parties
- Decision making process
- Dispute resolution
- Allocation of cost and expenses
- Allocation of administrative responsibilities
- Exiting and withdrawal process

Process and Key Elements

Process

- Regular meetings since Feb 2020
- Attorneys held five meetings to fine tune, Jan – Feb 2021
- Tried to find consensus

Key Elements of the Agreement

- Creates a cooperative Agency with a Board
- Board members are elected officials, with the option to designate another local official as an alternate
- Board decisions/vote
- Weighted voting
- Other built-in safeguards

Process and Key Elements

Key Elements of the Agreement, cont.

- Flexibility-bylaws and decisions/meeting times and places/election of officers/committees/hiring outside experts
- Cooperative in nature – communities share administrative responsibilities
- Allocation of cost and expenses
- Type of cost and expenses-shared cost and expenses and non shared cost and expenses
- Anchor communities make additional commitments to cover communities who exit
- As a result, non-anchors can budget a fixed amount to participate spread over 2 fiscal years
- Financial commitments are subject to appropriation
- Failure to appropriate is not considered a breach of the agreement
- Exit/Withdrawal
 - For those who sign the agreement, failure to make Phase 1 payment by July 31, 2021
 - Eligible communities may become a Party to the agreement as late as Jan 31, 2022

Process and Key Elements

Key Dates

2021-2022

- **March 2021:** Distribute final agreement with listed anchor communities; takes effect when 5 sign the agreement
- **By July 31, 2021:** For communities who want to be able to vote, sign on and Phase 1 initial payments due
- **By Oct 31, 2021 for Anchor Communities that are municipalities:** Phase 1 anchor payments due
- **By Jan 31, 2022 for Anchor Communities that are counties:** Phase 1 anchor payments due

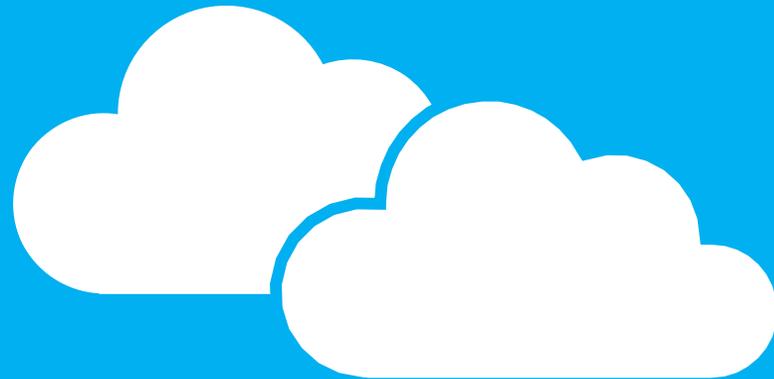
Process and Key Elements (3 of 3)

Key Dates

2022-2023

- **By Jan 31, 2022:** For those who want to wait and see, this is the last chance to sign on and make the Phase 1 payment
- **By July 31, 2022:** Phase 2 initial payments due
- **By Oct 31, 2022 for Anchor Communities that are municipalities:** Phase 2 anchor payments due, adjusted for Phase 1 actual payments
- **By Jan 31, 2023 for Anchor Communities that are counties:** Phase 2 anchor payments due, adjusted for Phase 1 actual payments

Break (5 min)



Christopher Thomas, Salt Lake City

Program Expenses, Cost Sharing, and Anchor Communities

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Program Implementation Expenses (1 of 5)

Why do local governments need to pay to implement the Community Renewable Energy Program?

The state law says: “may not result in any **shift of costs** or benefits to any nonparticipating customer, or any other customer of the qualified utility beyond the participating community boundaries”

Estimated high-end cost estimate: \$700K (apart from noticing costs)

- \$300K for legal and technical consultants, directed by participating communities
- \$200K for Rocky Mountain Power program design and filing
- \$200K 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 RMP for the cost of sending notices.

Cost Sharing (2 of 5)

How will the estimated maximum \$700K cost 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.

How would noticing costs be shared?

These costs are directly traceable to the number of customers in each jurisdiction, so they will be paid by the local governments who decide to participate in the program.

Please see budget guidance on the following slide.

Missing the number of customers for Coalville – will be updated when available.

List of Eligible Communities	Cost Allocation % (Population and Electric Load)	Total Non-Noticing Costs (\$700,000)	Budget Guidance for Phase 1 Costs Cities:FY22 Counties:FY21-22	Budget Guidance for Phase 2 Costs Cities:FY23 Counties:FY22-23	Total Est. Noticing Costs (Two Mailers * # Customers)	Budget Guidance for Noticing Cities:FY24-25 Counties:FY23-24
Alta	0.063%	437.87	218.93	218.93	206.27	206.27
Bluffdale	3.168%	22,177.13	11,088.57	11,088.57	4,236.10	4,236.10
Castle Valley	0.030%	213.49	106.74	106.74	207.07	207.07
Coalville	0.161%	1,125.98	562.99	562.99	-	-
Cottonwood Heights	3.126%	21,884.21	10,942.10	10,942.10	11,497.77	11,497.77
Emigration Canyon Township	0.130%	912.45	456.22	456.22	480.24	480.24
Francis	0.120%	843.08	421.54	421.54	489.00	489.00
Grand County Unincorporated	0.603%	4,218.74	2,109.37	2,109.37	2,435.42	2,435.42
Holladay	2.682%	18,775.45	9,387.72	9,387.72	10,147.86	10,147.86
Kamas	0.212%	1,486.98	743.49	743.49	758.18	758.18
Kearns	2.745%	19,212.02	9,606.01	9,606.01	8,376.64	8,376.64
Millcreek	5.263%	36,842.80	18,421.40	18,421.40	19,721.50	19,721.50
Moab	0.639%	4,475.90	2,237.95	2,237.95	2,780.27	2,780.27
Oakley	0.149%	1,040.00	520.00	520.00	574.21	574.21
Ogden	10.211%	71,474.53	35,737.26	35,737.26	29,136.66	29,136.66
Orem	8.863%	62,039.05	31,019.52	31,019.52	27,402.88	27,402.88
Park City	1.926%	13,484.75	6,742.38	6,742.38	8,338.41	8,338.41
Salt Lake City	28.872%	202,100.63	101,050.32	101,050.32	78,221.00	78,221.00
Salt Lake County Unincorporated	3.306%	23,140.51	11,570.26	11,570.26	9,805.40	9,805.40
Springdale	0.138%	962.53	481.26	481.26	491.38	491.38
Summit County Unincorporated	3.074%	21,519.95	10,759.97	10,759.97	10,591.46	10,591.46
West Jordan	10.833%	75,833.53	37,916.77	37,916.77	30,484.19	30,484.19
West Valley City	13.685%	95,798.44	47,899.22	47,899.22	35,945.17	35,945.17
	100.000%	\$ 700,000.00	\$ 350,000.00	\$ 350,000.00	\$ 292,327.07	\$ 292,327.07

Cost Sharing (4 of 5)

Will the cost for my local government change depending on what other local governments decide?

No. Based on feedback, we developed a concept whereby a handful of communities make an “anchoring” financial commitment that automatically fills the gap left by any community who decides not to join.

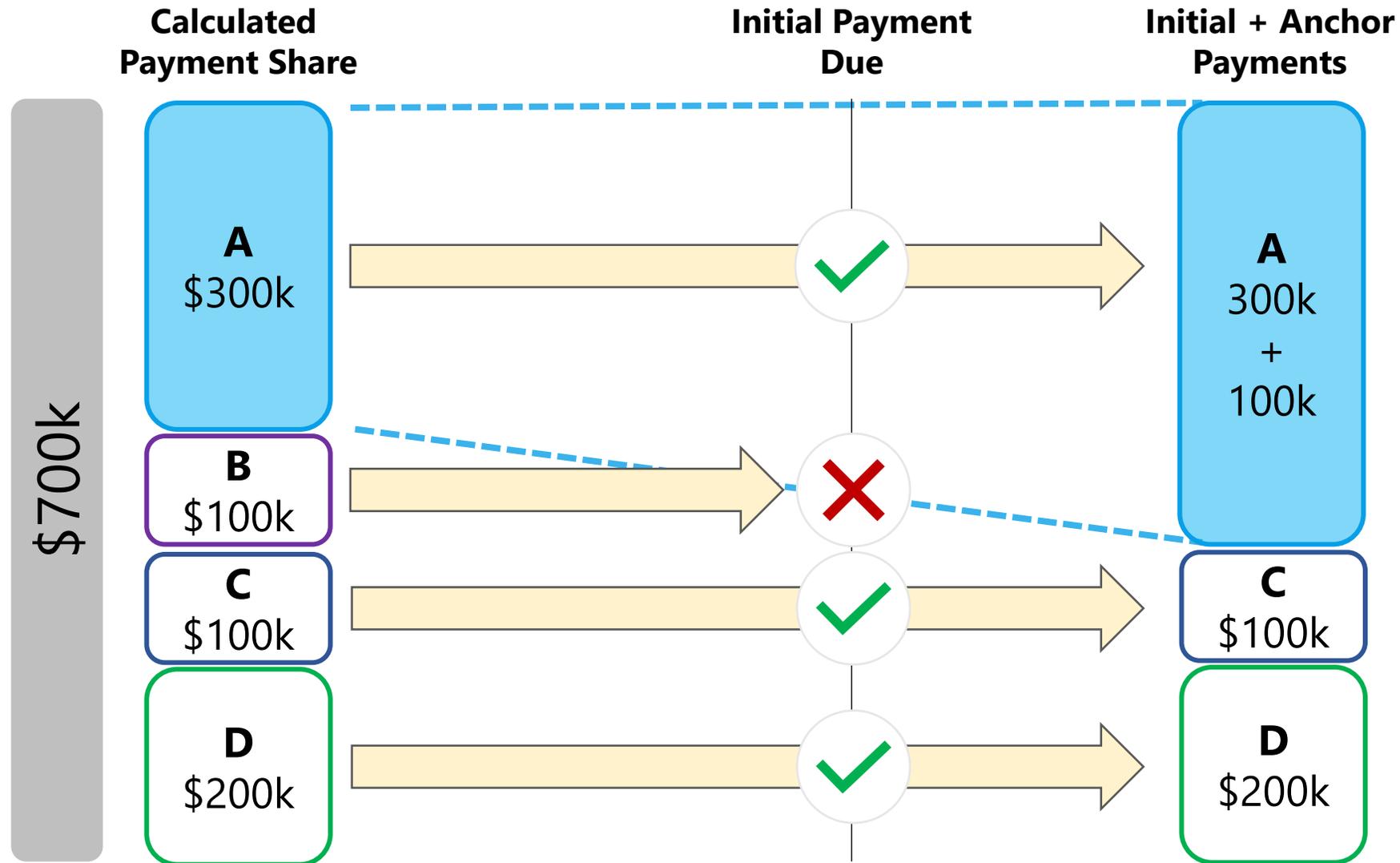
How does the anchor commitment work?

- Anchor communities commit to maximum financial amounts that collectively equal the entire \$700K implementation cost.
- As non-anchor communities join, the anchor payment shrinks proportionally to the size of each local government’s maximum anchor commitment.

When are anchor payments due?

- Phase 1 – Oct 31, 2021 for cities and Jan 31, 2022 for counties
- Phase 2 – Oct 31, 2022 for cities and Jan 31, 2023 for counties

"Community A" Anchor Simplified Illustration (5 of 5)



Small Groups and Report Back (45 min)

Logistics (5 min)

- Introduce yourself – Name, Title, Local Government
- Please unmute and turn on your camera, as available
- Please practice the “democracy of time,” sharing fully and allowing others to share
- People on the phone cannot join small groups – please re-join at **10:25am**

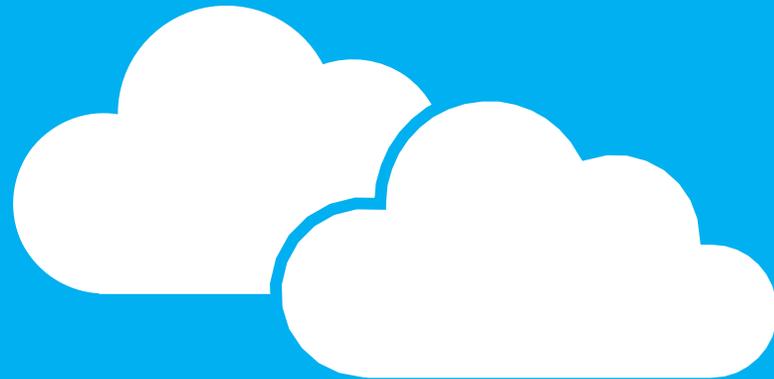
Questions (20 min total)

- What questions do you have about expenses and cost sharing? (10 min)
- What budgeting challenges do you anticipate? (10 min)

Report back to the large group (5 min for each small group)

- What is the most important question or challenge you would like to bring back to the large group?

Break (5 min)



Samantha DeSeelhorst,
Cottonwood Heights

Voting

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The Governance Agreement: Voting

The Governance Agreement proposes two different methods for voting:
“Pre-Implementation Voting” and **“Post-Implementation Voting”**

Pre-Implementation Voting

A simple community vote, with the option to call for a weighted vote.

The vote will be weighted by “participation percentage,” which changes throughout the timeline.

Post-Implementation Voting

Changing Program Elements: Supermajority of Communities and Majority of Electric Load

Procuring New Resources:
Majority of Communities and Majority of Electric Load

Pre-Implementation Voting

General Votes

- Must be taken at a meeting with a quorum
- Requires at least a majority of Board Members present and voting

Weighted Votes

- If any two Board Members call for a weighted vote, then requires at least a majority of participation percentage

What is the Participation Percentage?

From the Effective Date to July 31, 2021

- This is the “Original Weight”
- Based on each party’s average of population and electric load, in relation to all other parties who sign onto the agreement

From August 1, 2021 to Program Submittal Date

- Based on each party’s Phase 1 payment obligation, which includes Phase 1 initial payments and any Phase 1 anchor payments

From Program Submittal Date to the end of the Implementation Period

- Based on each party’s Phase 2 payment obligation, which includes Phase 2 initial payments and any Phase 2 anchor payments

After the Implementation Period

- Based on each party’s share of participating customer electric load

Post-Implementation Voting

Altering Program Elements

- Required of all participating communities, not just those at a meeting
- Requires **at least 2/3 of Board Members AND at least a majority of participation percentage**

Renewable Resource Votes

- Required of all participating communities, not just those at a meeting
- With experts, as appropriate, calculate the **Incremental Rate Impact** of the new resource in conjunction with all other previously-approved resources
- If the calculated impact is **less than 10%, requires at least a majority of Board Members AND at least a majority of participation percentage**
- If the calculated impact is **10% or greater, requires at least 2/3 of Board Members AND at least 2/3 of participation percentage**

Pre-Implementation Voting

Effective Date – July 31, 2021	August 1, 2021 - Submittal	Submittal – Order	Order – End of Implementation Period
Simple Community Majority Vote	Simple Community Majority Vote	Simple Community Majority Vote	Simple Community Majority Vote
Option for Weighted Vote	Option for Weighted Vote	Option for Weighted Vote	Option for Weighted Vote
Participation Percentage = Average of Population & Electric Load	Participation Percentage = Phase 1 Payment Obligation	Participation Percentage = Phase 2 Payment Obligation	Participation Percentage = Phase 2 Payment Obligation

Post-Implementation Voting

After Implementation Period
Program Design Vote - Supermajority of Communities - Majority of Electric Load
Renewable Resource Vote (<10%) - Majority of Communities - Majority of Electric Load
Renewable Resource Vote (≥10%) - Supermajority of Communities - Supermajority of Electric Load

Small Groups and Report Back (45 min)

Logistics (5 min)

- Please unmute and turn on your camera, as available
- Please practice the “democracy of time,” sharing fully and allowing others to share
- People on the phone cannot join small groups – please re-join at **11:30am**

Questions (20 min total)

- What questions do you have about voting? (10 min)
- What concerns do you have about voting? (10 min)

Report back to the large group (5 min for each small group)

- What is the most important question or challenge you would like to bring back to the large group?

Luke Cartin, Park City

Next Steps



Next Steps: Governance Agreement (1 of 2)

2021

- February 19: Let Christopher Thomas know if you are interested in becoming an Anchor Community:
Christopher.Thomas@slcgov.com
- Feb-March: For non-anchor communities, budget for Phase 1 contribution in FY22 and Phase 2 contribution in FY23
- March: Look for Governance Agreement with anchor communities listed and consider signing on
- July 31: For signers, Phase 1 payments are due
- October 31: City anchor payments are due
- January 31, 2022: County anchor payments are due
- January 31, 2022: Last chance to sign the Governance Agreement and make Phase 1 payments

Next Steps: 2022 (2 of 2)

2022

- January

Decision: Does participating local government sign the Utility Agreement (UA)?

Action: Submit joint program application to Utah Public Service Commission (PSC).

- July

Action: Participating local governments pay Phase 2 cost.

- September

Decision: Does Utah PSC approve program application?

- December

Decision: Does participating local government pass required ordinance within 90 days?

Action: Issue Request for Proposals (RFP) for new renewable energy resource.

Small Groups

Logistics (5 min)

- Please unmute and turn on your camera, as available
- Please practice the “democracy of time,” sharing fully and allowing others to share

Questions (20 min total)

- What questions do you have about next steps?
- What can the governance subgroup do to support your next steps?