



STAFF REPORT

To: Summit County Council
From: Emily Quinton, Sustainability Program Manager
Date of meeting: March 8, 2023
Subject: Update on Community Renewable Energy Agency Activities and Introduction to Utility Agreement

WORK SESSION PURPOSE & REQUESTED COUNCIL ACTION

The purpose of this work session is for staff to provide an update on the Community Renewable Energy Agency and to introduce the Utility Agreement. Staff will also present a recommended approach to executing the Utility Agreement in coordination with the County Manager. Staff request that Council Members provide feedback on the proposed approach to executing the Utility Agreement.

THE COMMUNITY RENEWABLE ENERGY AGENCY & SUMMIT COUNTY PARTICIPATION

The Community Renewable Energy Agency (CREA), also known as the Utah 100 Communities, is an interlocal cooperative of 18 Utah cities and counties working together and with Rocky Mountain Power (RMP) to establish the Utah Community Renewable Energy Program. Summit County joined CREA in April 2021 when it adopted Resolution 2021-04¹ approving the Interlocal Cooperation Agreement Among Public Entities Regarding the Community Renewable Energy Program (also known as the Governance Agreement). The County Council approved Summit County joining CREA as an *anchor community* “provided that the aggregate of the Phase 1 and 2 Initial and Anchor Payment as defined therein does not exceed SIXTY-FIVE THOUSAND DOLLARS (\$65,000)”. Staff is pleased to share that based on CREA membership including 18 of the original 23 eligible communities, Summit County’s aggregate Phase 1 and 2 Initial and Anchor payments ended up totaling \$41,098.25. Currently, Summit County Council Chair Roger Armstrong serves as our Primary board member, and Sustainability Program Manager, Emily Quinton, serves as the alternate board member.

The goal of the Utah 100 Communities is to acquire renewable energy to serve residents and businesses in participating communities so that by 2030, the amount of electricity participants use every year is matched by the same amount of renewable energy delivered to the RMP system. This “net-100%” goal shared by all the Utah 100 communities sets CREA on the path to create the Community Renewable Energy Program as laid out by the Utah Community Renewable Energy Act (HB 411², 2019) and Utah Public Service Commission (PSC) Rules Governing the Community Renewable Energy Program (R746-

¹ [Link to Staff Report](#) from 4/28/21 work session when the Summit County Council adopted Resolution 2021-04

² [Bill text of HB 411](#) Community Renewable Energy Act

314³). While Summit County's participation in CREA is a recent initiative, work to advance renewable energy goals within the County has been underway for over a decade.

Summit County renewable energy goals

Efforts to make renewable energy more widely available and adopted in Summit County has been a focus of Summit County's climate action and sustainability initiatives for many years, with the County Council adopting specific measurable goals through the County's 2015 Climate Action Plan, Resolution 2017-16, and Resolution 2019-29⁴. Summit County's current renewable energy goals are:

- Government operations goal: Transition to measured net 100% renewable electrical energy by 2030 for all of Summit County's government operations; goal includes 50% renewable electrical energy for Summit County government operations by 2025; and
- Community wide goal: Achieve an amount equivalent to 100% of the annual electric energy supply for participating customers from a renewable energy resource by 2030.

To meet each goal, the County has pursued a variety of initiatives from increasing the number of solar installations on rooftops throughout the community, to larger-scale efforts requiring collaboration across local government, business, and utility partners, such as CREA.

HB 411 background, Community Renewable Energy Program eligibility, and overview of steps to come

Participating in CREA and contributing to the development of the Community Renewable Energy Program is a key strategy in which Summit County plays a leadership role to meet the community wide renewable energy goal.

In 2016 Summit County, Park City, and Salt Lake City hired Energy Strategies to conduct a Community Renewable Energy Study⁵ aimed evaluating legislative and regulatory pathways to making renewable energy widely available to electric utility customers in our communities. The joint study identified an opportunity to partner across communities and with RMP to design a community wide renewable energy option unique to Utah. Thanks to the work and dedication of County staff, leadership, Council Members, local government and utility partners, and members of the Utah legislature, the Community Renewable Energy Act was passed during the 2019 Utah legislative session.

The Act and PSC rules lay out a pathway for developing the Community Renewable Energy Program. Since then, Summit County and 17 partner cities and counties have taken the necessary steps to establish net-100% by 2030 community wide renewable electrical energy goals and to join CREA. The passage of HB 411, establishment of community renewable energy goals, and adoption of the Governance

³ [R746-314](#) Rules Governing the Community Renewable Energy Program

⁴ The 2015 Climate Action Plan and Resolution 2019-29 Establishing Renewable Energy and Emissions Reduction Goals are both available on [the Summit County website](#). Because Resolution 2019-29 replaced Resolution 2017-16 with updated goals, it serves as a guide for the County's current goals.

⁵ The [results of the Community Renewable Energy Study](#) were presented to the Summit County Council in August 2017

Agreement are the first three steps shown in [Attachment A](#). As further broken out in Attachment A, and summarized here, remaining key steps include:

- RMP submitting the Community Renewable Energy Program Application to the Utah PSC. CREA is working hard with RMP towards the Program Application being completed by the end of the month, though it is possible the process will take longer. To be included in the Program Application, each community must sign the Utility Agreement, which will be explained later in this report. The Program Application will include several required elements, many of which are complete or in draft form at this time, such as maps of participating communities, load growth forecasts, individual community low-income plans, a draft model Ordinance, and more.
- The Utah PSC may take 3-6 months to review the Program Application. Once approved, communities have 90 days to consider an Ordinance formally adopting the approved program. If the Community Renewable Energy Program is adopted, all residents and businesses within the community will be automatically enrolled and will have the option to opt-out. Communities that adopt the program must reimburse RMP for the cost of two mailers sent to each utility customer within the community's boundary. These noticing costs will be the responsibility of each community. Eventual program costs will be covered through participating customer rates.

Many additional requirements are defined by the Community Renewable Energy Act and the PSC rules and are the subject of much of CREA's work since its formation in July of 2021.

COMMUNITY RENEWABLE ENERGY AGENCY UPDATES

Comprised of 18 communities spread throughout Utah, CREA has developed a structure to facilitate effective collaboration between members and key stakeholders including RMP. In addition to an internal structure including elected board officers and three working committees (Program Design, Low-Income Plan, and Communications), a portion of CREA's budget is used to contract with outside legal counsel and technical consultants⁶. Summit County is deeply involved in CREA, serving on the Program Design and Low-Income Committees, and serving as the board secretary. Regular monthly board meetings and occasional special meetings provide an opportunity for each working committee to provide updates, involve board members in decisions, and determine strategic direction for upcoming negotiations⁷.

The overarching focus of CREA and its work with RMP to date has been to design the Community Renewable Energy Program in accordance with the Act and PSC rules. This work is ongoing and has included conversations on topics like program resource solicitation and valuation, rate design, strategies for providing equitable access to the program for low-income customers, and more. Many recent meetings have focused on identifying strategies to meet the requirement that program costs are not shifted to non-participating customers. These potential strategies are referred to as providing a "financial backstop" for the Community Renewable Energy Program. A program reserve fund, DOE loan guarantees, and insurance products are some of the financial backstop strategies being studied.

⁶ CREA has engaged James Dodge Russell & Stephens as counsel and Energy Strategies as a technical consultant

⁷ CREA board meetings are open to the public and noticed on the [Utah Public Notice website](#)

Because none of the program details can be considered final until the PSC approves the Program Application, sharing details on program design direction should be done with caution. Staff seek to balance this reality with a desire to keep Council informed at a high level. Based on information presented and discussed at CREA board meetings, the following concepts can be highlighted for Council:

- Approach to meeting goal (see [Attachment B](#)): CREA envisions meeting the net-100% goal through a combination of acquiring new program resources and retiring the RECs associated with the renewable energy supplied through the RMP grid by default (also referred to as standard offer). Because the 18 Utah 100 Communities make up almost a quarter of RMP's retail electricity sales in Utah, meeting the net-100% goal will involve acquiring a lot of renewable energy.
- Potential program size: community surveys by Ogden, Salt Lake City, and Holladay, as well as research into renewable energy programs in other states helped us to develop assumptions about the percentage of residential, commercial, and industrial load we expect to participate in the program. Combining these assumptions with the electricity consumption of the Utah 100 Communities in 2021, leads to a program size estimate of 2.54 million megawatt hours, split between 1.47 million megawatt hours covered through retiring standard offer RECs and 1.07 million megawatt hours of new program resources. It will take at least a few utility-scale solar and/or wind farms to generate 1.07 million megawatt hours of new program resources.
- Potential program cost to participants: perhaps the most common question CREA receives is, what will it cost to be a customer of the Community Renewable Energy Program, and why will it cost more if renewables are getting cheaper? It is likely that the program will cost a premium because program customers will still be required to pay their share of ongoing costs associated with the rest of the RMP electricity system, as well as due to other dynamics. A provision in the Governance Agreement states that if a program resource were to have a 10% incremental rate impact, supermajority votes would be required to acquire the resource. Looking at 10% as the upper threshold and because the average residential customer's electricity bill is \$70 per month, we hope that for the average residential customer, the program will cost less than \$7 extra per month, averaged across the year.

Once the Program Application is submitted then approved by the PSC, staff will be able to provide the County Council with more detailed information for consideration along with the Ordinance.

INTRODUCTION TO UTILITY AGREEMENT

As previously mentioned and highlighted in the center of [Attachment A](#), the next step along the path to remain eligible for the Community Renewable Energy Program is for each community to sign the Utility Agreement. This will be one agreement, approved by the board, and signed by each individual community. The Utility Agreement with each community's signature and executed by RMP will be included in the Program Application. Specifically, under the PSC Rules R746-314 section 101 defines:

- (5) *"Eligible community" means a Utah municipality or county that has adopted a resolution as specified in Subsection 54-17-903(2)(a) and that continues to indicate its intent to become a participating community, including by entering into the **utility agreement** and the governance agreement.*

- (25) "Utility agreement" means a single agreement as required by Subsection 54-17-903(2)(b) entered into prior to the filing date of the application for Commission approval of the program between the utility and all **eligible communities** that intend to become participating communities.⁸

Furthermore, the Act and Rules require four items to be included in the Utility Agreement, with the option for CREA and RMP to include additional elements. The four required items are:

- That CREA reimburse the Office of Consumer Services and Division of Public Utilities for their costs contracting third-party expertise "for assistance with activities associated with initial approval of the community renewable energy program"⁹.
- Communities that adopt the Ordinance must reimburse RMP for the costs associated with two required mail notices sent to all customers within the community.
- A description of how unpaid termination fees¹⁰ not recovered through customer program rates will be handled.
- Identification of any replaced assets if that is something CREA intends.

Currently, CREA's outside counsel is working with attorneys from RMP to finalize the Utility Agreement. Several community attorneys have been involved in providing feedback on the Utility Agreement, including Summit County Chief Civil Deputy, Dave Thomas. The CREA board was briefed on the draft Utility Agreement in closed session during a special meeting on February 27, 2023. The draft Utility Agreement is not being shared publicly at this time but will continue to be reviewed by Summit County's CREA board members, the County Attorney's office, and the County Manager.

EXECUTING THE UTILITY AGREEMENT: STAFF RECOMMENDATION

Staff recommends that once the Utility Agreement is final the County Manager can sign the Agreement on behalf of Summit County without further Council action. To support the County Manager in executing the Agreement, staff recommends that Summit County's CREA Board Members (Council Chair Roger Armstrong and Sustainability Program Manager Emily Quinton) continue to coordinate with the County Manager and Chief Civil Deputy, Dave Thomas, leading up to the final Utility Agreement becoming available. Council feedback on this approach to executing the Utility Agreement is welcomed, as well as discussion on any other items presented during the work session and in this staff report.

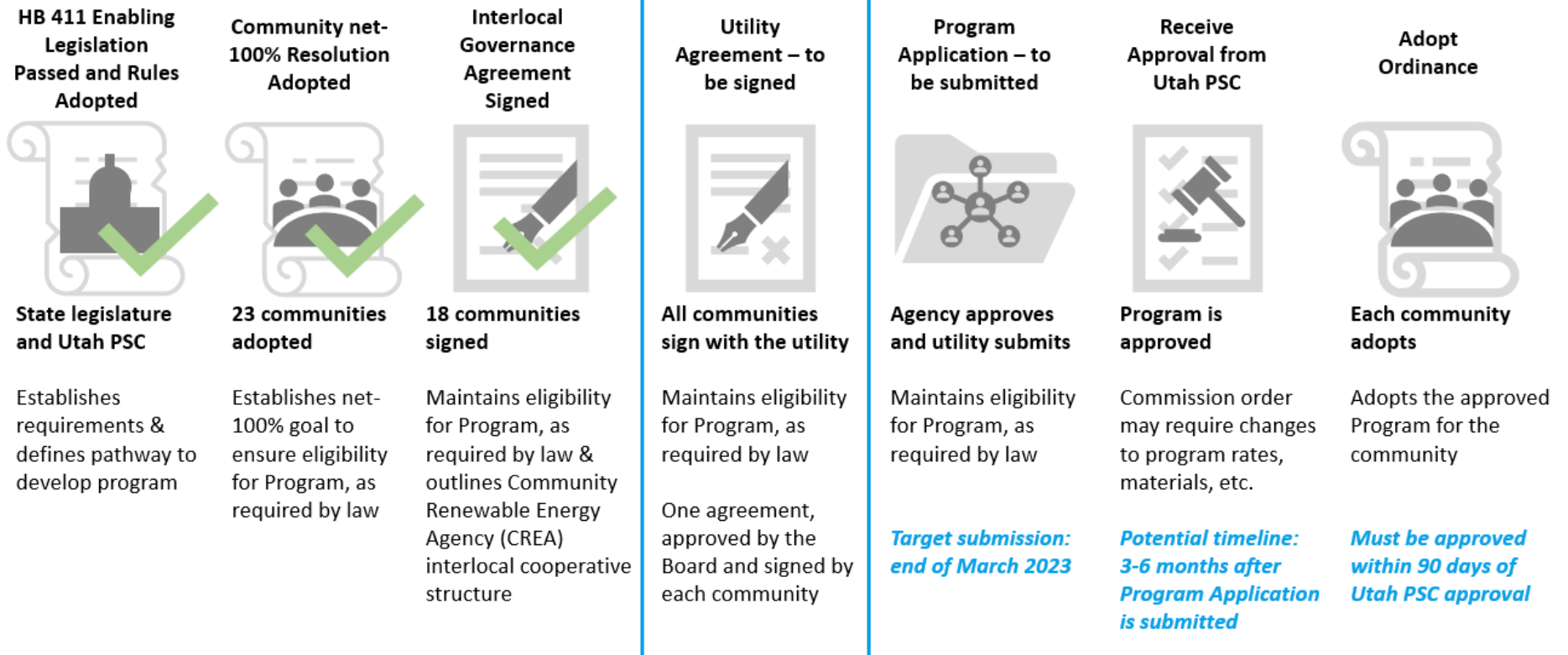
Staff would like to thank the County Council for their support of this innovative initiative and publicly acknowledge and thank all the communities participating in CREA for their collaboration.

⁸ This section of the PSC rules references portions of the Act 54-17-903(2)(a) and 54-17-903(2)(b). These two sections also define eligibility based on a net-100% goal being adopted by resolution by the end of 2019 and entering into an agreement with a qualified utility, which means RMP.

⁹ From Community Renewable Energy Act 54-17-903 Subsection 2(b)(i)

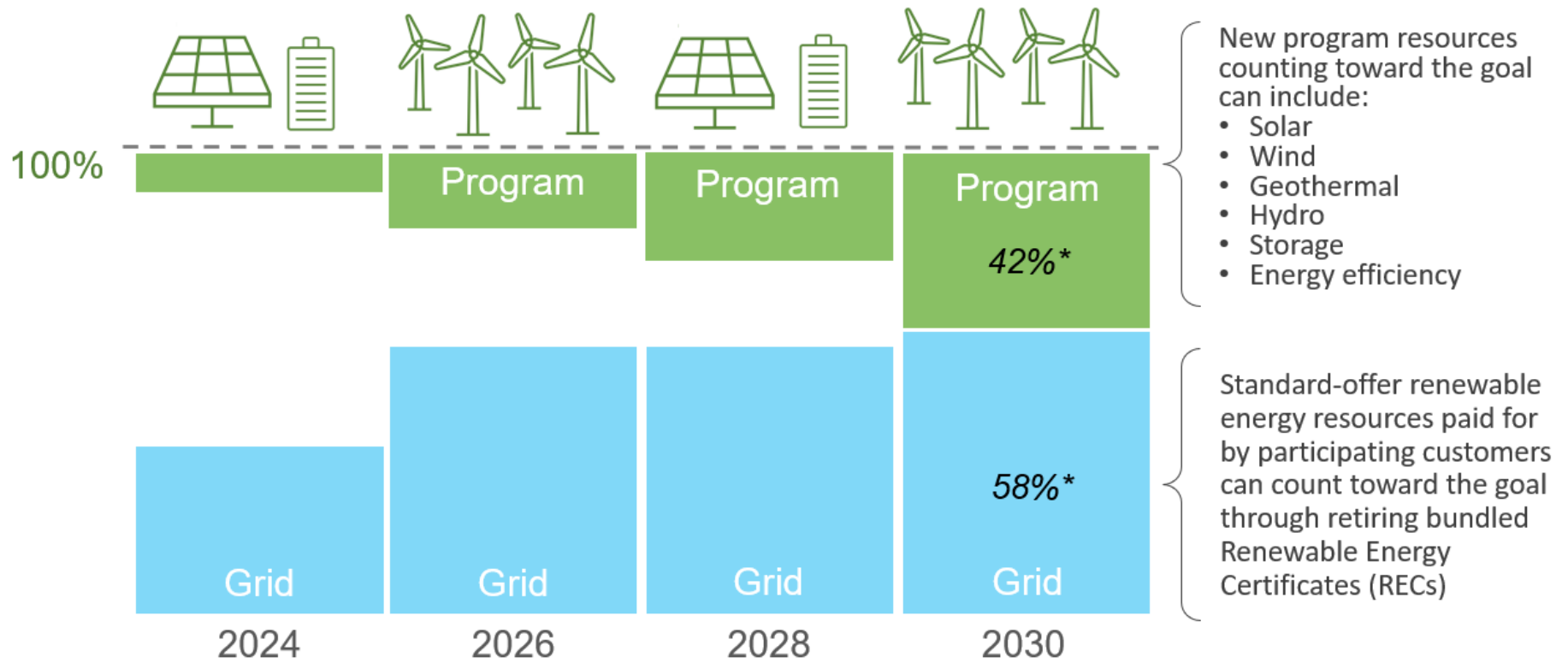
¹⁰ Upon implementation, customers have two billing cycles to decide whether to stay in the program or opt-out. If they opt-out within this period there is no fee. CREA and RMP may decide to charge a termination fee after that point.

Attachment A: Steps to maintain eligibility for & develop Community Renewable Energy Program



Attachment B: Visualizing how the Community Renewable Energy Program can meet the net-100% goal through a combination of new program resources (green bars) and retiring renewable energy certificates (RECs) for standard offer supply renewables (blue bars)

Achieving net-100% renewable electricity goal by 2030



**Percent of energy to be provided by new program resources will be adjusted in advance of 2030 goal based on actual participation rates and updates of RMP's Integrated Resource Plan*