

AGENDA ITEM SUMMARY

City Council



STAFF

Tyler Marr, Deputy City Manager

SUBJECT

Items Relating to Platte River Power Authority Organic Contract and Power Supply Contract.

EXECUTIVE SUMMARY

A. First Reading of Ordinance No. 155, 2025, Authorizing an Amended and Restated Organic Contract for Platte River Power Authority.

B. First Reading of Ordinance No. 156, 2025, Authorizing an Amended and Restated Contract with Platte River Power Authority for the Supply of Electric Power and Energy.

The purpose of this item is to extend and amend the Organic Contract between Estes Park, Longmont and Loveland (the member cities) that is the basis for Platte River Power Authority's ("Platte River") existence and purpose and to extend and make modifications to the Power Supply Agreement ("PSA") with Platte River

STAFF RECOMMENDATION

Staff recommends adoption of these Ordinance on First Reading.

BACKGROUND / DISCUSSION

ORGANIC CONTRACT

Platte River Board of Directors has recommended the Organic Contract (agreement by which the member cities formed Platte River) be extended for an additional fifteen (15) years beyond the current terms (which expires on December 31, 2060), modernizing the language and increasing flexibility to reflect current and future functionality.

The proposed amendment is intended to (1) better accommodate the electric industry's rapid change, with distributed resources becoming an increasingly prominent component of the typical generation mix, (2) enable outcomes related to the City's policy goal of 100% renewable electricity by 2030 and (3) a 15 year extension of the Organic Contract and Power Supply Agreement to provide favorable ratings in future Platte River bond issuances for financing to construct new power generation facilities.

Background

Platte River's relationship with its four member cities is based on a contract among the communities - and

the Organic Contract with each member city.

The Organic Contract is an intergovernmental agreement (IGA) between Estes Park, Fort Collins, Longmont and Loveland that created Platte River in 1975. Pursuant to Colorado Revised Statutes ("C.R.S") Section § 29-1-204, Platte River was formed as a political subdivision of the State of Colorado. The current term extends until 2060. The Organic Contract authorizes and establishes the governance structure of Platte River, which was modeled after the Articles of Incorporation and the Bylaws of the predecessor's organization, Platte River Power Authority, a Colorado non-profit corporation. During the first year of its existence, the Organic Contract was amended to expand the board of directors from four to eight directors through the addition of mayors from each of the member cities.

Amendments have been adopted in 1977, 1978, 1980, 1998, 2010 and 2019, most recently. The Organic Contract sets the governance responsibilities and structure of the organization and defines the roles that Platte River can perform on behalf of its owner communities: primarily the generation and transmission of electricity to the four owner communities' utilities.

The Platte River board of directors adopted a Resource Diversification Policy in 2018 that instructed Platte River to decarbonize rapidly with a goal of 100% non-carbon energy generation by 2030, so long as reliability or cost-effectiveness were not compromised. That work is well underway with substantial progress anticipated toward the goal, especially with the planned closure of the coal-fired Rawhide Unit 1 at the end of 2029. This transition and policy has resulted in the need for Platte River to make a number of changes in how they generate and supply electricity. That, combined with the need to issue hundreds of millions of dollars in new financing to construct new power generation facilities to enable the closure of Rawhide, is prompting the need to once again amend and restate the Organic Contract.

Summary of Proposed Changes

The changes to the Organic Contract can be summarized in three categories:

- 1) Extending the term of the Organic Contract
 - The proposed contract extends the life of Platte River through 2075, an extension of 15 years past the current contract.
- 2) Modernize Language
 - The majority of changes to the Organic Contract can be characterized as language modernization and clean-ups to better reflect how the organization is currently structured and operated.
 - Some changes reflect changes to state law and reflect the realities of joining an organized market for power purchases and sales.
 - Board member, officer and board chair responsibilities are clarified to reflect the organization's current structure and how business is conducted by Platte River.
 - Additionally, a change is being made to clarify that board members should either be members of a City's elected body or staff.
- 3) Increasing flexibility
 - The clean energy transition will require new initiatives and programs to be administered by Platte River and the owner communities, and therefore, having specified lists of exact product offerings makes less sense than in the past. Organic Contract Language has broadened to provide flexibility into the future on what Platte River may work on and provide to owner communities as energy markets, generation resources and power delivery continue to evolve.

POWER SUPPLY CONTRACT

Platte River Board of Directors has recommended the Power Supply agreement be extended for an additional fifteen (15) years beyond the current terms (which expires on December 31, 2060), modernizing the language and increasing flexibility to reflect current and future functionality.

The proposed amendment is intended to (1) better accommodate the electric industry's rapid change, with distributed energy resources playing an important role in our clean energy transition, (2) enable outcomes related to the City's policy goal of 100% renewable electricity by 2030 and (3) a 15 year extension of the Organic Contract and Power Supply Contract to provide favorable ratings in future Platte River bond issuances for financing to construct new power generation facilities.

BACKGROUND / DISCUSSION

In June of 1975, the Town of Estes Park and the Cities of Fort Collins, Longmont and Loveland established Platte River as a separate governmental entity via an Organic Contract (OC) for the primary purpose of generation and transmission of electricity to the four owner community's utilities. In addition to the Organic Contract forming the basis for Platte River's governance and existence, each owner community has a (PSA) with Platte River directly that sets the general terms and requirements of both the City and PRPA in the relationship. Since 1975 the PSAs have run concurrently with the Organic Contract. The PSAs are functionally identical across all four member cities and obligate each to purchase substantially all the electricity they distribute within their services areas from Platte River (the "all-requirements" obligation). The PSAs are the revenue-generating security pledged against the bonds issued by Platte River to finance the capital assets that generate and deliver wholesale electricity to the member cities. These multi-year agreements are currently effective through 2060.

The Platte River board adopted a Resource Diversification Policy in 2018 that instructed Platte River to decarbonize rapidly with a goal of 100% non-carbon energy by 2030, so long as reliability or fiscal sustainability ("cost-effectiveness") were not compromised. That work is well underway with substantial progress anticipated toward the goal, especially with the planned closure of the coal-fired Rawhide Unit 1 at the end of 2029. This transition and policy has resulted in the need for Platte River to make a number of changes in how they operate to generate electricity. These changes include:

- Joining an organized market in the Southwest Power Pool's Regional Transmission Organization West market.
- Managing more intermittent resources such as wind and solar, that need firming currently provided by having large dispatchable thermal generation on the system. Some of these firming methods, such as batteries, will require deeper integration with the distribution utility than has previously been necessary.
- Launching a virtual power plant (VPP) that will use utility and customer owned resources (batteries, electric vehicles, appliances, distributed solar) to provide power in certain circumstances that can also help firm renewable resources.
- These are combined with the need to issue hundreds of millions of dollars in new financing to construct new power generation facilities, both renewable and dispatchable aeroderivative turbines, to enable the closure of Rawhide Unit 1.

Proposed Changes

The evolution in Platte River's model has resulted in the desire to update the PSA. In addition to extending the agreement by the same 15 years as the OC, the following summarize the changes in the PSA:

- Changed recitals to reflect shared commitment to a reliable, cost-effective and rapidly decarbonized energy portfolio and indicate that a collaborative, flexible approach will be necessary to meet current energy goals.

- Simplified carve-out terms, without changing base all-requirements provisions, to align solar and net-metering provisions with current law, increase flexibility in those areas, and enable the VPP to stand up effectively. It also clarifies that a resource's connection point being on high-voltage or distribution infrastructure is not what is relevant in determining carve-out eligibility.
- Removing reference to specific metering requirements pertaining to distributed energy generation and instead use flexible language that encourages and allows for innovation and adaptation.
- Numerous changes to support joining an organized market, including ensuring rate provisions are compatible and that market and surplus sales terms are modernized.

CITY FINANCIAL IMPACTS

The amendments to the *Organic Contract* and *Updated Supply Contract* will have no direct impact on wholesale power costs. A 15-year extension of the contracts will provide indirect and favorable financial benefits to ratepayers through Platte River's ability to gain favorable bond ratings and grant flexibility in future power purchase agreement terms.

The extension of the Organic Contract, in conjunction with the *Updated Supply Contract* (also to be adopted separately by the Electric Utility Enterprise Board), will extend the life of the Platte River organization and commit a portion of ratepayer revenues to Platte River for wholesale power costs for an additional 15 years beyond the current term.

The Power Supply Contract obligates the City to purchase its power from Platte River for an additional 15 years, through 2075. The extension of the Organic Contract, in conjunction with the Updated Supply Contract (also to be adopted separately by the Electric Utility Enterprise Board), will extend the life of the Platte River organization and commit a portion of ratepayer revenues to Platte River for wholesale power costs for an additional fifteen years beyond the current term.

BOARD / COMMISSION / COMMITTEE RECOMMENDATION

Platte River hosted a joint work session with all four owner communities on June 20, 2025. Four council members and the Mayors were in attendance. What was presented at that time is substantially the same as what is presented as part of this ordinance.

A staff presentation was made at the August 26, 2025, work session, also highlighting these changes. In response Council asked why in the recitals, specific reference to environmental sustainability, was struck. Both the Board and staff from owner communities felt that the struck sentence was redundant to the preceding whereas clause, where all three "pillars" of the resource diversification policy are referenced, including environmental sustainability. Striking this recital does not in any way change Platte River adopted policy or practice in working toward the policy. Other questions raised by Council are addressed in the Power Supply Agreement's agenda materials.

The other three owner communities are working to approve both the Organic Contract and Power Supply Agreements in September 2025 or early October 2025.

On August 12, 2025, staff presented to the Energy Board related to the high-level changes intended for both the Organic Contract and Power Supply Agreement. The Energy Board submitted a memorandum on September 8, 2025, with recommendations for City Council.

PUBLIC OUTREACH

No public outreach was identified outside of the Council and Energy Board considerations.

ATTACHMENTS

1. Organic Contract (redlined draft)
2. Energy Board Recommendation Memo
3. Staff presentation to the Energy Board
4. Ordinance No. 155, 2025
5. Ordinance No. 156, 2025