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CITY OF FORT COLLINS • BOARDS AND COMMISSIONS



ENERGY BOARD

December 14, 2023 – 5:30 pm
222 Laporte Ave – Colorado Room

ROLL CALL

Board Members Present: Bill Althouse (remote), Marge Moore, Alan Braslau, Jeremy Giovando, Stephen Tenbrink, Vanessa Paul, Brian Smith, Bill Becker (remote)

Board Members Absent: Thomas Loran

OTHERS PRESENT

Staff Members Present: Christie Fredrickson, Kendall Minor (remote), Cyril Vidergar, John Phelan, Brian Tholl, Michael Authier

Members of the Public: Sue McFaddin

MEETING CALLED TO ORDER

Chairperson Tenbrink called the meeting to order at 5:30 pm.

ANNOUNCEMENTS & AGENDA CHANGES

None.

PUBLIC COMMENT

Randy Fischer emailed City staff a comment regarding the Riverside Community Solar Project and asked it to be read aloud during tonight's meeting, as he was unable to attend in person or remotely. Mr. Fischer is a participant in the project and expressed his deep concern about the timeline for repairs, not just for participants of the project but for a loss of the resource and the value it adds to the community. He encouraged the Board and City staff to engage every possible resource available to reduce climate-destroying emissions and to affirm commitment to renewable energy by quickly getting a valuable, existing renewable resource up and producing power again.

Ms. McFaddin implored the Board to utilize their power and voice to speak up against Platte River's plan to explore a gas plant, or advocate for Public Utilities Commission oversight. Renewable energy is inexpensive, and yet the City continues to raise rates without adopting new resources.

APPROVAL OF MINUTES

In preparation for the meeting, board members submitted amendments via email for the November 9, 2023, minutes. The minutes were approved as amended.

PURPA FERC RULING ON MUST CONSIDER LANGUAGE

John Phelan, Energy Services Manager & Energy Policy Advisor

Cyril Vidergar, Assistant City Attorney II

Mr. Phelan briefly explained PURPA and the request for this evening, for those Board members who were not here last year when this process began.

PURPA, or the Public Utility Regulatory Policies Act, is a United States Act passed in 1978 as part of the National Energy Act. It was meant to promote energy conservation and promote greater use of domestic

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energy and renewable energy. PUPPA has enacted many new standards over the years under Section 111(d), and a new set was most recently added in 2021 via the IJA (Infrastructure Investment and Jobs Act) for demand flexibility and electric vehicles.

Procedurally, this process commenced in November 2022, and continues with a public hearing represented in tonight's Energy Board meeting, which will result in a recommendation to City Council regarding staff's determination. The language in the new standard could be used, depending on the type of regulatory utility, for rate cases, etc. For utilities like Fort Collins, who are not regulated, the standards must be considered ("shall consider"), and to "make a determination" concerning implementation of such standards.

Section 111(d) asks to consider new standards for demand response and flexibility, as well as electric vehicle charging. Mr. Phelan explained that Fort Collins Utilities is already aligned with these new standards. Formally, the staff recommendations are as follows:

1. **STAFF RECOMMENDATION REGARDING HISTORIC STANDARDS in Section 111 (d) (11)-(19):** Staff recommends City Council maintain current City Electric Utility policies related to those PURPA Art. I standards set forth in Section 111 (d) (11)-(19), 16 U.S.C. 2621, as amended by the Energy Policy Act of 2005 and Energy Independence and Security Act of 2007, including policies relating to net metering, time-of-day rates, renewable energy incentives, renewable energy resource integration, and interconnection standards, as amended by Council Ordinances No. 056, 2009; No. 003, 2010; No. 074, 2013; Nos. 053 and 163, 2018; No.125, 2019; No. 139, 2020; and No. 149, 2021.
2. **STAFF RECOMMENDATION REGARDING STANDARD in Section 111 (d) (20):** Utilities staff conducted a comparison of existing City electric utility rates and standards with the updated EAct standards, finding the City's electric utility operations comport with the goals of and demonstrate compliance with the updated demand response standards, determining that separately adopting the EAct standards is not in the best interest of City electric utility ratepayers as it may be duplicative and interfere with current benefits received by ratepayers.
3. **STAFF RECOMMENDATION REGARDING STANDARD in Section 111 (d) (21):** Utilities staff conducted a comparison of existing City electric utility rates and standards with the updated EAct standards, finding the City's electric utility operations comport with the goals of and demonstrate sufficient compliance with updated electric vehicle charging standards, determining that separately adopting the EAct standards , including shifting how marginal costs are recovered under existing rate schedules, is not in the best interest of City electric utility ratepayers as it may be duplicative and interfere with current ratepayer incentives.

Board members wondered if there is value in supporting the PURPA standards to maintain that the City is clear on their commitment to its climate goals. Mr. Videgar noted that Fort Collins is home rule municipality, and declining to act on the standards doesn't change what work staff is already doing, However, staff recognizes that it may create an issue in the public's perception. On the other side, adopting the language right out of PURPA would require an update to the City's code, and that creates potential to tie our hands, limiting what can and can't be done. Board member Smith suggested changing the staff recommendation language so that it sounds more positive, as opposed to using the phrase "not in the best interest," which may help with the issue of perception.

Board members discussed if the Utility's rate structure (i.e. Time of Day rates) follows the spirit of PURPA's article standards. Mr. Videgar said it's important to consider other policies and projects happening in the City, as PURPA is only looking at rates, which is only a portion of the larger picture.

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Board member Braslau said the City cannot hide behind the fact that the Utility has a rate structure that may support the community's goals if it also doesn't have the policies or oversight to back up those goals. Mr. Phelan said it's important to remember that it is likely that rates will change significantly over the next few years due to the significant changes on the horizon, such as Platte River entering a regional transmission market, the new utility billing system, etc.

Board member Althouse said PURPA is designed to bring distributed resources to Investor-Owned Utilities, and that Fort Collins Utilities should not be blowing past these standards. He commended Mayor Arndt for saying (in a recent blog post) that the only way to make a serious commitment of local resources in order to lower the City's purchased power costs; the best way to lower rates is to buy less.

Board member Moore moved the Energy Board recommend that City Council adopt by resolution the staff recommendations that:

- 1. Recognize past actions related to PURPA Article 1, Section 111 Subsection (d) standards;**
- 2. Recognize the value of these PURPA standards (paragraphs 20 and 21 of section 111) of the EAct standards for demand response and electric vehicle charging;**
- 3. Separate formal adoption of the EAct standards does not provide additional benefit to city electric utility rate payers based on current operations;**
- 4. Council should keep in mind that ongoing consideration of policies and regulation will be necessary in order for the electric rate provisions to have their intended outcomes.**

Board member Smith seconded the motion.

Discussion:

Board member Althouse wondered if PURPA is irrelevant to Fort Collins Utilities because of the Mayor's commitment to the deployment of local resources, and he wondered how the Board will support that commitment.

Vote on the Motion: It passed, 7-1, with one absent.

Board member Moore moved the Energy Board to write an addendum memo providing additional context and summary of the Board's discussion at tonight's meeting.

Vice Chairperson Paul seconded the motion.

Vote on the Motion: It passed unanimously, 8-0, with one absent.

DISCUSSION OF PLATTE RIVER'S NATURAL GAS PLANT

Chairperson Tenbrink said he wanted to bring this discussion to the Board and agree upon some kind of position and action they can take as a Board. He explained that as he understands it, Platte River is pursuing a closed RFP (request for proposal), as opposed to an Open RFP. He is also concerned about opening a natural gas-powered turbine given the City's (and Platte River's) climate goals. Mr. Tenbrink added that he didn't realize this project was on its way to being signed off on, and why City Council did not approach the Board for feedback ahead of the decision.

Board member Braslau said Mayor Ardent has said to others that she did not receive any negative feedback about the project, but he personally reached out to her and did get a response to the email. Board member Smith asked for clarification about where the project currently stands, he wondered if it is already approved and signed off on by all required leadership at the Platte River Board. Mr. Minor said there was an all-renewable Open RFP that was considered for capacity for dispatchable energy that

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Platte River decided not to pursue. The RFP for the natural gas turbine is still under evaluation and has not been finalized at this time and will not be finalized until next year. When it is complete, it will be brought before the Board to discuss next steps. Board members wondered if there was still time for the process to be eventually evaluated by the PUC.

Mr. Camacho explained that Platte River is not regulated by the Public Utilities Commission (PUC). Platte River files their Integrated Resources Plan (IRP) through the Western Area Power Administration (WAPA), as customers of WAPA. They also volunteered their Clean Energy Plan to the PUC, which supports the State's carbon reduction goals. Platte River's Board of Directors passed a resolution in October that gave staff direction to pursue options for dispatchable capacity based on the limitations that are already forecasted through their resource planning based on where technology currently sits with long-duration battery storage and the growing need to network out a Virtual Power Plant and the volatile intermittency of renewable energy. Based on that, staff recommended pursuing the permitting process for an aeroderivative turbine facility that does run off natural gas but would eventually be able to run off green hydrogen once that becomes commercially viable. He reiterated that staff is currently outlining the permitting process for this turbine.

Board member Giovando asked why Platte River needs the turbine. Is the capacity needed to be part of the regional market, or is Platte River worried about the integration of renewables. Mr. Camacho said it is all of the above; Platte River is integrating a large number of renewable resources that will be transitioned to the base load as they retire coal-fired generation, and there is also a resource adequacy mandate for all participants in the regional transmission market.

Board member Paul asked when Platte River expects hydrogen to be commercially viable. Mr. Camacho stated it is an emerging technology; resource planners are working with models and researchers working on the 2024 IRP and as of right now they are anticipating it could be available in the middle part of the next decade (2030s), but that is an optimistic forecast based on where technology sits today.

Board member Braslau said his concern is that the ability to convert the turbine to green hydrogen is a smoke screen; he said it is not a question of economic viability but is the turbine really going to be adaptive from a materials perspective. There are so many challenges with materials, and he believes this is taking the wrong approach. He suggested distributed fuel cells as an alternative. He believes this investment is being made to be used, to sell energy and to sell ancillary services. He expects Platte River will burn a lot of natural gas in the future and that is not part of the City's climate goals.

Mr. Camacho said it is Platte River's responsibility as a generation utility to provide the reliability factor, and so they will pursue and explore options to ensure reliability for all its owner communities.

Chairperson Tenbrink asked why Platte River will not be exploring the all-source RFP. Mr. Camacho said Platte River is looking at multiple RFPs, and they are all very specific to capturing as many renewable options for Platte River and its Resource Diversification Policy (RDP). An all-source RFP would look at every option possible, that could even possibly include natural gas or other carbon-emitting resources. Platte River is very specific with the types of energy sources that are needed to support the RDP.

Board member Althouse said natural gas has priority for residential heating in the wintertime, and the way Platte River describes dark calm as a five-day stretch of below zero, Platte River will not be able to get gas; they will need gas storage, so he wondered what is the cost of 200MW running nonstop for five days (storage, compression, facility, etc.), so that it actually can run during the dark calm. Mr. Camacho said he does not have an answer for that offhand, so he would need to follow up with him and the Board at a later

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date.

Chairperson Tenbrink proposed that he write a draft memo expressing the Board's concerns about this effort, and he will have the Board review and vote on sending the memo to City Council at their next meeting. Board member Braslau said it would be even more impactful if some Board members could go to the Council meeting and read the memo during public comment.

Board member Moore asked if Platte River didn't pursue the gas turbine, what is the alternative option(s) during a dark calm period. Board member Smith advised it is both for capacity and for reliability. Board member Braslau believes that if Platte River is investing in the turbines, then they are going to run them; if they don't run them then it becomes a stranded cost. He said there could be other solutions that are less financially favorable for Platte River, but they are not considering those. Chairperson Tenbrink said he is concerned that there could be scenarios when Platte River is generating enough to meet the communities' loads, but the market has a need and so the turbines will be run to satisfy the market's need, even if we do not need it locally.

Mr. Phelan noted that what we know about the market today is that the participants are showing up with both load and resources, and they must show up every day with enough resources to cover their own load. That does not mean that those resources are going to run on any given day (save a peak summer or winter day, or similar). It remains largely an economic dispatch approach, and the challenge is that the resource planning doesn't change going into the market, yet the operations will be very different, and that question of how things will operate remains unanswered. The City's (and the other three cities') relationship will change as Platte River shifts to a market representative, so how the City will help guide Platte River's future operations (as a member of Platte River), is an open question right now.

Mr. Camacho said understanding how a market will function is incredibly complex, there are specific reasons for asking a market participant to dispatch a resource. Though this market will be new when Platte River joins it, there are other markets across the nation that we can study to understand the functionality and operations. Finally, he added that the aeroderivative turbines are capable of dispatching on a moment's notice based on the volatility of renewable generation (unlike the existing combustion turbines at Rawhide). Board members asked about short-term battery storage and Mr. Camacho confirmed Platte River is investing in the technology.

Board member Althouse said batteries provide ramping time to get turbines online, if this is about power quality and instant response, there is nothing quicker than a battery that can act as a bridge.

The Board agreed that Chairperson Tenbrink should draft a memo and he will send to the Board to review over the holiday break.

DRAFT 2023 ANNUAL REPORT

Chairperson Tenbrink explained the purpose of the annual report and advised he would be wrapping up his draft version and distributing it to the Board. He asked that each member take some time to review and add additional content as they see fit.

BOARD MEMBER REPORTS

Board member Braslau said the Land Use Code will be addressed at the next City Council meeting after

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a petition by local group Preserve Fort Collins was successful in collecting enough signatures to bring it back to Council. Council will need to decide to repeal the last iteration of the code or send the code to the ballot for voters to decide.

FUTURE AGENDA REVIEW

January's meeting will include a final review of the Board's annual report, a review of the Board's draft planning calendar for the year ahead, as well as the possibility of officer elections (the Board may also decide to wait until the new Board is seated in April to hold elections).

ADJOURNMENT

The Energy Board adjourned at 7:47 pm.