

# AGENDA ITEM SUMMARY

City Council



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## STAFF

Tyler Marr, Deputy City Manager

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## SUBJECT

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

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## EXECUTIVE SUMMARY

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

B. Second 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.

These Ordinances, unanimously adopted on First Reading on September 16, 2025, 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 purposes and to extend and make modifications to the Power Supply Agreement ("PSA") with Platte River.

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## STAFF RECOMMENDATION

Staff recommends adoption of these Ordinance on Second Reading.

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## SECOND READING BACKGROUND / DISCUSSION

At first reading, several questions were asked. In addition to staff answers provided that evening, the following information is intended as additional clarification.

A question was asked pertaining to the 1% cap on local generation and if it was impeding any of the City's own goals. As noted, the Power Supply Agreement does not cap net-metered generation, and does allow in agreed upon instances for off-site net metering consistent with changes in state law passed in 2024. It should be noted that for other reasons, the City itself does cap net-metered generation at 200% of a customer's average annual usage.

Community members have expressed concern in both comment and email that potential customer-generated energy may be utilized without compensation or consent for the virtual power plant (VPP). Staff from both the City and Platte River are well aware of 3rd party aggregators who are also working in the VPP space and are expected to try and monetize participation in their own programs through compensating customers for the ability to control their assets. Staff believe based on early conversations with some of these aggregators that there is not yet a deep appreciation toward grid-reliability, sustainability, or cost-effectiveness of the utility's systems by these aggregators. As such, PRPA and staff expect that there will be competition in incentives, program design, and education about having folks participate in whatever

program they choose. These all represent likely future policy conversations with Council and the Platte River Board. That said, Light & Power or PRPA *do not* intend to compel participation or aggregation of VPP resources for contribution toward the energy portfolio without clear authorization from asset owners.

Council also asked a question that has been suggested at numerous junctures by certain community members about requiring that PRPA only operate gas-fired resources on days where high-ozone is not present. A question was specifically asked at the 1041 hearing permitting the new turbines about PRPA working with the Regional Air Quality Control Council to implement measures that limit emissions during high ozone season. This was PRPA's response:

"Platte River is always willing to consult with local- and state-level agencies.

A common feature of "high ozone days" is that temperatures are high and there is often little wind. This means that when ozone levels are high along the Front Range, electricity use is most likely high as well. Utilities must produce exactly the right amount of power to meet current need—this is why we cannot rely solely on intermittent renewable energy. This also means that if Platte River is running gas turbines, they are the most efficient resources available to meet current needs. It is wrong to assume that something else can "fill in" if Platte River turns off the turbines; Platte River cannot just "turn on" more wind or solar, so either the load "gets dumped" (a blackout) or the burden shifts to some other resources, likely less efficient, with higher emissions.

Fortunately, solar energy is most abundant during the high ozone season. As Platte River and other regional utilities add new solar resources, they can help provide needed energy during the worst ozone hours (when the sun is most intense and temperatures are hottest)."

## **FIRST READING BACKGROUND / DISCUSSION**

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### **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.

## CITY FINANCIAL IMPACTS

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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**

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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**

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

## **ATTACHMENTS**

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First Reading attachments available in September 16, 2025, agenda materials at the following link: <https://fortcollins-co.municodemeetings.com/>.

1. Ordinance No. 155, 2025
2. Ordinance No. 156, 2025