



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: January 17, 2023

Re: Authorizing an Amendment No. 1 to Resource Management Agreement with The Energy Authority, Inc. for a renewable energy study, Task Order #3.

Executive Summary

Staff has prepared for Council consideration a resolution authorizing the City Manager to execute Amendment No. 1 to Resource Management Agreement with The Energy Authority, Inc. (TEA) for a renewable energy study, Task Order #3.

Discussion

At the November 7, 2022 Council meeting, staff presented a report evaluating the City of Columbia's renewable energy supply and the feasibility of achieving a 100% renewable energy portfolio by 2030. The report included information provided in the recently completed Integrated Electric Resource and Master Plan (IERMP), considerations for fossil fuel resources, a review of current Water & Light activities, and recommendations for next steps for expanding renewables on the grid.

Staff suggested that a detailed study be conducted by The Energy Authority (TEA) regarding the various options associated with the City adopting a 100% renewable by 2030 goal. At its October 5, 2022 meeting, Water & Light Advisory Board endorsed the plan to work with TEA to evaluate the different options towards meeting a goal of 100% renewable by 2030. Council directed staff to bring an amendment to the existing agreement with TEA, Task Order #3, for the renewable energy study for further consideration.

The scope of services is the same as previously presented to both the Water and Light Advisory Board and the Council. A summary of the scope of work is as follows:

The Main Case:

100% renewable energy to serve CMWL load on an annual reconciliation basis by 2030. Capacity to be served by existing resources and/or procured as necessary through the market or construction. Use of Renewable Energy Certificates (RECs) is not allowed. Excess energy will be sold to the market.

Alternate Case #1:

Same as Main Case, but with the use of RECs to convert energy to renewable.

Alternate Case #2:

CMWL divests of all coal assets at earliest convenience, if possible. This means CMWL will have to replace both capacity and energy. CMWL will need to make some assumptions of the cost of divestiture. Possibly the use of the outstanding debt.

Alternate Case #3:



Same as Case #2 but eliminating CMWL thermal units for capacity. In this case, all CMWL capacity obligations will be met with renewables.

Potential Alternate Case #4:

Same as Main Case but Sikeston retires early. Need to decide on a year. Possibly 2026. Obviously, the uncertainty around Sikeston complicates any analysis. This will need to be discussed further.

Potential Alternate Case #5:

Same as the Main Case but using a monthly or weekly (or both) reconciliation period. The point being to demonstrate the significantly different costs. This case would require an additional fee.

The estimated cost for this additional work is \$95,000 plus travel expenses, and will be paid from Electric Utility Funds. Work on the study is expected to begin during the first quarter of 2023, with the final study results delivered in the second quarter of 2023.

Fiscal Impact

Short-Term Impact: Amendment to the agreement, Task Order #3, is for a \$95,000 fee plus travel expenses.

Long-Term Impact: None.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Resilient Economy, Secondary Impact: Reliable Infrastructure, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities, Secondary Impact: Infrastructure, Tertiary Impact: Tertiary

Legislative History

Date	Action
11/07/2022	REP86-22 100% Renewable Energy by 2030
12/02/2013	R254-13 Authorizing a Resource Management Agreement with The Energy Authority, Inc., to represent the Water and Light Department as its Market Participant in electric and natural gas energy markets.

Suggested Council Action

Approve the resolution.