To: City Council
From: Climate and Environment Commission
Date: September 24, 2024

city of Columbia
Climate and Environment Commission

CEC Response to WLAB Renewable Energy Ordinance Recommendations

After reviewing the recommendations to update the Renewable Energy Ordinance put forth by the Water and Light Advisory Board (WLAB), the Climate and Environment Commission (CEC) proposes a change to Section 3 of the recommendation to better align the renewable energy goals of the Ordinance with those outlined by the Climate Action and Adaptation Plan (CAAP).

The CAAP commits to an 100% renewable energy goal by 2035, while the Ordinance recommendations call for a 40% goal for 2035. Not only is the 40% goal short of what the Council has already endorsed in the CAAP, but it is also short of what market conditions predict to be possible. Based on The Energy Authority Report referenced in the WLAB recommendations, Columbia Water & Light (CWL) can achieve 65% renewable energy by 2032 (or earlier) simply by replacing the generation capacity of the Sikeston coal plant with renewable energy as the plant nears retirement, an action that CWL already intends to take to comply with the CAAP and the Ordinance. Even without adding any additional renewable capacity beyond the generation capacity of the Sikeston plant, CWL will surpass the proposed 40% goal far earlier than 2035.

The CEC recommends issuing RFP's for additional renewable energy in advance of the 2032 end date of the full 30% renewable energy tax credits. Renewable energy projects must be installed before the end date for credit! The Inflation Reduction Act extended the investment tax credit to 30 percent until 2032 after which it decreases over a period of two year and is then eliminated to 0% in 2035.

The CEC acknowledges that there are market and regulatory conditions outside of CWL's control that may impact their ability to reach the 100% renewable energy goal by 2035. However, as the WLAB recommendations suggest, the Ordinance should be regularly reviewed as new information on energy demand, energy availability, and other market conditions are received. With the information currently available in The Energy Authority report, **the CEC still endorses the CAAP goal of 100% renewable energy by 2035 and does not endorse a change to the goal at this time.**

The CEC recommends reconsidering the current 3% rate cap and associated calculation methodology for evaluating renewable projects while taking into consideration impacts on low-income residents. Renewable energy is a long-term investment and will lead to lower energy costs in the future.

The CEC recommends any triggers for reassessment of the renewable energy ordinance goals require the reassessment to move the renewable energy targets in a positive direction and avoid any new fossil-fuel generation contracts to meet baseload demand

Thank you for your consideration
The Climate and Environment Commission