To: City Council
From: Columbia Water & Light Advisory Board
Date: August 19th, 2024

Renewable Energy Ordinance Review & Recommendations

The CWLAB has put together the following recommendations to be considered for an updated version of the City's Renewable Energy Ordinance, Section 27-106.

These recommendations were drafted after careful consideration and deliberation among advisory board members over the last few meetings. The Board received input from some members of the public in drafting these recommendations throughout our meetings this Summer. Public input on our recommendations included input from the CEC that was shared ahead of our last meeting. Their input was considered and mostly included in the recommendations we are providing here.

Thank you,
Philip Fracica
CWLAB Chair

Renewable Energy Ordinance Review - Recommendations
Water and Light Advisory Board
August 14, 2024

The following recommendations are the result the WLAB's detailed review of the City's Renewable Energy Ordinance, Section 27-106.

1) Change ordinance to a fiscal schedule to better coordinate with the City's fiscal calendar, easing record keeping and reporting by City Utility staff.
    a. The fiscal annual report submission shall remain on February 1 to allow sufficient time to obtain records and assemble the report.
    b. Define that annual percentage goal(s) be measured at the end of the stated fiscal year. As such, the current thirty percent (30%) goal by December 31, 2028 would be measured from actual energy utilization at the end of the fiscal year 2029, or September 30, 2029.
    c. Give recognition for executed contracts of renewable energy which are delayed outside the control of the City Utility, such as: market conditions, regulatory actions, material delays, force majeure, etc.
2) Change the definition of "eligible renewable energy" in the ordinance, as follows:
    a. Add that newly developed renewable energy technologies recognized by Federal and/or State of Missouri definitions of renewable energy be included in ordinance.
    b. Add that Renewable Energy Credits (RECs) are not an acceptable means to meet goals or renewable energy targets.
    c. Better define the various ownership and contractual means which may be used to source renewable energy, such as: owned and/or leased local or regional assets, bi-lateral energy purchases, actual and virtual power purchase agreements (PPAs), future independent system operator renewable energy markets, etc.
    d. Change the "environment and energy commission" to "climate and environment commission" in the renewable energy definition.
3) Update the ordinance with a near-term achievable renewable energy incremental goal which supports a long-term community vision.
    a. The City may wish to consider stating a long-term clean energy vision for the community versus a specific goal. *Note - A review of other similar communities show that most who have established renewable or clean energy energy goals between 2040 and 2050.*

Additionally, based on the TEA renewable energy study of 2023, the earliest possible year to reach 100% renewable energy sources for the City Utility is 2043.

b. Establish an incremental renewable energy goal for FY2035 of 40**%**
    i. Explore options to extend the agreement with Bluegrass Wind to address the upcoming service termination in FY2028.
    ii. Pursue possible additional renewable energy availability from the Ironstar project which will be delivered via the Grainbelt Missouri connect.
    iii. Issue an RFP for additional renewable energy within the next few years as necessary to reach the FY2035 renewable energy goal.
c. Define that all incremental goals shall be net renewable energy measured at the end of the fiscal year. Necessary electric capacity requirements may remain from current traditional resources, as well as, future capacity and storage opportunities.
d. In order to help support the future renewable energy goals, the City Utility should expand its support for community sourced renewable energy within it's service territory, including: customer owned solar, solar with integrated storage projects, more community solar availability for customers in rental properties, subdivision developed solar, other customer owned distributed renewable energy, etc.
e. The City should develop a plan to convert the electricity loads for City owned buildings (excluding the water and sewer plants) to 100% net renewable energy by FY2035 or earlier.
f. The City should identify and seek funding opportunities from Federal and State funding to support expansion of renewable energy projects within the community.

4) The City Utility should continue to support the ongoing effort of community energy efficiency to reduce both electricity demand and energy to reduce the quantity of renewable energy needed to meet the renewable goals.
5) The City should reconsider the current 3% rate cap and associated calculation methodology for evaluating renewable projects. The evaluation and approval shall protect rate payers from excessive rate increases associated from renewable energy costs.
    a. It's suggested new renewable projects and contracts be evaluated using a life cycle analysis or similar method to determine the full financial impact of the renewable investment.

b. Re-evaluate the net metering value of behind the meter renewable projects within City service territory to determine both the cost and impact used to meet the City's renewable energy ordinance.

6) It's recommend risk assessments are completed for renewable energy projects prior to approval.
    a. The financial risk assessment shall include potential impact to rate payers and also include financial impacts to existing fossil assets and other contracted PPA's.
    b. The physical risk shall include system capacity and energy impact to insure that MISO and NERC compliance is met. The City utility supply reliability and resiliency shall be maintained as the renewable energy portfolio percentage increases.
    c. The risk assessment shall include the viability and financial stability of the energy supplier to meet their proposal and the specifications outlined in the bidding documents.
    d. Investigate the contractual obligations and restrictions of the existing fossil PPA's, including: minimum purchase requirements, energy resale capabilities, remaining terms and termination/requirements, etc. This information will likely be needed to consider possible further renewable energy goals beyond FY2030.
    e. Develop and implement a standard set of evaluation metrics for bidding renewable energy.
7) Complete another review of the renewable energy ordinance goals by FY2030, and/or, earlier if circumstances change.
    a. The defined incremental percentage goals within the ordinance shall assume normal growth within the service territory.
    b. Unforeseen growth, such as an energy intensive data center, should trigger a reassessment of the ordinance goals.
    c. Future incremental goals shall be flexible and adjustable to reflect contractual, market, and availability conditions outside the control of City Utility staff.
    d. Renewable energy should be considered in plans to replace the energy lost from fossil based PPA's as they retire.