

Water and Light Advisory Board
Review of Renewable Energy Standard Ordinance - DRAFT
January 10, 2024

Challenges to meeting the Ordinance defined goals:

- 1) Transmission buildout delays from Crystal Lake III wind farm
- 2) Delays to GrainBelt Transmission impacting Ironstar renewables
- 3) Cancellation of Boone-Stephens Solar contract by supplier
- 4) High market prices from bidding a renewable PPA in 2023

Current Ordinance Benefits

- Made renewable energy a priority for the community and the City utility
- Has had strong community support
- Set incremental and reasonably achievable goals
- Has a financial cap (3%) to reduce rate impact from high cost renewable options
- Provides clear guidance for utility staff
- It's been a success despite challenged by issues outside the control of the utility

Current Ordinance Concerns

- Ordinance and current goals only go through 2028
- Challenges outside the control of the utility preventing meeting current goals on time
- The definition of what's "renewable" could be better defined
- Goals stated as a mandate as "shall" generate or purchase...despite circumstances beyond control of the utility
- The calendar dates conflict with fiscal year accounting
- Goal dates could be better defined of when goal is reached
- Financial cap is a "snap shot" rate analysis and does not capture impact of market changes and volatility

Updated Ordinance Opportunities

- Update long range goals to better match the community's climate action plan
- Possible better renewable energy availability in MISO within the next five to ten years
- Likely better pricing of renewable energy as availability increases
- Possible increased adoption of onsite solar and battery storage, both residential and commercial/industrial
- Likely increased adoption of energy efficiency by community lowering electricity consumption base
- Increase buildout of transmission to move/support growth of renewable energy in MISO
- Opportunity to update ordinance to correct current challenges and concerns

Updated Ordinance Challenges and Risks

- Current high cost and low availability of renewable energy
- Extended project timelines due to MISO project reviews, supply chain concerns, etc (up five years or more from project inception to completion)
- The 100% renewable energy by 2030 request of local environmental group
- Possible liability and financial risk from existing fossil sources PPA contracts
- Lack of needed transmission in MISO and with the community to support renewable growth

- Property tax definitions for renewable assets (solar panels/equipment, wind turbines, batteries, etc) which may add costs to renewable projects
- Effective community communication and understanding of different expectations of stakeholders
- Going renewable too fast impacting supply reliability, too much reliance on intermittent resources

Other Renewable Ordinance Thoughts/Items

- Updated ordinance should be flexible to handle unforeseen circumstances
- Updated ordinance should provide clear direction for utility staff and coordinate with well with utility regular fiscal accounting
- What should be the term of the updated ordinance?
- Will the ordinance need to be taken back to rate payers / voters for approval?
- How high (%) renewable can be before it impacts current fossil PPA contracts
- What are sell to market provisions of current fossil PPA contracts?

Next WLAB Meeting – Hear from utility staff on changes and improvements they would like to see incorporated with an update renewable ordinance.