

**October 28, 2021**

The Idaho Falls Power Board of the City of Idaho Falls met Thursday, Oct. 28, 2021, at the Idaho Falls Power Energy Center, 140 S. Capital, Idaho Falls, Idaho at 7:00 a.m.

**Call to Order, Roll Call, and Announcements:**

There were present:

Mayor Rebecca L. Noah Casper

Board Member Michelle Ziel-Dingman

Board Member Thomas Hally

Board Member Jim Francis

Board Member Jim Freeman

Board Member Lisa Burtenshaw (arrived at 7:04 a.m.)

Board Member John Radford

Also present:

Bear Prairie, Idaho Falls Power (IFP) General Manager

Stephen Boorman, IFP Assistant General Manager

Michael Kirkham, Assistant City Attorney

Mark Green, North Renew Energy's Development Director

Garth Klimchuk, North Renew Energy's Co-Founder and Managing Partner

Linda Lundquist, IFP Board Secretary

Mayor Casper called the meeting to order at 7:02 a.m. and invited General Manager (GM) Prairie to introduce agenda items for the night's City Council meeting. GM Prairie advised the Board to prepare to see increased billings from Kleinschmidt as the utility ramps up its hydro licensing process. He added that the utility may hire a part-time consultant to assist with stakeholder outreach and engagement strategy. GM Prairie announced that ConnectFast will be joining the network as a new Internet Service Provider (ISP) offering a \$5 reduction in cost for 1 gigabit service. GM Prairie said the Sugarmill Paine ribbon cutting will get pushed to the spring due to material delays in commercialization of the substation. He invited the Board to participate in Pacific Northwest Utilities Conference Committee's (PNUCC) annual meetings the first Friday in November 2021 and mentioned the Northwest Public Power Association's (NWPPA) annual conference will be held in Coeur d'Alene, Idaho in May 2022. Mayor Casper announced that pertinent meeting and conference dates will be added to Council calendars in December. She spoke about Idaho National Laboratory's (INL) commitment to reducing carbon in Idaho and added that the City of Boise's path to carbon reduction seemed good and noted that their website was well done and informative. She continued to say that private sector entities in Boise are also serious about carbon reduction and are investing in increased staffing. Board Member Radford expressed his concerns about how extreme drought conditions have caused the Big Wood River in central Idaho to nearly dry up and impressed the need to start having serious water discussions. There was a discussion about the evolution of battery technology and powering airplanes. Board Member Radford said he has been working through small business innovation grants like hydrogen fueling cars.

**Board Policy No. 3 / Board Training Plan**

GM Prairie reminded the Board that policy reviews occur at least once annually for each Board policy. He explained the challenges in maintaining a quorum for Board training sessions and pointed out that the board book is an excellent resource. He noted that the American Public Power Association's (APPA) online training is very good and reminded the Board that since the courses are taken virtually, there's no concern about a quorum. Mayor Casper asked Mr. Kirkham to contact the State Attorneys General's office to gain clarity around training and quorum as it pertains to this Board. Mr. Kirkham said that he would do that.

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Board Member Radford said he wouldn't mind having monthly Board trainings outside of the GM's purview. Board Member Francis agreed that the Board is responsible for their own engagement. GM Prairie pointed out the Idaho Falls Power Annual Report is a good snapshot of the utility. Board Member Burtenshaw commented that six – one-hour trainings in an eight-month period seemed appropriate for new Board members. GM Prairie said he thought clarity should be added to the policy around utilizing the board book on initial training topics. Mayor Casper offered that on the off months, maybe training could be added in place of a regular four-hour meeting. GM Prairie suggested that the electric vehicle topic will serve as training and gave a heads-up about the topics for the November Board meeting. Board Member Francis said it is helpful to get an email heads-up of what to review (board book, white papers, etc.) particular to an upcoming Board meeting. The Board liaisons committed to scheduling a time to review the Board's survey questions prior to the November meeting.

### Arco Wind and Solar Project

Mayor Casper introduced Mark Green and explained how he is reaching out to utilities that are in proximity of their projects to share details and answer questions. He showed a map of where the Arco project is situated and said it consists of a site of about 32,000 acres and is located twenty miles west of Idaho Falls off Highway 20. GM Prairie asked if there is a decommission plan for the concrete foundations and Mr. Green explained that all structures proved no longer useful by the facility will be removed and noted the turbines are refurbished after they've reached their useful lives of about twenty years. He added that the useful life of a facility can be over fifty years and noted that leases are written for seventy years. He said that once a facility is at the end of its useful life, it will be pulled out down to a few feet below grade. Board Member Radford said he would like to hear more about the storage component. Mr. Green said that storage is utility demand driven and based on requests for proposals (RFP) and mentioned that Idaho Power submitted an 80-megawatt hour (MWh) RFP. He explained that as other RFPs come in, that more storage will be added. Board Member Radford asked about the cost estimate for an 80 MWh contract, but Mr. Green would not disclose any associated or estimated costs. Mr. Klimchuk said that supply chain issues are changing costs by the month and noted that utilities are going to have to reprice their RFPs. Mr. Green continued to say that the project has enough land to begin constructing four meteorological towers and noted that all data coming in confirms the project's viability. GM Prairie asked what the project's capacity was and Mr. Green said it is in the mid to low thirties. Mr. Green reviewed the timeline of the project and noted a potential end of 2024 for a start of commercial production. Suggestions of additional groups that could be impacted by the project were made by Mayor Casper and other Board Members. Mr. Green said he would look forward to reaching out to them.

### Peaking Plant / Clean Energy Plants / Utility Operations

GM Prairie explained the Bonneville Power Administration's (BPA) generation and capacity is becoming less with environmental constraints being placed on the hydro system with fish and climate change issues. Board Member Francis asked about ramping ability and what the bigger picture in the Northwest looked like. GM Prairie said the utility gets flexibility with the BPA SLICE product; however, we lose peaking capacity when they do spill regimes for fish passage. He pointed out that when excess energy frees up, crypto and data farms move in to consume the excess energy and warned these speculative markets aren't likely environmentally conscious, nor do they employ many people. He added that since China has banned crypto mining, they are moving elsewhere where the cost of electricity is affordable, like Idaho Falls. GM Prairie said that resource adequacy requirement programs are ramping up as coal plants retire and noted that if the utility moved today to 100% clean energy produced by the utility and did not rely on market purchases, costs will increase greatly. He continued to explain that as the market gets lower on surplus supply with coal retirements and load growth in the west prices are escalating 4 to 20 times the price during peaks that were seen just a year or two ago. He implored the need for an affordable, responsible transition

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step to address peaking while other carbon free technology catches up. GM Prairie said that the Carbon Free Power Project (CFPP) is a capacity resource but doesn't provide economic shaping and peaking and explained that natural gas is a reliable, low-cost, low-emission energy supply that would serve as a good bridge. He pointed out the key findings from the Energy Environmental Economics (E3) study, which summarized as: "The lowest cost way to reduce carbon emission in the Northwest grid is to replace coal with a *combination* of energy efficiency, renewables and natural gas." GM Prairie reviewed California's Proclamation of a State of Emergency from July 2021, which suspended laws prohibiting or restricting portable fossil fuel generators due to the extreme heat event in the region. He continued to point out that the Governor with the proclamation is allowing the construction of peaking natural gas plants without having to comply with their Clear Air Board permits and restrictions because reliability is such an issue in meeting their peaks. He reviewed the city's Clean Energy Resolution from September 2019 and talked about economical options. Board Member Radford asked for clarification on hydrogen fuel cells and GM Prairie said they work like a battery, but not the same as they take hydrogen and combine molecules with air through the membrane into H<sub>2</sub>O (water) and electricity as the outcome chemical product. He talked about Caterpillar's collaboration agreement with Chevron. He emphasized the benefits to having a research/peaking facility and pointed out that it allows entities to work together. Mayor Casper described her awkward position as an elected official explaining the need for a peaking plant, while also striving to be carbon free, but added that there seems to be more of an appetite for a facility now. She said the Board needs to not only approve the land purchase, but also the concept. She said that with this new facility, there needs to be a plan to sell the excess energy and questioned what the research might look like and thinks it might be a good idea to bring INL into the conversation to get their reassurances. She asked where the Board is on a new facility. Board Member Radford said he's being asked to take a huge political risk from his supporters by changing from a non-carbon emitting to carbon emitting utility and doesn't see how a 30 MWh facility solves the peak problem. GM Prairie explained that relying on the market (which is not 100% carbon free) for peak energy can increase rates upward of 20%, and explained how a low-cost, low-emission facility, like one that burns natural gas that can also burn hydrogen and other green fuels would solve the peaking issue if there's not enough energy available on the market to even purchase. He stated that our peak needs compared to the size of this project is the right size and fit in his view. Board Member Ziel-Dingman stated that she feels rate payers care more about low-cost electricity than having a 100% free carbon portfolio. Board Member Freeman asked where natural gas prices are heading, and GM Prairie said he thought prices would likely stabilize to pre-fracking prices with the inflation and current policy coming from Washington DC, which is in the \$6-\$8 dollar range, but said that forward prices are staying lower than this number. Board Member Freeman talked about the issue of converting from natural gas to hydrogen and asked if it can be pumped around like natural gas and GM Prairie said this was a good example of an area where research is needed to create those type of storage trucks and transportation. There was a discussion on how to have peak supply, but at a low to no impact. GM Prairie reiterated the key tenants in the Idaho Falls Power Strategic Plan that are to provide affordable and reliable power to the community. Going forward, Mayor Casper wants a plan on how to explain why it feels like the city is backstepping a bit on clean energy. Board Member Radford said he would like to hear from other stakeholders before he can sign off on this idea and asked how long it would take to plow through the rate stabilization fund. GM Prairie said he was hired to bring market intelligence to the Board/utility and the best solutions that address short-term and long-term energy needs. He continued to say the \$20 million dollar rate stabilization fund doesn't make sense anymore when one week of peak heavy load in June of 2021 cost \$500,000. GM Prairie explained at that rate, the fund could be gone in a year if we just rely on the market that is shrinking and becoming more volatile during peak need periods. He added that at today's market rates, the facility could pay for itself in three years if some of the predictions on increased market shortages and prices spikes comes to reality. Board Member Francis explained that when the option for a facility was brought to his attention, he was supportive and still is, but just needs more time to draw it all together and expressed that he has

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some concerns with two other utilities coming into the project. He said he's concerned that their needs may not be the same as this city's needs and maybe we should consider going it alone. He said he's curious about what the carbon emission would be and is concerned about buying land at peak market prices. Board Member Francis stated that he also would like a briefing from INL on where hydrogen research is at. He noted that when reading through the resolution, it's not indicative to where the energy comes from when we buy it on the market, which makes it easier for him to say yes to a new facility. He said he would like an economic viability report of its usage. Board Member Freeman stated he appreciated GM Prairie's passion about the project and doing what he thinks is right and that he too is ready to move forward because a bridge facility makes sense to him, even though he has some reservations about carbon emissions. Board Member Francis said he sees the facility as a bridge but explained how he needs more information like parameters on how much energy is produced and how much energy the other utilities want to produce and if there is any control over the production. Mayor Casper said she would like to know the timeline and what we are bridging to. Board Member Hally said that certainties may not be attainable and stated that there are a lot of risks with BPA and there are risks with everything we do so this project makes sense to him, and he is for the project. Board Member Ziel-Dingman stated that she is fine going in with partnerships and would like to see a plan on selling energy to the market. GM Prairie said the two proposed partners are on the leading edge and have forward-thinking people and policy makers like this Board does. Board Member Burtenshaw commented how people in the community don't seem to feel bad about using Intermountain Gas as more new communities continue to sign up for gas but added that when it's time to vote on the land purchase, she will recuse herself as it's a personal conflict. She also stated that reliability is her major concern and worries about people who need oxygen or heat when it is cold. She continued to state that environmental is important but not what she believes is more important than costs and reliability, so she supports the peaking plant idea. GM Prairie said the facility conversation can be continued in the November meeting and impressed that time is of the essence and that he would like for everyone to be in alignment. Board Member Radford asked when the project would begin, and GM Prairie said the facility may likely be online later than 2023 but hoped to have it by summer 2023. Board Member Radford said he agreed that GM Prairie is presenting a best-case scenario on timeline.

#### Fiber Network Update and Provider Application Process

GM Prairie reviewed the ISP application and process and said that it is in Idaho Falls Fiber (IFF) customer's best interest to have access to experienced, qualified providers and was given the head nod to proceed with the revised application and process and qualifications for potential new network providers. Mayor Casper asked if existing providers needed to be put back through the updated application and process and GM Prairie assured that the existing ISPs meet the current criteria. Board Member Radford asked if IFF is considering startup applications and GM Prairie said there wasn't a need to and added that he doesn't want to set customers up with inexperienced ISPs and added that the updated application and process protects against that. He stated that he will be requesting additional spending authority for fiber installations as the money that has already been approved for this year is being spent at a fast pace due to the success of the fiber project. GM Prairie asked the Board to let him know of upcoming events where there could be fiber marketing opportunities.

#### Electric Vehicles

This item was tabled until the November 2021 meeting.

There being no further business, the meeting adjourned at 11:09 a.m.

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s/ Linda Lundquist \_\_\_\_\_

Linda Lundquist, BOARD SECRETARY

s/ Rebecca L. Noah Casper \_\_\_\_\_

Rebecca L. Noah Casper, MAYOR