POWERLINES

A Newsletter from Intermountain Power Agency



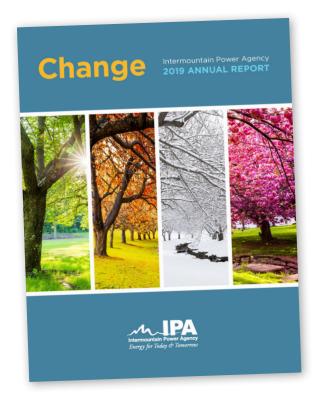
January 2020

Annual Meeting Election Results

Nick Tatton (Price City) and Blaine Haacke (Murray City) were re-elected to four-year terms on the IPA Board at the annual meeting on December 3, 2019. IPA Board Chair Ted Olson (City of Ephraim) was re-elected to represent Utah municipalities that do not have individual representation on the IPP Coordinating

Committee and the Renewal Contract
Coordinating Committee. Eric Larsen (Fillmore
City, Town of Holden, Kanosh, and Town of
Meadow) was re-elected to serve as the alternate.

IPA also released its <u>annual operating video</u> and <u>annual report</u> for 2019.





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IPP Renewed Milestones

IPP Renewed

IPP's renewal project ("IPP Renewed") continues apace with agreement on financing plans and the expected award of key supplier contracts in the near term.

- The IPP Coordinating Committee
 has selected a third-party
 provider to build, own, and
 operate a pipeline and related
 facilities to deliver natural gas
 for the renewal project. Pipeline
 design and permitting activities
 are now commencing.
- The IPP Coordinating Committee has approved a Plan of Finance for funding renewal project activities that anticipates using shorter-term "bridge" financing in early project stages followed by long-term financing when larger construction costs are incurred. Under the terms of a bond purchase agreement with the Royal Bank of Canada (RBC) on December 30, 2019, IPA issued and RBC purchased one Subseries of Tax-Exempt Drawdown Bonds ("Intermountain Power **Agency Subordinated Power** Supply Revenue Bonds, 2019 Tax-Exempt Drawdown Subseries A-1") and one Subseries of **Taxable Drawdown Bonds**

LADWP Clarifies Scope of IPP Renewal Project

Environmental activists and neighborhood groups urged city officials at a November meeting of the Los Angeles Department of Water and Power (LADWP) Board of Commissioners not to move forward with the IPP renewal plan. During the meeting's public comment period and in a petition signed by various civic groups and organizations, they argued that 100% renewable alternatives be considered instead.

In a detailed <u>presentation</u> (skip to indexed section 8. B. at the preceding video link) before the Board of Commissioners in December, LADWP staff clarified the IPP renewal project's <u>goals and timeframes</u>, noting that the turbines installed at start-up in 2025 will be capable of burning a mix of 30% hydrogen from day one. That proportion will steadily increase until the plant burns 100% hydrogen in 2045, the deadline by which California has mandated that its electric power be sourced from 100% zero-carbon energy.

While this timetable is aggressive, IPA is committed to the project's ultimate goal of

producing carbonfree dispatchable power. The <u>response</u> <u>from stakeholders</u> and <u>industry observers</u> has been positive and encouraging.

IPA has produced a "Myths vs. Facts" backgrounder to address misconceptions about the IPP renewal project.



("Intermountain Power Agency Subordinated Power Supply Revenue Bonds, 2019 Taxable Drawdown Subseries B-1"). The \$100 million of drawdown bonds can be accessed as needed in the early phases of the renewal project's engineering and development. Larger conventional bond issuances may be undertaken when the project moves closer to the construction phase.

- Selection of an OEM powertrain equipment manufacturer is nearing completion with the expectation of entering into a contract by February 2020. The contract would cover the
- construction and installation of two advancedclass 1x1 combined-cycle, natural gas-fired power blocks—each consisting of a gas turbine, heat recovery steam generator train, and a steam turbine—with an approximate total net generation capability of 840 MW, together with auxiliary equipment.
- A bid package is in development for an engineering, procurement, and construction (EPC) contract to carry out the balance of the work related to the IPP renewal project, with the goal of awarding the contract by December 2021.

New IPA Mission, Vision, Values Statement

The IPA Board of Directors has crafted a new three-part Mission, Vision, and Values statement to better reflect its role in serving rapidly evolving energy markets.

- The new Mission Statement reads:
 "Intermountain Power Agency's mission is to
 utilize its assets to provide reliable, economic,
 and legally compliant energy products and
 services for the benefit of its Purchasers,
 members, and other stakeholders, which
 includes supplying a ready energy resource
 reserve and supporting direct and multiplier
 economic contributions to rural communities
 and the State."
- IPA's Vision Statement reads: "Intermountain Power Agency will seek to advance development of an energy hub and leverage regional cooperation to identify and capitalize on opportunities to realize the potential for

- generation, storage, and transmission toward net-zero-carbon energy."
- IPA's Values Statement reads: "Intermountain Power Agency will strive to employ ethical business practices, comply with applicable laws and regulations, honor contractual obligations, and provide a safe work environment."



IPSC Management Changes

IPSC's former Superintendent of Operations, Scott Robison, retired on October 31, 2019. Scott was hired in March 1983 as a trainee after stints as a store manager at Brush Wellman (Materion) and as parts manager at Farmer Supply. A Delta native and BYU graduate, he was involved in the startup of IPSC and was instrumental in implementing the Valuing Our Lives Through Safety (VOLTS) program.

In 2017, Scott took on the additional role of Superintendent of Maintenance for two years. During this time, he also served as Secretary/Treasurer of IPSC, on the Savings and Retirement Committee, and was the Staff

Representative to the Employee Activities Organization.

He and his wife, Marilu, are currently serving a mission for the Church of Jesus Christ of Latterday Saints in Fort Lauderdale, after which he looks forward to spending time with family, camping, and exploring in his side-by-side. We wish him health and happiness in retirement.

Jon Christensen, Superintendent of Operations/ Manager of Special Projects, now oversees the Operations Department and the Convertor Station. Mike Nuttall has been approved as the Superintendent of Technical Services.







Jon Christensen



Mike Nuttall

Energy Items of Interest

Utility Dive published "For a smart transition to <u>100% clean energy</u>: Renewables, storage and, in some cases, new gas."

Akin Gump published a primer on the emerging hydrogen economy.

U.S. Senate confirmed Dan Brouillette as Secretary of Energy.

S&P Global published: "Why a U.S. gas-building spree continues despite electricity glut."

U.S. Energy Information Administration reported natural gas production, consumption, and exports all set new records in 2018.

EIA reported futures markets signal lower natural gas prices in most regions in early 2020.

S&P Global examined the achievability of major utility <u>carbon-free goals</u>.

Utility Dive explored how plans by Georgetown, Texas, to embrace 100 percent renewable energy went awry.

International Energy Agency's "World Energy Outlook 2019" concluded "there is no single or simple solution to transforming global energy systems."

EIA reported U.S. energy-related CO2 emissions rose in 2018 for the first year since 2014.

San Francisco Chronicle reported that during recent California power outages, portable generators caused <u>fires and carbon monoxide poisoning</u>.

E&E News posed the question: "Are blackouts here to stay?"

National Rural Electric Cooperative Association's CEO told Congress a <u>diversity of electric</u> <u>generation options</u>, including baseload sources, is essential.

U.S. Energy Information Administration reported near-record volumes of natural gas were <u>placed</u> in storage this injection season.

Lazard concluded the cost of renewable energy continues to fall, but said the <u>rate of decline is slowing</u>.

The San Diego Union-Tribune examined whether California's aggressive spending on renewable energy is "eating into the dollars utilities need to spend to <u>harden their infrastructure and clear clogged forests</u>."

<u>Frustration and anger</u> mounted for California residents faced with repeated long-duration power outages.

Looking for winners in California's electricity crisis? Try makers of household portable generators.

Links

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Learn more about Intermountain Power Agency, please visit: www.ipautah.com

PowerLines is a publication of Intermountain Power Agency. The Intermountain Power Project includes a two-unit coalfueled generating station located near Delta, Utah, two transmission systems, a microwave communication system and a railcar service center, all built as a joint undertaking by 35 utilities in Utah and California.

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