I. THE HEADLINE: SUSTAINABILITY POISED FOR GROWTH

On May 30, officials from Rocky Mountain Power (or RMP, a unit of PacifiCorp), the Governor's Office of Economic Development (GOED), the Economic Development Corporation of Utah (EDCUtah), and Facebook announced an innovative partnership to power the Eagle Mountain data center with 100% renewable energy while designing the project to scale to meet the needs of future customers. Facebook expects the first phase of the data center to be online in 2020, and the first renewable resources will start generating power for Facebook at roughly the same time.

Facebook’s Renewable Energy contract with RMP gives them the ability to designate renewables resources to serve their facility while RMP negotiates long term power purchase agreements to secure the energy and renewable energy credits (RECs) from these facilities to benefit Facebook. Facebook’s data center will have room to grow, and as it does, system wide renewable energy investment will grow with it. In partnership with Facebook, as part of upgrades required to meet the needs of Facebook’s new load, RMP has designed a utility-owned substation that will not only provide the customer with fully redundant 345kV service but is designed for future expansion to serve other critical load customers.

RMP views this contract structure, as well as the structure used in Oregon’s Prineville data center, as viable templates for other renewable energy partnerships and is exploring how to further leverage the ways corporate buyers can “green the grid.” Facebook’s leadership in seeking renewable energy solutions for its data center operations will enable additional solar development in Utah’s economically struggling counties while keeping other customers untouched by the costs of these purchases. Additionally, Facebook’s investment in electrical infrastructure in Eagle Mountain provides the opportunity for additional high-tech infrastructure investments in Utah, bringing jobs and tax revenue to the area.

II. THE PROJECT STORY

PacifiCorp’s goal for the new Eagle Mountain data center was to enable Facebook to match 100% of its annual load with designated renewable energy and associated RECs from solar projects that deliver energy into PacifiCorp’s system. The Company’s challenge was how to find a renewable energy solution that was not only effective and affordable for Facebook but also shielded other customers from the costs associated with this program in Utah.

The Western U.S. does not have an organized wholesale electricity market like much of the rest of the nation. These market conditions make it challenging for vertically-integrated utilities to buy low-cost renewables. As a result, utilities have struggled with how to supply large renewable energy buyers with products that do not cause cost-shifting to other retail customers of the utility. Rather than simply purchasing renewable energy in an open market, PacifiCorp must contract with individual solar developers to develop new projects that would be integrated into their power supply system. PacifiCorp, as a largely rural system across six Western states is particularly sensitive to this cost-shifting dynamic.

Through their Renewable Energy Service Contract (RESC) with RMP, Facebook is able to directly purchase 100% of their renewable energy requirements for Eagle Mountain through RMP. This innovative contract structure enables Facebook to support additional renewable energy growth in Utah, while also shielding other customers from potential incremental costs associated with these choices. The cost of this energy, including the
cost of PacifiCorp’s fixed assets (transmission, distribution, etc.) so no other RMP customers are allocated these costs. The project includes a new electrical substation which is integral for development of not only this project, but future projects as well.

Facebook is able to claim the renewable attributes including the emissions-reduction benefits of RECs from new specified solar resources, equivalent to its data center load. Discussions regarding Facebook’s Eagle Mountain data center load and associated renewable resources are ongoing. Facebook selected Eagle Mountain for several reasons: it provides good access to renewable energy, a strong and reliable electrical grid, and a great set of community partners that helped move the project forward. The data center represents an investment by Facebook of over $750 million, but Facebook’s community commitment goes much further than that. The Eagle Mountain Data Center will be among the most advanced, energy and water-efficient facilities in the world. By using outside air to cool their servers, the data center will use 75% less water than a typical data center. The Eagle Mountain data center will also reuse water when possible. In Eagle Mountain Facebook has partnered with the new local high school, so its treated water can be used to irrigate the school grounds.

PacifiCorp’s partnership with Facebook has been part of a larger effort to bring green power to Utah including legislation enabling RMP’s two large customer Green Tariffs. In 2012, the Utah Legislature passed S.B. 12\(^1\), which allowed customers purchasing at least 2 MW of grid capacity to buy power from a renewable energy facility and RMP’s work with stakeholders to draft Electric Service Schedule 32 - Service From Renewable Energy Facilities.\(^2\) In 2015 Facebook began exploring the concept of locating a data center in the Salt Lake Valley, UT. While that data center was ultimately located elsewhere, the groundwork laid at that time allowed the Eagle Mountain partnership to quickly mature and become a reality. By 2016, the Utah Legislature passed the STEP Legislation, which expanded green tariff options and enabled Electric Service Schedule 34—Renewable Energy Purchases for Qualified Customers\(^3\).

These bills and resulting Green Tariffs allow specific Utah customers access to renewable energy, but require these customers to cover associated costs, so that there is no negative impact on other customers. In addition, through the passage of a new state law in Utah, RMP will have the opportunity to potentially own solar resources that serve Facebook and other Utah Green Tariff customers if RMP is a successful bidder in any solicitations run by or on behalf of these customers. This will help to further integrate these renewable resources into PacifiCorp’s overall resource mix as we continue down the path to decarbonization.

### III. THE BOTTOM LINE

The partnership between Facebook and RMP in Utah has provided valuable lessons for balancing the desire of specific large customers to purchase 100% renewable energy with the need to ensure all other customers do not face higher costs because of these choices. Through a combination of legislative, regulatory, and stakeholder outreach and actions, RMP has been able to create a framework to achieve the renewables goals of large customers in a manner that is fair to all.

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\(^1\) Enacted as Utah Code §54-17-801 through §54-17-805
\(^2\) Which was approved by the Public Service Commission of Utah (“PSC”) in Docket 14-035-T02.
\(^3\) Via Utah Code §54-17-806 and approved by the PSC in Docket 16-035T09