Memorandum of Understanding
Regarding Clean Energy Goals
between the
City of Missoula, Missoula County,
and NorthWestern Energy

June 22, 2020

The City of Missoula ("City"), Missoula County ("County"), and NorthWestern Corporation d/b/a/ NorthWestern Energy (collectively, "the Parties") enter into this Memorandum of Understanding ("MOU") to jointly state their intention to cooperate as outlined below.

WHEREAS, Missoula City and County acknowledge that the Intergovernmental Panel on Climate Change, the National Climate Assessment, and the Montana Climate Assessment project far-reaching adverse impacts on the economy, ecosystems, and public health if greenhouse gas emissions are not reduced sharply in the near future; and

WHEREAS, Missoula City and County have a responsibility to protect and enhance the public health, safety, and quality of life of their residents, and to that end they have established a number of goals related to clean electricity\(^1\), carbon neutrality, and climate change:

- Missoula City and County have established a goal of 100\% clean electricity for the Missoula urban area by 2030, with an interim goal of 80\% clean electricity by 2025 (Joint Resolution adopted April 2019. Exhibit A)
- The City of Missoula has established a goal of carbon neutrality for City operations by 2025 (Energy Conservation & Climate Action Plan adopted January 2013)
- Missoula County has established a goal of carbon neutrality for County operations by 2035 (Resolution adopted March 2019.)
- City of Missoula Mayor John Engen endorsed the Missoula Community Climate Smart Action Plan 1.0 with the goal of carbon neutrality for the Missoula urban area by 2050 (July 2015); and

WHEREAS, Missoula City and County are motivated by concerns about intergenerational equity, acknowledging that future generations will shoulder the burden of the impacts of climate change; and

WHEREAS, NorthWestern Energy is a public utility, regulated by the Montana Public Service Commission ("MPSC"), obligated to provide safe, reliable, and affordable electric and gas service to the City, County, and its residents; and

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\(^1\) Clean electricity is most simply defined as electricity derived from renewable sources such as wind, solar, geothermal, biomass and hydro. In determining whether a particular generation source is "clean", we consider both its greenhouse gas emissions and other ecological impacts. (Missoula's 100% Clean Electricity Options Report, V2, Updated April 2, 2019)
WHEREAS, NorthWestern Energy’s mission is “Working together to provide safe, reliable and innovative energy solutions that create value for its customers, communities, employees, and investors;” and

WHEREAS, over 60% of the energy produced by NorthWestern Energy for Montana comes from renewable and carbon-free sources, including hydro, wind and solar; and

WHEREAS, NorthWestern Energy committed in 2019 to reducing the carbon intensity of its electric energy generation 90 percent by 2045, from a 2010 baseline; and

WHEREAS, NorthWestern Energy has partnered with the City, Missoula County Public Schools, and other stakeholders in Missoula to install solar projects at the four public high schools, along with $25,000 to fund a complementary renewable energy and energy efficiency curriculum; and

WHEREAS, NorthWestern Energy seeks to support the City and County’s 100% Clean Electricity goal.

NOW THEREFORE BE IT RESOLVED that the Parties agree to work together to pursue mutually beneficial energy projects and programs that advance the City’s and County’s 100% clean electricity goal and may include, but are not limited to:

- New Utility-Scale Renewables
- New Community-Scale Renewables
- Expanded energy efficiency, conservation, and other demand-side measures
- Electrification of Transportation
- Distribution Grid Modernization
- Resilience Planning

BE IT FURTHER RESOLVED that the Parties agree to pursue the development of mutually beneficial carbon-free solutions, such as energy storage, load flexibility, and/or dispatchable renewables, to provide flexible capacity to integrate renewable energy.

BE IT FURTHER RESOLVED, to support the development of the utility-scale renewables, community-scale renewables, demand side management, and the integration of renewable energy, the Parties agree to cooperate on the following activities:

- Regulatory and Legislative Engagement. The Parties recognize that changes to Montana law and MPSC regulations may be necessary to facilitate projects or programs undertaken as part of this MOU. In addition, implementation of certain projects may be subject to MPSC approval. The Parties agree to work cooperatively to address regulatory or legislative action that may be necessary to support the actions arising out of this MOU.

- Community-Wide Renewable Solution. Explore development of a state-level policy that facilitates a path to 100% clean electricity for residents of participating communities served by NorthWestern Energy.
• **Data Sharing.** In order to allow the Parties to track the progress of the goals reflected in this MOU, the Parties agree to develop a streamlined process to share data with one another. This process will allow for NorthWestern Energy to provide the City and County with aggregated electricity and natural gas consumption data for the Missoula urban area and the County as a whole on an annual basis. NorthWestern Energy will also share its emissions data for its Montana electric supply mix with the City and County on an annual basis.

**BE IT FURTHER RESOLVED** that the Parties agree that the following principles will guide the activities undertaken as part of this MOU:

• **Greenhouse Gas Emissions Reductions.** Actions that result from this collaboration will result in greenhouse gas emissions reductions.

• **Equity.** The Parties intend to equitably implement this Agreement in a manner that reduces barriers to participation, encourages ownership of a shared vision, and causes no extraordinary burden on any particular group, especially low- and fixed-income households, Native peoples, people of color, and frontline communities.

• **Costs.** Pursuit and execution of this MOU will be cost-effective to City and County residents given its anticipated costs and benefits, and will provide for NorthWestern’s recovery of existing costs and will avoid cost-shifting between NorthWestern’s customers, except to the extent approved and deemed reasonable by the MPSC.

• **Public Education and Engagement.** Public Education and Engagement requires clearly communicating the actions undertaken as part of implementing the goals of this MOU in order to raise the energy literacy of City and County residents and NorthWestern Energy’s customers. In addition, opportunities will be provided for the public to engage in the process of implementing the goals in this MOU.

• **Economic Development.** Implementation of this MOU will provide opportunities to boost the state and local economy and support the retention, growth and attraction of businesses through innovation and investment in clean energy resources and technologies.

**BE IT FURTHER RESOLVED** that the Parties agree to jointly implement the goals of this MOU as follows:

• **Implementation Plan.** The Parties will jointly identify mutually beneficial projects and programs, and will develop appropriate timelines, metrics, and implementation dates for those projects and programs in the Implementation Plan.
- **Annual Reporting.** The Parties will produce an annual report by March 31 of each year, beginning in 2021, that summarizes the work performed and results achieved pursuant to this MOU and the Implementation Plan, including progress toward the City and County's goal of 100% clean electricity. The Parties will jointly present this report annually to the Missoula City Council, the Missoula Board of County Commissioners and to NorthWestern Energy.

- **Staffing and Resources.** The Parties intend to staff and provide resources necessary to support the work. Costs will be evaluated and assigned in accordance with each Party's process and procedures.

- **Legal Applicability and Waiver.** This MOU is intended to memorialize the intent of the Parties, but does not constitute a legal agreement between them. Nothing in this MOU will be deemed or construed as creating a joint venture, trust, partnership, or any other legal relationship between the Parties. Nothing in this MOU constitutes a waiver of any city, county, or state ordinances, laws, or regulations.

- **Duration.** This MOU will remain in effect for four (4) years from the date it is signed. At that time it may be extended into the future, with or without amendments, through mutual agreement by the Parties.

### Anticipated Timeline

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
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<tbody>
<tr>
<td>Agreement Signed</td>
<td>June 22, 2020</td>
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<tr>
<td>Implementation Plan Completed</td>
<td>December 1, 2020</td>
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<tr>
<td>First Annual Report</td>
<td>March 31, 2021</td>
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<tr>
<td>Second Annual Report</td>
<td>March 31, 2022</td>
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<tr>
<td>Implementation Plan Review/Update</td>
<td>December 1, 2022</td>
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<tr>
<td>Third Annual Report</td>
<td>March 31, 2023</td>
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<tr>
<td>Agreement Sunsets (may be extended with or without amendments)</td>
<td>June 22, 2024</td>
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CITY OF MISSOULA

John Engen, Mayor

MISSOULA COUNTY, MONTANA

Josh Slotnick, Chair, Board of County Commissioners

David Strohmaier, County Commissioner

Juanita Vero, County Commissioner

Tyler Germant, Clerk and Recorder

Office of the County Attorney
(approved as to form)

NORTHWESTERN ENERGY

Robert C. Rowe, President and CEO