

Public Utility District No. 1 of Klickitat County
Board of Commissioners' Meeting
Tuesday, January 14, 2020

A G E N D A

Quarterly Meeting with Klickitat County Commissioners 11:00 a.m.

Time: KPUD Commission Meeting Start Time – 2:00 p.m. as Advertised

Location: 1313 S. Columbus Ave. – Goldendale, WA

➤ **PLEDGE OF ALLEGIANCE**

➤ Approval of Minutes – 12/23/2019 Meeting

➤ Approval of Claims / Vouchers for period ending 01/14/2020 (*Cynthia*)

➤ Approval of Payroll for periods ending 12/22/2019 (*Cynthia*)

➤ **PUBLIC COMMENT PERIOD**

REPORTS – 10 min. each:

- Power Management December Report (*Mike*)
- Commissioners' Reports
- Manager's Bi-Monthly Report (*Gwyn Miller/Jim Smith*)
-(see attached report)

GUESTS:

○

AGENDA ITEMS - (*see Manager's Report for further details*)

A. Professional Services Approval- (*Ron*)

B. Call for Bid- RNG Blower project electrical components- (*Kevin*)

C. Public Rate Hearing 3:00 p.m.- Rate Schedule 1a Net Metering- (*Jim*)

ADJOURNMENT

FOR THE GOOD OF THE ORDER:

- WPUA Association meeting- January 15th-17th
- Energy Northwest January Board meeting- January 22nd and 23rd 2020.

Note: Agenda is subject to last-minute revisions which may include the Board calling for an executive session.



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **January 14, 2020 Meeting**

AGENDA ITEMS:

- A. Professional Services Approval- Ron Schultz is requesting approval of RH2 Engineering, Inc. They have been on our professional services roster in past years and staff would like to utilize their services for the Glenwood Water System corrosion mitigation evaluation.
- B. Call for Bid- RNG Blower Project electrical components - Kevin Ricks is requesting approval of call for bid for the RNG Blower project electrical components upgrade. This bid includes the necessary enclosure, variable frequency drives for the motors, metering equipment, MCC and HVAC equipment all prewired, factory tested and delivered to site.
- C. Public Rate Hearing- Rate Schedule 1a Net Metering- With the KPUD decision that reassessed the net metering program to realign with the intent of the state public policy, staff is requesting that the board suspend the infrastructure fee until we reach either the 4% legislative cap or the June 30, 2029 deadline. Staff recommends that January 1, 2020 would be the effective date of the suspension.

NON-AGENDA ITEMS:

1. **Pumped Storage Project Update** – The draft license application was submitted by National Grid and Rye Development on December 13, 2019. The application can be accessed on the FERC website (Project #14861). I have heard that Grant PUD has discussed capacity with them and they have been invited to respond to a SCPA request for proposals. I met with Scott Tillman this week to discuss our differences and a comprehensive settlement.

Attached is an article that includes an interesting map of “proposed” pumped storage projects in the region.

2. **NISC Patronage Reimbursement** - We received notification from NISC that they would be sending our first patronage reimbursement in the amount of \$11,128.69. Since this company is a Cooperative they continue to invest in improving the product and sharing their profits with their customers.
3. **Low Carbon Fuel Standard (LCFS)** - As you know, KPUD supported the LCFS legislation given the value that could accrue to our renewable natural gas facility. According to Nicolas Garcia, WPUDA is planning on trying to get the energy committee

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to be supportive or neutral on the legislation. It is also his conclusion that the value of the electrification component in the current draft of the legislation is not a large positive impact across its members. My feedback to Nicolas was that although the legislation will undoubtedly have cost implications on all PUDs, WPUDA should say out of legislation that impacts carbon emissions from the transportation sector. They certainly should not oppose it given that the legislation directly affecting the electric industry is already complete.

4. **Past General Manager Tom Svendsen Memorial Service** – the service will be held on Saturday, January 25th from 1:00-3:00 p.m. at the Goldendale Golf Course. I have a copy of the resolution that we signed in 2009 in recognition of Tom’s accomplishments. We would like to re-sign and frame this document to have at the service to present to Debi Svendsen, if that works out to be appropriate.
5. **Training** - Mike DeMott and Gwyn Miller attended a strategic planning training in December. They came away from the training with tools to utilize in future discussions.
6. **Programs** - Brandy Myers will be pursuing an enhancement to our current conservation programs focused on weatherization. When the program is ready to implement, there will be a weatherization kit available for customers that would benefit from such measures. The kit would include window shrink/seal, foam weather-stripping tape, and outlet covers to improve heat loss. Many of our customers could benefit from receiving this type of kit, which is really a nominal investment on our part, but the efforts will go a long way in customer outreach.
7. **Update** - Union negotiations are underway and the holiday season went very smoothly from an outage and customer contact perspective.

Are Pumped Storage and Renewable Generation a Match?

The potential pairing of two carbon-free resources is creating buzz; the Council's power plan will road test the proposition

DECEMBER 12, 2019 | [CAROL WINKEL](#)

Pumped storage generation is having a moment. A number of utilities are considering the resource in their integrated resource plans and several projects have been proposed for development in the region. At its December meeting, power committee members were [briefed](#) on how the resource will be analyzed in the Council's regional power plan.

[Pumped storage](#) generates hydroelectricity for peak periods of demand by pumping water from a lower reservoir to a higher reservoir during low-demand periods and then releasing it during peak periods when electricity prices are higher.



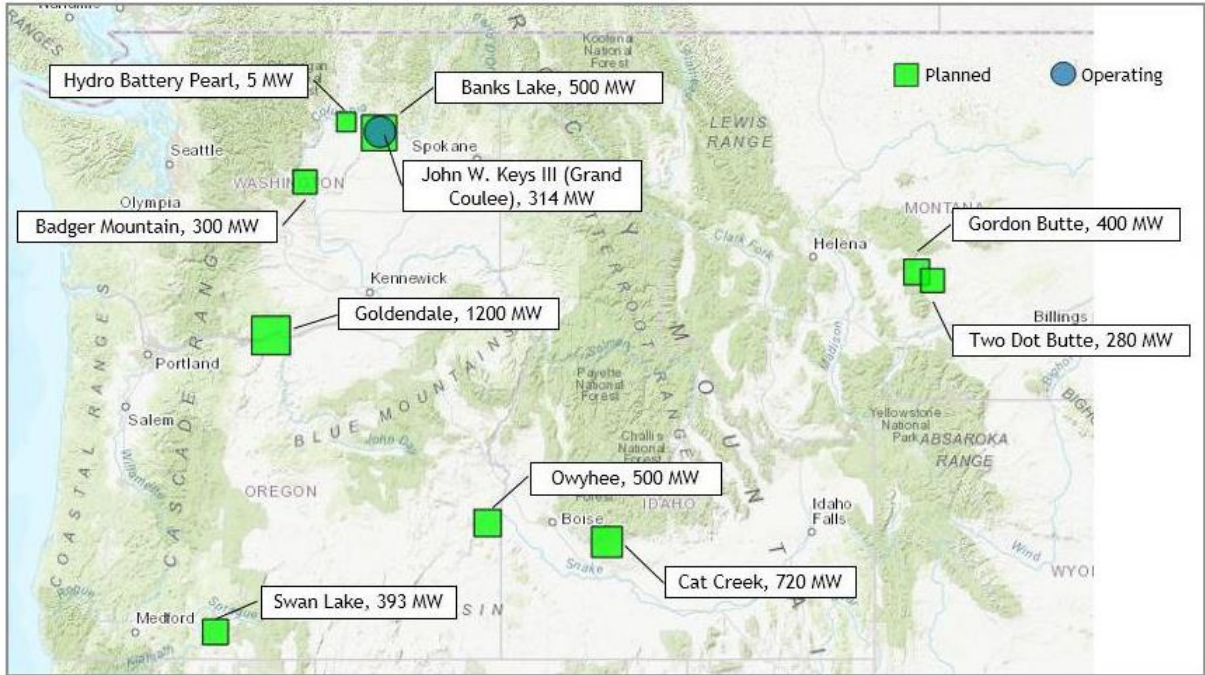
John W. Keyes pump generating plant

The Council analyzes different resources as potential options for ensuring an adequate and affordable power supply. Gillian Charles, energy policy analyst, [presented](#) information on how staff will assess pumped storage generation by modeling its performance under different [scenarios](#). The characteristics of pumped storage--expected costs, operating and performance specifications, and developmental potential--are inputs into modeling and comparing resources.

Noting that renewable development, combined with announced coal unit retirements and future compliance with clean energy standards, is driving the interest in pumped storage, Charles said that one of its key benefits is that, like hydropower dams, operators can adjust its generation to the grid's load variations, so it can complement renewable generation's ups and downs. This [flexible capacity](#) is a critical need as more renewable generation is added to the power grid.

The downside to pumped storage is that it is extremely expensive to build. A typical project costs about \$2 billion and can take 10 years to license and build. It's a significant financial and regulatory risk should circumstances change down the road. One thing that could upend the calculation for pumped storage is the improving technology of batteries, which can also be paired with renewable resources, potentially making them a more cost-effective combination.

Still, developers have proposed nine projects in the region and two have Federal Energy Regulatory Commission permits: Swan Lake in Klamath County, Oregon and Gordon Butte in Meagher County, Montana. The only pumped storage project currently operating in the region is the 314 megawatt John W. Keyes III plant at Grand Coulee Dam.



Operating and planned pump storage projects in the region

"It's so capital-intensive; developers like to have their power purchase agreements signed before moving forward," observed Charles. "It will be interesting to see if we get one built in the next 10 years."

TOPICS: **ENERGY**