



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **June 28, 2022** Meeting

AGENDA ITEMS:

- A. Prequalification of Professional Services - We are requesting the addition of four firms to the 2022 roster. There are two new firms and two renewals.
- B. Medical Insurance Discussion - Commissioner Miller would like to discuss our medical insurance processes.

NON-AGENDA ITEMS:

- 1. Strategic Planning Session Schedule - We have confirmed September 8, 2022 from 9:00 – 3:00 for our strategic plan workshop. Additional information will be provided as we approach the date.
- 2. City of White Salmon City LAB Board meeting - We have been contacted by the City of White Salmon to meet with a board formed by the Mayor and City Council. The committee is called City LAB. It is defined as:

City Lab Board

“The City of White Salmon is committed to cultivating and preserving a community that emphasizes inclusion and connectedness. The City Lab Board will take direction from the Mayor and/or City Council on items the board may study, investigate, or provide guidance on in order to develop and recommend ordinances, resolutions, and/or building code changes that support the adopted Comprehensive Plan, relevant resolutions and other visioning documents approved by the City Council. Currently adopted resolutions include Climate Crisis Resolution (Resolution 2021-03-517), Diversity Resolution (Resolution 2019-06-489) and AARP Network of Age-Friendly States and Communities Membership. The Board consists of up to 10 members, two shall be city council members and three City of White Salmon residents. The remaining five members can consist of residents in the White Salmon Urban Exempt Area, Columbia Gorge tribal representatives, High School Students, or other regionally appropriate stakeholders.”

To be clear, this is not the City Council. The LAB Board furnished a list of questions to discuss. I am asking that Commissioner Knowles attend this meeting with Mike DeMott and myself as there are both technical issues and ones that are board direction type issues.

3. BPA Post 2028 Public Power Council (PPC) Efforts - PPC held a workshop on the key post 2028 contract issues last week. We have talked about there being two key issues amount the many issues to resolve. Those two issues are allocation and augmentation of the Federal system. The meeting was well attended and I have to say I am impressed with the progress that we have made.
4. Pumped Storage EIS Hearing Update - I will be attending the first remote public hearing session on June 23 and will give you an update at our meeting. The comment period has been extended from July 25 to August 9.
5. Community Solar WSU Program from HB 1814 - this bill was passed during the last legislative session. HB 1814 is “AN ACT Relating to expanding equitable access to the benefits of renewable energy through community solar projects....” The bill creates a program implemented by WSU that provides \$100 million in funding from 2023 through 2033 to enable community solar projects meeting criteria aimed at low-income consumers.

We are bringing this to you as there are opportunities for us to meet some of our CETA requirements by implementing projects that would qualify for this funding. We will have to invest to meet CETA and this could offer an opportunity to utilize outside funding. For background, it is clear to me that we will meet or exceed our net metering cap and it is likely that these limits will increase in the future. Coupled with that, our rate redesign process and AMI system implementation are geared to ensuring that our rates provide for customer choice without the cost shifts caused by the current net metering programs in the current traditional rate design.

At this stage, we can opt in to the program or we can opt out. If we opt out, these funds will not be available in our county. If we do not opt out, we have the ability to receive tax credits, up to the limits. It is not clear to me, but other agencies may also be able to participate as community solar administrators. There are rules that are under development, but I am of the opinion that this is coming. Therefore, addressing cost shifts is the important part of what we need to do. If are committed to do that, we should participate with cost recovery programs for those customers in our county that are interested.

The following is a summary from Anita Clever and she will be at the meeting to discuss any issues or questions you may have.

2SH BILL 1814 (2022) Summary
Goes into effect 7/1/2022

As discussed, this program could be beneficial in helping KPUD meet CETA targets. KPUD is to demonstrate efforts we are designing low-income programs moving forward all while trying to meet the Energy Need Assistance level (\$ will be determined at a later date) that will be required starting in 2030.

Ideally a utility owned/managed system would be the best way to guarantee CETA compliance, however other scenarios such as tribal could be factored in.

A low income community solar incentive program during the qualified timeframe of 7/1/2022-6/30/2033 for qualifying systems.

The total statewide payable is not to exceed \$100 million and is subject to the following dollar limits:

- o A one-time payment for approved project administrative costs, not to exceed \$20,000 per community solar project.
- o A one-time payment of approved installed project cost, not to exceed 100%, taking into account any federal tax credits or other federal or nonfederal grants or incentives the program is benefiting from.
- o Fiscal year 2023 limit is \$300,000; and
- o For each biennium beginning on or after 7/1/2023, \$25 million.
- o Of the \$100 million:
 - \$2 million must be used to support non-profit organizations; and
 - \$2 million must be available to tribal governments.

The WSU Energy Program will manage the program and must attempt to equitably distribute funds throughout the state. When developing the distribution, they must consider various measures including the amount of energy burden reduction it can offset.

The utility will be allowed a credit against its public utility tax obligations, however the credit may not exceed 1.5% of the 2014 businesses taxable Washington power sales or \$250,000, whichever is greater and may not exceed the tax that is otherwise due. Our amount is \$459,072

In addition to the incentives, a participating utility may also provide compensation for generation as follows:

- For a project with an alternating current nameplate capacity greater than 12 kWAC but no great than 100 kWAC, and that is connected behind the electric

meter service, in accordance with the states and the utilities net metering requirements.

- For a project that has a capacity greater than 100 kWAC but not greater than 199 kWAC, and if the administrator is not the utility, the utility provides the compensation to the interconnection customer and must have a written agreement describing how the interconnection customer will determine and distribute the benefits.
- For a project that has a capacity greater than 100 kWAC but not greater than 199 kWAC, and if the administrator is the utility, compensation must be delivered in a way that provides continuing benefits to the subscribers

Qualifications

A community solar project is a solar energy system that:

- Has a direct current nameplate capacity that is more than 12 kW and no greater than 199 kW;
- Has at least two (2) low-income subscribers or one (1) low-income service provider; and

Meets the following eligibility requirements. Special considerations are to be given for areas with higher energy burdens, non-profit and tribal agencies

- Must be administered by a utility, non-profit, tribal housing authority, or other local housing authority.
- Must apply to WSU Energy for pre-certification approval and then given two (2) years to complete and certify system.
- Must demonstrate that the definition of low Income status as provided in RCW 19.405.020 is met.
- Must demonstrate how the project will deliver continuing direct benefits to the low income subscribers
- The project must be located on preferred sites as determined by WSU Energy.
- The system may include energy storage options (batteries).

If KPUD wishes to not participate a notice needs to be sent to WSU Energy. Once received, it will take effect in 15 days and Klickitat PUD will be identified on the WSU Energy website as a non-participant.