



Public Utility District No. 1 of Klickitat County

80 Years of Service * 1938-2018

GENERAL MANAGER'S REPORT TO THE BOARD For the **November 23, 2021** Meeting

AGENDA ITEMS:

- A. Call for Bid- 2022 Tree Trimming (*April Greenlaw*)

April will be presenting as Ron Ihrig will be away.

- B. 2022 Klickitat PUD Operating Budget Draft- Second Review (*Brandy Myers / Cynthia Bruce / Mike DeMott*)

Cynthia and Brandy have been busy these past couple of weeks verifying and completing our budget package. We will be providing a complete electronic budget packet to you along with the board packet for your review and discussion at the meeting. You will note the 2022 numbers look good, but the out years are down from our initial review last meeting. This is the work that staff have been focusing on to ensure we are correct.

The discussion I want to have is around the impacts of the flat PSE contract and 230 kV transmission revenues you can see in the trends and our approach to these issues.

- C. Accelerated Debt Repayment Recommendation (*Mike DeMott*)

Mike will have ten year forecast models loaded with the proposed budget and current year end forecasts for discussion.

- D. Set the Clean Energy Implementation Plan Hearing date of December 14 at 3:00 p.m. (*Anita Clever*)

- E. Set the 2022 Operating Budget Hearing date of December 14 at 3:00 p.m. (*Brandy Myers / Cynthia Bruce / Mike DeMott*)

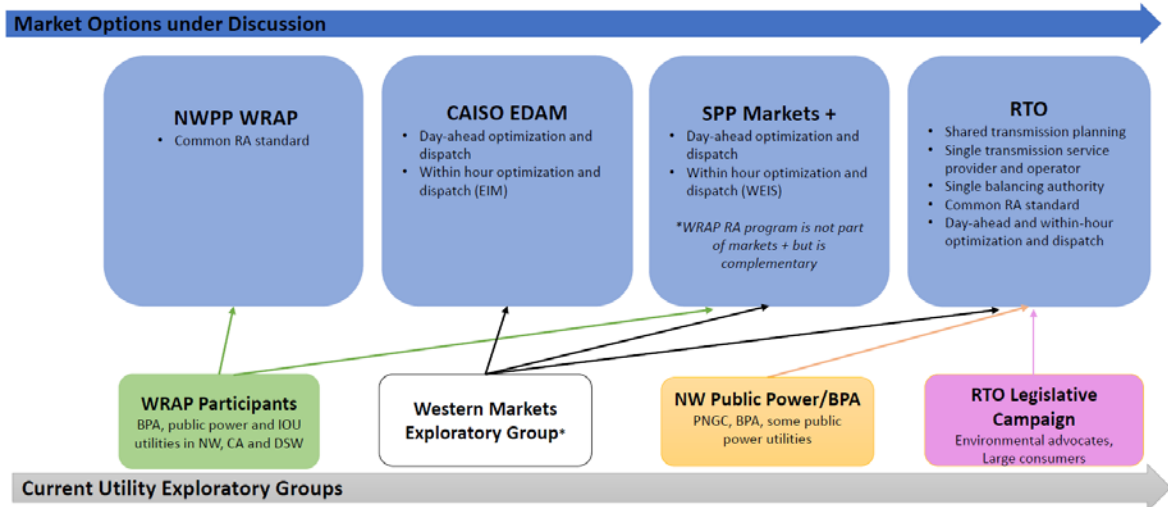
As we discussed last meeting, we need to set these hearing dates this meeting to ensure the required advertising times are met. We can schedule a budget workshop for November 30th if you wish and we can decide that at the meeting.

NON-AGENDA ITEMS:

1. Most of my time was spent on staff interaction and budgets these past several weeks.

2. Department of Natural Resources Utility Advisory Committee - this is the follow up group to the DNR / Utility Task Force and was driven by additional legislation by Senator Hawkins that passed this last session. The first advisory meeting was three months late and there is not a full roster for the committee. I am concerned about DNR resourcing to support the committee. We did receive the next drafts of the master agreements and investigation protocols; Colin Willenbrock and I will review, comment and present these to the Washington Public Utility District Association group.
3. Washington PUD Association - I listened in to the Energy Committee Zoom meeting this week. My feedback to you is that they appear to be focusing on the right hot topics. The mix of commissioners is certainly changing and I can touch on that at the meeting. Attached is the agenda for your reference to the issues they are dealing with.
4. Markets Update - you know there are many groups working on evaluating regional markets to improve overall electric grid efficiencies and renewable integration. Attached is a chart showing the various groups and initiatives. Mike and I are tracking them to ensure we know what might be coming without getting too bogged down. There are many utilities with full time staff on these issues. We will not be participating at the levels of those larger utilities, but these issues will affect Bonneville Power Administration and the world around us. As we have always done, we continue to try to focus on how we might be impacted and how we position ourselves.

Market Options and Exploratory Groups



*Includes: Xcel Energy-Colorado (PSCo), Arizona Public Service, Black Hills Energy, Idaho Power, NV Energy, PacifiCorp, Platte River Power Authority, Portland General Electric, Puget Sound Energy, Salt River Project, Seattle City Light, and Tucson Electric Power.

Energy Committee
November 18, 2021
10:00 – 11:30 AM
Draft
Via Zoom Meeting

1. Call to order/roll call of members 10:00 AM
2. Approve September meeting minutes
3. Additions/changes to the agenda
4. Energy Policy Issues

a. Priority issues:

1. CETA implementation: Use of Electricity

UTC Draft Regulation: UTC has issued draft language regarding use. Working on letters (by WPUDA and joint with other utilities/utility organizations. Focusing on ensuring that the language accommodates BPA power and a resource acquisition (rather than delivery) compliance approach.

2. Grid Reliability

Powerpoint for Legislators: Developed a powerpoint presentation covering risks to grid reliability in Washington including policy recommendations for the Legislature to consider going into the legislative session. Gave presentation three different times to 23 legislators (~16% of the legislature) and 16 legislative staff. Very positive feedback.

Transmission Corridor Workgroup: Continuing participation. Gave presentation of the need for new transmission to accommodate CETA and transportation/building electrification efforts. Next meeting in December.

3. Regional Planning

NWPCC Power Plan: Met with Council Members Oshie and Norman to discuss initial reactions to the plan. Developing a comment letter. Will discuss our comments.

4. CETA Compliance

Clean Energy Implementation Plan (CEIP): Organized a Nov. 9, workshop to assist COUs (PUDs, Coops & municipals) struggling with the data and programs to be reported in the Commerce compliance template. Utilities further along in filling out the template discussed their approaches and data sources. Due December 31.

b. Regulatory Issues Update:

1. **Agriculture - Disclosure Mandates for Vehicle Charging Facilities (SB 5192)**
2. **Ecology – Low-Carbon Fuel Standards (HB 1094)**
3. **Ecology – Carbon Commitment Act (SB 5126)**

c. Energy Issues expected in the 2022 Legislative Session

1. **Arrearage Support:** Seeking \$250M state aid for electric/natural utility customers in arrears.
2. **Decarbonization of residential and commercial buildings:** HB 1084 from the 2021 session split into 4 bills:
 - i. Building codes requiring net-zero energy consumption in new residential and nonresidential buildings by 2030.
 - ii. Phase out the use of Natural Gas for heating, cooking, water heat, etc.
 - iii. New building performance standards
 - iv. Allow electric utilities to finance fuel-switching (NG to electricity).

Oppose due to concerns about the capability of the grid (generation and transmission) to accommodate the increased load. Asking for a thorough assessment of grid status prior to enacting new electrification mandates. Given the split of HB1084 into four bills, looking to discuss WPUA's position on these bills.

3. **Net Ecological Gain demonstration for all public development projects (HB 1117):** Oppose amending the state's comprehensive planning framework to mandate financial support for salmon recovery projects that are physically unconnected with public development projects.
4. **Customer Rights (HB 1421):** Concerned about perverse incentive for tenants to continue to refuse to pay utility service charges – utilities must write-off arrearage after one year. As written only affects municipal utilities.
5. **Clean Energy Transformation Act (new):** Two changes proposed:
 - i. Authorize Commerce to issue declaratory orders for CETA compliance, similar to the provisions of RCW 19.285.045.
 - ii. Clarify the authority of publicly owned utilities to engage in GHG reduction efforts post-Okeson.

d. Other Issues

1. **DNR/Utility master agreement regarding vegetation management**
2. **BPA Conservation Program: HWM calculation, target setting, and funding**
3. **SBCC: Distributed Generation Code Requirements for Large Commercial Buildings**

Zoom Information

Zoom Link: <https://us06web.zoom.us/j/87553732794?pwd=MEwwVUJneUlnSUI1djQycmh0cEtsZz09>

Meeting ID: 875 5373 2794

Passcode: 563423

Zoom Phone: 253-215-8782