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Digest of Member Comments Sent to OPALCO on Solar Rates Proposal

(verbatim member comments follow)

IN FAVOR OF PROPOSAL (22):

1. **Chris Thomerson:** "I'm fine with reducing the subsidy to zero in as few years as ethical treatment of the installed base will allow. I want OPALCO to move away from subsidizing future dollar profits of individual solar systems. I want an immediate low up-front, low interest, pay on the bill easy on-ramp that will get more people (including me) generating."
2. **Rob Thesman** (Community Solar): "don't think it's reasonable to make the elderly on fixed incomes or the working poor to subsidize green choices made by those who can afford it. I think the proposed transition period mitigates the changes and is a good step in softening the economics to those who will be affected. Lastly, I think this conversation is affected by another factor – the rate decisions made over the years to undercharge for the facilities fee to members and to factor the costs unpaid by that fee into the rate structure."
3. **Linda Noreen** (Community Solar): "OPALCO should buy power at the lowest price no matter where it is produced."
4. **Scott Benedict:** "I am in favor of the solar rate changes OPALCO has proposed and think fairness to all members is a worthy goal."
5. **Mike Douglas:** "Yes on proposed solar rate change."
6. **Janet Alderton** (solar producer, community solar): "Thank you for the clear explanation. I now favor the proposed changes."
7. **Charles K Gadd and Lydia Lukahnovich** (solar producers): "it seems reasonable to me that any excess generation should be paid at the going wholesale rate"
8. **Mike Shivers:** "OPALCO should not pay more for solar than mainland wholesale prices. OPALCO should pay an avoided cost at the least cost per kWh. Institute a 'capacity charge' for solar customers to maintain reliability of the system."
9. **Mimi Wagner:** "I think the subsidy should be decreased."
10. **John Brasino:** "Paying more than wholesale for all excess power seems unsustainable...Kudos to our board members who are thinking about this before it's a real problem!"
11. **Henry Parsons:** "OPALCO should NOT pay more to local solar producers for their excess power than it pays for wholesale mainland power."
12. **Sue Kimball** (community solar): "Decrease the subsidy. The Co-op finances need to stay healthy and fair for all."
13. **Jon Troxel:** "I do not think it is in the best interest for Opalco members' to subsidize the installation of Solar Power panels to a select few Opalco Members."
14. **John Dey:** "...paying a premium to solar producers is a financially unsustainable. My suggestion is to create a decreasing sliding scale for the price that you pay for local solar energy."
15. **Paige and Frank McCormick** (solar producers): "Sure, whatever. We'd appreciate the grandfathering approach."
16. **Tad Sommerville:** "solar producers should be paid the applicable wholesale rate." OPALCO should lobby the legislature for residential solar programs.
17. **Mark Potter:** "I would favor cutting the amount for paying for excess power even more than you propose, probably around 0.075. As someone who does not have solar currently, but extremely likely to get it within about 2 years, I recognize I am hurting my own self-interests... The real advantage is the privilege of NOT paying 0.011 while having electricity. Excess is just a bonus."
18. **Dan Post** (community solar): "OPALCO should decrease the subsidy for solar to keep the cost for all members low... The Solar Producers should get a small amount because they could be helpful if

something happens to the undersea cables or some other emergency. But that amount should be maybe 1 cent incentive and not the 6 cents more than we buy from the mainland.”

19. **Brian Hoyer:** “I am in favor of OPALCOs move to scale back the incentive program, just like the EV tax credit went away after 200,000 vehicles were sold.”
20. **Jimmy Stringer:** “I vote to limit the payment for private solar energy and not place a burden on the property owners who can’t afford solar or wouldn’t be able to use solar panels on their property because of natural environmental conditions.”
21. **Guy Essmeier:** “OPALCO should pay the same to local solar producers as it pays for wholesale mainland power.”
22. **Clay Bair:** “The people that have solar collectors should get paid exactly what OPALCO pays, plus a fee to be hooked up to the grid.”

NEUTRAL or NO POSITION on PROPOSAL (9):

1. **Bruce Dunlop** (solar producer): “I understand the need for a change in the net metering program. Changing to the buy / sell plan that has been proposed is not in itself a bad idea and I concur that when the percentage of member generators reaches some critical point net meeting as it exists today is not viable. Do not penalize existing member generators who signed on to net metering in good faith (the opt out provision until 2028 addresses this). Maintain an incentive for members to reduce their power purchases by installing solar systems”
2. **Barbara Rosenkotter** (solar producer): “Please slow down and be very thoughtful and careful with any new rate structure. Let’s ensure it is sending the right signals and supporting investment in solar installations. Please show your work (on data) and utilize your membership. Bring us along with any proposed changes. We are a co-op and we are all in this together.”
3. **Bruce Clarke** (community solar): “I love the discussion and ongoing encouragement and enthusiasm around increasing solar in SJC.” Consider storage capacity for excess generation.
4. **Mark Schwinge:** “In fairness to existing solar producers, I urge you to grandfather those co-op members...then discontinue, if necessary, OPALCO support for new solar systems.”
5. **Peter Albert:** urges OPALCO to consider renting member rooftops to produce solar.”
6. **Eliza Habegger:** “I can see how OPALCO is losing money on the increased numbers of grid-tie producers and can understand why you need to raise more revenue. On the other hand, solar producers are supplying an energy source that’s definitely preferable to the hydropower we mostly rely on. As alternatives to your proposed rate structure change, other options might include raising your “base” rate for customers so that it actually covers your full costs of maintaining the grid; or raising the overall cost of power rather than reducing subsidies for solar.”
7. **Stephen Shubert:** “you must set the rate high enough that you do not discourage people from installing solar. I agree on the importance of equivalency between those who do not have solar and those that do.”
8. **Ron Rosenberg:** “I am more than happy to financially support the installation of solar in the San Juans because I feel that is in the best interests of our community for on-island clean energy generation. As I understand it, my financial support is on the order of \$10-\$20 per year - and I am happy to support this, just as I am very happy to subsidize many other OPALCO projects that make our community a better place.”
9. **Derek/Lisa Ehle:** “...I believe those who supply the community with solar power should be fairly compensated for feeding the grid. As well, we should have a smaller general monthly fee,...”

AGAINST THE PROPOSAL (17):

1. **James Most:** "If the goal is equitability, make each user's base rate reflect their actual power consumption. Not only would this stop subsidizing the heavy users, it would also encourage conservation! EWUA calculates each user's base rate based on the prior year of usage- so if your usage drops, you are rewarded with a lower base rate. Given how few solar producing members there currently are in comparison to regular members, it just seems like a crazy time to disincentivize new installations.
2. **Chris and Chom Greacen** (solar producers): Set a threshold of 4% of current total load before a new net metered solar tariff is implemented. Consider a proxy demand charge. Consider transferring new net metering customers to a TOU rate. Switch from credit card transactions to automatic ACH bank withdrawals. Don't pit OPALCO members with solar against those without.
3. **Bob and Carla Thomas** (solar producers): "Was it incompetence that OPALCO did not understand the implications of this program or did they intentionally misrepresent the program. We no longer recommend this program..."
4. **Sandy Bishop** (solar producer, community solar): "...we all know that our economy has baked in subsidies for filthy dirty fuels, we as a co-op should reward solar producers because we support and clean and green energy future."
5. **Jim Heidell:** "I want to express my sadness about my electric cooperative taking an anti-solar position. ...The policy, even if not intentional, will incent customers to reduce the size of their systems so they do not over-produce in the summer...I appreciate that the Board is trying to manage overall electric rates and is concerned about cross subsidization. Those are both legitimate concerns but in my review of the comments I believe there were a number of ideas of other ways to make up the loss of revenue from customers who feel it is appropriate to generate their own energy."
6. **Matthew Nelson** (solar producer): "I was disappointed when I read the proposal to change the "payback" structure for member generators, either by changing the dollar amount of member-generated KW hours, or by changing the net-metering scheme, or both. I was impressed by, and agree with, all of the observations, research, and comments that were presented by Christina and Justin Wolfe, of Rainshadow Solar."
7. **Anne Marie and Bern Shanks** (solar producers, community solar): "OPALCO's proposed response to obvious benefits of diverse renewable energy is to react with fear and an ill -conceived response that will reduce the expansion of solar panels, create inequality and further a two-tier community. An appropriate vehicle for this discussion is a task force of members, and then community discussions with a menu of opportunities. The future should not be a choice between OPALCO's financials and our planet. Solar and wind power are relatively cheap, sustainable, and not to be regarded as a subsidy.
8. **Roger Ross:** OPALCO's proposal for increasing monthly fixed costs for grid use is backward thinking. Should not the cost for use of the grid be based on the amount of electricity being put into the grid - not on a monthly fixed cost? OPALCO can fully meet costs without using a fixed monthly pricing scheme. It is just a matter of adjusting use rates accordingly.
9. **Boris Luchterhand** (solar producer): "I do not support the proposed solar rate change. It delivers the wrong message. We need to look at long term renewable solutions."
10. **Carl Davis:** "I wish to register my strong objection to the proposed tariff changes that would de-incentivize rooftop solar installation in San Juan County."
11. **Kim and Jim Rice** (solar producers): "I do hope that the brakes will put on this solar rate change that will move us in the opposite direction from where we have already proclaimed we want to go as a community. Let's continue to lead in the state of Washington - not set a dangerous precedent

that could be used to justify similar moves by less principled utility companies in our state Let's find a better way together!! Please!!!"

12. **Michael Hurwicz and Sharon Abreu** (solar producers): "We are writing in support of the comments submitted by Justin and Chris Wolfe...We ask that OPALCO consider, in a collaborative setting, the many questions raised by customers in connection with this rate change, rather than rushing into a decision at this time."
13. **Bill Williams** (solar producers) I strongly oppose the proposed change to the rate structure for members who generate power on the co-op grid. Characterizing this as a subsidy burden on the rest of the members is the same as saying if I install LED lighting, energy efficient appliances, install insulation, and turn my heat down to save electricity, I have become a subsidized burden to the rest of the members.
14. **Steve McKenna** I wasn't able to participate in the Roundtable but have talked to friends who did and I've since done a lot of reading on the subject and I still believe the rate change is wrong.
15. **Bruce Creps** RE benefits us all. No OPALCO member can afford climate change.
16. **Mark Rice** (solar producer) I'm afraid though that I don't agree with your proposal for one simple reason: we should be doing everything possible to encourage more solar installations, not implementing changes that don't.
17. **Rainshadow Solar**: "...we do NOT support OPALCO's proposed changes to solar tariffs. The proposed solar tariff change does not support OPALCO's mission and goals, and it will curtail private investment in renewables by increasing the cost of solar. Everyone loses in the long term in this scenario."

Verbatim Member Comments on Solar Rate Proposal

Mark Rice

I have read all the materials and understand the reasoning for your proposed rate change for solar customers. I'm afraid though that I don't agree with your proposal for one simple reason: we should be doing everything possible to encourage more solar installations, not implementing changes that don't.

It appears that the funds we are talking about with the proposed change are pretty small at this point since so few customers have solar installations, so why focus on them when there are other changes that could be looked at that could generate income or reduce costs (e.g. like not allowing payments by credit card with their associated fees).

I think it is a mis-labeling to say that non-solar customers are "subsidizing" solar customers. First, because solar customers have invested a very significant amount of money to generate electricity which is then available for others. And second, I could just as easy say that non Rock Island customers are subsidizing Rock Island customers, or that those of us who use less grid energy and practice conservation are subsidizing those who overuse and waste energy. The fact is that we do some things for other reasons than "equity". Sometimes there are values or long term goals that we hold important enough that we set the system up to be in alignment with those values and goals.

I understand that a public utility faces some challenges as we transition from fossil fuel energy to renewable energy sources, particularly in the form of customer generated systems. OPALCO is in the very early stages of this transition so there is

plenty of time to dive deep into possible creative solutions to keep OPALCO strong. Let's not throw a wrench in the progress toward more island generated power before it even gets off the ground.

Thank you for thinking deeply about this important issue.

Bruce Creps

Sorry to miss the Energy Roundtable. Regarding your email about solar "subsidies" and the 2022 budget, I wonder why you choose such an inflammatory term. I suspect there are a good number of members who favor the small annual expense (\$300k for 2021) to help fight the destruction of climate change; but some of those members don't like subsidies or whatever they might construe as a handout. Local RE is not a subsidy. It is an investment in our children's future. (I assume OPALCO's annual \$300k "subsidy" is money paid above and beyond the Washington Net Metering requirements, right? Because any amounts paid under that program are not "subsidies". They are the law.) Let's talk about "subsidies":

Hydro subsidy. I have heard OPALCO advertise how green we are because almost all our power is hydro. Cool. But wasn't much of the hydro infrastructure paid for by US taxpayers 80+ years ago? Isn't that an enormous subsidy that we all enjoy via low rates to this day?

Service Access Rate subsidy. Doesn't a homeowner in Friday Harbor pay the same access rate as one on Blakely or Decatur? And thus we are subsidizing rural and remote members' monthly base rate?

Energy Assist subsidy. This is a very important program. I applaud OPALCO for finally moving beyond the voluntary PAL program. You are filling an essential need that is important to all members, and it's all the more important to have support for those who need it as we transition to RE which can be more expensive in the short term.

While I am fine with the three subsidies above, I do not consider OPALCO's relatively small investment in local RE a subsidy. I suggest you no longer characterize it as such. We members get something for our money with RE. As we promote the shift to E-cars, we add 1/4 of our nation's energy needs to the grid. In our case that is a grid facing a huge increase in demand while facing declining snow packs. Same-o will not work as we plan for the future. If you choose to invest \$3 million in local RE for 2022 I would favor it. I believe it would be a benefit to every single member.

RE benefits us all. No OPALCO member can afford climate change.

ps. To answer your questions:

- Should OPALCO continue to pay more to local solar producers for their excess power than it pays for wholesale mainland power? Why or Why not? YES. SEE ABOVE.
- Do you have rooftop solar? If not, are you thinking about getting it? NO. NO.

- Do you have community solar? If not, are you thinking about getting it? YES.

Derek/Lisa Ehle: I am missed the Energy Round Table on November 2nd. But, I believe those who supply the community with solar power should be fairly compensated for feeding the grid. As well, we should have a smaller general monthly fee, which seems to slowly get larger. The rates should go up, not the fee. Educate those who use a lot of power and reward those who supply everyone or use less! Seems smart to me, especially for a co-op. Maybe after a certain monthly usage the rates increase, encouraging people to cut back. That will allow the fee to be reduced.

Steven Mckenna: Dear Opalco Board-member,

First, I want to thank you for serving on the board, an important and necessary position that too often goes unnoticed, and unthanked, by co-op members at large until an item comes before the board that generates some controversy.

That item is in this case of course Opalco's proposal to change the way and amount "generators" are paid for rooftop solar. When I first read what Opalco was proposing I was disturbed because it seemed we were moving in the wrong direction as a co-op, away from promoting sustainability and benefiting from rooftop solar, and disincentivizing members from building more solar installations. I wasn't able to participate in the Roundtable but have talked to friends who did and I've since done a lot of reading on the subject and I still believe the rate change is wrong. The savings in the first year of maybe \$25,000 could easily be reached by finding other ways to cut costs, for example by encouraging members to not use their credit cards to make their payments. (I'll be making that change)

I realize that many investor owned utilities are proposing to eliminate net metering as a way for them to increase their profits but we are not investor owned and profit driven, we're a co-op, with many very concerned and smart members, and as such should be able to come up with better solutions to solve what Opalco perceives as a "fairness" issue, solutions that promote, not discourage, solar.

I see absolutely no reason that this decision needs to be rushed and encourage the board not to vote for the rate change at the meeting on November 30th. This would be a big change in policy and direction for the co-op and I feel forming a group of stakeholders to further discuss the issue and it's ramifications would be time very well spent.

Scott Benedict: I am in favor of the solar rate changes Opalco has proposed and think fairness to all members is a worthy goal. I was not aware that we, the membership, are subsidizing the solar users. I am not in favor of that at all.

Bruce Clarke: Would love to but have a previous commitment. Interest in Community Solar? Currently a participant in OPALCO Community Solar. No plans at present to expand our involvement.

Future rooftop solar? - Yes, we are building a new home on Little Mountain Road. Not an ideal location due to tree shadows and orientation, but have a working bid with Western Solar so hoping for installation in the next 12-24 months

I understand the issues of subsidies and overhead. I had net-metering with KIUC in Kilauea, Kauai which had similar issues. This was years ago and I'm sure they have evolved their program since then. I believe back then KIUC bought back power at about 75% of their charged KW/hr rate with the "missing" 25% offsetting some amount of their fixed infrastructure costs. At the time, it seemed a fair way to account for things. Anything that OPALCO can come up with that is similar would make sense to me. Alternatively, I would consider sufficient storage capabilities to hold as much of our excess generation as possible and simply go about reducing my OPALCO consumption. It seems that the options for private storage are increasing and coming down in price so that is certainly an option worth considering.

I love the discussion and the ongoing encouragement and enthusiasm around increasing solar in SJC. IMO, very, very important in the long run.

Mike Douglas: Yes on proposed solar rate change

Jan Alderton: Please share the following. Energy storage is evolving rapidly!

<https://www.energy-storage.news/honeywell-says-flow-battery-can-meet-utility-sectors-core-need-for-long-duration-energy-storage/>

Janet Alderton: Thank-you for the clear explanation. I now favor the proposed changes.

Charles K Gadd &
Lydia Lukahnovich:

As a solar generator for over two years now, I think I come close to generating not much more than I use over a year's time. That said, it seems reasonable to me that any excess generation should be paid at the going wholesale rate, whatever it may be. Or, up the monthly access charge to equal the true cost of grid operation and maintenance. Ask anyone how much they value having electricity and the grid after or during an outage. I would hazard that cost would not be a big issue then.

Peter Albert: Hello. I just read the email from opalco regarding the solar power rate proposal and it reminded me of I thought I've had for some time. That thought is, what about opalco (or any other electric company) pay for the installation of the solar panels on a house (or business) and then pay rent for the space and then the owner pays the normal electric rate? This to me seems like a much simpler and fair approach. The property owner has no upfront costs or complicated tax and rebate forms to fill out. They pay the prevailing rate for electricity's and you are putting panels on an already existing space. This frees opalco from finding new land to put solar panels or buy power from somewhere else.

Mike Shivers: OPALCO should not pay more for solar than mainland wholesale prices. OPALCO should pay an avoided cost at the least cost per KWH. My suggestion would be to institute a "capacity" charge to solar customers to maintain reliability of the system. A separate charge for energy would then be their incremental cost of using

the grid, if used at all. I believe a capacity charge is included in all billing but if the solar customer is not using the grid then that amount is not received. Plus, OPALCO is paying them for their excess energy at a higher rate than wholesale? Not a sustainable business model for the system. This might not be popular but in no way should solar customers receive a power price higher than wholesale. I would suggest that they be paid the lowest cost OPALCO pays for power.

Mimi Wagner:

I think that the subsidy should be decreased. If I am understanding the message below correctly, potentially going from a \$300,000 to \$2,000,000 subsidy in 8 years with the increase borne by members could be crippling to some members and difficult for others. I do not think it is fair to impose such an increased burden on the membership (on top of the other increases we have experienced and will no doubt see in the future). Many members cannot afford the up-front investment required by solar, and/or their home is unsuitable for solar, and/or they are renters who can't add solar yet pay all utilities as part of their lease. I do not have rooftop or community solar. Years ago I looked into getting rooftop solar and decided against it because of the cost/time to recover costs and other factors. I am not currently considering adding rooftop solar.

Mark Schwinge:

OPALCO acted rightly to encourage local solar power production, but then significantly skewed upward the base rate paid by all members. This unfairly distorted the benefit of solar production, greatly extended the payback interval for those who invested in such, and increased everyone's bills.

While it is reasonable to be concerned about future impact of additional solar production subsidies, our co-op has a responsibility to own its obligations to those who built solar power generation systems based on OPALCO's rate structure--including reimbursement for solar energy production. Now OPALCO estimates an unfavorable revenue stream due to future solar build-out.

In fairness to existing solar producers, I urge you to grandfather those co-op members who invested in solar installations and protect their good faith investments based on OPALCO fee representations. Then discontinue, if necessary, OPALCO support for new solar systems. It is profoundly unfair to encourage members' investment in solar, only later to pull out the proverbial rug from under them. If OPALCO so acts, the board will manifest dishonest, sly, and unacceptable financial prestidigitation. Expect forceful responses.

John Brasino:

Here are my thoughts. Should OPALCO continue to pay more to local solar producers for their excess power than it pays for wholesale mainland power? Why or Why not?

No, paying more than wholesale for all excess power seems unsustainable in the long term as more and more local solar producers come on line. Doing so might even lead to an unstable local grid, the need to build some sort of storage locally and higher costs for members not producing power. In addition, paying local solar producers more for all excess power than wholesale simply distorts the market and will likely lead to lots of unforeseen consequences. When you think about it, there

is an inherent conflict of interest with a member who produces excess power voting to pay themselves more. Maybe it's all well meaning but my guess is it doesn't end up well for our organization. Kudos to our board/members who are thinking about this before it's a real problem! No rooftop solar on our present home but looking to build a net zero home with ample solar. No community solar. Not considering it.

Peter Albert:

Hello. I just read the email from opalco regarding the solar power rate proposal and it reminded me of I thought I've had for some time. That thought is, what about opalco (or any other electric company) pay for the installation of the solar panels on a house (or business) and then pay rent for the space and then the owner pays the normal electric rate? This to me seems like a much simpler and fair approach. The property owner has no upfront costs or complicated tax and rebate forms to fill out. They pay the prevailing rate for electricity's and you are putting panels on an already existing space. This frees opalco from finding new land to put solar panels or buy power from somewhere else.

Henry Parsons:

My opinions on the solar rate credit are:

1. OPALCO should NOT pay more to local solar producers for their excess power than it pays for wholesale mainland power. The former rate was a good idea to promote solar power, but since solar power is becoming more mainstream, and because solar power offers other additional benefits to local solar producers, this is a good time to put local solar producers on the same footing as other producers of power that OPALCO purchases from.
2. I don't have rooftop solar and I'm not thinking of getting it. I'm too old to reap the benefits in my lifetime.
3. I don't have "community solar" and I'm not sure what it is. It is unlikely that community solar will become a reality at my location at the Orcas ferry landing. I would not advocate for community solar at my location, and no one that I know of at the Orcas ferry landing (and I know them all because I manage the local water system) is thinking of getting community solar.

Eliza Habegger:

Thanks for the opportunity to comment on your proposed rate structure change for solar producers. I won't be attending the round table so hope you will consider this input. We installed a small grid-tie system about 12 years ago. We also have contributed to your community solar project. After reading your explanation, I can see how OPALCO is losing money on the increased numbers of grid-tie producers, and can understand why you need to raise more revenue.

ON the other hand, solar producers are supplying an energy source that's definitely preferable to the hydropower we mostly rely on. We're accustomed to cheap hydro. Although it is close to carbon-neutral and some consider it to be "green" for that reason, hydropower has other substantial negative environmental consequences (i.e. currently provide. I would hope that strong support for solar continues. As alternatives to your proposed rate structure change, other options might include raising your "base" rate for customers so that it actually covers your

full costs of maintaining the grid; or raising the overall cost of power rather than reducing subsidies for solar.

I also encountered the following article. It references recent research the extinction of salmon runs and habitat degradation). These steep environmental costs are not reflected in the price we pay. I think it is reasonable to reward solar producers with a subsidy such as you suggesting that, contrary to conventional wisdom, grid-tie PV producers are actually subsidizing utilities. I have no idea if this study would hold up to scrutiny - it's beyond my expertise - but thought it was worth sharing. <https://www.renewableenergyworld.com/solar/study-shows-homeowners-with-pv-are-subsidizing-their-neighbors/#gref>

Thanks for listening. I do feel strongly that this is a critical time for OPALCO to find ways to strongly support alternative power, rather than reduce incentives.

Sue Kimball:

Thanks for reaching out. My husband and I have been OPALCO co-op members since 1998. We have OPALCO Community Solar. We have been driving a Nissan Leaf EV since 2013, and have a VW ID.4 that is on order to replace a Honda CRV. When it arrives in November we will have all electric transportation.

Here are answers to the questions:

- Should OPALCO increase, decrease or keep the subsidy the same? Why? Decrease the subsidy. The co-op finances need to stay healthy and fair for all. And there are new things to incentivize, like battery storage for homes and businesses.
- Should OPALCO continue to pay more to local solar producers for their excess power than it pays for wholesale mainland power? Why or Why not? Yes, but only what's sustainable and fair for the co-op.
- Do you have rooftop solar? If not, are you thinking about getting it? No. Thinking about it. But we prefer shade, especially since the summers are getting hotter and drier. Very worried about climate heating and want to keep the land and house as shady as possible.
- Do you have community solar? If not, are you thinking about getting it? Yes. At work and home. And we will probably add some more as OPALCO builds new community solar arrays.

Thanks for all you do!

Jon Troxel:

I do not think it is in the best interest for Opalco members' to subsidize the installation of Solar Power panels to a select few Opalco Members. I feel if Members' want to put Solar Power Panels on their roofs or structures they should pay for that expense themselves. In the long-run the cost of installing and maintaining these expensive panels will not offer a legitimate pay-back for the initial and on-going maintenance costs. Thanks in advance for your serious consideration.

John Dey:

Thanks for the opportunity to participate. 1) We will definitely consider personal roof top solar in 2022. 2) While generous and a definite incentive, paying a

premium to solar producers is a financially unsustainable. My suggestion is to create a decreasing sliding scale for the price that you pay for local solar energy. Opalco would initially pay a substantial premium the 1st year to get a new solar producer on board and offset some of upfront investment costs of construction, etc. Each year thereafter decrease the payment rate by a flat %. Terminate the payment rate scale on the year that offsets the majority(?) of that solar producers initial investment and is linked to a standard rate of depreciation. The final payment rate would equal the rate paid by Opalco for mainland power. The solar producer receives 'almost' 100% ROI and receives a steady income stream thereafter. Opalco continues to incentivize local investment in solar power and move forward toward its own goal of energy self-sufficiency and sustainability.

Chris Thomerson: Thanks for the deep, rounded, knowledgeable presentation of the big questions as well as the detail. OPALCO has commendably spent considerable effort and member money making our distribution system ready for a carbon-free renewable future. You are leaders in the field.

Here are my condensed answers to difficult questions:

Should OPALCO increase, decrease or keep the subsidy the same? Why?

Decrease.

The point of renewables is to be sustainable.

If the infrastructure that supports those renewables is not sustainable, then those renewables are not sustainable.

Subsidies must be reduced to zero in the long term.

Should OPALCO continue to pay more to local solar producers for their excess power than it pays for wholesale mainland power? Why or Why not? No. Paying more than mainland wholesale is a non-transparent subsidy. OPALCO is a cooperative, not a taxation entity. OPALCO money is member money.

The member supported systemic investments to support local generation for the good of all, including solar, are already significant.

Members must be treated evenly. Increasing the costs to the majority for the benefit the few is not in the Cooperative spirit.

Local renewables must become self-sustainable, not permanently subsidized.

Those with solar installations will understandably resist having their subsidy reduced, as will those in the business of installing solar.

Hard decisions must be made and corrective action set in motion.

Do you have rooftop solar? If not, are you thinking about getting it?

No, it is a remote possibility.

Do you have community solar? If not, are you thinking about getting it?

No, it is a likely future possibility.

Sandy Bishop: Your recent mailing included this paragraph:

"Solar producers are subsidized by the rest of the membership because the majority of the Co-op's fixed costs (non-energy expenses) are collected through kWh charges for energy usage and solar producers buy less energy when they are

producing. As more members install solar on OPALCO's system, the gap in revenue collection affects the financial viability of the Co-op while increasing the burden on the rest of the membership."

Such a curious way to introduce this topic of roof top solar. You could have just as well said that current solar producers are helping slow the pace of reliance of dirty fuels. And whereas we all know that our economy has baked in subsidies for filthy dirty fuels, we as a co-op should reward solar producers because we support a clean and green energy future.

Why does our co-op leadership behave in this way? Why is OPALCO going so far down this rabbit hole? Your campaigns indicate you want a green clean energy future. But in reality OPALCO is so far away from scaling up to any meaningful production of local roof top solar or local green energy of any type.

I would prefer OPALCO focus more staff time, incentives and resources setting up the utility to create green sustainable local generation. And divest resources from the energy sources that are unsustainable. Investing and incentivizing what we want, is the only way we are going to create meaningful change.

This is a big complex conversation and understanding the clear motives from OPALCO would be helpful.

Simply put I have whiplash around OPALCO because policy and incentives don't jive with your green washing campaigns.

I teach a course on Tuesday evenings and cannot attend your roundtable.

Paige and Frank
McCormick:

Sure, whatever. We'd appreciate the grandfathering approach. If we contribute excess value to the grid supply, we expect you to use it wisely.

Tad Sommerville:

I am responding to your question about solar subsidies. Here is what I think:

1. Solar producers should be paid the applicable wholesale rate that OPALCO pays mainland providers.
2. Subsidies are the sole province of the government - state and federal. A small co-op utility like OPALCO should not be in the subsidy business. It cannot afford it, it is unfair to rate payers, and it is not the business of the utility.
3. Individual solar producers are both early adopters and environmentally altruistic - and that is fantastic. The question that OPALCO should ask is the following: "If OPALCO removes all indirect and direct subsidies, what impact will this have on one's propensity to install and produce solar? How will this impact OPALCO?"
4. OPALCO should spend its effort directing solar producers (and those who want to purchase and install panels) towards government programs. Furthermore, I am not adverse to OPALCO's lobbyist pursuing Inslee and the legislature to dedicate some of the state's current \$3,000,000,000 surplus on non-government mandated (voluntary) residential solar programs.

Stephen Shubert:

I am interested in attending the Energy Round Table on November 2nd at 5 pm via Zoom, but I cannot depending on the time. I hope a tape can be made available

that I can watch. Here is my input:

1. You must set the rate high enough that you do not discourage people from installing solar and hooking up into the grid. The original zoom call talked about energy independence and the coming crisis of price increases.
2. I agree on the importance of equivalency between those who do not have solar and those that do. There should be only one class of members. It is important to be fair.
3. People who install solar probably do it for their own use and "sell" their excess power to the grid for credit. It seems to me that their capital contribution is important for the system and deserves some recognition to encourage others to spend capital contributions and "power selling". That is creating systems larger than the personal need. These two compensation aspects were wrapped up in one rate. As I understand it, excess power transfers were priced at the same rate as the cost of OPALCO purchased power - 5 cents per KW. Of course, I could be wrong about the rate. You should know that Mullis Senior Community Center built as large a solar system as possible and which was financially feasible with the consideration that our power bill would be reduced during summer months and the credits generated could be used to offset the costs of using OPALCO power full time in the winter. It did reduce our power bills - a big help to the center. The FRC also installed a large solar array with the same financial calculus. We know we must work together to develop power sufficiency. I understand that rates need to change. One proposal was to provide a power credit in the month accrued, based on the assumption that power costs are going to fluctuate based on demand. OK, we think this change is enough. I look forward to learning of your proposal. Thank you for the opportunity to comment.

Jim Heidell:

I regret that my work obligations are unlikely to permit me to attend the Round Table – Member Generator Rates Discussion. However, I want to express my sadness about my electric cooperative taking an anti-solar position. Some specific comments regarding the proposed rates and the Board's rationale follow. I appreciate the Board's effort to define an avoidable transmission and substation credit for net monthly member solar production. However, it is not clear if that is based upon BPA / PNGC demand charges or reflects the avoided marginal cost that OPALCO will face in the need of a growing islands population and associated demand growth. If the analysis is not based upon marginal cost then I feel that facet needs to be considered. I see OPALCO positioning its "The Islands Way" program as focused on promoting EVs and heat pumps as an environmental imperative versus what could otherwise be interpreted as classic cloaked load building activity. Is the marginal cost of that load building being considered, is there a cross subsidization being created? I question your logic that the rates for the distribution system should be considered a 100% fixed cost. While it is a fixed cost in your embedded cost analysis, that view is widely rejected by economists and regulators when it comes to cost allocation for different classes of service from

both an embedded and marginal cost perspective. I am confident that you are aware of the minimum system concept. While application of the specific calculation of minimum system tends to be controversial, my experience is that there are few people that do not acknowledge that the distribution system has a customer component and a demand component. i.e. it has to be sized to meet peak demand. While OPALCO creates a transmission credit it appears to make no attempt to think through the distribution marginal cost savings. Based upon a review of the 2020-240 IRP and the anticipated growth of total load and summer peak load (pp 33 -35). I expect that any rigorous analysis of the long term capital budget would identify a load growth component associated with the distribution plant. I suspect that you are aware that the states that are serious about reducing carbon emissions acknowledge that behind the meter solar has distribution system marginal cost savings benefit. (If you are not aware of this, you might want to look at the NY VDER tariff as one example.) If I read the October Board Meeting materials correctly, I was particularly disturbed by the fact that OPALCO is proposing a policy that will clearly discourage members from installing solar but OPALCO will not commit to the same treatment for the next community solar project (p 63 of 128). OPALCO's unwillingness to commit to a similar policy has the appearance that it is trying to set the cards to be the entity that controls solar. In fact the proposed tariff change is a clear indication that OPALCO is not encouraging the installation of as many solar facilities as possible (p 63). Perhaps even more egregious is OPALCO signaling that it is positioning to gain a competitive advantage over private solar providers. OPALCO's proposal to go to net settlement of production on a monthly basis is signaling that OPALCO is adopting the aggressive anti-solar practices of some investor owned utilities that only support solar if they own it. I would expect more from a cooperative. The policy, even if not intentional, will incent customers to reduce the size of their systems so they do not over-produce in the summer. This in-turn will increase peak demand and create additional costs for OPALCO members. Finally, I appreciate that the Board is trying to manage overall electric rates and is concerned about cross subsidization. Those are both legitimate concerns but in my review of the comments I believe there were a number of ideas of other ways to make up the loss of revenue from customers who feel it is appropriate to generate their own energy.

Ron Rosenberg:

My name is Ron Rosenberg and I am a proud OPALCO member and satisfied customer, and I have been for the past 15 years.

I have no plans to install solar at my property, as my property is not suitable for solar. That said, I am more than happy to financially support the installation of solar in the San Juans because I feel that is in the best interests of our community for on-island clean energy generation. As I understand it, my financial support is on the order of \$10-\$20 per year - and I am happy to support this, just as I am very happy to subsidize many other OPALCO projects that make our community a better place, even though perhaps not everyone derives direct benefit from each project... my obvious examples are Rock Island and EV Charge Stations. Of course not

everyone benefits from these, however by supporting these initiatives we better position our community for the future. Please do not underestimate this.

I would encourage more broad, or big picture thinking here, and I would hope that just as so many of our recently supported projects bring great benefits to some of our members, this solar initiative would do the same... and in fact, I believe this would better support our greater community going forward.

Mark Potter:

Greetings! I thought that your explanations were exceptionally complete and well laid out. Given that costs are paid approximately half by service access charges and half by kWh charges, it is not reasonable to pay about 2.5 times as much for the same commodity (1 kWh) as you do by buying it wholesale. But even paying twice as much for the same kWh still seems unsustainable.

I would favor cutting the amount for paying for excess power even more than you propose, probably around 0.075. As someone who does not have solar currently, but extremely likely to get it within about 2 years, I recognize I am hurting my own self interests. I also recognize that there is value in our community becoming more self sustainable, but not utilizing the grid would mean costly batteries for storing individual excess and not extending the benefits to those around us (sharing excess power). So there are still financial (and other) reasons to get solar and put the excess back into the grid. The real advantage is the privilege of NOT paying 0.011 while having electricity. Excess is just a bonus.

Dan Post:

Should OPALCO increase, decrease or keep the subsidy the same? Why?

OPALCO should decrease the subsidy for solar to keep the cost for all the members low and not subsidize some just because they have Solar Panels. The program as it stands now is not sustainable.

Should OPALCO continue to pay more to local solar producers for their excess power than it pays for wholesale mainland power? Why or Why not?

The Solar Producers should get a small amount because they could be helpful if something happens to the undersea cables or some other emergency. But that amount should be maybe 1 cent incentive and not the about 6 cent more than we buy from the mainland.

Do you have rooftop solar? If not, are you thinking about getting it?

I do not have solar but will think about it if I can get subsidized like the people who have solar now.

Do you have community solar? If not, are you thinking about getting it?

Yes I have small amount of Community Solar from Decatur and also from Lopez Island School.

Linda Noreen: MY Questions:

- 1) Where would local solar producers (LSP) sell their excess power if our cooperative did not buy it?
- 2) Typically, how much are members subsidized by federal, state, and our cooperative when purchasing their solar equipment, and for its upkeep?
- 3) Do LSP incur any expense when selling excess power to anyone?
- 4) Would you please make a simple outline of the process when OPALCO buys or rents land and builds a community electrical project like you are planning with the Port? And your completed one on Decatur? Subsidies, excess power, rate paid to/by, etc.

p.s. I designed and have a small all electric home, with wood stove back up, and love it! And looking forward to your Energy Round Table. Thank you.

YOUR Questions:

Should OPALCO continue to pay more to LSP for their excess power than it pays for wholesale mainland power? Why or Why not?

Answer: No. OPALCO should buy power at the lowest price no matter where it is produced. LSP are members, if they want more money they can sell to the highest bidder. If a member wants the best for the environment, they should do it because it is right - not because they can make money.

Do you have rooftop solar? If not, are you thinking about getting it?

Answer: No. Will think about getting solar when produced in the USA with all of the regulations that make it 'green' from the source of materials, through production, to when it no longer functions, when they last longer than 20 years, and all parts can be recycled. Or, the country that we do end up purchasing from meets the above criteria AND does not use child labor/slave labor.

Do you have community solar? If not, are you thinking about getting it?

Answer: Yes and No. Yes, I have five OPALCO Community Solar kWh units, one total Solar Units. No, not thinking about it, our private community association cannot agree on even easy community land management.

Bryan Hoyer: Hi Suzanne, In regards to the proposal to reduce Solar buy-back rates: Incentives exist to offset the cost of doing something that has long term benefit and short term cost. I am in favor of OPALCOs move to scale back the incentive program, just like the EV tax credit went away after 200,000 vehicles were sold. When I bought my E-Golf, I purchased a charger and received a \$500 incentive check thru OPALCO which mostly covered the cost. I plan on implementing solar this year, not as a producer, but simply to maintain battery backup for radios and network. Best Regards, Bryan Hoyer Roche Harbor Skyway

Jimmy Stringer: I support solar power but I don't think Opalco should have to pay more for power produced by private solar power. If someone produces more power than they can use then they should receive credits equal to what Opalco pays for grid power not more. After all they do use the grid and in the long run will save money but everyone else should not have to pay more and be penalized for not having solar. I live at the base of the mountain and it is not feasible for me to install solar because of the amount of sun I receive every day. I vote to limit the payment for private solar energy and not place a burden on the property owners who can't afford solar or wouldn't be able to use solar panels on their property because of natural environmental conditions.

Guy Essmeier: My two cents:

To make this simple and not get into the weeds on this my thinking is Solar Power should just be the same as the going rate. OPALCO should pay the same to local solar producers for their excess power as it pays for wholesale mainland power.

A kWh is the same no matter where the source.

I haven't considered installing solar panels, but I have paid a chunk of change for my HVAC, and I am not asking OPALCO to subsidize these investments in my house. I think the same for if I went to the expense of installing solar panels on my roof. It would be an investment in my house and not something I would expect the utility to pay for.

Matthew Nelson: I would like to submit the following comments:

I am happy to be a contributing member of OPALCO, and a solar generator (rooftop solar). That said, I was disappointed when I read the proposal to change the "payback" structure for member generators, either by changing the dollar amount of member-generated KW hours, or by changing the net-metering scheme, or both.

I was impressed by, and agree with, all of the observations, research, and comments that were presented by Christina and Justin Wolfe, of Rainshadow Solar.

I was disturbed by the presentation of "unfairness"; the idea that, as a member-generator, and as a trades person earning a quite modest income, I am somehow taking advantage of other members. If "fairness" is a motivator in this proposal,

why not have members with 1) higher-amp services (400 or 600, for example) pay more for their monthly base rate/membership? 2) Why not have a multi-tiered rate paid by members for KWh over a certain amount (similar to that of Eastsound Water has in place for their members)? 3) Why not pass the credit card service charge onto the member, if they choose not to have autowithdrawl, or payment by check?

Any one of the three questions I pose would far surpass the \$25,000 which a change of KWh payback rate/net metering is proposed to generate.

I'm also concerned with the likelihood that any proposed less-beneficial (to member-generators) change to payback rate/net-metering will discourage members from implementing, and investing in, renewable energy options at a homeowner scale. This seems out of line with OPALCO's mission statement(s).

Thank you for taking these comments into consideration,

Anne Marie Shanks

Bern Shanks:

Thank you for this opportunity to comment on OPALCO's solar rate structure proposal. For 33 years we have been OPALCO members. We participate in community solar and purchased solar panels for our home because solar panels are best for our planet, our grandchildren and future generations. OPALCO's proposal to rollback compensation to solar panel owners is obsessively focused on the internal financing of OPALCO. Where is the planning for sustainable energy? Where is a tangible response to our imperative to address climate change? Why is surplus energy share back to the electric grid labeled as a "subsidy". OPALCO's reference to net metering reimbursement as a "subsidy" is a pejorative label for a renewable asset. OPALCO's framing of the issue is divisive, pitting solar generating members against non-solar generating members with an isolated and short sighted cost savings plan. This is not "The Island Way". OPALCO should ask how we can creatively incorporate various local energy production technologies into our portfolio and how can we reformulate our financial model for future grid funding. Numerous studies have shown reducing net metering payments reduces solar economic viability for homeowners. OPALCO's rate proposal fosters wealth inequality by creating financial barriers for members to reduce home energy costs. Given the increasing property values in our community, it has never been more important to design new methods for everyone to participate in generating energy and storing it with OPALCO. Where is the consideration to make renewable energy affordable for low income families, for rental properties, government, nonprofits and businesses? This proposal encourages a two tiered society where wealthier members can purchase solar systems, their own battery storage systems, and organize private ventures to store energy leaving behind most of our community. Rooftop solar allows us to preserve our land and natural resources to further reduce the impacts of climate change. Hydroelectric power has made the most dramatic impact on sustainable salmon, impacting not only our resident Orcas but an array of natural environments. Reducing our demands on hydropower can increase salmon survival rates. Absent from this proposal is how OPALCO is

preparing for the time when solar and wind are 50-60 or 70 percent of the capacity generated. This time will come, it has to come to address the problems of fossil fuels. Every year the impacts of climate change worsen. The infrastructure response will be transformed with billions of dollars of Federal and state support. This major piece of the legislation is currently being debated in Congress. Where is the vision to plan OPALCO's response to this transformation of the infrastructure that has to come, and will come. The utilities that have plans and prepare for this transformation will be first in line for Federal, state, foundation and international grants. Yes, there is a short term financial challenge and it can be handled. Members have suggested ways to reduce costs. Instead OPALCO's proposed response to obvious benefits of diverse renewable energy is to react with fear and an ill conceived response that will reduce the expansion of solar panels, create inequality and further a two tier community. An appropriate vehicle for this discussion is a task force of members, and then community discussions with a menu of opportunities. The future should not be a choice between OPALCO's financials and our planet. Solar and wind power are relatively cheap, sustainable and not to be regarded as a subsidy. Thank you for your time and consideration

Later on Orcasonian: We need to flip the paradigm. We should be encouraging conservation.
Our CO-OP's income should not be based on how much energy we use.

Clay Bair: The people that have solar collectors should get payed exactly what what OPALCO pays . Plus a fee to be hooked up to the grid . I would put up solar panels but I would have to cut a lot of trees down which I will not do. For solar panels to be subsidized by a co-op is stealing from the other members . I hope that is not the case .

Roger Ross: I am not a solar panel user (nor a distributed small energy generator of any kind), but it appears that OPALCO is now attempting to pit our solar panel users against other OPALCO customers. Fixed pricing for grid use is absolutely the worst method to recover costs. Every OPALCO board member should read the report prepared by Synapse Energy Economics titled Caught in a Fix - The problem with Fixed Energy Charges for Electricity.

Is not fixed pricing for grid use a disincentive to homeowners to install solar panels and does it not penalizes the small solar user?

OPALCO's proposal for increasing monthly fixed costs for grid use is backward thinking. Should not the cost for use of the grid be based on the amount of electricity being put into the grid - not on a monthly fixed cost?

OPALCO already has the highest monthly fixed cost in the nation for electricity use. Fixed costs pricing needs to be abandoned (both for customers using and providing electricity) in favor of implementing higher actual use rates. OPALCO's current monthly fixed pricing scheme is unfair to low income customers and reduces incentives for energy conservation.

It is a myth that fixed cost pricing is unavoidable and that grid use needs to be tied to a fixed monthly price. Customers do not place equal demands on the grid. Collecting demand-related costs through actual energy use is a far better solution than the collection of costs through fixed charges. This is the same issue for use of the grid by the small residential customer as for the small residential solar electricity provider.

OPALCO can fully meet costs without using a fixed monthly pricing scheme. It is just a matter of adjusting use rates accordingly.

Boris Luchterhand: I do not support the proposed solar rate change. It delivers the wrong message. We need to look at long term renewable solutions. The message should be to Create more renewable power and incentivize that for individuals like myself. Whilst costly in the short term we need to lead by example and harness the power of the sun and hopefully the oceans.

Carl Davis: I wish to register my strong objection to the proposed tariff changes that would de-incentivize rooftop solar installation in San Juan County. In a world reluctantly dealing with an existential climate emergency that is happening RIGHT NOW, de-incentivizing additional solar installation is a STEP EXACTLY IN THE WRONG DIRECTION.

Also, in OPLCO's communications, I resent the demonization of the word "subsidy"-- with the implication that it is those of us who have invested in rooftop solar installations are getting a free ride" by the rest of OPALCO members-- that we are-- quote: "a burden on the rest of the membership"-- when, in fact, subsidies exist throughout the OLPALCO universe, and often for very good reasons-- for example, the Rock Island internet initiative, and assistance programs like PAL and EAP for low-income members, free electric vehicle charge stations, heat pump and EV charger rebates-- or even allowing convenient payment by credit cards, for which the fees imposed by the credit card companies charge annually adds to \$585,000 to \$930,000 of lost revenue, when, in fact, there are low or no cost alternatives to paying our energy bill.

Finally, I think it is outrageous that you are scheduling only a freeking HOUR of public discussion on this issue--and one based totally on materials that OPALCO has prepared.

This is way too important of an issue to have it ram-rodged through, and is exactly the wrong approach for the climate emergency we all face.

Kim & Jim Rice: We have been OPALCO members since 2005. We had our rooftop evaluated for solar potential many years ago by Rainshadow Solar and learned, unfortunately, that we have too many tall trees to make it a viable option. Therefore as soon as we learned of the Decatur Community Project, we got in touch with Jon Orr (then Blomgren). Following many detailed conversations with Jon, we eagerly signed on. We have been enthusiastic supporters and have actively voiced our support for implementing Phase II as soon as possible. I'm sorry to have just learned that Jon is no longer on the OPALCO team. What an asset he was!!

We signed on to community solar - not because it penciled out particularly well, but because we believe that a rapid transition from fossil fuel to renewable energy is our best hope of avoiding climate catastrophe. As it is currently structured - without an annual increase in the retail rate as is done with net metering - we are not going to break even until well beyond 10 years, even with the WA State Production Incentives and grant money that was secured. However, we are happy participants in the program because it makes us feel good about what we are doing to make our grandchildren's futures brighter. BUT - we recognize that we are privileged to be able to afford to do this - and recognize that most people are not in the same financial position that we are.

I've done volunteer work with Spark Northwest and Solar WA, pushing for the advancement of renewable energy in the state of WA in any way that I can. I've come to understand that many people in the Northwest have no idea how well solar works here. Once they are educated about how well it works even in our climate, most people are eager to install solar if they can afford it. I've seen that when payback is quick - as it is with net metering, and particularly with generous tax credits and productive incentives, it becomes a no-brainer for most people who own their homes and have sunny rooftops. When the payback is 6 or 7 years, it hardly makes sense not to install. But when it gets dragged out to 10 or 12 years or longer, it no longer becomes practical for most people to do so.

From my hands on experience I KNOW that OPALCO's proposal to decrease the rate so dramatically to \$0.0849/kWh will turn many people away from rooftop solar on the island. It just won't pencil out. I've been so proud of OPALCO's progressive and aggressive agenda on transitioning from fossil fuel to renewables and developing energy independence on the island. I've been so proud of our community solar project! From my work with Spark NW I know that there is a huge difference between working with OPALCO on such matters and working with Puget Sound Energy and other investor owned utilities. Why would we want to do something that will dramatically slow progress in making this desperately needed transition - especially now that it is becoming glaringly apparent to almost everyone that we are careening toward a precipice and there is simply no more time to dither?? No one on the island will ever forget the heat wave we had last June. It had a visceral and lasting impact.

I do hope that the brakes will put on this solar rate change that will move us in the opposite direction from where we have already proclaimed we want to go as a community. Let's continue to lead in the state of Washington - not set a dangerous precedent that could be used to justify similar moves by less principled utility companies in our state. Let's find a better way together!! Please!!!

Michael Hurwicz:

We are writing in support of the comments submitted by Justin and Chris Wolfe and Rainshadow Solar, from whom we purchased our rooftop solar three years ago (November, 2018). We also support the comments submitted by Jim Heidell.

If the problem that OPALCO is concerned about is load management, we are an example of a customer who is still nowhere near net zero. We have increased our electricity consumption during this period in two significant ways: 1) In November, 2018, we installed two mini-split ductless heat pumps in our house. Then, in the second half of 2019 we purchased two electric vehicles, which now represent almost 100% of our driving miles. To the extent that we are typical, we question the extent of the potential load management problem created by rooftop solar customers. At very least, this should be a matter for factual inquiry, not a priori assumption.

If the problem is fairness (cross-subsidization), we ask that OPALCO look at all the various types of cross-subsidization, not just this one. For example, are customers who do not yet have Rock Island fiber (because installation is too costly in their location) subsidizing those who do have fiber? We have considered installing fiber (and are in line to consider it again), but previously we found the overall cost prohibitive, primarily because of our location. In addition, we ask OPALCO to consider the contributions that solar customers are making in helping OPALCO fulfill stated goals and live up to stated values - not just the savings generated by annual net metering. We ask that OPALCO propose a solution to the fairness problem that takes all these factors into account.

If the problem is revenue, we ask that a collaborative community process be initiated to consider a range of solutions. We understand that the proposed tariff change would have a minimal effect (+ .08%) on overall revenues and that there may be other steps that could be taken that would have greater benefit, and perhaps be more in line with OPALCO's stated values and goals. For instance, a small increase in tiers 2 and 3 energy rates could generate revenue while encouraging energy efficiency and/or on-site generation and storage that ultimately reduce demand charges from BPA and provide savings to all members.

We also ask that OPALCO consider possible unintended consequences, such as future OPALCO avoidance by customers and potential customers (e.g. off-grid installations and increased non-dispatchable residential storage), exacerbation of social inequity due to decreased ability to install rooftop solar (because of longer payback times), loss of local jobs due to decreased demand for solar installations, and the possibility of public backlash both locally and at the state level triggering an increase in the net metering threshold for all utilities in the state, to meet Washington's clean energy goals.

Finally, we ask that OPALCO consider, in a collaborative setting, the many questions raised by customers in connection with this rate change, rather than rushing into a decision at this time.

We decided to purchase solar panels from Rainshadow at a time when Community Solar had used up all the state incentives for solar. We also support Community

Solar, but we had inherited some money and chose to live our values by employing local workers and purchasing American-made panels. We hope to make back the amount we spent on our solar array, but we felt good that we took an action that seemed at the time to be the most responsible thing to do and the most helpful to our community by producing more local renewable energy and helping move San Juan County toward our county's goal of increased energy independence and resilience. Had we been told at that time that we were hurting the rest of the OPALCO membership by installing solar panels and receiving the payback rate that was quoted to us at that time, we might have decided to use those funds in a different way. Thus, based on our own experience, we think OPALCO's thought process here and its messaging in connection with the tariff change is likely to be counterproductive.

Bruce Dunlap

Hello Susan: I would like to followup my comments during the Energy Round Table with a written summary that can be provided to the board and staff as they evaluate the proposed solar generator tariff.

I understand the need for a change in the net metering program. Changing to the buy / sell plan that has been proposed is not in itself a bad idea and I concur that when the percentage of member generators reaches some critical point net metering as it exists today is not viable. Most communities have come to the conclusion that distributed solar power is worth more than the wholesale rate but less than retail and the \$0.085/kwh proposed as value of solar by OPALCO may be a fair price.

However, portraying solar generators as a class of coop member that is being subsidized by all other members was a colossal public relations mistake. These members have responded to incentives from the state and federal governments and OPALCO to invest thousands of dollars to install clean generating capacity to support our electrical energy needs. Consequently, they purchase less volumetric power as a result of their investment. A member who invests in energy efficiency improvements such as home insulation and more efficient heating systems will also purchase less power. The ultimate effect on OPALCO volumetric sales appears to me to be the same. Less power sold and less revenue for fixed cost allocation.

I believe the OPALCO Board and staff could still make a case for changes to net metering without adding to the divisiveness in our community and pitting members against each other.

Considerations going forward are:

1. To maintain an incentive for members to reduce their power purchases by installing solar systems,
2. Solar installers can continue to employ local workers installing new systems

3. Volumetric power rates are set high enough to encourage energy efficiency and large power users contribute more toward the fixed cost of maintaining the grid than small ones
4. How will the \$0.085/kwhr purchase rate be adjusted as the blended wholesale rate increases in the years ahead?
5. Do not penalize existing member generators who signed on to net metering in good faith (the opt out provision until 2028 addresses this)

The big issue I see facing OPALCO is not a reduction of power sales, but rather how to meet the increased demand as fossil fuel home heating and transportation transition to electric power. In our personal case our electric consumption has increased 25% as a result of adding a heat pump for home heating and an electric car.

Thank you for your consideration as you decide how to proceed with this issue. I truly believe that having a cooperative supplying our electric power and communications infrastructure is a benefit for the San Juan Islands Community, has served us well for many years and will continue to do so as we navigate the energy transition we find ourselves in.

Response: 11/4/2021: Thanks, Bruce. We're planning to hold a monthly energy roundtable in the new year – I hope you'll join us when you can. I've added your comments to the board materials on the topic

Dan Post

Locally generated Solar Power is probably a good idea, but for some people to profit from others having to subsidizing them is not financially fair. Please consider paying the solar customers who Net Meter a small amount over what OPALCO can buy power from the mainland, maybe 2 cents more as an incentive. To be fair, everyone should be equal when paying for the grid infrastructure in the Islands.

Bill Williams

OPALCO Board Members: I strongly oppose the proposed change to the rate structure for members who generate power on the co-op grid.

My wife and I paid \$40,000, before tax rebates, to install a rooftop solar array on our property in Three Meadows, November, 2019. We did this because we believe locally produced green energy is the best way to help combat climate change, to strengthen the network that the OPALCO co-op relies on for current and future energy needs, to produce energy where it is used minimizing transmission loss and cost, and to contribute to our community something we can produce on our land. The economics of this action, using the current retail rate structure for consumption and production, yielded an estimated return on investment of 14 to 15 years, after factoring in the federal tax rebate but not for repairs nor building a reserve for future equipment replacement. It will take that long for this to become a good economic investment for us. We are 76 and 75 years old. We did it anyway,

because we believed we could help strengthen our community. It is unlikely we would have done it if we had seen you reduce the rate and increase the time for return on investment. We have a neighbor who is considering a solar array who is very concerned by this proposal.

If you enact the proposed rate change for future power generating members:

- It will slow down the growth of local energy production, which is already behind what is required for projected future energy needs.
- It will take an increased number of years to build up roughly another 320 producers before an annual savings of \$25,000 can be realized, which is a drop in the bucket compared to other measures that have been suggested to reduce overhead.
- It will send a bad signal to members that as soon as OPALCO can get around state mandated support levels for local green energy production, it will. That doesn't say much for commitment.
- It will mean OPALCO will have to subsidize the expansion of outside production and transmission expense to meet future needs. That will be more expensive and less helpful to islanders who would be willing invest in the local expansion without the need for more transmission cables.
- energy producers are now paid the same for the energy they produce as they pay for what they use. This results in a net reduction of the energy they buy from the grid. Characterizing this as a subsidy burden on the rest of the members is the same as saying if I install LED lighting, energy efficient appliances, install insulation, and turn my heat down to save electricity, I have become a subsidized burden to the rest of the members. Conversely, if I waste electricity and buy lots of it, that helps other members. Is that the incentive OPALCO wants to provide our community?

In summary, I can think of many reasons why avoiding this proposal is good for our community and why going forward with it is not.

Thank you for your consideration,

Tom Cowan:

Hello Suzanne: I was signed up to participate, but an unavoidable conflict came up. How many people attended the event? When will the proposal be voted on?

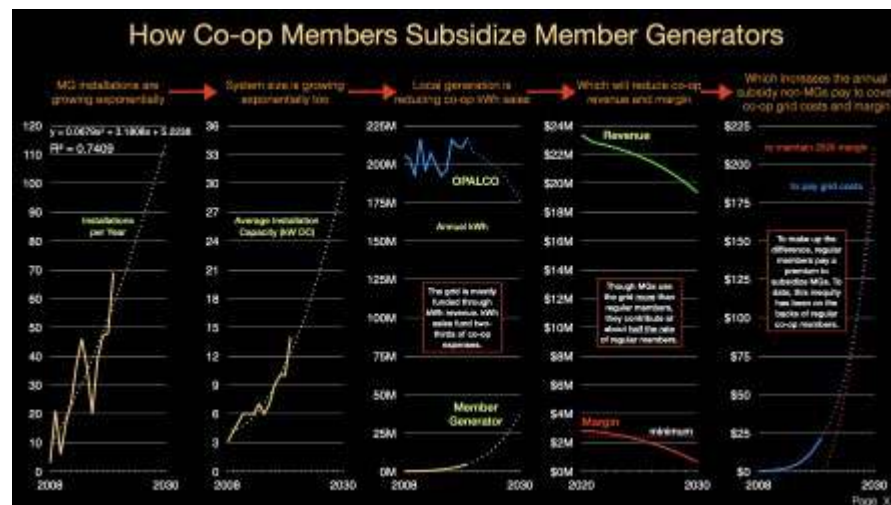
I do have one question. It appears that the entire rationale for the proposed change is based on the forecast graph that shows the solar subsidy increasing dramatically. It took approximately 8 years to go from zero to \$300K. I would think, if left alone, over the next 8 years it may go to \$600K yet it shows going to \$2 million. It could be argued that with the 20% decreased subsidy it may even be less than \$600K.

What is the basis for the graph forecast and why does it show exponential growth?

Hi Tom – There were about 60 members on the call. The growth in local solar has been exponential, not linear. That is the nature of many things as their prices drop and more people embrace them. The left chart shows the exponential growth. Each year there are more installations than the previous year, and the size of systems is growing too (second from left chart), so the combination is growing exponentially too.

Robert Clos:

Dear Mr. Foster, I am glad you are starting to address the subsidy issue. It is unsustainable and made no sense from the beginning. Why it took 30 years to figure out the math is hard to understand. Our OPALCO monthly bill has quadrupled over that time period even though we switched to LPG furnace and water heating. Next move will be to install an LPG clothes dryer. My recommendation would be to pay no more than the wholesale rate and start right now. All solar producers should pay the full tariff. OPALCO is a Co-Op not a charity organization.



Let me know if you want to meet to go through this together.

Hi Suzanne: Thanks for the explanation. OPALCO has been such a supporter, encourager and subsidizer of solar over the years, that I am concerned that this is a step backwards. However, if the numbers you project are accurate, then it is probably the right decision.

Barbara Rosenkotter

I attended the Energy Round Table discussion on November 2nd. Attached and below are questions and comments I have regarding the proposed solar rate tariff changes.

I don't dispute that there is a potential financial concern with balancing the costs of the grid and solar production but I am most concerned that the process and the push for the board to adopt the new rates at their next meeting in November is premature. Why is this important issue being rushed?

I have several concerns regarding the process and how this issue is being presented and what disincentives the new rate proposal may be creating. I will highlight just a couple of those concerns.

In the recent October board meeting materials and the information provided for the Energy Round Table meeting, it is unclear regarding what assumptions are being made. Remember in math class being told to show your work? Well, it would be helpful if OPALCO would show their work. What information is the basis for the predictions and the assumptions presented?

One example: the board meeting documents claim it would cost \$2 million to create a solar array and battery backup for an individual member generator system that would support full autonomy. That seems like a gross overestimate and the document is silent regarding what assumptions created that estimate. Personally, our household is very energy efficient and careful with our usage. Our system currently provides about 80% of our energy needs. It would not take much for us to add some additional panels and another battery and then be able to support ourselves for the entire year at significantly less than a \$2 million dollar investment. With the new proposal you may be incentivizing people to build out a system where they can be completely independent and thus go on their own and remove themselves from any connection with the grid and OPALCO. I don't believe that is the goal.

Another area where it would be helpful for OPALCO to show their work is in the graph in the materials for the Energy Round Table meeting predicting the costs of \$2 million by 2030. What are the assumptions for that figure? How many installations? My math, based on the prediction presented, seems to indicate that the assumption is that there would be about 2660 systems within 8 years. So that would require approximately 330 installations every year for the next 8 years. That means that a new system would need to be installed just about every single day for the next 8 years! It took more than one day of labor for our relatively simple system. That seems like an unrealistic estimate. But there is no information provided to support the prediction. I am sure Chris and Justin Wolfe from Rainshadow Solar and other installers could attest to whether that is a realistic prediction.

Which leads me to me to one more question and concern. We are a co-op. Is OPALCO using the expertise and knowledge of our membership such as Rainshadow Solar and existing individual solar producers (aka members generators) in this process?

What is the rush to adopt a significant new proposal at the November board meeting before we understand the potential ramifications of a proposal that will be in place for several years? At the October 21st board meeting, one of the board members stated, "We don't need to rush a solution for a problem that isn't here today." If needed, I can provide which board member made that statement.

One final point, an article I read recently in the Financial Times noted that solar is the cheapest and most cost-effective mechanism we have today to generate power. Please be careful with what is being proposed.

In the new rate proposal, it is more costly to receive than to give and no longer a one for one exchange. Thus, it seems like you may be encouraging people, especially individual residential member generators, to only build a system where they can recoup their usage each month and thus may not be incentivized to build a system that would provide extra production that would at any point in the year provide extra power to the grid. I don't think that is OPALCO's goal.

Additionally, I am dismayed, and frankly offended, by the apparent pitting of some members who have solar against the overall membership of OPALCO. We installed our system to help make a difference; to have a smaller footprint on the planet. We installed it primarily because it is the right thing to do.

Please slow down and be very thoughtful and careful with any new rate structure. Let's ensure it is sending the right signals and supporting investment in solar installations.

Please show your work and utilize your membership. Bring us along with any proposed changes. We are a co-op and we are all in this together.

Thank you for your consideration and for your service.

Chris Thomerson:

Thank you all for setting this up, handling it so very well, and working through all it entails.

My summary:

We need more Solar.

To get more solar installed we need to change the incentives.

I would do it to:

- * Be futuristic and part of the solution not the problem
- * Increase house value
- * Help OPACO (and my neighbors) mitigate future load management and supply problems
- * Reduce reliance on unsustainable fuel sources

I do not consider ROI or other investment payback or money maker as a motivator, hence I have little interest in a subsidized production credit.

It's all about the environment not the Dollars profit...

I am very much influenced by making the install affordable - having an easy on-ramp ie. the switch-it-up low interest long-term payment on the electric monthly bill.

So I'm fine with reducing the subsidy to zero in as few years as ethical treatment of the installed base will allow.

I want OPALCO to move away from subsidizing future dollar profits of individual solar systems.

I want an immediate low up-front, low interest, pay on the bill easy on-ramp that will get more people (including me) generating.

Rob Thesman

I appreciated the recent solar rate roundtable that you organized and wanted to add my support to the proposed changes to the solar rate table.

During the roundtable, Chris Thomerson made a suggestion that I thought was worthy of further exploration by the staff and board. Namely that while solar generation should be encouraged, a more equitable way to encourage it would be for OPALCO to assist homeowners via assistance with financing and possible federal/state grants for the capital expenditures rather than ongoing subsidies through inequitable net metering rates.

Many of the people who made comments during the roundtable prefaced their comments with statements along the lines of they installed rooftop solar because it was green, it was the right thing to do, it shows their commitment to a net zero lifestyle, etc. All of these are noneconomic reasons – only a few people commented that they did it for financial reasons. The current structure ends up subsidizing members who've made that choice, at the expense of ratepayers without the economic resources to make similar lifestyle choices. I don't think it's reasonable to make the elderly on fixed incomes or the working poor to subsidize green choices made by those who can afford it. And I say that as someone who participated in the first community solar project that OPALCO did.

I think the proposed transition period mitigates the changes and is a good step in softening the economics to those who will be affected.

Lastly, I think this conversation is affected by another factor – the rate decisions made over the years to undercharge for the facilities fee to members and to factor the costs unpaid by that fee into the rate structure. I realize that there's a tension in rate structure decisions and the board is trying to satisfy full-time residents, part-time residents, and low-income ratepayers. That said, those decisions over the years are exacerbating the issue relative to net metering; the current subsidies to rooftop and community solar members are pushed up because the rates include some portion of capital costs that should properly be covered by the facilities charge.

Correspondence with Members

LETTERS FROM MEMBERS – OPALCO RESPONSES

- 1) Rainshadow Solar: Chris and Justin Wolfe
- 2) Chom and Chris Greacen
- 3) Carla and Bob Thomas
- 4) James Most
- 5) Orcas Women's Coalition

Rainshadow Solar: Chris and Justin Wolfe

Original Letters from Rainshadow Solar

Chris Wolfe's Letter

What we are asking for is to not rush this change and to involve member stakeholders more collaboratively. OPALCO actually had a good model for stakeholder engagement with the Energy Roundtable that used to meet regularly to discuss various energy topics. This process has felt much more one-sided, as an audience trying to follow OPALCO presentations and assumptions to various analyses, rather than interactive problem solving and discussion process.

And there are still a lot of other members who don't understand all the implications of these changes, even after attending the solar town hall presentations. The last Solar Town hall generated 45 questions and 6 comments related to the solar rate change. Members in attendance had more questions than answers, and are still seeking to understand the proposed changes.

The proposed change will of course affect our business, our employees, our customers – we'll do our best, as you have to be pretty tough to be a small business owner here in the islands. With this proposal, we are now faced with going back to customers to give them the option of cancelling projects.

But the bigger and more important concern is that this short-sighted policy change will have long-term impacts in the future for local renewable energy generation, climate change mitigation, and yes, for our Southern Resident orca population. Everything matters. This is the big unknown and the real issue. I sit on the Board of the Friends of the San Juans because these issues matter a lot to me, and I spent more than a decade with Environmental Defense Fund working with industry on solutions that make differences. These policy changes are like steering a big ship – it took a lot of effort to get the ship going in the right direction in the first place, so if you change direction along the way, you better hope you have enough time and strength to get it going the right way again. Will OPALCO really be on track, by disincentivizing solar installations, to meet its goal of 30% of power needs with local solar and storage by 2040?

In summary, we are requesting that the board convene a community stakeholder group to work with OPALCO staff more closely on this issue – this would allow for 2-way conversations about an important topic, rather than the one-sided presentations that OPALCO has given. Community stakeholders commit to more in-depth participation to better understand the underlying analyses, discuss assumptions, talk about alternatives, and through this process, you can often find a way forward that has both community buy-in and support. These efforts are an investment in finding the best solution.

Thank you for your time.

Justin Wolfe's Letter

I hope we can all agree that increasing the cost of solar via increasing the payback time will reduce the number of solar installations in San Juan County. Agreement on this basic economic principle is fundamental to the discussion. There are examples from utilities in other states to support this conclusion.

OPALCO's comments in the Board packet in response to our letter make it clear that the primary goal for the solar rate change is financial stability. I would ask the question, is a reduced pace for solar installation worth the miniscule increase in revenue for OPALCO?

- OPALCO's own analysis shows that the increased revenue from the proposed rate change would be roughly \$25k annually after the interconnection of 315 new residential member generators. \$25k annually is a very small number for OPALCO, but just as important, is the number 315. It took us 21 years to get to 315 residential member generators. How long will it take us to get another 315 residential member generators, taking into account this proposed solar rate adjustment? The implication here is that the increased revenue will be far less than \$25k annually in the near future. \$25k by the way, is less than 0.08% of OPALCO's annual revenues. Less than a tenth of a percent. And that is after 315 new residential member generators are added, which will take years. (September Board Meeting)
- Our analysis, done by simply plugging in the proposed solar rate schedule into our financial model that we've been using for years indicates an 11% increase in payback time if the delta between the buy and sell rate remains the same as electricity rates increase and a 25-31% increase in payback if the sell rate remains fixed while the electricity rate continues to increase. Hopefully, we can all agree that this reduction in economic benefit will reduce the pace of solar installations.
- OPALCO's Integrated Resource Plan repeatedly highlights the importance of on island generation from renewable resources and a Board Member stated earlier this year in a Board Meeting that we, as a community, need to install solar as fast as we can or we will have rolling blackouts in the future. A Senior Staff Member has stated that OPALCO is anticipating a doubling of electricity demand in the next 20-30 years and that it is not clear there will be enough power generated on the mainland to bring to the islands.
- The 2021 OPALCO Budget Report indicates that KWhs purchased are expected to increase in future years. This suggests that the expected pace of solar installations will not even keep up with increases in demand. That report was created last November and presumably did not include the impacts of the proposed solar rate adjustment. (Page 21)
- If financial stability is the goal, I would urge OPALCO's Board to take on other more meaningful measures and put to rest this proposed change that will have minimal positive impact on revenue, while having significant negative impact on the pace of solar installations and a negative impact on the view of OPALCO as supporters of renewable energy, on island generation, and resiliency.
- If financial stability is the goal then let's not forget that OPALCO chose to hold electricity rates constant for 2021. Whereas the average annual rate increase over the past decade has been close to 5%. A 5% increase in rates for 2021, in line with previous annual increases, would have increased OPALCO's net margin by roughly 1.5 million dollars. \$1.5 million dollars. That would put the 2021 net margin right in the middle of margins for the previous 4 years. I don't think I have to tell you how significant that decision was. Even a minimal 1% increase would have increased margins by over \$300k. And here we are discussing a significant change that would eventually increase revenues by a mere \$25k a year.
- In conclusion, the first discussion item in today's Board Packet highlights the need to decarbonize our energy production and the challenge to doing that due to the need for land and transmission. It

is not lost on me that rooftop solar aggressively addresses decarbonization while avoiding the need for land and additional transmission. This is something not even Community Solar can claim.

Thank you for your time.

OPALCO Response:

Dear Chris and Justin,

Thank you for your comments on the proposed solar rates. You raise important points, which we summarize below, with our thoughts included. We welcome your follow-up on this – now, and over the coming years as we continue to address the shifting balance. We are going to reinstate an Energy Roundtable, as you requested, on a monthly basis in 2022. You can also always reach out to us at communications@opalco.com.

Co-op Member Engagement and the Energy Roundtable

OPALCO has been meeting with members for years, through the energy roundtables you mentioned, town halls, energy fairs, county fair, school programs and numerous other outreach programs.

OPALCO announced the solar rates discussion in May of 2021 (see board materials for solar rates presentation: <https://www.opalco.com/wp-content/uploads/2021/05/Solar-Member-Generation-Presentation.pdf>) and has been collecting member feedback on the issue ever since.

The first of two Solar Town Hall events was held on May 5th with 75 members in attendance (via Zoom) and the second Solar Town Hall – focused on the solar rate proposal that was presented to the Board in September – was held on September 20th with 115 members in attendance (via Zoom). In addition, members were notified about the solar rates discussion in the email newsletter, ads in local papers and on social media.

Staff met with members and special interest groups who reached out to us in September and October to discuss the proposal and answer questions. At the October board meeting, members attended to comment on the proposal, primarily solar producers raising concerns about how the rate structure would affect solar adoption in the islands. Rainshadow Solar requested that OPALCO take more time to gather member feedback. OPALCO scheduled an Energy Roundtable (via Zoom) to hear more from members on the proposal before proceeding. Rainshadow promoted that event and there was good attendance of the solar member generating community (60 members, about 77% self-identified as solar investors).

In advance of the Energy Roundtable, OPALCO sent out a special email newsletter to the membership with an explanation of the problem and proposed solution with links to the full board materials and Quick Fact digest of the information. There were also articles posted in local online newsblogs: Orcasonian, sanjuanisland.com and Lopez Rocks. In response to this outreach, OPALCO received about 42 written comments from members. Of those comments, 22 were in support of the solar rate proposal, 18 were in opposition to the proposal and 12 did not take a stance on the proposal.

To address your specific comments, please see below:

Grand-fathered Solar Rates

First, know that if members prefer to stay with the current rate, they can stay with that. For some, the proposed rate will be advantageous, due to higher generation credit of 8.5¢ per kWh throughout the year versus the current 5.4¢ per kWh for excess banked generation at year end.

OPALCO is Accelerating Local Renewables

In Justin's letter he said "*... increasing the cost of solar via increasing the payback time will reduce the number of solar installations in San Juan County.*"

We disagree. The number of solar installations will continue to increase. Each year the number varies, but it is growing at a healthy pace. Many solar members we hear from are doing it for reasons other than payback.

OPALCO is committed to advancing local energy resources with increased solar, storage, low-income solar, community solar, adaptive grid resilience, affordable funding programs, grants, and a variety of other innovations. The Co-op has a solid track-record of success in these areas while continually balancing the cost-of-service and co-op equity.

We have applied for additional USDA funds to add solar and battery storage projects to our on-bill financing program, Switch it Up. We expect that members will have access to those measures as soon as 2022.

Over the past few years, OPALCO has been recognized by Washington Governor Inslee and Clean Energy Fund for our achievements in accelerating local renewable energy innovations and solar for low-income co-op members, providing millions of dollars in grants. OPALCO is the smallest utility to win these grants, while viewed as a local renewable energy leader by the Clean Energy Fund and the State.

Solar for Low Income Co-op Members

OPALCO members from low-income households benefit from solar directly as 10% of production from the Decatur Microgrid is distributed to the Energy Assist (monthly bill credit) program; and with the upcoming Bailer Hill Microgrid, 45% of the project will go to Energy Assist. Both programs are funded by grants awarded to OPALCO. In addition, members can invest in Community Solar beginning at about \$150 to access benefits and bill credits. Any member investing in Community Solar may dedicate all or some of their production credits to Energy Assist.

OPALCO Rates During COVID and Revenue

In Justin's letter he said "*... If financial stability is the goal then let's not forget that OPALCO chose to hold electricity rates constant for 2021. Whereas the average annual rate increase over the past decade has been close to 5%.*"

Yes. During COVID, co-op members were struggling to make ends meet. As we did during the global financial crisis in 2008, we held rates steady, eating away at equity, that will need to be restored over time. Concern for community is a pillar of co-op governance.

Justin also said "*... this proposed change that will have minimal positive impact on revenue*"

Just the opposite. As mentioned above, the subsidy is growing rapidly, and is projected to be over \$2 million by 2030. This first small phase of the solar rate change is just that: one small step. But it's an important step to stop the compounding of the problem as new solar producers connect to the grid. See further detail in the Subsidy discussion below.

The Solar Subsidy and Incentives

There are two sides to the subsidy question among OPALCO's 15,000 members.

- Among the 400 solar members, we hear reducing the subsidy means *"OPALCO doesn't support solar."*
- Among the 14,500 regular members we hear *"OPALCO should not pay more for local power than it does for wholesale mainland power."*

The Board's job is to strike a balance that is fair for all. In this case, fairness includes recognizing the value of local solar generation with a renewable premium in the tariff as a bill credit, while reducing the uncollected revenue for kWh that affects the rest of the membership's rates.

Subsidies are useful way to incentivize an emerging technology until it can stand on its own. Since OPALCO began subsidizing the cost of service for solar producers, the cost of solar has plummeted, the number of OPALCO solar members is growing exponentially, as is the increasing size of new systems. Solar production on OPALCO's grid is now growing at more than 30% per year.

How we support local energy production is also important. The Washington Clean Energy Transformation Act (CETA) requires that while utilities transition to a carbon free future, that no members are left behind. The current proposal is designed to slowly shift solar rates to protect affordability for the whole membership between now and 2028 when, with a new power contract in place, price signals and cost parity between mainland power and solar will likely correct this issue.

As we protect affordability for all co-op members, keep in mind that solar members benefit from a number of utility, state, and federal incentives and subsidies that are also subject to change:

- The federal renewable tax credit was 30%, is ramping down to 22% in 2023 and expires in 2024. The tax credit benefits those who needed write-offs but is of little use to low-income members.
- The WA Renewable Energy System Incentive Program stopped offering the incentive to new solar customers in June 2021.
- The net-meter rate.

As emerging technologies like solar, wind and batteries mature, their subsidies ramp down.

As mentioned above, OPALCO has several new programs and incentives in the works aimed at low interest financing for solar and storage, which will help expand local renewable energy options for more people. Things are changing, but OPALCO continues to innovate on expanding local renewable resources through grants, low-income initiatives, and incentives for emerging technologies. OPALCO continues to support member generation.

This is the nature of a rapidly evolving world of challenges and solutions. We will get through this together.

The Value of the Grid

Though there are a few county residents that live off the grid, for most co-op members, affordable solar and comfortable living is only possible when solar is paired with the grid, especially during nights and gray winter days.

OPALCO estimates that for an average co-op member (consuming 12,000 kWh per year) to live off grid would spend about 32¢ per kWh for solar, battery and generator, and they would be living on the “fossil fuel grid” – burning wood or propane to heat.

OPALCO charges 10.87¢ per kWh, with more than 50% of that charge to pay for the grid (wholesale mainland power costs about 4.7¢ per kWh). When a solar member reduces their kWh consumption, they are indirectly reducing their funding of the grid that enables their solar to function year-round. A typical solar member pays 47% less for the grid than an average non-solar member. That uncollected revenue is then borne by regular non-solar members as a subsidy. The subsidy is currently about \$300,000 per year and growing at 30% per year.

Chom and Chris Greacen

Original Letter from Chris and Chom Greacen

Comments on OPALCO’s proposed solar rates

Submitted by Chom & Chris Greacen, Lopez Island

11/2/2021

Shared goals of OPALCO and its membership

- Ensure energy resource adequacy to meet increasingly electrified demand
- Invest in more solar energy individually and as a co-op to address climate change
- Improve local energy resiliency by promoting more local RE
- Recover fixed costs of efficient, necessary investments to ensure financial health of OPALCO
- Achieve fair allocation of costs among members while ensuring affordability for low-income members.

OPALCO’s framing is problematic

- Anti-cooperative and divisive: pitching solar net-metered members against others
- Anti-solar: solar shouldn’t be framed as a “burden” on members.

Comments on the proposed rates and suggestions

Objectives	Comments on the proposed solar rates	Suggestions
OPALCO’s financial health	Net metered solar is portrayed as a threat to OPALCO’s future financial health. While we see the benefit of transitioning at some point from	Set a threshold of 4% of current total load before a new net metered solar tariff is implemented.

	<p>annual net metering to monthly net billing, we believe this is still premature given that customer-owned solar contributes less than 2% of OPALCO's total load. There is time to figure out a better way to address this issue without compromising other goals such as meeting RE targets as required by CETA.</p>	
<p>Cost-reflectiveness (reduced cross-subsidization)</p>	<p>Subsidization in itself is not a bad thing and may be a necessary tool to correct market failures, meet a desirable societal objective and invest in public goods. EE and low income programs are examples of good, necessary subsidies.</p> <p>Given our collective goal of wanting to increase local RE (arguably a public good due to its climate and energy resilience benefits), there is nothing wrong with some subsidization of local solar through the net metering policy.</p> <p>If OPALCO is serious about reduced cross subsidization (improved cost reflectiveness), there are other areas that are worthy of equal or more attention:</p> <ol style="list-style-type: none"> 1. Outer islands customers (with much higher fixed costs) being cross subsidized by ferry-served islands. 2. Full time residents with high load factor (average consumption divided by peak consumption) subsidizing part-time residents with low load factor. 3. Large houses with more peak demand on the system are subsidized by small houses that pay the same monthly rate as the large ones. 	<p>Consider implementing a proxy demand charge (e.g. cost per peak kW in a year). If our metering system is not ready for a true demand charge yet, there are ways to more fairly allocate costs associated with annual peak demand (representing how much a member requires of the system) than the current flat rate for all. If very granular meter readings are not available, a 24 hour peak or 7-day peak in a rolling one year cycle could be used as a proxy for allocating the fixed costs collected through the demand charge.</p>

Peak demand reduction and increase of load factor	OPALCO is concerned about reduced consumption if peak demand remains high, due to concerns about peak demand charge from BPA.	<p>Consider transferring new net metered customers to a TOU rate. Also offer a TOU rate for customers with EVs as well.</p> <p>California required new net metered customers to be on a TOU rate to help incentivize better load management and offer incentives to install energy storage. They also offer a TOU rate for customers with EVs so they are incentivized to charge their vehicles during off-peak time.</p> <p>It is also worth noting that net metered rates in CA are guaranteed for 20 years, and upon sale of a home the agreement passes to the new homeowner.</p>
Increase revenue to cover fixed costs	By OPALCO's own calculation (Sep board materials), the new rates would bring an increase of approximately \$25,000 of additional revenues.	<p>Roll out a strong campaign to switch from credit card transactions to automatic ACH bank withdrawal could potentially save substantial credit card fees. In 2020, members were billed nearly \$32M. If a quarter of that was via credit card payments at 2.9% transaction fees, the expense is over \$230,000. (Ref OPALCO Annual Report, page 11)</p> <p>Also, a review of administrative costs might reveal opportunities for cost savings.</p>
Meeting RE targets	OPALCO's comments framing customer Solar PV as a "social inequity... depending on all co-op members, including low income, to subsidize those who can afford \$30,000 to install a personal solar system" (October 2021 Board Materials , page 75) contradicts OPALCO's latest annual report: "OPALCO's plan requires... members to invest in rooftop solar and battery storage..." (OPALCO	<p>It would be helpful for OPALCO to:</p> <ul style="list-style-type: none"> • Develop a consistent position on customer-owned generation that doesn't pit OPALCO members with solar against those without. • Clearly identify how and where it will procure sufficient RE to meet the targets.

	Annual Report , page 7). It also raises questions about how the Coop will reach its RE target of 30% by 2040, or those set by CETA.	
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OPALCO Response:

Dear Chom and Chris:

Thank you for your comments on the proposed solar rates. You raise important points, which we summarize below, with our thoughts included. We welcome your follow-up on this – now, and over the coming years as we continue to address the shifting balance. We are going to reinstate an Energy Roundtable, as you requested, on a monthly basis in 2022. You can also always reach out to us at communications@opalco.com.

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The Solar Subsidy and Incentives

Chris and Chom wrote: *“While we see the benefit of transitioning at some point from annual net metering to monthly net billing, we believe this is still premature given that customer-owned solar contributes less than 2% of OPALCO’s total load. There is time to figure out a better way to address this issue without compromising other goals such as meeting RE targets as required by CETA.”*

While solar members currently generate about 3% of load, that is deceptive. Solar has half the output compared to a similar array in southern California, so northwest net meter rates to make solar “pay back” require more subsidy from regular members.

How we support local energy production is also important. The Washington Clean Energy Transformation Act (CETA) requires that while utilities transition to a carbon free future, that no members are left behind. The current proposal is designed to slowly shift solar rates to protect affordability for the whole membership between now and 2028 when, with a new power contract in place, price signals and cost parity between mainland power and solar will likely correct this issue.

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The Board’s job is to strike a balance that is fair and equitable for all. In this case, fairness includes recognizing the value of local solar generation with a renewable premium in the tariff as a bill credit, while reducing the uncollected revenue for kWh that affects the rest of the membership’s rates.

Subsidies are useful way to incentivize an emerging technology until it can stand on its own. Since OPALCO began subsidizing the cost of service for solar producers, the cost of solar has plummeted, the number of OPALCO solar members is growing exponentially, as is the increasing size of new systems. Solar production on OPALCO’s grid is now growing at more than 30% per year.

As we protect affordability for all co-op members, keep in mind that solar members benefit from a number of utility, state, and Federal incentives and subsidies that are also subject to change:

- The federal renewable tax credit was 30%, is ramping down to 22% in 2023 and expires in 2024. The tax credit benefits those who needed write-offs but is of little use to low-income members.
- The WA Renewable Energy System Incentive Program stopped offering the incentive to new solar customers in June 2021.
- The net-meter rate.

As emerging technologies like solar, wind and batteries mature, their subsidies ramp down.

As we mentioned above, OPALCO has several new programs and incentives in the works aimed at low interest financing for solar and storage, which will help expand local renewable energy options for more people. Things are changing, but OPALCO continues to innovate on expanding local renewable resources through grants, low-income initiatives, and incentives for emerging technologies.

This is the nature of a rapidly evolving world of challenges and solutions. We will get through this together.

The Value of the Grid

Though there are a few county residents that live off the grid, for most co-op members, affordable solar and comfortable living is only possible when solar is paired with the grid, especially during nights and gray winter days.

OPALCO estimates that for an average co-op member (consuming 12,000 kWh per year) to live off grid would spend about 32¢ per kWh for solar, battery and generator, and they would be living on the “fossil fuel grid” – burning wood or propane to heat.

OPALCO charges 10.87¢ per kWh, with more than 50% of that charge to pay for the grid (wholesale mainland power costs about 4.7¢ per kWh). When a solar member reduces their kWh consumption, they are indirectly reducing their funding of the grid that enables their solar to function year-round. A typical solar member pays 47% less for the grid than an average non-solar member. That uncollected cost is then borne by regular non-solar members as a subsidy. The subsidy is currently about \$300,00 per year and growing at 30% per year.

Demand Charges and Customer Classes

Chris and Chom wrote: *“Consider implementing a proxy demand charge.”*

Thanks for that suggestion. We are. Demand charges help capture the increased costs, especially in winter, when energy demand spikes. It requires more robust cables and equipment to serve the load.

We currently have demand charges for commercial members and demand charges are in the future for residential members. We want to make sure we help members mitigate demand charges, as part of our energy efficiency programs.

Rates must be based on a Cost-of-Service Analysis (COSA), which is an equity-driven rate design analysis, and assesses the usage and wear and tear on infrastructure for each member class – residential, commercial, low-income, seasonal, high users, etc.

We need to be vigilant on all cost-of-service approaches and classes to ensure fair and equitable tariffs while ensuring each issue is handled separately since one does not fix another.

Chris and Chom wrote: *“Large houses with more peak demand on the system are subsidized by small houses that pay the same monthly rate as the large ones.”*

In addition to demand charges, members who use more energy pay more to cover the cost of the grid they use, thanks to tiered rates and the fact that their increased kWh mostly goes to pay for the grid, since over 60% kWh rate covers grid cost, the rest paying for wholesale energy cost. And, bringing it back to solar rates, both a light user and a heavy user contribute much more to covering the cost of the grid than a comparable solar member.

The net-zero solar member is paying about \$48 into the grid cost, while the rest of the membership is typically paying \$102.45 ($\$48 + 60\% * 1,000 \text{ kWh average usage}$). Yes, some solar members are not net-zero, but they are near net-zero, or substantially reducing their kWh consumption, So, in this example, the solar member is paying 47% less than a typical regular member. Said another way, regular members are paying 113% more than the solar member, to cover grid cost. It’s fair to say solar members use the grid at least as much if not more than regular members, for importing and exporting energy.

Solar Framing and Shifting Costs to Non-solar Members

Chris and Chom wrote: *“solar shouldn’t be framed as a “burden” on members.”*

The problem of uncollected revenue resulting from the solar rate structure is real and will compound as more producers connect to the grid. While it may be uncomfortable to think of the incentive as something that has a cost to somebody else, it does. San Juan County has some of the lowest working wages in the state while also having members with some of the highest income. While the higher-income group can

more easily afford solar and reap the various subsidies and incentives, it is not free money. It comes out of the pockets of the rest of members. About 1,500 households have total household income less than 150% of Federal Poverty Level, according to a low-income needs assessment conducted by OPALCO in 2015. With COVID, we know that things are even more stressed now.

The good news is that we are hearing from solar members that they support the notion of equity and are less worried about payback time and more interested in helping reduce our dependence on the mainland for energy.

Chris and Chom also suggest - rather than reduce the solar subsidy, recover the cost from other expenses like credit card transaction fees and other administrative costs.

Thanks for the thought and suggesting ways to prudently manage our expenses. OPALCO has senior staff with extensive experience in optimizing the mix of pre-paid, post-paid, cash, and credit forms of payment to minimize billing and collection cost. This is all reviewed regularly for ways to reduce cost and ensure timely accounts receivable. OPALCO always works to keep its expenses lean.

Continuing on the topic of ‘framing,’ Chris and Chom say “*OPALCO’s comments framing customer Solar PV as a “social inequity... **depending on all co-op members, including low income, to subsidize those who can afford \$30,000 to install a personal solar system**” (October 2021 Board Materials, page 75) contradicts OPALCO’s latest annual report: “OPALCO’s plan requires... **members to invest in rooftop solar and battery storage...**” (OPALCO Annual Report, page 7). It also raises questions about how the Coop will reach its RE target of 30% by 2040, or those set by CETA.”*

Apples and oranges. The two bolded references to members refer to two different things. The first bold that says “**all co-op members**” refers to ALL co-op members. The second bold that says “**members to invest in rooftop solar and battery storage**” refers to solar members. That said, all members subsidize solar members, and with the proposed solar rates, that subsidy will continue, albeit reduced. As mentioned earlier, there are two sides to the “subsidy coin,” – some members wish we would subsidize less, and some more.

Carla and Bob Thomas Letter

Original Letter From Bob and Carla Thomas
OPALCO AND SOLAR COSTS

Net zero is the holy grail of the environmental world. Nations, our federal government, states and local governments are committing to net zero on various timelines. As of July 2020 Carla and I made a commitment to net zero by installing rooftop solar panels. We are now net zero in the power usage in our house thanks to the program OPALCO had made available and enthusiastically pushed.

Our House Facts:

- Net Zero system 43 panels.
- *\$40,000 out of pocket costs for the solar portion of the installation..
- *We contracted with Rainshadow to design and install our system; however we were still directly responsible and liable to OPALCO to assure the proper design and installation of the system.
- *We are responsible to OPALCO for maintaining the system to OPALCO standards for the life of the system.

- *At some future date, we will have to pay to replace the system or remove it.
- *We had a 12 year payback don't know what it will be in the future.
- *In a year we generated 21 mWh and used 20 mWh. OPALCO calculates we will be paid \$36 for the 1 mWh we over generated.
- *We are billed monthly a \$48 service fee.
- *We are saving salmon, Orcas and the world!

Based on our installation and recommendation two of our neighbors contracted Rainshadow and had their own systems installed.

Now OPALCO says the program we agreed to is not "fair" to the other co-op members.....we are not paying our "fair share" and they intend to change the rules to make the program more "progressive"their words,

Was it incompetence that OPALCO did not understand the implications of this program or did they intentionally misrepresent the program.

If the former how does that speak for other programs OPALCO is implementing. In the future will they find the Community Solar Program is not financially sustainable and "fair" or "progressive" to the other members? How about Rock Island. How will the SpaceX Starlink satellite program now available on the island affect their operation?

If the latter, how can we trust them in the future.

We no longer recommend this program or any other OPALCO program.

We invest in the stock market. Two of our most important investing rules are liquidity and transparency of the companies we invest in. Many of the companies in our portfolio are environment friendly. For example, we could have invested this \$40,000 in NextEra Energy (ticker symbol NEE), the worlds largest generator of renewable energy from the wind and sun. For over 20 years we have invested a total of \$20,000 in NEE. The current value of our investment has increased 850% plus we receive \$3000/yr in dividends all while supplying renewable energy throughout the US. We can monitor the company by computer and if our original thesis for our investing changes we can sell with a mouse click. No construction costs, no ongoing responsibility, no maintenance and no future replacement. No fuss, no hassle, just watch the monthly dividend check arrive in our bank account.

Our investment with OPALCO is neither transparent nor liquid and is dependent on the good faith of the OPALCO monopoly.

We broke our rules of investing when we invested in the OPALCO program. We now wonder what new changes to the program the future will bring in the interest of "fairness" and "progress".

Shame on us.

OPALCO Response:

Dear Carla and Bob:

Thank you for your comments on the proposed solar rates. You raise important points, which we summarize below, with our thoughts included. We welcome your follow-up on this – now, and over the coming years as we continue to address the shifting balance. You can also always reach out to us at communications@opalco.com.

Grand-fathered Solar Rates

First, know that if members prefer to stay with the current rate, they can stay with that. For some, the proposed rate will be advantageous, due to higher generation credit of 8.5¢ per kWh throughout the year versus the current 5.4¢ per kWh for excess banked generation at year end.

OPALCO is Accelerating Local Renewables

OPALCO is committed to advancing local energy resources with increased solar, storage, low-income solar, community solar, adaptive grid resilience, affordable funding programs, grants, and a variety of other innovations. The Co-op has a solid track-record of success in these areas while continually balancing the cost-of-service and co-op equity.

We have applied for additional USDA funds to add solar and battery storage projects to our on-bill financing program, Switch it Up. We expect that members will have access to those measures as soon as 2022.

Over the past few years, OPALCO has been recognized by Washington Governor Inslee and Clean Energy Fund for our achievements in accelerating local renewable energy innovations and solar for low-income co-op members, providing millions of dollars in grants. OPALCO is the smallest utility to win these grants, while viewed as a local renewable energy leader by the Clean Energy Fund and the State.

Solar for Low Income Co-op Members

OPALCO members from low-income households benefit from solar directly as 10% of production from the Decatur Microgrid is distributed to the Energy Assist (monthly bill credit) program; and with the upcoming Bailer Hill Microgrid, 45% of the project will go to Energy Assist. Both programs are funded by grants awarded to OPALCO. In addition, members can invest in Community Solar beginning at about \$150 to access benefits and bill credits. Any member investing in Community Solar may dedicate all or some of their production credits to Energy Assist.

Net-zero Rooftop Solar

Net-zero homes/businesses produce all the energy they consume. This is an admiral example for all of us and OPALCO applauds your commitment.

The Solar Subsidy and Incentives

There are two sides to the subsidy question among OPALCO's 15,000 members.

- Among the 400 solar members, we hear reducing the subsidy means *"OPALCO doesn't support solar."*
- Among the 14,500 regular members we hear *"OPALCO should not pay more for local power than it does for wholesale mainland power."*

The Board's job is to strike a balance that is fair for all. In this case, fairness includes recognizing the value of local solar generation with a renewable premium in the tariff as a bill credit, while reducing the uncollected revenue for kWh that affects the rest of the membership's rates.

Subsidies are useful way to incentivize an emerging technology until it can stand on its own. Since OPALCO began subsidizing the cost of service for solar producers, the cost of solar has plummeted, the number of OPALCO solar members is growing exponentially, as is the increasing size of new systems. Solar production on OPALCO's grid is now growing at more than 30% per year.

How we support local energy production is also important. The Washington Clean Energy Transformation Act (CETA) requires that while utilities transition to a carbon free future, that no members are left behind. The current proposal is designed to slowly shift solar rates to protect affordability for the whole membership between now and 2028 when, with a new power contract in place, price signals and cost parity between mainland power and solar will likely correct this issue.

As we protect affordability for all co-op members, keep in mind that solar members benefit from a number of utility, state, and Federal incentives and subsidies that are also subject to change:

- The federal renewable tax credit was 30%, is ramping down to 22% in 2023 and expires in 2024. The tax credit benefits those who needed write-offs but is of little use to low-income members.
- The WA Renewable Energy System Incentive Program stopped offering the incentive to new solar customers in June 2021.
- The net-meter rate.

As emerging technologies like solar, wind and batteries mature, their subsidies ramp down.

As mentioned above, OPALCO has several new programs and incentives in the works aimed at low interest financing for solar and storage, which will help expand local renewable energy options for more people. Things are changing, but OPALCO continues to innovate on expanding local renewable resources through grants, low-income initiatives, and incentives for emerging technologies. OPALCO continues to support member generation.

This is the nature of a rapidly evolving world of challenges and solutions. We will get through this together.

The Value of the Grid

Though there are a few county residents that live off the grid, for most co-op members, affordable solar and comfortable living is only possible when solar is paired with the grid, especially during nights and gray winter days.

OPALCO estimates that for an average co-op member (consuming 12,000 kWh per year) to live off grid would spend about 32¢ per kWh for solar, battery and generator, and they would be living on the “fossil fuel grid” – burning wood or propane to heat.

OPALCO charges 10.87¢ per kWh, with more than 50% of that charge to pay for the grid (wholesale mainland power costs about 4.7¢ per kWh). When a solar member reduces their kWh consumption, they are indirectly reducing their funding of the grid that enables their solar to function year-round. A typical solar member pays 47% less for the grid than an average non-solar member. That uncollected cost is then borne by regular non-solar members as a subsidy. The subsidy is currently about \$300,00 per year and growing at 30% per year.

Foresight

Some members have said, “Why didn’t you foresee this?” We have. We have been discussing this since inception of the net-meter rate; monitoring for the point that it would become unsustainable. The question is whether we start to correct it now in phases or fall off the cliff in the 2028 timeframe when we anticipate price signals to force it.

James Most (chain of email conversation)

Hi Jay,

I am not clear who at Opalco to send an email regarding the proposed net metering adjustment for solar producers, so if you are not the correct person, feel free to forward onwards. This is James Most, whom you met last summer doing the coop member profiles- we have the homestead next door to Loren Dickey.

I love Opalco for all the amazing progressive energy initiatives it has created. It is so cool to be a member of this cooperative that is leading the way forward to a renewable energy future!

Hence I am a bit perplexed by the proposed net metering changes, as they seem to disincentivize new solar installations. I suspect anything that reduces the payback timeline for a solar installation will reduce the pace of new installations.

I hear Opalco's argument that as more solar systems come online, non-producing members will be shouldered with the burden of grid maintenance, which could be seen as unfair. However, since currently with everyone paying the same base rate for membership, it is really the average users who are currently shouldering the burden for the high users. If fairness is a consideration, then consumption amount should affect each user's base rate (which is how EWUA does it now).

It seems a little whacky that Opalco should be going after actual producers of renewable electricity to make things fair, while a small OPAL home with a 125amp service and low KWH usage is paying an identical base rate to an estate with a 600amp service with multiple structures, guesthouses, shops, etc.

It's not like solar producers are getting a free ride- they have invested substantial amounts of money to make power for OPALCO. I don't think Bonneville Power would accept being paid a lower rate for a KWH, and so why should a local producer of the same KWH?

If the goal is equitability, make each user's base rate reflect their actual power consumption. Not only would this stop subsidizing the heavy users, it would also encourage conservation! EWUA calculates each user's base rate based on the prior year of usage- so if your usage drops, you are rewarded with a lower base rate.

Given how few solar producing members there currently are in comparison to regular members, it just seems like a crazy time to disincentivize new installations.

Thank you for your consideration,

James Most

Hi James,

Thanks for reaching out. I appreciate your contacting me. I will make sure your email gets to the board and staff. Do you have some time to chat Friday?

Jay

Hi Jay,

Sure, I'd have time to chat. What time(s) are you available?

Thank you,

James

Hi James,

Thanks for chatting. Great hearing your thoughts and sharing perspectives.

You asked about info - a good place to start is the OPALCO website, where each month we post the Board packet which is a comprehensive set of info related to topics for the month. Solar rates have been discussed all year, and members have been tuning in each month and offering thoughts during the beginning of each meeting. Here's a link (below) to the most recent board packet, which is packed with info related to solar rates and responses to Rainshadow comments. And we have also had solar town halls to hear from members and energy roundtable. Let's keep the conversation going and let me know your thoughts.

Warm regards, and thanks for all you do in making the world better and more beautiful.

jay

October Board Meeting Packet

<https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf>

Hi Jay,

Thanks for sending this to me. Reviewing the information, I totally get it - it clearly makes sense. When extrapolated forwards to a future of many many solar producing members, it has the capacity to be a big financial discrepancy.

The argument that non-producing members are subsidizing the grid infrastructure for producing members is valid. However, isn't it also currently the case that lower consuming members are subsidizing grid infrastructure for higher consuming members?

Correct me if I am wrong on this math:

To simplify the example, let's say 1 KWH costs \$1. Member A and Member B are in the same cost tier.

Member A uses 200KWH per month. \$200 in KWH fees plus \$48 in base rate equals \$248. Divided by 200 (for KWH used), this member is effectively paying \$1.24 per KWH for that month.

Member B uses 100KWH per month. \$100 in KWH fees plus \$48 in base rate equals \$148. Divided by 100 (for KWH used), this member is effectively paying \$1.48 per KWH for that month.

Member B is paying 16% more money for power, but using 50% less power which I would translate to less use of grid infrastructure. So in this example, Member B is subsidizing the cost of grid infrastructure for Member A.

If this is the case, and membership equability is the ultimate goal of the solar rates revision, wouldn't it also be pertinent to switch to a more equitable model where a member's annual consumption determines their annual base rate? (like the EWUA model). This would also reward conservation.

From my perspective, it seems like poor timing to implement a change in solar rates that has the possibility of slowing the pace of solar installation, given how relatively few member producers we currently have online. I would advocate for balancing the goal of membership equability with the goal of a rapid increase in member generation.

Thank you for all you do! As I said before, I am a huge fan of Opalco, and am wildly impressed by all the progressive energy initiatives it implements.

Cheers

James

Just as a note. Our residential tariff does charge more per kWh for higher use and there are different rates for commercial.

Here is the tariff for residential: <https://www.opalco.com/wp-content/uploads/2019/12/R-20-Residential-Service.pdf>

I'm really not sure how that plays out in what you're saying James, but wanted to share that. I'm enjoying the conversations and following along. These conversations lead to innovative solutions! Thanks.

Krista Bouchey

Thanks Krista!

In this example I was assuming they were in the same tariff block. Here is a translation to actual numbers:

Member A uses 1900 KWH per month. \$206.91 in KWH fees plus \$48 in base rate equals \$254.91 Divided by 1900 (for KWH used), this member is effectively paying \$0.134 per KWH for that month.

Member B uses 1000KWH per month. \$108.90 in KWH fees plus \$48 in base rate equals \$156.90. Divided by 1000 (for KWH used), this member is effectively paying \$0.157 per KWH for that month.

Member B is paying 15% more money per KWH, but using 53% less monthly KWH which I would translate to less use of grid infrastructure. So in this example, Member B is subsidizing the cost of grid infrastructure for Member A.

Again, if the primary goal is equal support of the grid infrastructure across membership, this seems like a far larger equity target to address. In a sense, members are currently being subsidized for higher power use, when in my mind the rate structure should encourage energy conservation. In the meantime, if all membership isn't equally sharing the burden of grid maintenance, it seems first targeting member producers of renewable energy is a questionable tack.

Thank you,

James

James, Thanks for sharing your thinking on this.

Expressing things as a percent in this example is mathematically misleading. For example, a member that uses 0 kWh pays infinity more. That's the nature of dividing by smaller numbers versus larger numbers. It is non-linear.

If we employed your statistically incorrect technique to solar members, who use the grid at least as much as regular members, but have lower kWh use, it would result in similar distorted assertions about what solar members pay per kWh.

For example, Member C (a solar member) uses 1 kWh net per month. \$.1089 in KWH fees plus \$48 in base rate equals \$48.1089. Divided by 1 (for KWH used), this member is effectively paying \$48.1089 per KWH for that month. But they are actually paying much less for the grid than either of your examples, due to the decreased kWh, which funds about 50% of the grid cost. Make sense?

The solar member is paying about \$48 into the grid cost, while Member B is paying \$102.45 ($\$48 + 50\% * \108.90). So the solar member is paying 47% less than a Member B. Said another way, Member B is paying 113% more than the solar member, to cover grid cost. Can we agree that the solar member C uses the grid at a similar level (even more?) than Member B (1,000 kWh)?

Anyone who consumes more kWh, pays more for electricity and pays more into the grid costs. The more you use, the more you pay. Heavy users pay at a higher rate. This is due to the tiered rate, and the large portion of facility cost that is recovered in usage charge.

Rates must be based on a Cost-of-Service Analysis (COSA), which is prepared every few years by professional engineering services that do equity-driven rate design analysis, and assess the usage and wear and tear on infrastructure for each member class residential, commercial, low-income, high users, seasonal, etc.

Jay

Hi Jay,

Thank you for taking the time to explain this, I can see how this math can be misleading. I trust the professional engineers are making an equitable model! I think the only thing left out of your example is that the producing members are producing for the grid, not just using. In this example of holding member

producers accountable for grid maintenance, how does Opalco account for Bonneville Power's contribution to grid maintenance? As both member producers and Bonneville are getting access to the grid to generate revenue from kWh sales?

James

You bet James. Thanks for your interest and thoughts and all you and your family do in living more lightly. We have tried to answer your questions, and would love to know what you think about:

1. Do member generators use the grid at least as much as a regular member?
2. Since member generators are paying a fraction of what regular co-op members pay for the facility, does it make sense that regular members might expect solar members to pay more to cover the cost of the grid?
3. Do you think solar members should pay more than they currently do to help cover the cost of the grid?

It may surprise you to learn that we are hearing from solar generating members, and they are taking a balanced look at the challenges, understanding the value of the grid and the subsidy better, and showing support for the new solar rate approach. Just want to see how you are feeling about it.

Just know that despite the meme that "OPALCO doesn't support solar." that is being promoted by some (that should know better), OPALCO is deeply committed to advancing local energy resources with increased solar, storage, low-income solar, community solar, adaptive grid resilience, affordable funding programs, grants, and a variety of other innovations that OPALCO has a solid track-record of achieving. All while trying to balance the sometimes conflicting needs for cost-of-service and equity.

Warm regards, jay

By the way James, you had asked:

"In this example of holding member producers accountable for grid maintenance, how does Opalco account for Bonneville Power's contribution to grid maintenance? As both member producers and Bonneville are getting access to the grid to generate revenue from kWh sales? I don't think I responded to that.

BPA does their own grid maintenance as part of delivering firm reliable 24/7/365 power under contract to us, unconditionally. They hand the power off to us on Decatur and Lopez Islands. At that point it is on OPALCO's grid.

BPA is a one-way transaction that does not need OPALCO or its infrastructure to continue business or generation. In fact, BPA charges OPALCO for their grid to get the energy to us, much the way our co-op members pay OPALCO for grid use. With BPA, it is mostly a transmission grid cost. And, interestingly, when we calculate the solar rate, we provide a credit for avoidance of that transmission cost - 1.23¢ per kWh, and avoidance of some substation systems - .09¢ per kWh.

Jay

Hi Jay,

Just a quick side note that I haven't encountered anything that makes me feel "Opalco doesn't support solar." I don't do social media, so I don't know if people are being loud about this in irrational ways, but it sounds like you may have encountered that sentiment. I know Opalco is leading the way forward on a lot of progressive energy initiatives. After reading some of the materials Rainshadow shared regarding other communities where these changes led to a reduced pace of installation, it made me question the timing of this rate change, not necessarily the theory.

Unfortunately, we live in an economy where people need to be financially incentivized to do "good" things socially and environmentally. I wish the federal government would just be like, "Opalco, here is 750 million dollars to make your grid more resilient and renewable." Instead, sadly, we have a 1.5 trillion dollar stealth fighter that was outdated before it even took flight!

Also unfortunately, I realize a lot of financial incentives go to people who have plenty of money already, like the federal tax credit for new EVs. It rewards the people who can buy a brand new 60k EV, not the people who can buy a used 6k EV.

I fully understand that solar is a "sweet" deal for those who can do it. I also fully understand that in a future where there are lots and lots of member producers, the share of grid maintenance will be very out of whack.

But currently with only 3% member producers (is that correct?) and an even smaller portion of those are net zero producers, I question the timing (not the theory) of this rate change and its possible effect on the pace of new installations. In my mind, this is a critical time to accelerate incentives and sprint towards renewable energy, even if in the meantime this means continuing to give a "sweet" deal to people to encourage investment in producing technology to make local renewable power for Opalco.

If Opalco implements this rate change, I still will be a big fan of Opalco and be proud to be a member (I won't show up in a prison costume at member meetings....🙄).

Thank you for taking so much time to explain the nuts and bolts to me!

James

Prison costume! Ha! You rock!

Local renewable generation and storage will continue to rock too. Each year will be different - the nature of a rapidly evolving world of challenges and solutions. We will get through this together.

Jay

Orcas Women's Coalition

Orcas Women's Coalition Inline Response

On Friday, November 12th, OPALCO staff received the following communication from the Orcas Women's Coalition Environmental Action Team. [OPALCO's response is included.](#)

OWC writes: Dear Board Members & Foster:

We, the Environmental Action Team (EAT) of the Orcas Women's Coalition (OWC), are writing in response to OPALCO's proposed rate reduction to "member-generators" (private generators of solar, wind and mini-

hydro energy) in the county. Although we naturally want the cooperative to succeed operationally and financially, we are opposed to a November 2021 vote on adopting a rate reduction because OPALCO has not provided the membership with sufficient details to support such a move, and such rate reductions have been shown across the country to cause steep declines in new (rooftop solar) installations.

OPALCO RESPONSE: Thanks for acknowledging the need for the Co-op to succeed operationally and financially. We are hearing that from most of our members, and, of course, there is a wide variety of thoughts on how best to accomplish it.

Before we get into the detail, please understand two fundamentals:

- 1) OPALCO is a nonprofit organization that operates at the cost of service (the cost to deliver power) and continually reviews rates to maintain an equitable balance where each member/class pays their share of the cost of service; and
- 2) This rate proposal is just one very small step toward adjusting all of OPALCO's rates (not just solar) to prepare for the major sea change in power costs and price signals that are coming by 2030. With a new BPA contract in 2028, legislative mandates through WA Clean Energy Transformation Act and the region's shift to renewable generation, every utility in the region is preparing for a paradigm shift. It's not a question of whether or not we adjust rates, but how: in phases to prevent rate shock or all at once when the new conditions are unavoidable.

We've replied to your statements and questions in line.

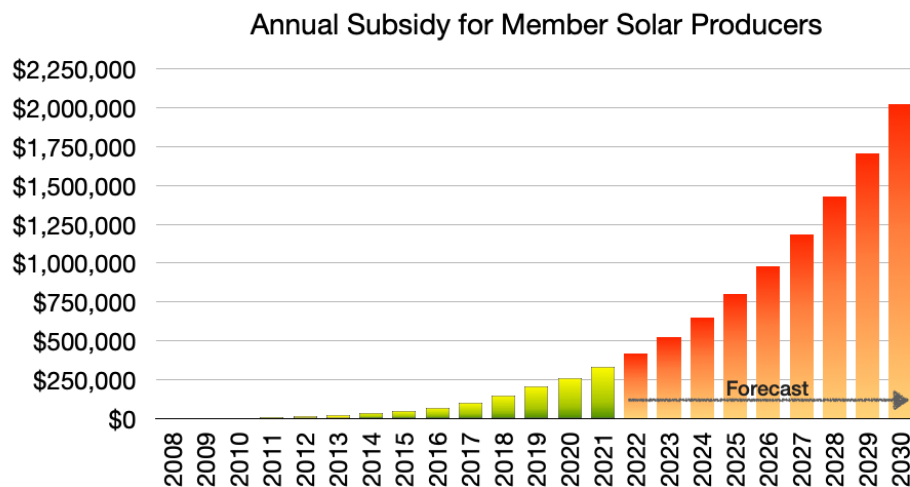
Regarding rate deductions causing "steep declines," OPALCO thinks that solar and, importantly, energy storage will increase in the coming years. Here's why:

1. The proposed rate change still offers incentives to member generators (\$0.085/kWh vs \$0.0109/kWh) and offers a higher rate of payback for those that generate more than they use over the course of the year. The payback is monthly, rather than waiting until the following April, any credit balance carries over month to month until it's used (the monthly credit can also cover the service access charge). The proposed solar rate pays a higher annual return on excess power produced by paying out monthly at \$0.085/kWh vs the \$0.052/kWh that the old rate pays for excess power over usage at year end. And if existing solar members prefer to stay with the old rate, they can. The deadline to opt out is March 2022. If a new rate is adopted, there will be a form published online for existing members to submit.
2. We've heard from many OPALCO members that they would still go ahead and install solar for the environmental benefits. They value a reliable grid to firm their solar when the sun isn't shining and are willing to pay for that service.
3. The federal, state and local incentives are being reduced as more solar adoption occurs. To combat this, OPALCO has been working on two initiatives:
 1. For low-income members, we have been going after and winning grants that fund solar for low-income households. The Decatur Microgrid Project directs 10% of production into the Energy Assist (monthly bill credit) program for low-income members thanks to a grant from the Bonneville Environmental Foundation. With a grant from the Department of Commerce's Clean Energy Fund, the upcoming Bailer Hill Microgrid Project will direct 45% of its total production to help fund Energy Assist. Community solar levels the playing field by removing barriers for members to access the benefits of solar: members can buy just one unit (~\$150) and see the production credits add up on their monthly bill. Any member investing in Community Solar may dedicate all or some of their production credits to Energy Assist.

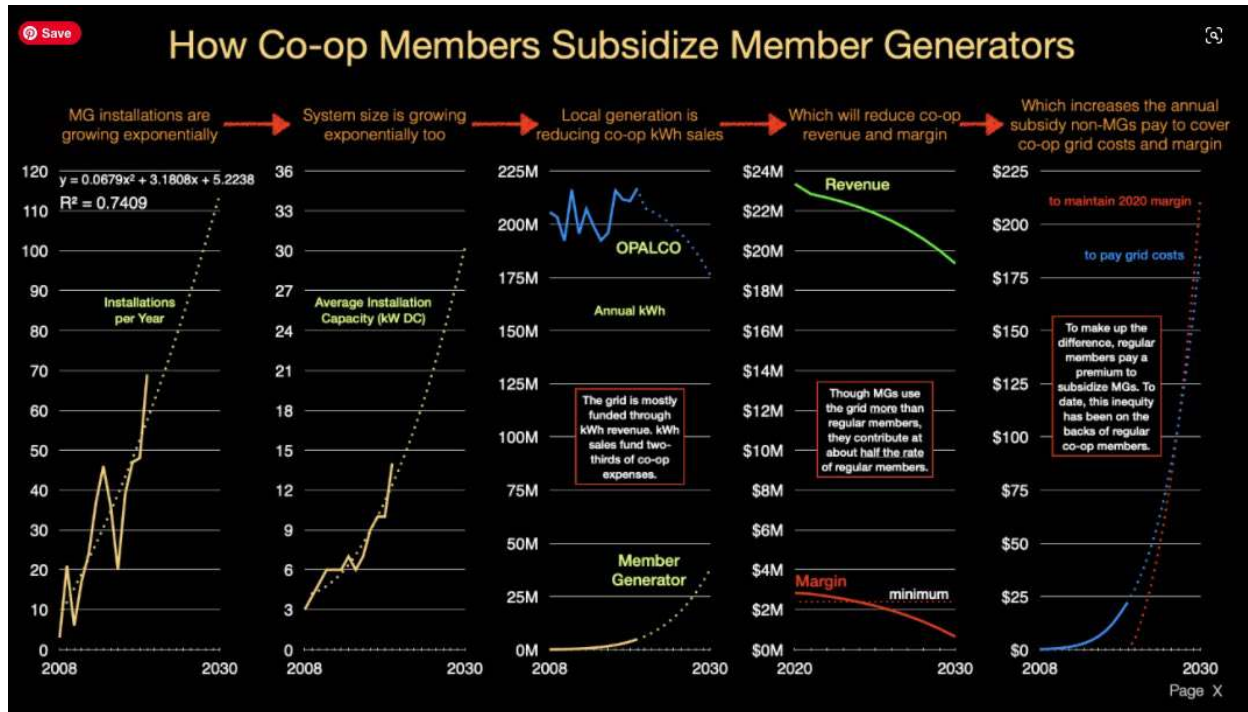
2. For middle-income members, OPALCO has secured tens of millions of dollars of Rural Utility Service low-interest funds that are made available to members through the Switch it Up on-bill finance program. OPALCO is working on additional funding to include rooftop solar, community solar and battery storage systems as Switch it Up projects. This is very low interest on-bill financing, as we are successfully doing now for heat pumps, EV chargers and home energy improvements, and would remove a major barrier to entry for solar.

OWC writes: Among the missing information to support such a reduced rate is whether and to what extent OPALCO’s immediate financial picture has worsened dramatically;

OPALCO Response: The current impact in uncollected revenue from 400 solar producers is about \$300,000. That is the current situation. Financial reports are included in the monthly board meeting materials: <https://www.opalco.com/resource-library/#rlfbboardmeetingsandmaterialsboardmaterials>. As you can see in the chart below, that amount will grow over the next ten years to about \$2M.



See below for the “work” behind that chart below:



Subsidies are a useful way to incentivize an emerging technology until it can stand on its own. OPALCO has been subsidizing solar since 2008. Since then, the cost of solar has plummeted, and the number of OPALCO solar members is growing exponentially, as is the increasing size of the systems.

OPALCO continues to support member generation. How we support local energy production is also important. The Washington Clean Energy Transformation Act (CETA) requires that while utilities transition to a carbon free future, that no members are left behind. The current proposal is designed to slowly shift solar rates to protect affordability for the whole membership between now and 2028 when, with a new power contract in place, price signals and cost parity between mainland power and solar will likely correct this issue.

OWC writes: what is OPALCO's plan to replace locally-sourced, clean energy when a rate reduction will likely cause a sharp decline in installations;

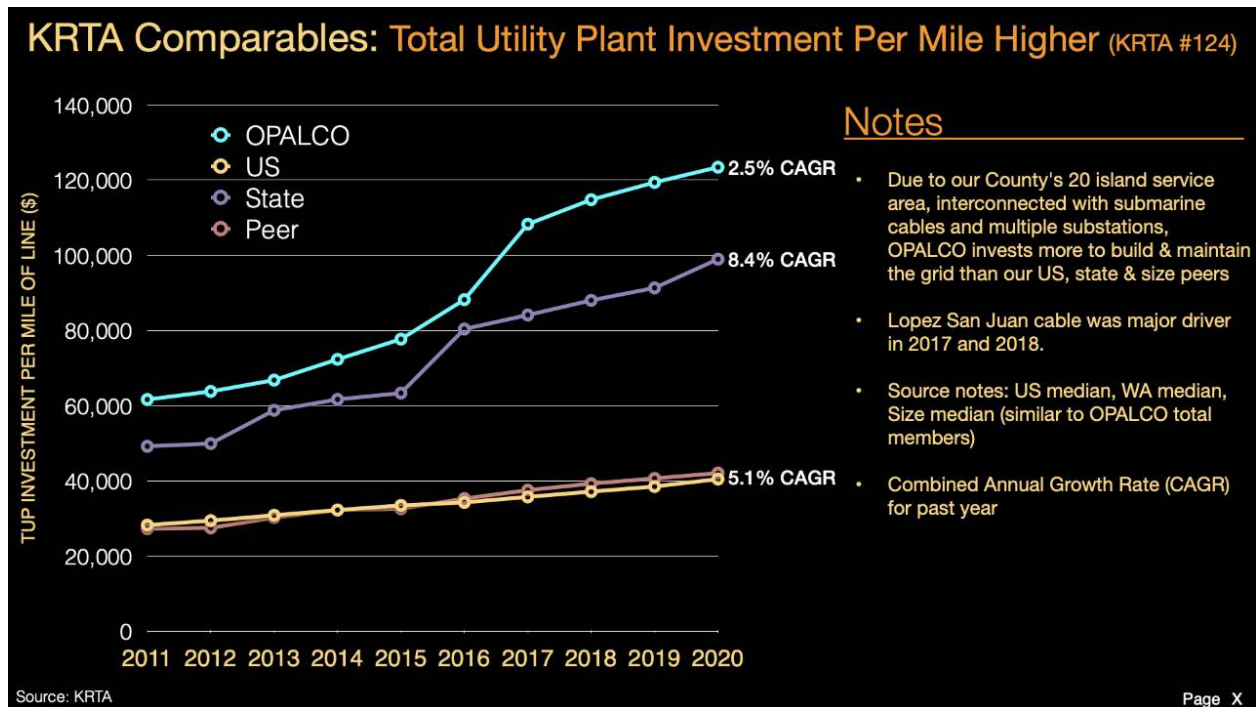
OPALCO Response: We don't want to replace locally sourced energy; we are growing it. See OPALCO's [Integrated Resource](#) and [Long Rang Plans](#) for how OPALCO is growing local renewable energy equitably. Regarding the plans, note that plans are reviewed regularly and updated as forecasts, system costs, and regional energy dynamics change. For example, with WA energy strategy and reductions of fossil generation, we see a rapidly increasing need for storage.

OWC writes: why does OPALCO maintain a heavily weighted fixed cost recapture rate design through volumetric rates while others in this industry have for many years moved to more environmentally-sustainable (i.e., "de-coupling" + minimum bills + time-varying rates + tiered rates) designs;

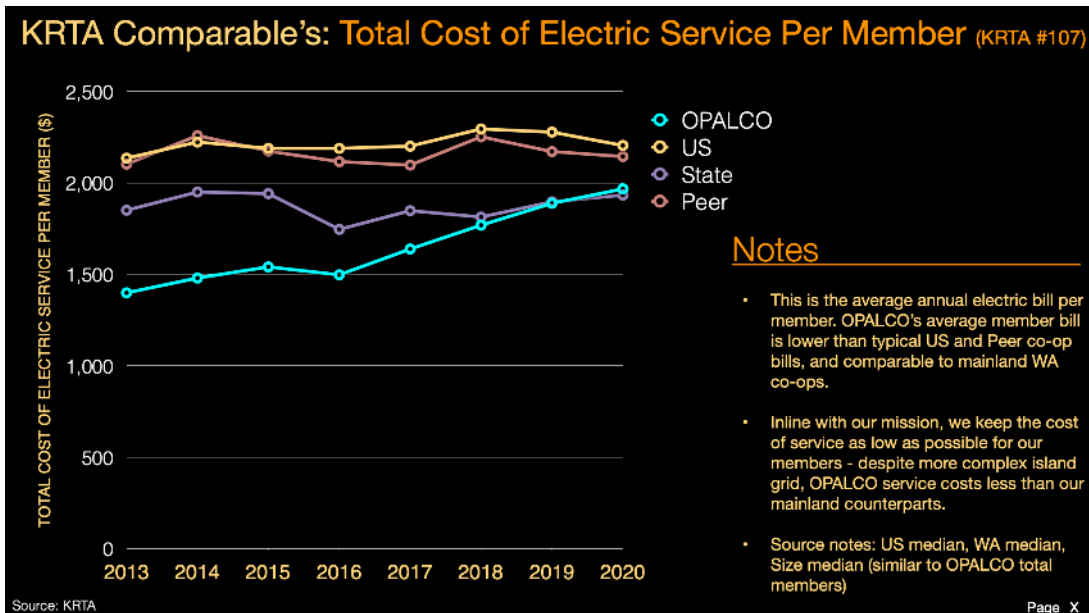
OPALCO Response: When comparing OPALCO to other electric utilities in the US, it's apples and oranges. OPALCO service territory is unique. Serving our remote territory of 20 island communities requires much higher grid cost. For example, while it takes 11 substations, 4 warehouses, 3 crew stations and 2 public offices

to manage our widespread system, a mainland utility serving the same population size would be consolidated into one location: one substation, one office, one crew. Ninety percent of our distribution is underground to storm-harden it and our islands are connected by 25 transmission and distribution submarine cables to supply power where it's needed. To learn more, see the discussion that starts on page 31 of the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf>

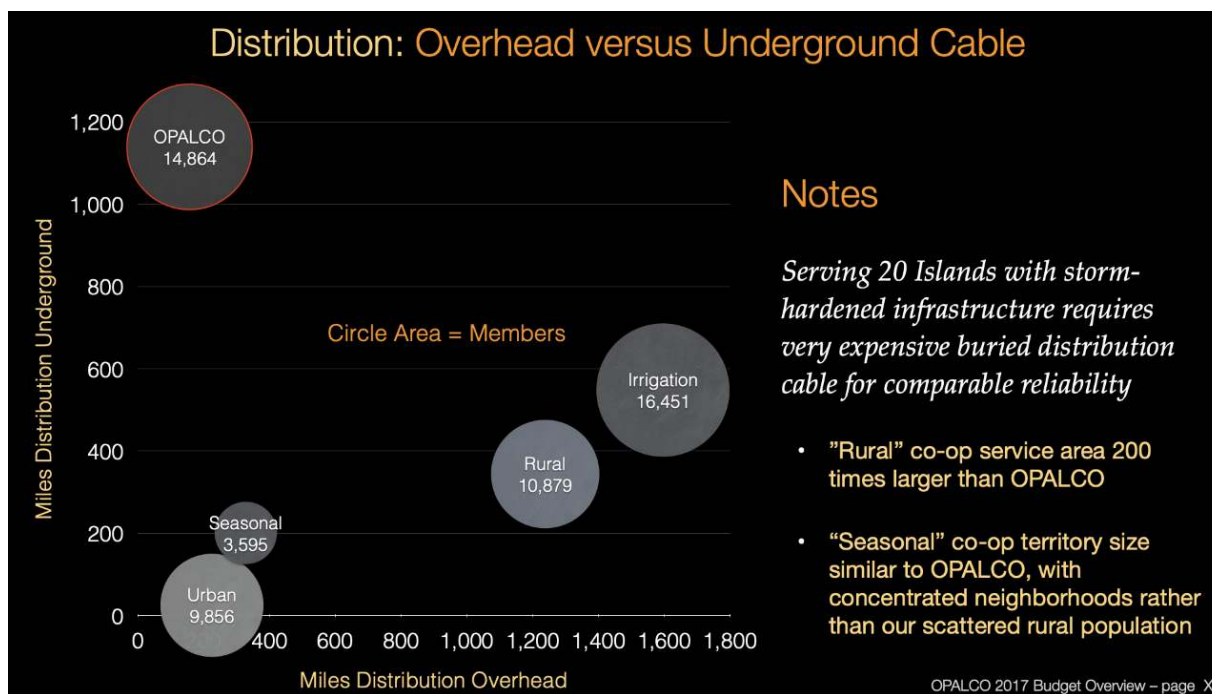
The chart below compares OPALCO grid to WA, peer and all US rural electric co-ops. OPALCO's grid is 3X more expensive than the US average.



Despite the higher cost of serving 20 islands, OPALCO members, pay less than members at US and size peer co-ops and about the same as mainland WA co-ops. See chart below.



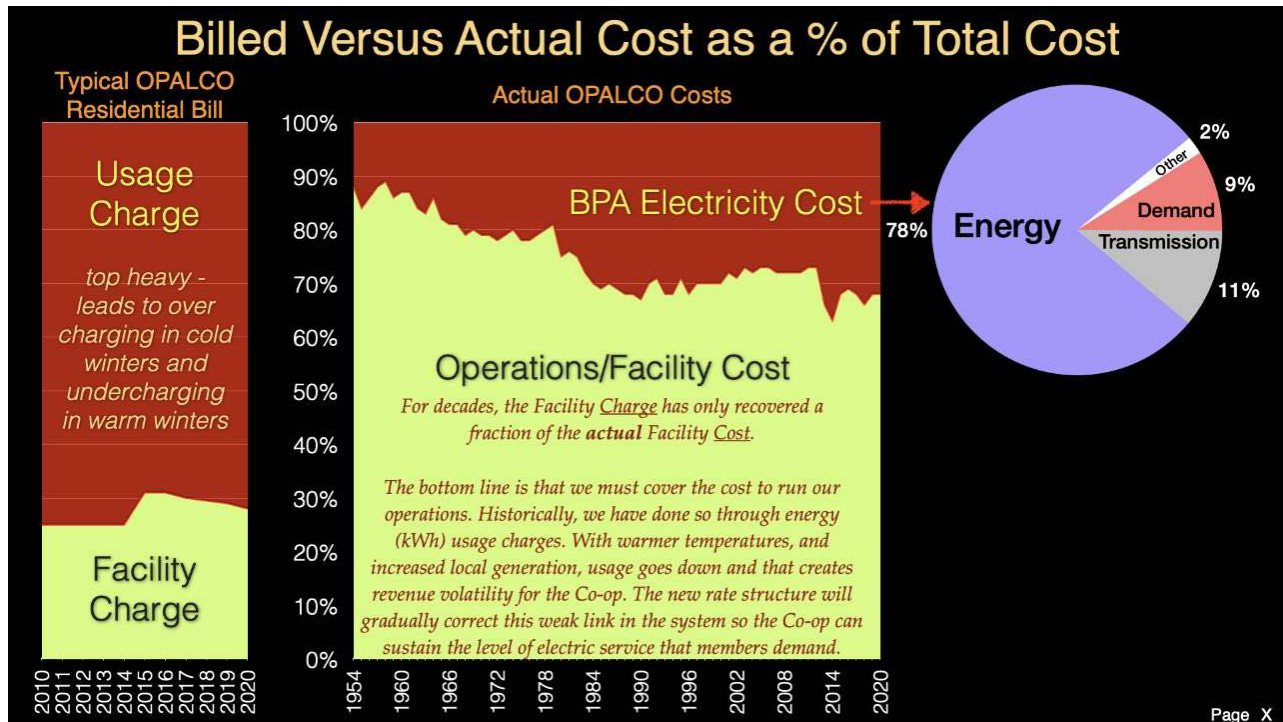
The chart below shows one of the grid costs - under-grounding and submarine cables to storm-harden the grid.



There is a fundamental flaw in the way utilities have billed customers: revenue collection is dependent on the sale of power. As we have encouraged conservation, incentivized efficiency and subsidized local renewable generators, the issue becomes bigger.

The chart below shows the disparity between what is billed and what it costs to deliver power. For decades, utilities have under-billed facility (fixed or non-energy costs) and made up for it in the kWh (energy) charge. But with climate change and the rapid electrification of heating and transportation, that is changing. Utilities are reducing the kWh charge to make sure it incentivizes a shift away from fossil-fuels to lower cost cleaner

electricity. We want it to be cheaper to heat and drive with electricity, the two biggest contributors to greenhouse gas emissions in WA.



The service access charge co-op members pay (\$48.41 in 2021) collects less than 50% of fixed costs. As the number of solar generators increases, kWh sales are further reduced, and the gap widens.

Facility Charge Gap Analysis

2021 Budget

Income Statement Summary (in thousands)	2021 Projection (actuals for prior months)		
	Budget	Projected	Variance
Operating Revenue	\$ 31,454	\$ 32,410	\$ 956
ECA Surcharge / (Credit)*	\$ -	\$ (734)	\$ (734)
Revenue	\$ 31,454	\$ 31,676	\$ (222)
Expenses:			
Cost of Purchased Power	\$ 9,735	\$ 9,523	\$ (212)
Transmission & Distribution Expense	\$ 6,798	\$ 6,546	\$ (252)
General & Administrative Expense	\$ 5,449	\$ 5,150	\$ (299)
Depreciation, Tax, Interest & Other	\$ 8,826	\$ 8,457	\$ (369)
Total Expenses	\$ 30,808	\$ 29,736	\$ (1,072)
Non-op rev (Int, Patronage, other)**	\$ 373	\$ 2,169	\$ 1,796
Net Margin	\$ 1,019	\$ 4,849	\$ 3,830
TIER	1.50	3.04	1.54
Equity %	35.8%	38.2%	2.4%
HDD	1,398	1,397	(1)
kWh Purchases	216,000	219,939	3,939
kWh Sales	203,260	208,020	4,760

Fixed Costs	Expenses
Transmission and Distribution	\$6,798,000
G&A	\$5,449,000
Depreciation, Tax, Interest, other	\$8,826,000
Net Margin	\$1,019,000
Total	\$22,092,000

Fixed Charges	Meters	Facility Charge	Monthly Revenue
Residential	13,600	\$48.41	\$658,376
Commercial	1,900	\$67.57	\$128,383
Total	15,500		\$786,759
Average		\$50.76	
Annual Fixed Income			\$9,441,108
Annual Fixed Costs			-\$22,092,000
Charge Income Deficit			-\$12,650,892
Facility Charge Gap Per Member			\$68.02
Actual Facility Monthly Cost Per member			\$118.77

* The ECA returned \$734k to members in the form of bill credits through Sept 2021

** PPP Loan forgiveness recognized as non-operating revenue in Sept '21

Page X

Co-ops strive to operate at the cost to deliver (cost of service) and to avoid any situation where one member class subsidize another. Member Service Policy 4 indicates that the new member “is always legally responsible for the actual cost of providing new electrical service.”

OWC writes: and why are you asking for a November Board vote on this issue when only insufficient information has been laid out for the co-op members to review, discuss and support?

OPALCO Response: We have been doing member outreach and collecting member feedback on solar rates since May, 2021. November is the month we present our budget and each year, where we set rates for the coming year. Here’s a summary of the outreach activities for solar rates:

- OPALCO announced the solar rates discussion in May of 2021 (see board materials for solar rates presentation: <https://www.opalco.com/wp-content/uploads/2021/05/Solar-Member-Generation-Presentation.pdf>) and has been collecting member feedback on the issue ever since. The first of two Solar Town Hall events was held on May 5th with 75 members in attendance (via Zoom) and the second Solar Town Hall – focused on the solar rate proposal that was presented to the Board in September – was held on September 20th with 115 members in attendance (via Zoom). In addition, members were notified about the solar rates discussion in the email newsletter, ads in local papers and on social media.
- Staff met with members and special interest groups who reached out to us in September and October to discuss the proposal and answer questions. At the October board meeting, members attended to comment on the proposal, primarily solar producers raising concerns about how the rate structure would affect solar adoption in the islands. Members requested that OPALCO take more time to gather member feedback. OPALCO scheduled an Energy Roundtable (via Zoom) to hear more from members on the proposal before proceeding.
- In advance of the Energy Roundtable, OPALCO sent out a special email newsletter to the membership with an explanation of the problem and proposed solution with links to the full board materials and Quick Fact digest of the information. There were also articles posted in local online news blogs: the Orcasonian, sanjuanisland.com and Lopez Rocks. In response to this outreach, OPALCO received about 43 written comments from members, which will be included in the next board packet. Of those comments, 22 were in support of the solar rate proposal, 18 were in opposition to the proposal and 13 did not take a stance on the proposal.
- The Energy Roundtable was held on November 2nd via Zoom and about 60 members attended. The roundtable was moderated by Ryan Palmateer (formerly of the San Juan Islands Conservation District) who has moderated that forum for years (before COVID restricted meetings). The virtual meeting was structured to give all members in attendance an opportunity to share their ideas and opinions. The members in attendance were primarily solar producers/investors (77%). After an initial round of brief opening statements, discussion began on three topics that showed the most interest in an opening poll: 1) Prioritizing Local Energy Resilience, 2) Removing Barriers to Rooftop Solar, and 3) Affordability.

If, with all of these outreach strategies in place, you genuinely are just now hearing about solar rates, we would love to hear your thoughts on how to get more members engaged in the topic and ways to collect member feedback.

OWC writes: This rate proposal has brought to light two disturbing facts which must be addressed to the membership before any vote can be taken, namely:

- that OPALCO has not sufficiently communicated to its members the reason we are knowingly curtailing the future adoption of more rooftop solar and mini hydro in San Juan County; and
- that OPALCO is still relying on an outmoded rate design that directly 'disincentivizes' OPALCO from heading up any county-wide energy consumption reduction programs.

See discussion above on communication outreach activities. Far from being "outmoded," the momentum is growing all over the US for rate change, for the reasons discussed above. The grid needs to remain sustainable, particularly with the growing national commitment to increase the share of intermittent solar and wind in the mix. And, for most of the country, it will require vast amounts of land and transmission: infrastructure which all needs to be funded.

We would love to hear your thoughts on how to incentivize equitably while paying for the grid and keeping power costs affordable for all members.

OWC writes: We are not talking to local media or undertaking any letter writing campaign on this issue. Instead we are coming to you directly to respectfully ask you to delay a vote on this until the membership is presented with the above information and agrees with you that a rate reduction is the best and only move.

OPALCO Response: Thank you. We appreciate your direct approach and encourage you to communicate with your members as we deepen the conversation together. We welcome a meeting with you to continue the conversation about rates – which will be ramping up over the next couple of years as the Co-op addresses a paradigm shift for rates across every tariff/class.

Here are some of the questions that OPALCO is considering. What are your thoughts?

1. How should OPALCO value and balance capital to the various options - rooftop solar, community solar, tidal, and generation versus storage, resilience, decarbonization?

We know there is no perfect energy resource. We have members that are concerned about the environmental impacts of our very solutions: solar, storage systems, EVs.

2. How should OPALCO balance capital for solar versus tidal?

Solar is seasonal, producing one-fifth in winter compared to summer. Tidal produces year-round, night and day, requiring much less storage and firming but costs are still high as the technology evolves.

3. How should OPALCO balance investments in rooftop solar and community solar?

4. Among the priorities of decarbonization or reducing mainland power, which is most important to OWC?

5. How should the cost of the grid be covered? Who should pay?

It would cost a typical solar producer about 32¢ per kWh to go off grid, compared to 11¢ per kWh on grid, and it would require burning fossil fuels (high carbon use) in the winter to run a generator (or wood stove). What is the value of the grid to a member generator?

Orcas Women's Coalition Original Letter

Dear Board Members & Foster:

We, the Environmental Action Team (EAT) of the Orcas Women's Coalition (OWC), are writing in response to OPALCO's proposed rate reduction to "member-generators" (private generators of solar, wind and mini-hydro energy) in the county. Although we naturally want the cooperative to succeed operationally and financially, we are opposed to a November 2021 vote on adopting a rate reduction because OPALCO has not provided the membership with sufficient details to support such a move, and such rate reductions have been shown across the country to cause steep declines in new (rooftop solar) installations.

Among the missing information to support such a reduced rate is whether and to what extent OPALCO's immediate financial picture has worsened dramatically; what is OPALCO's plan to replace locally-sourced, clean energy when a rate reduction will likely cause a sharp decline in installations; why does OPALCO maintain a heavily weighted fixed cost recapture rate design through volumetric rates while others in this industry have for many years moved to more environmentally-sustainable (i.e., "de-coupling" + minimum bills + time-varying rates + tiered rates) designs; and why are you asking for a November Board vote on this issue when only insufficient information has been laid out for the co-op members to review, discuss and support?

This rate proposal has brought to light two disturbing facts which must be addressed to the membership before any vote can be taken, namely:

- that OPALCO has not sufficiently communicated to its members the reason we are knowingly curtailing the future adoption of more rooftop solar and mini hydro in San Juan County; and
- that OPALCO is still relying on an outmoded rate design that directly 'disincentivizes' OPALCO from heading up any county-wide energy consumption reduction programs.

We are not talking to local media or undertaking any letter writing campaign on this issue. Instead we are coming to you directly to respectfully ask you to delay a vote on this until the membership is presented with the above information and agrees with you that a rate reduction is the best and only move.

We are available for a discussion with the Board and Foster.

Respectfully,

Orcas Women's Coalition's Environmental Action Team

Rainshadow Solar: Chris and Justin Wolfe November 2, 2021 Comments

November 2, 2021

OPALCO Board Members (Jeff Struthers, Rick Christmas, Tim Osterman, Vince Dauciunas, Dr. Jerry Whitfield, Brian Silverstein, and Mark Madsen)

Re: Energy Round Table – Solar Tariff

OPALCO Board Members,

We appreciate the opportunity to continue the conversation on OPALCO's proposed changes to the solar tariff. We previously submitted comments on October 15, 2021; and we each provided oral comments at the board meeting on October 21, 2021. We provide below additional information for the board to consider:

1. To justify the proposed solar rate change, some on the OPALCO board and staff have used the example of the non-governmental organization, Natural Resources Defense Council (NRDC) as supporting modifications to net metering in California. **The conclusion that NRDC's position in California applies to the situation we are in here in San Juan County is simply wrong.** To be very clear and to avoid being misquoted, NRDC explicitly states the following in a blog post describing its position on net metering in California:

"NRDC supports net metering in establishing and building a market for rooftop solar and has pushed for net metering policies in many states. The issues we address here are a result of the enormous success California has had with rooftop solar and the need for sustainable growth in that market while decarbonizing the entire economy."

"Today, there are approximately 1.2 million rooftop solar installations that amount to 9 gigawatts (GW) of clean energy capacity—about 11 percent of California's total electricity production capacity (80 GW)"

OPALCO's website reports that in San Juan County, solar accounts for a mere 1.18% (2019) of the total generation mix. OPALCO also notes that currently, solar members generate approximately 2,860 megawatt-hours (MWh)¹ of solar production, while total energy demand is increasing, on average, 1,000 MWh per year, despite the solar contribution. OPALCO also projects a particularly ambitious forecast, *especially in light of the proposed solar disincentive*,

¹ OPALCO background materials for the roundtable: \$300,000 attributed to solar generators equates to

\$300,000/\$0.105/kWh = 2,860,000 kWh annual production/1,100 kWh:kw ≈ 2.6 MW.

for new solar installations (in 2020, there were 57 new interconnections, but this will apparently grow to 100 members annually for 2021, up to 300 members annually in 2030). **This means that solar in San Juan County will not even reach 10% of total electricity production capacity until well after 2030.** We are nowhere near the point where we should begin disincentivizing solar, especially as OPALCO's own goal for renewable energy generation is 30% by 2040.

2. **OPALCO inappropriately characterizes solar generators as “a burden on the rest of the membership”.**

OPALCO's email communication to members alleges that all members are *subsidizing* solar because solar generators cause OPALCO to lose revenue and assures membership that the OPALCO proposal is “only the first step in making sure all members are paying their fair share for energy”. The argument that solar subsidies are bad because other OPALCO members help cover the cost of solar generators is no different than holding up the most wasteful OPALCO members as being the true unsung heroes for their contribution to revenue generation for OPALCO. After all, their bill more than covers their cost of service and the remainder is a subsidy for those that don't. Yet we know that this waste is actually NOT what we want as a community.

In the interest of transparency, we have provided a brief summary of other so-called “subsidies” that all OPALCO members also provide, either in the form of lost revenue or increased costs:

“Subsidy”	Subsidy Type	Annual Impact
Members using Credit Cards for Bill Payment	Cost incurred	\$585,900 - \$930,000 (2020, up to 3% in fees for \$31M in revenues annually for 63% to 100% of members on “autopay”)
Rock Island	Cost incurred	~\$400,000 (2018-2019: OPALCO reported a \$3/month “dues” assessed on all members for first 2 years of Rock Island (note that OPALCO reports Rock Island is apparently now “self-funding” but financials have not shown the entity is profitable yet)
Members using Project PAL & Energy Assistance Program	Cost incurred	\$313,000 (2020: \$155,000 for Project PAL to 646 members and \$158,400 for Energy Assistance Program for 356 members)
Members with Rooftop Solar	Revenue loss	\$300,000 (2020 estimate by OPALCO)
Members using Energy Efficiency Rebates (e.g., members who received rebates for heat pumps, appliance swaps, etc.)	Revenue loss & cost incurred (OPALCO members pay tariffs that go to BPA who sends funds back to OPALCO)	\$157,100 <ul style="list-style-type: none"> – \$80,600 (2020, revenue loss from 760,983 kWh for rebate projects) – \$76,500 (2020, rebates awarded to 51 members)

Members using EV Charger Rebates or “Free” Public EV Chargers	Cost incurred (OPALCO members pay tariffs that go to BPA to send funds back to OPALCO)	\$19,000 (2020, rebates awarded to 38 private EV chargers) \$50,000 (2020, Bonneville Environmental Foundation grant for EV Happy Deal project) \$? (2020, charger cost and ongoing energy usage for ~6 free public chargers)
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“Subsidy”	Subsidy Type	Annual Impact
Energy-Efficient Homes (e.g., well-insulated homes, efficient heating, members who turn off lights)	Revenue loss	\$? EPA estimates that up to 11% of total energy costs can be reduced through efficiency improvements.
Non-Electric Heating Members (e.g., members who use LPG, woodstove, or other non-electric sources)	Revenue loss	\$? Heating loads are the largest energy load in San Juan County at present, and we see many members who continue to use LPG or woodstoves for their primary heat source.
Seasonal OPALCO Members <i>(“more than one-third of all homes in San Juan [County]...are vacation homes”)</i>	Revenue loss	\$? Low usage means that all OPALCO members step in to cover the cost of grid access.
Members Living on Outer Islands (16 islands including Brown, Center, Obstruction, Henry, Pearl, Crane, Canoe, Decatur, Blakely, Fawn, etc.)	Cost incurred	\$? Additional distribution and maintenance/operation costs for the outer islands (as an example, the recent submarine cable project between San Juan and Lopez cost more than \$1,100/foot).

OPALCO’s recent communication chose to use the word “subsidize” to describe our solar member generators, with the insinuation that a subsidy is a bad thing. The reality is that subsidies exist throughout the OPALCO framework and often for very good reasons. The subsidized assistance programs, PAL and EAP, are incredibly important to help with equity in our community. In 2018, all members began subsidizing Rock Island, presumably because of the potential upside for greater connectivity. All members subsidize the free EV chargers OPALCO has installed throughout the islands that help support decarbonizing the transportation sector and have public health benefits from decreased emissions. All members subsidize the heat pump and EV charger rebates (those Bonneville Environmental Fund grants are funded by rate payers) that can drive changes that reduce greenhouse gas emissions. However, there are examples of subsidies that are arguably less good – incurring significant costs with credit card fees (when no-cost equivalent options are available), for example, or turning a blind eye to the cost burdens of seasonal members who clearly are not paying their share of grid access for their vacation homes. If OPALCO is truly concerned about “fair share”, why does OPALCO not focus on these opportunities to reduce cross-subsidization?

With solar, the benefits are clear; support for renewable energy is not only part of the mission of OPALCO, it also is a financially sound investment because on-island generation reduces reliance on

transmission from the mainland, it has the real potential to deal with load shifting in a changing climate where summers are hotter (and require air conditioning...easily offset by summer solar production) and winters are milder (with lower heating loads), provides electricity from a truly renewable source that does not impact salmonids and orca whales, and lays the foundation for distributed energy generation and storage in our community. The UN Climate Change Conference (COP26) is being held right now, and it has never been so clear that action is needed now, by everyone.

Solar is a big part of the solution, now and for the future. The so-called “solar subsidy” comes with a tremendous return on investment for all OPALCO members, as well as for society.

3. **OPALCO’s proposal to change its approach with rooftop solar leaves out a critical detail.** In the 2020 Annual Report of Accomplishments, OPALCO shares that “if... we still need to develop additional resources to meet the mandates and ensure a reliable and clean power supply, OPALCO will build utility scale renewable projects and/or look for projects in the region to invest in. These projects will be paid for through borrowing and will affect member rates.” This means that if we do not install on-island renewable energy sources fast enough, OPALCO will charge the members to source renewables off-island.
4. **OPALCO’s assumptions and analysis for the proposed change are still not clear.** We previously recommended reconvening the Energy Roundtable for more in-depth focus on this issue; our intent and personal commitment was to a process that we envisioned to be weeks or months long to allow greater understanding of all sides of the solar tariff issue, similar to how the Energy Roundtable had operated in the past. Instead, OPALCO has convened an **hourlong** session today with members to react to materials that OPALCO has prepared. While we applaud the effort by OPALCO to listen to members for this time period, serious stakeholder involvement takes time (beyond an hour for listening; as an example, consider the process employed by the [Northwest Ports Clean Air Strategy](#) that involved stakeholders in multiple stages for idea development/ reaction/reformulation over more than two years).

As an example of why this matters, OPALCO currently projects net margins will be close to \$1 million over budget for 2021 and a main reason for that increased margin is higher than expected electricity sales; why has this occurred and what impact does this have on OPALCO’s solar tariff proposal? Furthermore, how did OPALCO project solar adoption for the future, given the historic rate of adoption AND incorporating reduced demand from the proposed tariff? With this proposal, how does OPALCO intend to meet the goal to source 30% of total energy demand with renewables by 2040?

For the reasons above (and those previously mentioned in our written and oral comments), **we do NOT support OPALCO’s proposed changes to solar tariffs.** The proposed solar tariff change does not support OPALCO’s mission and goals, and it will curtail private investment in renewables by increasing the cost of solar. Everyone loses in the long term in this scenario.

Transcript of Energy Roundtable and Chat

November 2, 2021

LINK to recording: https://youtu.be/tk_FIXVLZZs

Suzanne Olson	Krista Bouchey	Ryan Palmateer	Jay Kimball
Russell Guerry	Foster Hildreth	Nancy Loomis	Mark Madsen
Orion Eaton	Jim Hooper	Mark Allen	Jen Taylor
Chris Wolfe	Markus Virta	Nancy Crowell	Carla Thomas
Frederick Perez	Rosalyn Montgomery	Anne Marie Shanks	Hilary Canty
Andrew Nichols	Rick Fant	Tim Kent	Beth Helstien
Jeff Struthers	Kim Rice	Vince Dauciuinas	Thomas Baldwin
Bruce Dunlop	Timothy Dwyer	Steve Buck	Karen Gilbert
Brian Silverstein	Ron Zee	Lorie Narum	Bruce Nyden
Joseph Clare	Mark King	Tom Osterman	Jon DeVaan
Brett Bartmasser	Bill Will	Bruce Robinson	Dan Gottlieb
Matthew Nelson	Amanda Eichelberger	Crystal Mossman	Barbara Rosenkotter
Martin Lund	Scott Perryman	Chris Thomerson	Susan Bauer
Jospeh Clare	Bill Weissinger	Roger Ross	Jerry Whitfield
Steve Buck	Claude Werffeli	Philip Sherburne	Michael Pickett
Justin Wolfe	Rick Christmas	Poke Haffner	Kristy Royce
Tessa Ormenyi	Steve Finley	Karen Gilbert	Chom Greacen
Gilliver Rankin	Stephanie Rosenblatt	Paul Henriksen	Chris Greacen
Bern Shanks	Gerrut Bergsma	Rob Thesman	Elliott Burch
Mike Alperin	Tim Kent	Carsen Sprenger	Joe Cohen
Heather Nicholson	Leith Templin	Susan & Peter Risser	

Ryan Palmateer opened meeting

Suzanne Olson explained meeting format

Foster Hildreth welcomed all

Ryan reviewed proposed solar rate changes. Explained opening comments would be limited to 30 seconds to give everyone an opportunity to comment.

Paul Henriksen – So I didn't have a question I just said, I don't really need to introduce myself, I would need more than 30 seconds to share my reaction to this proposal. did you hear me Ryan?

Ryan P – I heard you needed more than 30 seconds and then it cut out.

Paul H – yeah, ok. So I do need more than 30 seconds. I'm Paul Henriksen from Lopez Island. I've been a member since 1978 so I would like a little bit more time to comment on this proposal at some point.

Ryan P – awesome, awesome. The next one, Tessa,
excuse me if I butcher your last name – Ormenyi?

Tessa Ormenyi -	Good job. And I want to echo what Paul said I would love to have some more time to comment than 30 seconds I will try to say that I'm a residential electrician on Orcas Island I also install solar. I see this proposed rate change as directly attacking local businesses and local trades people like me and my ability to live here and to afford to live here and I think it's ridiculous. Thank you.
Ryan P	Next is Jon 'DeVan'
Suzanne Olson	Please take your hand down after you've commented
Jon DeVaan	It's DeVaan actually, sorry.
Ryan P	DeVaen, sorry about that.
Jon DeVann	Suzanne, sorry, I spoke over you what was that?
Suzanne O	Sorry, I was just asking people to take their hand down after they've spoken this first round
Jon DeVaan	Ok, um my thought is we need to preserve the incentive for people to build more solar and I don't know how the numbers work out, I would have expected a part of the argument here to be the case of you know what's the typical payback for a system. Um, and I haven't seen that in any of the materials so I think a proposal that, you know, reduces the payback of someone installing a system is a bad plan and we should find another way to pay for the grid access.
Ryan P	Awesome. Thank you, next hand is Karen Gilbert.
Karen Gilbert	Hi, I'm Karen Gilbert, I live on Lopez Island and I have a roof top solar set up that Rain Shadow put in some year ago, two years ago and we are looking at adding to, uh, we'd like to double our power generation and put in some batteries as part of our disaster as well as wanting to decrease our carbon footprint and to contribute to our county's power security. I was really surprised when I read that we are not, um that we're, that OPALCO is having trouble paying for the grid operation and so I have a concern about the financial health of this cooperative so I really just want to learn more and I do think that we need to incentivize people to put in solar generation.
Suzanne O	Thank you Karen, you're at your time.
Karen G	That's all, that's fine.
Ryan P.	Next is Susan Bauer

Susan Bauer	Hi Everyone, I'm on Orcas I'm a member generator and I have two questions or I think a two topics I hope you will address. Our member generators as a sector of energy production more costly than, say the OPALCO Community Solar projects. And then two, does OPALCO forecast diminished effect on adoption of new solar arrays, as a result of this new tariff?
Suzanne O	Thank you Sue that's your time, thank you.
Ryan P	Net, I have Anne Marie Shanks
Anne Marie Shanks	I thank you for the opportunity to comment. I've been with OPALCO for 33 years and we participate in Community Solar as well as having solar panels. We did that for the planet, for our grandchildren and for future generations. And I really would like to see ore strengthening of the planning for sustainable energy. I'm concerned that the way OPALCO is framing this issue is divisive in the community. I think you are pitting solar generating people against non-solar generating people with the language that you're using and the way you're positioning the issues. Numerous studies have shown that reducing net metering payments reduce the solar solar economic viability for homeowners.
Suzanne O	Anne Marie, I'm sorry that's your time. You're at 45 seconds.
Anne Marie Shanks	Thank you
Suzanne O	We're going to have more time to discuss this in the second half.
Ryan P	Next is Scott Finley
Scott Finley	Yeah, hi Scott from Lopez Island and member of Transition Lopez, uh I am also an owner of an electric car and I'm not an owner generator so I was shocked as Ryan was to find in my first year I owned by car I went to renew my tabs and I had an extra \$150 tacked on there, that was the penalty for converting to electric. That acted as, I mean would have acted as a disincentive for me but that is my concern about this. I believe that we should incentivize the behavior that we want to encourage and discourage behavior that we want to discourage.
Suzanne O	Thank you very much
Scott Finley	Okay
Suzanne O	Hey Krista, before the next one, will you put up the poll about your relationships with solar. I think we have a lot of people that can have a story to tell about that. Thank you.

Ryan P	Next, we have Andrew Nichols
Andrew Nichols	Hi everyone Andrew Nichols here on Lopez Island. I move out here to the San Juan Islands five years ago and one of the reasons why I moved out here is because I wanted to become a member generator and so within the next couple of months I'm going to be getting solar on my I feel really strongly about building resilience and energy independence for the islands. I think we should be encouraging that from every single member possible. We need to prevent things like January's power outage where it wasn't, you know, anything on the islands, it was our connection to the mainland. We need to build more resilience.
Suzanne O	Thank you, thank you.
Ryan P	Next, Jim Hooper
Jim Hooper	Good afternoon, good evening, I'm Jim Hooper and I live on San Juan Island. I didn't fully understand the annual excess generation provision and the incentives. Now, in general, my opinion is that existing members should not be unduly burdened with solar incentives so I fall in the camp of people more interested in rolling back the incentives so that other energy users don't have to, you know, pay for some of those incentives.
Ryan P	Awesome. Thank you, Carla, you're next.
Carla Thomas	Hi, can you hear me? My name is Carla Thomas so I live on Orcas we just got solar panels last year and were shocked to hear this new fee. I think that this action will curtail private investment and solar if OPALCO needs more money, I want you to raise a service fee for everybody and we're going to opt out. That's it.
Ryan P	Thank you and next is Chris Thomerson
Chris Thomerson	Hello, I'm on Orcas Island, I very much believe we need more solar. And I also think to get more solar installed, we need to change the incentive I don't consider return on investment of other future payback as a motivator. I'm much more concerned about being part of the solution and not part of the problem. Hence, I have little interest in a subsidized production credit I'm very much influenced by making the installation affordable. I want to see an easy on ramp by the Switch It Up low interest long term payment on the electric monthly bill so I'm fine with reducing the subsidy, I want you to move away from future profit of the solar system.
Suzanne O	Thank you Chris.

Ryan P. Next we have Chom Greacen.

Chom Greacen Thank you, I'm Chom Greacen from Lopez Island. I have actually prepared some written comments which I just shared in the chat. I just wanted to say that we may have better alternatives to the current proposed solutions and to propose rates and is presented in the written comments as some ideas to consider. Thank you.

Ryan P Awsome. Thank you. The last hand I see is Thomas Baldwin.

Thomas Baldwin Thank you, we're from Orcas Island, we have a small roof top array we put this up because we felt we have a moral obligation to deal with climate change and it was not because of any kind of a financial return, and I think this is the way it should be.

Thank you

Ryan P Ok, and then we.....

Suzanne O We have Philip Sherburne raising and hand I see a couple of hands that are not, they're being like old school raised. I see Matthew Nelson and Philip Sherburne.

Ryan P When you click the little icon it puts you up into the front, like in a physical line so if I'm missing the actual physical hand up I'm sorry.. Um, let's see, who's next?

Suzanne O I think Matthew Nelson

Ryan P Let's see, where is Matthew Nelson, right here, can you guys hear me?

Matthew Nelson Yeah, Hi, my name is Matt Nelson, I live on Orcas and I'm a member generator. I am opposed to this proposed change and net meter and I think we should investigate ways of generating the revenue that's needed in other ways which I submitted in written comments yesterday. Thank you.

Ryan P And then I've got Chris Greacen

Chris Greacen There we go, hey um, I just wanted to add to the conversation to encourage OPALCO to simultaneously consider in a comprehensive way other cross subsidies associated with customer that are really small islands that are service by OPALCO owned submarine cables that have high depreciation expenses where other ways that OPALCO rates may be cross subsidizing members and if we're going to do it for solar we should think comprehensively. Thanks.

Suzanne O I see Philip Sherburne has his hand up. If you could wave your hand again Philip, we can see you there, yes.

Ryan P There we go, you should be good to go, oh wait.

Philip Sherburne There we go, all right Hi, Philip Sherburne from Decatur Island and I really think that conversation from fossil fuels to solar and other renewables is the most important issue in the United States and it should be the most important issue to any power company, including OPALCO, so I think the fairness issue that they have tried to raise around dealing with solar incentives is really a red herring that's a value question and the values I think ought to be on the side of getting to renewable as quickly as possible.

Suzanne O Thank you, I also saw Frederick Perez raising his hand.

Frederick Perez I'm opposed to anything that would require OPALCO to go off the grid, the use of solar power is wonderful as it is, but it is not the end all to everything. There are better solutions for the problem and, and to do that, you also have to be on the grid. Anyhow, that's my thought on this. I'm a thermal analysis and I'm a mechanical engineer and have been working at this for 16 years so I think I know what I'm talking about. Thank you.

Ryan P Okay, next hand up I see is Charles Anderson.

Charles Anderson Thank you for the time to talk to you. I've been listening to all of you and it's rare that I can say that I actually agree with all of you. I mean the methodology that you put forward in terms of rate changes is not in an incentive to new solar production. On the other hand, it's totally valid that we pay for part of the grid. The grid is our ability to share the resources that we are willing to invest in with our whole community, and so I wanted to make a proposal that there may be other methods and I'm going to suggest a specific one that we form a fund to capitalize individual solar farms production by individuals that we provide loans and impact investing.

Suzanne O You know I'm sorry, you're out of time, can you complete your comment in the chat?

Charles Anderson I would be glad to Suzanne. Hello! I haven't seen you in 30 years.

Suzanne O Well thank you. I'm sorry to cut you off, but let's try and get everybody. I appreciate your voice, I see Stephanie Rosenblatt or the person in Stephanie Rosenblatt's window raising their hand. You're muted Stephanie Rosenblatt, you are muted, there you go.

Stephanie Rosenblatt Am I unmuted? Yes, ok. I was gonna sing but no. The reason I'm here is Stephanie's indisposed at the moment, but we invested originally when we moved to Orcas Island in the solar farm I believe it's on Decatur island, it's in the photograph that's behind you. We're retired. I'm an artist and so it was a big investment for us and I don't understand how if we are being penalized for that investment, which was very dear to us at the time.

Suzanne O Looks like Sharon and Mike.

Ryan P Sharon Abreu and Michael Hurwicz

Mike Horwicz
Sharon Abreu Hi, Sharon Abreu and Michael Hurwicz on Orcas Island just to say that we're opposed to this particular change. We would like to see solar incentivized in every possible way and an easier on ramp would be great, but we also don't think that the tariff should be changed in a way that would negatively affect solar installations, thank you.

Suzanne O We've heard from a lot of people but there are a lot we haven't heard from. I would love to. Here's one I think well, Paul's got his thumb's up not a hand up. Scott Perryman are you raising a hand or is that your bit moji raising his hand?

Ryan P I have Brett Bartmasser.

Suzanne O Ok, go ahead.

Ryan P Still showing Brett is muted, let me see.

Suzanne O Yeah Brett, did you want to speak? It's your turn.
Let's come back to Brett looks like Bruce Robinson is ready to go.

Ryan P Okay

Bruce Robinson Yeah, this is Bruce. Hi Ryan. I have a question about our upcoming community solar project that's going to be happening on San Juan, is this disincentivization for having solar going to affect participation in that project like every, like most people here I am totally behind solar, we have an array I'm not so concerned about maybe not making up our investment quickly, but I am very interested in see the production on the islands increase so thank you.

Suzanne O Yep. Right we have Brett, he's back. Still muted. Brett, sorry, you're still muted. Can you unmute Brett?

Ryan P The only thing we can do is hit ask to unmute and then it should pop something up on a screen that says, would you like the host would like you to unmute.

Suzanne O Brett I think you're gonna have to type a comment because we're not getting your sound.

Ryan P. Over to Michael Pickett

Michael Pickett Yes, thanks. I am a solar customer in the sense we put in a solar array a couple of years ago and the primary motivation was to do something good for the community and for the environment, and I think the board to go back to look at this again because the optics are pretty bad that you're in effect OPALCO is penalizing people who have invested in solar, for whatever reason. It doesn't seem to be a fair approach to recovering the cost of your infrastructure, particularly by people who use less power because, less of OPALCO's power, therefore they shouldn't share....

Suzanne O Thank you Michael

Michael Pickett oh, okay

Ryan P Timothy Dwyer

Timothy Dwyer This is my wife Megan Cook and we are member generators on San Juan Island and we just wanted to say that we think OPALCO needs to be very careful how they phrase this because it actually looks like from the press release that one, this is already a done deal and two, that it pits two different factions within a powerful membership together so or against each other, so I would, I'd actually like us to look at ways of possibly, I don't know, exploring maybe, if at all possible monetizing the carbon credits that we might be able to generate, look for other alternatives for finding ways to, to make up the shortfall. Thank you, awesome, thanks.

Ryan P. Suzanne, do you see any more hands up?

Suzanne O I don't think so. I'm still a bit flummoxed by Scott Perryman's bit emoji because it has a hand up but I don't think he has a question.

Scott Perryman It is my bit emoji

Suzanne O. Ok, we end this is perfect timing, because we have 25 minutes left to have an open discussion here. And the results of the poll that we that we came in on the top three things that people were most interested in discussing tonight, number one was prioritizing local energy. The second one was removing barriers to rooftop solar and the third on was

affordability so let's start with prioritize energy. Krista, will you please put up the poll question about the subsidy and also the tariff. If you can do those and maybe you would have to do one at a time. Those two questions were probably good for the discussion. So please, take the poll but at the same time this is going to be a little tricky. We have 78 people in the room but I want to invite you to talk amongst yourselves about what it means to prioritize local energy and I want to be sure that people share the, the space we'll have like 10 minutes to talk about this topic and then we'll go on to removing barriers to rooftop solar so great, I see some hands up. Ryan, if you just want.....go ahead

Ryan P.

I will unmute the hands that are up as it pops in.
I've got Hilary and Chris. Let me unmute you guys.

Suzanne O

So, the topic right now again is prioritizing local energy resilience.

Hilary Canty

So Suzanne, can I just interrupt you, for one second? Thought I was going to have the option to be able to bring up my issues and my issue is that I think the board could look at how they set the pay rates. And look at what your costs are for running OPALCO, I think it's been framed a little oddly tonight, so I'd appreciate having some discussion about that because it's impossible to find out what the actual pay scale is for folks who work for OPALCO, especially the director, so I would love to see more about that and more transparency.

Suzanne O.

Okay, I'm happy to talk with you about that but that is not our topic tonight so prioritizing local energy resilience, if you are interested in that conversation raise your hand and Ryan, are you going to unmute one at a time or several people so we can have...

Ryan P.

I'll just do, I'll just do several people, so if you put your hands up if you have something to add to that portion I'll just I'll Just go through and unmute. Everyone that wants to chime in on that I think that's going to be the most organized way to do this. I wish our physical meetings had this many attendees that would have been fantastic! Would have filled up the whole Orcas Hotel. Let, let me go ahead I'm going to get Justin here, Bruce Dunlop is unmuted, Chris Wolfe if you want to be unmuted I just click that little button there, and you guys should be golden.

Justin Wolfe

Ok, I have a quick comment. Local energy. One of the things I think is really interesting is, if you read the OPALCO 2020 Annual report on accomplishments it talks about the challenges of getting land for Community solar and it says that they're going to do everything they can, for to get, local generation renewables, but then it also says it and I'm, this is a quote, 'if we still need to develop additional resources to meet the mandates and ensure reliable and (that just popped up in front of me, it's hard to read – one second the poll just jumped up in front of me) ensure a reliable and clean power supply, OPALCO will

build utility scale renewable projects and/or look for projects in the region to invest in. These projects will be paid for through borrowing and will affect Member rates.' So, translation, if I read that, if we don't invest in local generation OPALCO is going to go out and purchase generation renewables from the mainland to accomplish the same thing, and the Members are going to pay for it anyway, but it's not going to be local. Thank you.

Ryan P.

And I've got Bruce, Charles Anderson and just got Chom.

Bruce Dunlop

I'll go next if that's okay. You know I think if we look at net metering overall and where it's played out in other parts of the country, particularly California and Hawaii when you take net metering to its extension when everybody has solar power and nobody's buying kilowatt hours OPALCO they're just trading them back and forth then somehow you have to pay for the infrastructure. I'm not sure that this is the best way but net metering as it has been is really too good to be sustainable and so we really need to be thinking of how we move to the next step. The cautions are we want more people to invest in solar, I mean we put \$40,000 in to our system and has 12 or 15 year payback it got a lot worse because there were so many other people thought it was a good idea and did it too and so the state incentives were reduced and that's kind of the way it goes. And this. This proposal will push the return on investment you know, out another year or so, thought all of us who have already invested can opt out of it, so it doesn't really affect us that significantly. But I think OPALCO and our membership really need to be looking at how do we incentivize the continued adoption of solar and make it reasonable. There was one commentor or that said it's not so much how much you save on power year it's that big giant upfront cost and if there's a way to provide really low interest loans, so that you put the solar in you spend the money but it doesn't really cost you anything because your power savings eventually cover the loan payment in time and if it's five years or 10 years or 15 years it doesn't really matter that much to a lot of us, but it gives us what we want.

The ironic thing with this tariff is we put a solar system at the Port of Lopez some years ago and sized it to match our loads the Port then redid all of the outdoor lighting and generated a huge efficiency gain and now the Port uses only a fraction of the power that is generated and most of it goes in to the grid and this proposal will actually result in a big increase every year for the Port, because the power that we produced in excess is going to be compensated at a much higher rate than it is today so I think the Port wants to jump on this tariff as soon as possible, whereas many of the rest of us are going to opt out and accept that in 2028 we move to the new tariff. The framing of this tariff as a fairness and subsidizing some members versus the others is pretty much a PR faceplant. That's really that's actually true or not it's really a poor way of phrasing it and putting the issue out and it's really more of

a collective issue for the cooperative is we want everyone to have solar when they do, how are we going fix the wires when they break and pay for all the equipment and that's a reasonable discussion and needs to be had. We have to figure out a way to do it and just on kilowatt hour charges won't work if we have a huge number of people that are invested in solar. So, it's an issue that needs to be figured out maybe this is the best one I just think the way it was, has been, presented and talked about is unfortunate. Anyway, thank you.

Suzanne O

Okay, we have about four minutes left on this topic, so please craft your comments to give everyone some time to speak.

Ryan P.

To, uh, let's see. Got Charles, you are unmuted.

Charles Anderson

So, thank you very much. So, Bruce's comments are just fabulous and there's a difference between the way this presented I think we all understand that OPALCO's infrastructure needs support and can't be ignored. I mean, if we produce all the power in the world locally and don't have the OPALCO infrastructure that it's meaningless, however, the optics of all this is not supportive of building an infrastructure, a diverse infrastructure in our community of multiple solar sites, I mean we personally have supported OPALCO's smaller sites but the real answer is that this is diverse in our community, and so what I'd like to propose is specifically a development of a fund that is an impact investment fund that not only OPALCO, maybe a portion of revenues, but especially the community, a philanthropic community can invest in for a modest return to provide, to provide a fund to fund the infrastructure, the diverse infrastructure in our community to develop more and more solar sites and not suppress them because that's the problem we're dealing with right now is through the production revenues site, uh approach, we are not recognizing the incredible power that is produced by lots of individuals who have through mostly wonderful spirit have invested in our community, so we need to divide the two questions. You know, what's fair for OPALCO what needs to keep the grid and also how can we produce a fund to empower the individual to contribute their own power to that so that's my comments, thank you.

Suzanne O.

Thanks Charles. Krista, can you please put up the poll that says what types of local energy resilience are most important to you.

Ryan P.

I've got Chom and Chris, let's see, you are unmuted.

Chom Greacen

Yea, OPALCO clearly states that improving local energy resiliency and also investing in more local and mainland renewables, you know, you know these are part of OPALCO's goals and because the cost of carbon pollution is not internalized in to the cost of energy so subsidy is considered you know a good tool to make local renewable energy

happen, we are we're investing in a public good here, so I think the framing of subsidy or you know, painting renewable energy as a burden, you know, it's just not very helpful and also divisive, so I think I agree with Bruce on the framing of it, so I really hope that we all can work together to really meet the goals of improving local energy resiliency and also meet other objectives to, let's say if revenue as a problem cross subsidization is a problem let's tackle those but not let's pitch one group of members against others. Let's work on this together and be very clear about what we want to achieve. Thank you.

Suzanne O. Thanks. We're right about ten minutes. Chris has been waiting let's hear from Chris and then go on to our next topic which is removing barriers to rooftop solar and then maybe people have some great ideas so go ahead, Chris.

Chris Wolfe Thanks Suzanne, I'll be quick. I would just like to invite everyone to take a look at the Rain Shadow website where we have put our comments and we included a table on cross subsidies and the comparison of the rooftop solar subsidy compared to many other subsidies that exist in the OPALCO framework and it's important to understand that subsidies can be there for a good reason, and that we definitely feel that OPALCO inappropriately characterized us solar generators as a burden on the rest of the membership is really a fallacy. Solar generators are in investment for a future.

Suzanne O. Alright, so, we're going to move on to the second topic, which was removing barriers to rooftop solar and Krista if you could run the rooftop value and the future concerns polls during this conversation we'll get started. Who'd like to talk about removing barriers to rooftop solar?

Ryan P. I'm looking through the list and I'm not seeing any hands.

Suzanne O. Okay, well, we heard from Charles Anderson and he had an idea about removing barriers for rooftop solar, so that you for that Charles. Any other comments from anybody about remover barriers for rooftop solar?

Let's go on to the topic of affordability then and if we have more time we can loop back around.

Ryan P. We've got Jon DeVaan.

Jon DeVaan You know, if we have a goal of increasing the amount of rooftop solar, it would be interesting for why, why can't OPALCO identify the houses that are best situated right if we want to maximize generation. Someone should do the work with the map. Where the where the best

houses and maybe those are the people you could, we could approach with some plan to get them to install it.

Ryan P.

And then, I see Anne Marie Shanks

Anne Marie Shanks

Yes, I just wanted to say that I think it's really important for us to be looking at opportunities where we're not creating barriers for low income people for people in rental that rental facilities and things like that. That if we want to move forward we have to have to be able to focus across the financial spectrum. I'm very concerned that the proposal that you have put forward, at least the one I saw from September, where you're not going to allow members to bank their savings each month will really create incredible barriers for people who are looking at their investment as a way to move forward and I see that as just a real hindrance to bringing everybody into the picture given the cost of property in the San Juan's I think we need to do everything we possibly can to make this as accessible as we can to people. I'm concerned that we're not looking at the future and where we need to be to really have an impact on climate change. Thank you.

Ryan P.

Alright, I'm not seeing any other hands. What was the next topic Suzanne?

Suzanne O.

Affordability. That was the third most important topic on the poll that we took at the beginning. So what are your concerns about affordability, what are your ideas and we talking about affordability of your power bill, if you want to also address affordability of renewables that is also fine. We did have a few people speak up about affordability and if anybody wants to start a discussion this is your moment.

Ryan P.

Paul?

Paul Henriksen

Ok, so I should have just said this from the beginning. This relates to affordability. I appreciate that any business like OPALCO needs to more revenue than they expend, and I understand that, because of our small membership, you know, fixed costs are higher per capita than maybe any other power generator around the nation, but I want to kind of piggyback on some other comments about the way this proposal is worded. Basically, implying that member generators don't pay their fair share of the cost because it discounts the fact that member generators have spent 10's of thousands of dollars to install solar panels so that an investment that they have made. For a variety of reasons but certainly with the hope that federal state and local incentives would eventually help pay for those and I think some have also looked at it as investment that would, intime, provide some dividends for them. So, member generators also help stabilize the power grid, provide energy in down times, minimizing the carbon footprint, helping with, you know, global climate and any number of things so I just want to emphasize that what

appears to be the lack of appreciation for people that have put up a of their own funds to support the grid the OPALCO grid I appreciate everything that OPALCO's doing. I appreciate all the board members and all that and I don't want that to be a harsh criticism, but I think you need to realize it does not look good. That's all I have.

Ryan P.

I've got Jon again.

Jon DeVaan

I have to ideas on the affordability topic, given the geographical realities of electricity in the San Juan's what gone in to getting like state funds to support the unique nature, the grid or even national funds. It's an, it's an approach and certainly, I have no idea what the numbers would be but you could invent a prince scheme with income based rebates or property value rebates, or something that would make people that can afford the rates, you know, be able to get electricity.

Ryan P.

Chom? Chom you there?

Chom Greacen

Sorry, I thought I was unmuted.... On the issue affordability, I just wanted to draw some attention to the issues I'm currently we are facing where full time residents with high usage annually are subsidizing part timers who may have pretty high peak load but, but over the year their kilowatt hour consumption is quite low compared to their peak demand. So that's one. One cross subsidization that could lead to full time residents paying more than more than their fair share and another one is that the monthly charge right now is a fixed rate regardless of the sizes of your house so what happens here is that you know, even though a lot of houses have more of a requirement on the system and therefore economic costs they pay the same monthly rate as small houses, so you know these two issues could perhaps be more be addressed through proxy demand charge. Right now we do have a demand charge I don't know if we still have it any more but we used to and it's flat. Flat across all sizes of homes. It would be really good proxy demand charge based on maximum consumption. You know, could ideally in 15 minute interval which is how it's done for the tier meters but you don't have tiered meters for all customer then at least we can use like a proxy for demand charge and use that so to allocate the fixed costs among different members who impose different requirements on the load and that would be a way to try to recover more of the fixed costs in a fair manner, without imposing burdens on small users so that you know we can make it more affordable for people. But you know I also understand that there are some low income households that may not have very efficient homes and therefore may have to pay high electric bills and we should have, your know, low income programs to address those group of members in particular but in general it would be really good to allocate more of the fixed costs, based on the burden that people you know, impose on the system so large houses pay more. If they have more (unclear)... anyway this is also included in the

comment that I submitted on to the link that I posted above. Thank you.

Suzanne O. Thank you. So we're getting up to six o'clock. You know, we promised an hour long meeting, if people need to check out we understand. We will stay on for a little while longer if the conversation wants to continue. Krista, can you run the closing poll so that we can at least get people's impressions before they do leave and looks like there's still a few more people who want to speak, unless the hands are just stuck up there.

Ryan P. I'm showing Charles Anderson and Justin Wolfe. I'll unmute Charles here.

Charles Anderson So to everyone, I just want to say for somebody who wanted to be in Glasgow tonight but couldn't be it is so wonderful to have a community conversation on these topics and if this is happening all around the world, it's a real testimony to the movement to us all, taking control over our own energy lives, so thank you and I just want to personally thank Ryan. God, you're just a great moderator and Suzanne, I know it's a hard job to be the timekeeper but thank you so much, because you kept us all in line, so thank you all for joining us.

Suzanne O. Thank you, Charles.

Ryan P. Go ahead Justin

Justin Wolfe I suspect a number of people sent in comments before this meeting and I'm just wondering what becomes of those comments. Who reads them? What others have already have and what was sent?

Suzanne O. Yeah, all of the comments that were received... can you hear me now? Ok, all of the comments that are collected through this meeting, through replies to our email newsletter, on social media, any comments that we've gotten by phone or email, any comments at all on this topic are being captured, documented and collated into the November board materials, except for a new members who asked us not to publish their comments so if unless you've done that you can trust that your comment will be in the written materials for the board to review, as well as all of the comments, questions, chat and we're transcribing this whole conversation for the board packet as well, so get your reading glasses out.

Ryan P. I see Heather Nicholson's hand. Go ahead Heather.

Heather Nicholson Hi Ryan, thank you. Yeah just a quick question – will this meeting, is being recorded, so will it be available and when?

Charles Anderson	Yes, yes, recording.
Suzanne O	yeah, it's it'll be available. Our Zoom platform takes about 72 hours for them to render the recording available to us then staff capacity to get it done. I can't promise you what day it's going to be available but, except that I promise, it will be in the board materials.
Ryan P.	Hi there, o ahead again.
Heather Nicholson	Oh no, I didn't have
Ryan P.	Your hand's up... ok.
Heather Nicholson	I was trying to lower it.
Suzanne O.	Yeah, we are also, at the same time that we're considering this proposal, trying to prepare our 2022 budget so there's a lot going on.
Ryan P.	So, it looks like we've hit our hour mark if anyone would like to stay on and continue this conversation I just want to be respectful of everyone's time. Any closing thoughts or last pieces that they would anyone would like to say before we adjourn?
Suzanne O.	And I, I want to encourage anybody who has questions that you still have or questions that come up later or conversations that you want clarification on to email us at communications@opalco.com and we'll get back to you and are happy to talk with you one on one or, if you have other groups that you want us to come visit we'd love to com and talk with smaller groups. It's a lot easier to have a conversation, if you have maybe smaller group that wants to discuss a piece of this conversation, we'd be happy to do that.
Ryan P.	Yeah, it was fantastic seeing this many people join and we would normally get like 14 to 15 back when we did it in person so it's really cool to see this many people come out for community conversation like this. I see Beth Helstein, go ahead.
Beth Helstien	It seems to me that it's premature to adopt this rate proposal at this time, given what people have said about the perception and the lack of understanding of what that does long term to incentivizing solar production at the same time I don't now how OPALCO can reach out to people to participate, who are never going to consider a rooftop solar or investing in community solar because they simply can't afford it. I think our, I know Project Pal need has grown over the years. As President of the San Juan Island Family Resource Center board of directors, you know we're helping a lot of people really hit by the pandemic and keeping costs affordable for people who are struggling is really important. At the same time getting rid of fossil fuels is really

important and we need to prioritize and incentivize that action as fast as we can, but I think this proposal is a bit premature. Thank you.

Ryan P.

I also see, I see Joseph Clare, go ahead.

Joseph Clare

Hi thank you. I'm one of those people that are um, a dual property owner and I have a rooftop solar system for Seattle City Light. It's a seven kilowatt system and their rebate system is kind of on a term so a three year term and they pay .3915 kilowatt hours cents per kilowatt hour, but then it's limited to a three year term, and I recognize that is a higher rate than OPALCO's but then understand OPALCO's isn't term limited. I think that's a good benefit or good idea there because it does disincentivizes me to have a system that's larger than my annual usage so there is something to think about that. One of my other comments is if we do have systems that are greater than our annual usage, how does that impact OPALCO's capital improvement program to build new systems and are we able to then subsidize OPALCO's capital improvement program so something things to consider there. I don't quite agree with your analogy of um, you know, having electric car then paying a fee for using that. I do agree that I think that's appropriate but the way I think about it is we're providing the concrete to the road, we're providing the power to the grid and therefore, maybe actually providing that subsidy to OPALCO for creating new and larger programs and I recognize OAPLCO's just getting started with Community Solar as a generator versus just being a consumer by buying from BPA or Puget Sound Energy. Just my thoughts on this but I appreciate the conversation and I do look forward to building a ground based system and it's just one of those things to consider in terms of do I build bigger than my annual usage or don't, keep it smaller and then what is my return on investment type of thing. Thank you.

Ryan P.

Thank you, Joseph and then I have Barbara.

Barbara Rosenkotter

Yeah, Hi, this is Barbara Rosenkotter from Orcas and I just want to ask what is the rush to adopt this significant new proposal at the November board meeting before we understand the ramifications of a proposal that will be in place for several years, are we incentivizing or disincentivizing with this process? And at the October 21 board meeting one of the board members stated that we don't need to rush a solution for a problem that isn't here today. If needed, I can provide which board members made that statement but I would request that we please slow down, be very thoughtful and careful with any new rate structure. Let's ensure it is sending the right signals and supporting investment and solar installations. So I hope you'll utilize the membership, a lot of knowledge and expertise and bring us along with any proposed changes. We are a Coop and we're all in this together. I understand the need for looking at how we do this in a way that is financially appropriate, but I think we are trying to tush it when I think

we can be a little bit more thoughtful and take a little bit more time.
Thank you.

Ryan P.

And Kim Rice, go ahead.

Kim Rice

Hi, I'm in San Diego visiting my daughter and three grandkids and trying to hang on for dear life to this conversation, but I agree with so many things that have been said here about.... this is the last time in the world we want to do anything to disincentivize solar, especially in the San Juan Islands. I mean, we should be going in the opposite direction and paddling as hard as we possibly can. Um, I've done some volunteer work with Spark Northwest with solarize campaigns and for a long time I've been thinking about doing some work in that area with OPALCO because I also worked with Jon Blomgren on the community solar installation on Decatur and you know I'm just wildly enthusiastic about it and so I just wanted to put that out there, someone earlier in the conversation mentioned something about that we should be identifying rooftops on the island with good solar potential and going out and making sure that those people understand how well solar works in the San Juan Islands, and you know, doing everything we can do to make it pencil out for them so that they are incentivized. So, I've been giving that some thought and I just wanted to put that out here in this forum in cases there's anybody who's interested in doing work like that, as well just contact me in the notes. And let's put our heads together and see what we can do, we cannot disincentivize adoption of rooftop solar in the San Juan Islands as this particular point in time, it would just be devastating, we need to be doing the opposite.

Ryan P

Awesome. Thanks again. Michael Pickett

Michael Pickett

Yeah, I think it's great OPALCO is doing this, this is a COOP and we're all Members, some of us are member generators which we almost all did to help OPALCO and to help our community and to help our world and it's interesting as I listened to these comments that whereas it would be ideal if the San Juan Islands were all solar or all wind and self sufficient but we have a situation where, if we encourage more solar we make our power company less financially stable. So the more that power is generated by individuals the less revenue to OPALCO and the infrastructure they built so it's a challenge. I think it's great that the Board has chosen to make this an open item to discuss because it's not an easy answer. I've always wondered about solar fields, not just rooftops we have a lot of ag land so it would be great to put in solar fields which is probably less expensive than installing rooftop solar.... I don't know that. Wind power – after last week I had a lot of kilowatt hours I could have generated blowing through my house so there's lots of solutions, lots of opportunities have been a lot of great comments today and I encourage the Board to slow down, take a look at all the options, don't pick on, don't make it look like you're picking on people

who are providing power through solar because that's something that is sort of the antithesis of what people are doing today to help cover our terrible environmental situation. Thanks.

Suzanne O.

Thanks Mike and I just, I'm just going to see if there are any last comments. We're going to do our very last things here if you've already had a change to speak, please step down and let somebody who hasn't spoken have a turn and we'll take the last couple of people, I see a name, we have heard from yet, Markus Virta.

Markus Virta

Yeah, thank you so my name is Markus Virta, Director of Development here at Western Solar, we're based in Bellingham but we're actually owned by a Co-op member in Friday Harbor so Western Solar itself has a big interest in, you know, solar development in the San Juan Islands. I actually also represent the Washington State Solar Energy industry associations (WSSEIA), I wanted to just give a really quick comment on WSSEIA's behalf and that is that OPALCO has traditionally been the strong point, the model utility in Washington State and we've been so appreciative of your leadership, both in solar adoption and net metering clarity and in your adoption of Community solar and larger, you know, deployment. It would feel like a big opportunity missed to walk away from net metering at this juncture and we really appreciate and support OPALCO and its leadership and, and again I think Christi Royce (?) had mentioned this in the comments, but we would really look to OPALCO to continue that leadership as other utilities throughout Washington state consider going away from net metering. If OPALCO were to do that, that could have a knock on effect and all of the comments today about a really, you know, been very clear that this is the last time our planet's history that we should be going away from distributed solar, so I would challenge OPALCO to look at other ways to balance its books and to also look at distributed energy resources really as an opportunity for resiliency to lower dependence on mainland power and to lower the cost of electricity for its members and thank you all for being engaged in this it's really inspiring to see everyone so interested in this.

Suzanne O.

Ryan, you want to bring us home?

Ryan P.

Do we want to get Chris's last comment here?

Suzanne O.

I guess if they're brief, we've heard quite a bit from Chris tonight and I'm trying to share the air but yeah, go ahead Chris.

Chris Greacen

Okay, this is Chris Greacen not Chris Wolfe so a little bit less from me, so I just want to echo what Markus just said, and also the comments that Bruce said as well. I recognize that OPALCO's grid provides a really valuable service for customer generators serving as an ideal infinite battery and this is a valuable service that needs to be paid for, ultimately. At the same time, more renewable energy, more energy

efficiency, electric vehicles, other measures, these are all really urgent needs in the face of a climate emergency and OPALCO needs to be leaders in this field pioneering so that other Co-ops can learn how to transition to scale renewables.

Ryan P.

Awesome. Thank you and thank everybody for coming in tonight. This has been just absolutely fantastic to hear everyone's thoughts and opinions, collecting some data on where everyone is standing at and I really really appreciate everyone just coming in tonight and discussing. This has been absolutely fantastic.

Suzanne O.

Foster, you want to bring us home?

Foster Hildreth

I do. I just wanted to thank everybody. Really good dialogue and it takes everything I have not to answer questions that are raised. But I really do, we appreciate your thoughts and wanting to hear them first and foremost. Everything you said Chris was a good wrap up. Really appreciate that energy efficiency is something we embrace. We do the same with EV's, EV buses, we were, you know, we have a project on Lopez we're working together with the school over there, as well as our Community Solar. I do want to just do a shout out, we're going to continue doing this stuff because it's important for all of us and that's the reason that we're here in the islands and low income is the other one I was really struggling with, that is, I am so proud of the fact that we actually got a low income grant to put a portion of our new solar project on San Juan. A million-dollar grant. Now those funds are going right into, the power that is generated, go right into our low-income programs so we're really looking out after our membership and will continue to do so. Even the one behind me, the Decatur solar project that we did, I think it was like 10% goes back into our low income program so we're really walking the walk and we really want to be the front runner out there and utilities that are doing the right thing, looking at carbon reduction, looking at different ways that we can accomplish everything that we're talking about and I, by the way, Charlie Anderson's not here and I wish he was. We're actually put in for a loan through RUS it's a member re-lending program which is really neat. If you haven't seen it, on the RESP loans that have are thinking about, getting this new loan, if we get approved, and then we'll open it up to solar and battery installations. That would wonderful right? So the thing to do. Capital is always the hardest thing so come by when you're embracing solar and batteries and if we could establish that member lending program, it's very similar to what Charlie Anderson brought up, and how do we incentivize and help our membership embrace it so we're always looking on the next horizon, we always looking for the next grant funding opportunity that we can put in place like, again, the project behind me, had a million-dollar grant for the batteries as well. We're going to be keeping our eyes open for that so we can get more and more incentives to help our membership out

embrace solar batteries and, well, you name it. Energy efficiency anyway. Love to hear from everybody, I know that the Board is going to be real appreciative of everyone's comments, I know I am it's really, was a great bookmark for us and we're going to continue these roundtables as long as we have some good support for the membership. I think these Zoom meeting have worked out really really well and hopefully we can continue these discussions, because we're not going to be over with, you know these things are going to go on as the industry changes dramatically and we needed to hear from our Members because we're the brightest membership, though, you could ever imagine, and we need to work together going through these changes. Anyway, thanks again for everybody joining us this evening.

Krista Bouchey

Alright, thanks everyone, you can go ahead and log off, call it a night.

Foster

Thanks everyone.

Krista B

Thanks for coming, really appreciate it and stay tuned for another energy round table as we have them com in.

End – 6:20 p.m.

ENERGY ROUNDTABLE – TRANSCRIPT OF CHAT

17:09:48 From Hilary Canty to Everyone:

What if your concerns were not listed in the poll? Seems like a way to limit the discussion in a significant way.

17:10:00 From Paul Henriksen to Everyone:

I don't need to introduce myself but I would like to express my reaction to this proposal.

17:10:16 From Beth Helstien to Everyone:

balancing affordability for low income and increasing carbon free energy production.

17:10:29 From Jay Kimball to Everyone:

To learn more, see the discussion that starts on page 31 of the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf>

17:10:34 From Chris Wolfe to Everyone:

Good evening, everyone! We have provided our perspective (Rainshadow Solar) in several sets of comments on our website - www.rainshadowssolar.com. Please scroll down for our comments.

17:11:05 From Chris Wolfe to Everyone:

<https://www.rainshadowssolar.com/>

17:15:28 From Justin Wolfe to Everyone:

This proposed change would increase the payback time up to 30%.

17:16:30 From Dan Gottlieb to Everyone:

Nearly a decade ago, the Arizona Corporation Commission imposed a grid access charge for solar customers, after Arizona Public Service stated that it cost more money to serve solar customers. SEIA testified and was able to prove that solar customers in Arizona pay their fair share of grid costs and do not introduce additional costs to other customers.

A grid access charge that had been in place for nearly a decade for Arizona Public Service's solar customers is no more. State regulators have chosen to eliminate the fee.

The fee amounted to roughly \$100 per year per solar customer. It was instituted under the premise that it costs the utility more to provide solar customers with electricity service. The decision to remove the charge is, in large part, due to the efforts of the Solar Energy Industries Association (SEIA). The organization testified against the charges in October 2020 and December 2020 and showed that solar customers paid their fair share of grid costs compared to non-solar customers.

17:18:30 From Sharon Abreu to Everyone:

Just want folks to know that this isn't how the Energy Roundtables usually work. There isn't a 30 second time limit for speaking.

17:19:23 From Roger Ross to Everyone:

I am not a solar panel user (nor a distributed small energy generator of any kind), but it appears that OPALCO is now attempting to pit our solar panel users against other OPALCO customers. Fixed pricing for grid use is absolutely the worst method to recover costs. Every OPALCO board member should read the report prepared by Synapse Energy Economics titled Caught in a Fix - The problem with Fixed Energy Charges for Electricity.

Is not fixed pricing for grid use a disincentive to homeowners to install solar panels and does it not penalize the small solar user?

17:20:49 From Bill Will to Everyone:

Every kilowatt a customer with solar panels produces for their own use or adds to the grid reduces 1/1 the amount of electricity OPALCO needs to import. Remember that.

17:21:02 From Paul Henriksen to Everyone:

I understand the need for OPALCO to generate more income than expenses and appreciate that per capita costs may be high compared to the nation's average because of our small membership base. I want our coop to be successful. That being said, as a member generator, I am mildly offended by the way this proposal is worded. I.e. member generators paying their fair share.

17:21:12 From Jay Kimball to Everyone:

The service access charge we pay (\$48.41) collects only about 50% of fixed costs. As the number of solar generators increases, reducing kWh sales, the portion of kWh sales need to pay for the grid becomes less. To learn more, see the discussion that starts on page 31 of the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf> After you review the material, to deepen the discussion, contact us at communications@opalco.com

17:22:10 From Roger Ross to Everyone:

OPALCO already has the highest monthly fixed cost in the nation for electricity use. Fixed costs pricing needs to be abandoned (both for customers using and providing electricity) in favor of implementing higher actual use rates. OPALCO's current monthly fixed pricing scheme is unfair to low-income customers and reduces incentives for energy conservation.

It is a myth that fixed cost pricing is unavoidable and that grid use needs to be tied to a fixed monthly price. Customers do not place equal demands on the grid. Collecting demand-related costs through actual energy use is a far better solution than the collection of costs through fixed charges. This is the same issue for use of the grid by the small residential customer as for the small residential solar electricity provider.

OPALCO can fully meet costs without using a fixed monthly pricing scheme. It is just a matter of adjusting use rates accordingly.

17:22:28 From Chom Greacen to Everyone:

<https://docs.google.com/document/d/1MilTSfDdmolQwnbdG1lUjt7k2qHMEmlpZvAQdljCbl/edit?usp=sharing>

17:23:11 From Markus Virta to Everyone:

Can you share the results from the first pull that was taken? Thank you!

17:23:23 From Markus Virta to Everyone: poll**

17:23:47 From Jay Kimball to Everyone:

Thanks Roger. Serving our territory of 20 island communities requires much higher grid cost to ensure safe and reliable service that supports members now, and well into the distributed energy

future. For example, while it takes 11 substations 4 warehouses, 3 crew stations and 2 public offices to manage our widespread system, a mainland utility serving the same population size would be consolidated into one location: one substation, one office, one crew. Ninety percent of our distribution is underground to storm-harden it and our islands are connected by 25 transmission and distribution submarine cables to supply power where it's needed. To learn more, see the discussion that starts on page 31 of the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf> After you review the material, to deepen the discussion, contact us at communications@opalco.com

17:24:17 From Mark Madsen to Everyone:

Frederick Perez has his hand up as well.

17:24:22 From Roger Ross to Everyone:

Hi Jay,

17:24:28 From Gulliver Rankin to Everyone:

if the fee for generation is enacted future systems will be more cost effective to not be connected to the grid which erodes the point of community generation.

17:24:39 From Jay Kimball to Everyone:

Regarding low income, even subsidized solar is out of reach for most low-income co-op members. To help with that, OPALCO applied for and won a \$1 million grant to help fund a 1.2 MW community solar array on San Juan Island. OPALCO will use benefits from the array to offset energy costs for low-income service providers, and to increase credits provided to offset low- and moderate-income households' energy bills. Learn more here: <https://pv-magazine-usa.com/2021/02/26/washington-state-awards-low-income-solar-project-grants/> to deepen the discussion, contact us at communications@opalco.com

17:24:58 From Roger Ross to Everyone:

I understand the costs issue. Raise the KW use rate to cover costs. Fixed costs are awful.

17:27:34 From William Weissinger to Everyone:

please explain what happens with "opt out".

17:27:48 From Paul Henriksen to Everyone:

This doesn't take into account several realities: 1. Member generators provided the capital to install solar arrays assuming that federal, state and local incentives would eventually pay back the investment, with the possibility of realizing a gain for some. 2. member Generators (MG) help to stabilize the grid and provide power in down times. 3. MG help to mitigate carbon footprint

and global warming. 4. OPALCO took advantage of state incentives to install arrays like the one on Decatur that limited the amount of state funds that private citizens could access 5. Where is OPALCO'S commitment to alternative energy. 6. Do MG use more of the grid?

17:28:25 From Orion Eaton to Everyone:

Hello, I am Orion Eaton from Sustainable Connections, a non-profit. We serve San Juan County business members, including non-profits, and public entities. I am an Energy Project Advisor and have helped advise many San Juan small businesses in reducing barriers for solar and energy efficiency.

17:29:29 From Martin Lund to Everyone:

Those that have are opposed to the changes have solar and those that don't are for it. Go figure!

17:31:41 From BARBARA to Everyone:

I am interested in commenting when allowed more time... thanks, Barbara Rosenkotter

17:33:08 From Jay Kimball to Everyone:

The proposed solar rate pays a higher annual return on excess power produced by paying out, monthly, at \$0.085 vs the \$0.052 that the old rate pays for excess power over usage at year end. If you prefer to stay with the old rate, just let us know by March 2022 that you want to be grandfathered. Contact us at communications@opalco.com

17:33:28 From Susan Bauer to Everyone:

Another reason not to base OPALCO's infrastructure cost on Kwh...it works against any community conservation efforts organized by OPALCO itself

17:35:12 From Sharon Abreu & Michael Hurwicz to Everyone:

Also, the Energy Roundtable meetings typically have not been limited to one hour.

17:35:22 From Gerrut Bergsma to Everyone:

Would OPALCO have details on the operational cost associated with the infrastructure and ability to charge a rate for connection to the grid separated from the cost of KWH?

This might provide the ability to preserve incentives for solar either generated by members or community solar.

17:35:23 From Sharon Abreu & Michael Hurwicz to Everyone:

The way of stating that poll question is slanted and divisive.

17:35:41 From Jon DeVaan to Everyone:

I object to the wording of the poll just displayed. What is the subsidy? The current system is kWh sharing. It is not a subsidy.

17:35:57 From Jim Hooper to Everyone:

Affordability — has many dimensions. Affordability for the solar investor, also affordability for the energy user who is not using solar. I support solar energy and am willing to pay my fair share of the costs.

17:36:09 From Sharon Abreu & Michael Hurwicz to Everyone:

It is only in the last couple of weeks that we who invested in rooftop solar as the most responsible way to use money have been told we're being "subsidized" by the membership.

17:36:25 From Roger Ross to Everyone:

Hi Susan. I do not believe that you are correct. Fixed rates are not an incentive to conservation. There should be no fixed rates either for solar providers or for non-generators. Raise the KWH rate. Solar generators should pay for grid use only on how much KWH they are putting into the Grid. OPALCO has the highest fixed costs in the nation.

17:37:08 From Jay Kimball to Everyone:

Regarding OPALCO salaries, OPALCO conducts a thorough comparative review to verify that all staff salaries are competitive within our industry. Hiring and retaining top notch personnel is critical to the operation of OPALCO's complex electrical and communications systems. To discuss, contact us at communications@opalco.com

17:38:27 From MARK KING to Everyone:

I take exception with the term 'subsidy' as used in the poll and OPALCO's communiques. We are not solar energy producers and we aren't candidates to be so but we believe solar power should be encouraged, not penalized as this proposed change in rates would do.

17:39:13 From Susan Bauer to Everyone:

Roger - you are probably right but OPALCO is currently (no pun) including their fixed costs in kWh rates...yes? Have I misunderstood

17:40:03 From Justin Wolfe to Everyone:

We currently only generate roughly 2% of our power from solar in the San Juan Islands.

17:41:12 From Jay Kimball to Everyone:

Hi William. The proposed solar rate pays a higher annual return on excess power produced by paying out, monthly, at \$0.085 vs the \$0.052 that the old rate pays for excess power over usage

at year end. If you prefer to stay with the old rate, just let us know by March 2022 that you want to be grand-fathered. Contact us at communications@opalco.com

17:41:39 From Gerrut Bergsma to Everyone:

Appreciate Bruce's perspective. We have to look at the long term sustainability of energy distribution on the islands if indeed we pursue our goal of being carbon neutral in our energy use.

17:41:42 From Martin Lund to Everyone:

It looks to me that more people are in attendance that have solar power already. The vote is not representative of all users on the islands. (Martin Lund)

17:42:21 From Roger Ross to Everyone:

Hi Susan, No, fixed rates are not tied to KWH use. Our KWH rates are too low and our fixed monthly rate is too high. Hard on the poor person or the person that does not use or produce much power.

17:43:50 From Jay Kimball to Everyone:

Susan, You are correct. The service access charge we pay (\$48.41) collects only about 50% of fixed costs. As the number of solar generators increases, reducing kWh sales, the portion of kWh sales need to pay for the grid becomes less. To learn more, see the discussion that starts on page 31 of the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf> After you review the material, to deepen the discussion, contact us at communications@opalco.com

17:44:18 From William Weissinger to Everyone:

We just installed solar on a "marginal" roof (it slopes mildly the wrong way), and it pencils out in 13.5 years under the old rate. What are the advantages to us of opting out of the new rate, versus the advantages of heard some people talk about of going with the current tariff.

17:44:56 From Krista Bouchey to Everyone:

William - I have a spreadsheet to help you with that decision. Email us and we can take a look communications@opalco.com

17:45:23 From Poke Haffner to Everyone:

If as is said the monthly access fee is inadequate to support the infrastructure, then every monthly OPALCO bill should state what the base (access) rate would be if the member paid its full share (not an artificially reduced rate), and what the Kwh rate would be if the full cost of infrastructure were recognized in the base rate.

17:45:51 From Markus Virta to Everyone:

William - if you contact Callum at Western Solar he can also help re-run your system financials with the new rate - Callum@westernsolarinc.com

17:46:22 From Sharon Abreu & Michael Hurwicz to Everyone:

This poll should have "all of the above". Come on.

17:46:34 From Sharon Abreu & Michael Hurwicz to Everyone:

Can't answer this poll.

17:46:40 From Jon DeVaan to Everyone:

The logic of the "subsidy" framing is escaping me. If I install LED lights, am I suddenly getting a subsidy because I am using less electricity? The question of the price to pay for energy sold back to the grid is a fair one because of overall affordability, but to say reducing usage is creating a subsidy that makes no sense at all.

17:46:47 From Gerrut Bergsma to Everyone:

Would love to learn more about how we store the energy that is produced day and whether we are working on abilities to use that during the darker hours

17:46:59 From KRISTY ROYCE to Everyone:

I do think that OPALCO needs to realize that they will be affecting the solar industry throughout the entire state of Washington with this decision. We are at a place in time when we need to shift every possible building to solar throughout the country. Rooftop solar is critical to addressing climate change and also balancing the grid during extreme weather events which are only going to become more common.

17:47:06 From Carson Sprenger to Everyone:

poll should also have woody biomass option

17:47:13 From Justin Wolfe to Everyone:

The same is true of people with energy efficient homes, part-timers, and those that use propane to heat. Members are "subsidizing" all of those lower electricity users. In fact, high electricity users are subsidizing low energy users regardless of the reason for low usage. Surely, we aren't holding up high energy users as the solution. Or maybe subsidies benefits outweigh the costs.

17:47:15 From Jon DeVaan to Everyone:

The poll questions are obtuse. Is the current question about resilience? or local generation?

17:47:47 From Jay Kimball to Everyone:

Thanks Poke. The fixed cost of the co-op is about two-thirds, and energy cost is about ne-third. Actual fixed cost is about \$100 per member per month. To learn more, see the discussion that starts on page 31 of the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf> After you review the material, to deepen the discussion, contact us at communications@opalco.com

17:47:49 From Sharon Abreu & Michael Hurwicz to Everyone:

We support Community Solar and Rainshadow Solar, increased battery storage, tidal energy and wind energy.

17:47:57 From Sharon Abreu & Michael Hurwicz to Everyone:

And energy efficiency!!

17:49:52 From Beth Helstien to Everyone:

Opalco identifying good roof tops for solar is a great idea.

17:50:42 From Roger Ross to Everyone:

There is no need for monthly fixed charges of any kind. Increase the KWH rate to cover costs of the grid and charge solar providers by the amount of power they put in the grid. Of course, OPALCO needs to cover costs and balance the books.

17:50:56 From Martin Lund to Everyone:

Too many self-interests exhibited here tonight!

17:51:36 From Timothy Dwyer to Everyone:

Being unable to bank credits during sunny summer months is likely to hit people hard in winter months when many types of work are already slow in the islands

17:52:02 From Sharon Abreu & Michael Hurwicz to Everyone:

The "Future Concerns" poll question should be rated in order of priority at least - not a "choose one".

17:52:06 From Beth Helstien to Everyone:

these polls are annoying. affordability for who? for people can afford a home and afford a roof top solar installation? Affordability for low-income renters?

17:52:28 From Jay Kimball to Everyone:

Hi Gerrut. Storage is a big need and OPALCO has a number of initiatives in the works. The region is quickly reducing coal power and planning to replace it with wind and solar, mostly east of the Cascades, where wind and solar are much better. But it will take time to acquire the land and

build transmission. Learn more: <https://www.opalco.com/quick-fact-decarbonization-part-1/2021/05/>

17:52:34 From Susan Bauer to Everyone:

Is OPALCO refuting Dutzik

17:52:45 From Susan Bauer to Everyone: Sorry ...

17:53:19 From Sharon Abreu & Michael Hurwicz to Everyone:

Thank you, Paul H. And don't assume that everyone who has purchased rooftop solar has a lot of money. We ended up with an inheritance and chose to purchase rooftop solar with it.

17:53:42 From Susan Bauer to Everyone:

Has OPALCO refuted the Dutzik study which says such a member generator rate hike will sharply decrease residential member generators in future?

17:54:39 From Justin Wolfe to Everyone:

Martin, keep in mind those with solar already are unaffected by this proposal. I'm hearing interest in the community for the long-term.

17:55:24 From Susan Bauer to Everyone:

Perhaps lessening the residential member generator sector is their intent? Hopefully in favor of less costly but locally produced, sustainable energy say from community solar arrays?

17:55:31 From matthew nelson to Everyone:

It WOULD be more accurate and indicative of member opinions (in these polls) if more than one answer were an option—in ranking order of importance to the member....Thank you

17:55:59 From Jay Kimball to Everyone:

Hi Jon. OPALCO has steady activity going after grants to increase local energy resilience and accelerate grid modernization - storage, solar, energy efficiency, and low income. Here's one example: Even subsidized solar is out of reach for most low-income co-op members. To help with that, OPALCO applied for and won a \$1 million grant to help fund a 1.2 MW community solar array on San Juan Island. OPALCO will use benefits from the array to offset energy costs for low-income service providers, and to increase credits provided to offset low- and moderate-income households' energy bills. Learn more here: <https://pv-magazine-usa.com/2021/02/26/washington-state-awards-low-income-solar-project-grants/> to deepen the discussion, contact us at communications@opalco.com

17:56:13 From Bruce Robinson to Everyone:

I would agree that a study to find the best sights for energy production (including public buildings) would open our eyes to possibilities for how much local energy production could occur.

17:58:03 From Jay Kimball to Everyone:

Thanks Chom, See comment above with low-income grant link info.

17:58:09 From Heather Nicholson to Everyone:

Just want to remind folks blackouts are almost always from transmission failures. Not capacity.

17:58:20 From matthew nelson to Everyone:

I agree with the idea of investigating what Chom Greacen is alluding to—make up needed revenue by charging more for higher KWh users...

17:58:36 From Jon DeVaan to Everyone:

Jay, thank you. I was suggesting more something like the financial support of the ferries. Like transportation, electricity is in many ways a public good that the state has an interest in supporting. This would (should) be more regular and sustainable than always searching for grants.

17:59:19 From Bruce Robinson to Everyone:

I would appreciate a copy of all the chat comments if that could be done through email.

17:59:21 From Chris Greacen to Everyone:

I find the need to unpack the term "resiliency" in the polling question. I understand resiliency in power sector context as the ability to rebound from a major shock such as a major storm, flooding, a large earthquake, human attacks, or a combination of unprecedented events. In this context, undergrounding of distribution lines did a ton to address resiliency in the face of major winter storms. Solar, tidal, wind with resiliency in the context of climate change -- through compromised hydropower resources in the face of decreased snowpack and changes in precipitation patterns... But we have to be a little bit careful about how we use this term.

17:59:26 From Jay Kimball to Everyone:

Thanks Jon. Most of the grants to date are coming from the state - the clean energy fund.

17:59:50 From Gulliver Rankin to Everyone:

if we are looking at cost sharing can we use 1% lodging tax to have the tourists help keep their light on.

18:00:44 From Nancy Crowell to Everyone:

Id like to understand what it means to opt out.

18:00:52 From Jon DeVaan to Everyone:

Hi Jay, I think you are still missing my point.

18:01:07 From KRISTY ROYCE to Everyone:

Reports from a group called Vibrant Energy has done studies that might be worth looking at. In many cases rooftop solar can actually save utilities money. Here is a link to an article: <https://www.latimes.com/environment/newsletter/2021-01-07/how-rooftop-solar-could-save-americans-473-billion-dollars-boiling-point>

18:01:32 From Poke Haffner to Everyone:

I have recently bought a house here and have become an OPALCO member. I hope to put rooftop solar on my house which is well situated and oriented for it, but the “onramp” costs are prohibitive, and with the proposed rate changes it might not be a reasonable investment.

18:01:43 From Jay Kimball to Everyone:

Thanks Matt, to learn more about OPALCO high use rates, see the discussion toward the end of the solar rates discussion in the October Board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf> If you have thoughts on the race out.

18:01:48 From matthew nelson to Everyone:

Thank you, everyone, for a very civil conversation.

18:01:52 From Krista Bouchey to Everyone:

Nancy or anyone that wants to look at the two rates. Email us

18:01:54 From Chris Wolfe to Everyone:

We live in a vibrant community with many smart people. Please continue reconvening the Energy Round Table and NOT rushing this proposal.

18:02:13 From Jon DeVaan to Everyone:

Thank you all for the opportunity and participation!

18:02:18 From Susan Bauer to Everyone:

Thanks, OPALCO...need another roundtable soon...for two hours or more. This is important to our member/owners....!!! THANKS!

18:02:23 From Bruce Nyden to Everyone:

Great incentive to go off grid!

18:02:30 From William Weissinger to Everyone:

I saw a comment to the effect that "banking" of solar hours will no longer be allowed, so that energy produced in July won't offset November bills. Could you explain the proposal, please.

18:02:40 From Sharon Abreu & Michael Hurwicz to Everyone:

I agree with Chris W. Would love to reconvene the Energy Roundtable. It was always interesting and informative.

18:02:49 From Heather Nicholson to Everyone:

Yes round tables for more than intros. Needs more time.

18:03:29 From Jay Kimball to Everyone:

William, the credits are paid out each month. You can bank them, rather than OPALCO holding the credit.

18:03:46 From Heather Nicholson to Everyone:

The polls were biased. Not enough room to accurately describe people's views on this.

18:04:20 From Chris Greacen to Everyone:

If moving to \$0.085/kWh tariff, at the very least the tariff should be indexed to average OPALCO tariffs to mitigate impacts of electricity price inflation. If it stayed at \$0.085 for the next 20 years that would be inappropriate.

18:04:26 From KRISTY ROYCE to Everyone:

Please read the report for Vibrant Clean Energy called "Why Local Solar For All Costs Less." The data clearly shows that rooftop solar can really actually save utilities money when you take into account the cost of transmission lines and power outages that will become more common as extreme weather events become more and more common.

18:05:22 From Rosalyn Montgomery to Everyone:

Would it be possible to have this Chat available to read to members?— I found it impossible to read and listen at the same time— maybe put it on the OPALCO website? — Carl Davis

18:05:23 From Jay Kimball to Everyone:

Thanks Chris G. The rate design does include value of transmission avoidance.

18:07:58 From Paul Henriksen to Everyone:

Right on, Barbara. Thank you.

18:08:35 From MARK KING to Everyone:

Agreed - Nicely done Barbara.

18:08:41 From Bruce Robinson to Everyone:

I agree with Barbara.

18:10:16 From Heather Nicholson to Everyone:

Absolutely agree with Kim Rice.

18:12:20 From MARK KING to Everyone:

Can someone confirm or clarify my understanding that OPALCO does not have a way to return / sell the solar generated power on the open market? Not articulated very well but that is part of what I got from the OPALCO statement.

18:12:36 From Hilary Canty to Everyone:

Why doesn't the Board start by looking at their operating budget and identify some savings there?

18:13:27 From Jay Kimball to Everyone:

Mark King, define open market? OPALCO can reroute excess solar (greater than your load) to nearby OPALCO members, but not to the mainland market.

18:14:19 From Tessa Ormenyi to Everyone:

I agree. OPALCO changing its solar rates impacts the entire state. All WA utilities will take note. The impact could potentially be very detrimental to WA supporting renewable energy. It is a dangerous move and I do not support it.

18:14:28 From Jay Kimball to Everyone:

Hilary, Thanks for the thought. Budgets and actuals are looked at least quarterly.

18:14:28 From Justin Wolfe to Everyone:

Annual electricity sales for OPALCO are forecast to go up (according to OPALCO), despite additional solar installations. Solar installations in the San Juans are not keeping up with increased demand.

18:14:43 From Sharon Abreu & Michael Hurwicz to Everyone:

Thank you, Markus!

18:14:49 From MARK KING to Everyone:

Thank you, Jay. That clarifies it for me. I took it to mean that there was no destination for the excess power at all. My reading for comprehension must be to blame.

18:15:13 From Heather Nicholson to Everyone:

I second Mark King and Hillary Canty.

18:16:49 From Justin Wolfe to Everyone:

Mark - I don't believe we are anywhere near having enough on island generation to export power to the mainland.

18:17:42 From Heather Nicholson to Everyone:

Thanks for pointing that out, Justin.

18:17:42 From Jay Kimball to Everyone:

To learn more about what Foster is referring to... Even subsidized solar is out of reach for most low-income co-op members. To help with that, OPALCO applied for and won a \$1 million grant to help fund a 1.2 MW community solar array on San Juan Island. OPALCO will use benefits from the array to offset energy costs for low-income service providers, and to increase credits provided to offset low- and moderate-income households' energy bills. Learn more here: <https://pv-magazine-usa.com/2021/02/26/washington-state-awards-low-income-solar-project-grants/> to deepen the discussion, contact us at communications@opalco.com

18:19:10 From Gerrut Bergsma to Everyone:

Thanks so much for leading and moderating the discussion tonight. Really appreciate the various perspectives.

For the board a clear challenge to provide more clarity in the longer-term strategy including rates and ability to sustain the grid.

18:19:12 From Jay Kimball to Everyone:

Thanks folks!

18:19:47 From Tom Osterman to Everyone:

Thanks for everyone's participation

Energy Roundtable Poll Results

What concerns you most about our energy future in the islands?

- 34% Getting rid of Fossil Fuels
- 30% Decreasing dependence on mainland power
- 16% Affordability
- 14% Rolling Blackouts/Resource Adequacy
- 5% Environmental Health
- 0% Island Aesthetics

If you are considering rooftop solar in the future, what do you value most:

- 45% Doing my part for climate change
- 24% Environmental Benefit
- 21% Offsetting my energy usage
- 10% Return on Investment

What's your relationship with solar power?

- 40% I have rooftop solar
- 22% I'm invested in Community Solar
- 18% I don't have any solar but would like some in the future
- 15% I have rooftop and Community Solar
- 5% I have no plans to invest in solar

Do you support a continued subsidy for local, renewable energy producers?

- 72% Support
- 17% Neutral
- 12% Do not Support

The new tariff includes a renewable premium (credit of ~4.5 cents per kWh over the wholesale rate) for locally produced energy. Should this credit be:

- 42% Increased
- 29% It's just right
- 20% Decreased
- 9% Removed

What types of local energy resilience are most important to you:

- 52% Rooftop solar
- 20% Community Solar
- 20% Battery Storage
- 4% Tidal Power
- 0% Wind

Starting: How comfortable are you with current solar rate proposal?

- 50% Not comfortable
- 20% Very comfortable
- 20% I need more info
- 10% Somewhat comfortable
- 0% Neutral

What topic is most important to you in tonight's discussion?

- 30% Prioritizing local energy development
- 28% Removing barriers to rooftop solar adoption
- 12% Affordability of my power bill
- 10% Fairness in OPALCO rates
- 10% Financial viability of the co-op
- 8% Environmental Health
- 2% Issue of member subsidies

Ending: How comfortable are you with current solar rate proposal?

- 54% Not comfortable
- 20% I need more information
- 14% Very comfortable
- 11% Somewhat comfortable
- 2% Neutral

Orcasonian article and comments

OPALCO energy roundtable will discuss the change in solar rates

||| FROM KRISTA BOUCHEY for ORCAS POWER & LIGHT CO-OPERATIVE |||

CLARIFICATION: The energy roundtable is simply a forum for members to discuss the proposal – but staff will not be presenting information – it’s up to the members to come to the roundtable informed. The materials are posted online and links have been provided in the comments on the article.

Whether or not you’re interested in solar, this proposal affects your power bill. OPALCO is proposing a change to the rate structure for members who generate power (mostly solar) on the co-op grid: specifically, the rate that they are paid for their excess production. OPALCO continues to support local solar production and must also safeguard the future affordability of power for all members. The problem isn’t solar production, it’s the trend of subsidies that are growing larger with more solar producers on the system.

Since 2008, OPALCO members have subsidized the amount that solar producers pay for the use of the grid that they use to buy electricity (like everyone else), and also to sell the surplus energy they produce. This year, OPALCO members will collectively pay about \$300,000 to subsidize about 400 solar producers, and that subsidy is growing as more members add rooftop solar. We forecast that the subsidy will grow to about \$2 million in the next eight years.

Solar producers are subsidized by the rest of the membership because the majority of the Co-op’s fixed costs (non-energy expenses) are collected through kWh charges for energy usage and solar producers buy less energy when they are producing. As more members install solar on OPALCO’s system, the gap in revenue collection affects the financial viability of the Co-op while increasing the burden on the rest of the membership.

The proposed solar rate offers a credit for the local energy benefits that solar producers bring to the Co-op, and it improves fairness and Co-op financial sustainability by reducing the gap between paying their full share of grid costs and the current subsidized rate. This rate adjustment is only the first step in making sure all members are paying their fair share for energy.

Read more about solar rates and consider joining us for a (virtual) Energy Roundtable on November 2 at 5 p.m. via Zoom. Contact us by November 2 at 3 p.m. to get the link: communications@opalco.com. Can’t attend? We still want to hear from you! Review the materials and drop us a line at communications@opalco.com.

Orcas Power &Light Cooperative (OPALCO) is our member-owned cooperative electric utility, serving more than 11,400 members on 20 islands in San Juan County. OPALCO provides electricity that is 97% greenhouse-gas free and is generated predominantly by hydroelectric plants. OPALCO was founded in 1937.

Krista Bouchey October 29, 2021 at 11:10 am

Here is the link for the materials referenced above: <https://www.opalco.com/quick-fact-understanding-the-change-in-solar-rates/2021/10/>

Darlene Talbot October 30, 2021 at 6:07 pm

I thought fixed costs were collected from the service access charge not from the kWh energy charges. At least that was the reason given when the service access charge was increasing every year until we got to the over \$48.00 we're at now. It was less than \$28.00, I believe, before the year after year increases started.

Suzanne Olson November 1, 2021 at 9:24 am

This is Suzanne Olson from OPALCO's communications team.

First of all, to clarify: the Energy Roundtable is an opportunity for members to discuss the solar rates proposal, which is explained in materials posted online and sent via the OPALCO email newsletter: <https://www.opalco.com/quick-fact-understanding-the-change-in-solar-rates/2021/10/>. The proposal itself, tariffs and policies are all posted for public review in the October board materials: <https://www.opalco.com/wp-content/uploads/2021/10/October-2021-Board-Materials-reduced-2.pdf>. OPALCO staff will not be presenting information at this meeting, simply listening and collecting member feedback on the proposal.

Second, to respond to Darlene's question about the service access charge – check out the quick fact (link above) for more information (and a chart) on the history of the service access charge vs fixed costs. OPALCO has been slowly shifting the balance of how non-energy expenses (fixed costs) are collected over the years to avoid rate shock – but, as of today, the service access charge we pay (\$48.41) collects only about 50% of fixed costs. It's an issue OPALCO will continue to address in future rate discussions. The solar rate change is also a progressive shift towards a more equitable balance over time; the proposal for 2022 is one small step.

Please read the proposal and join us on November 2nd to share your thoughts, or send us your comments at communications@opalco.com.

gulliver rankin November 1, 2021 at 5:23 pm

No to a Solar Production Tax!

As one of the 400 solar producers I'm not sure why the "subsidy" is being presented this way. What is left out of the proposal is that there is no subsidy. The COOP buys my solar at the same rate I buy the COOP (our) power.

This change means that I would have to pay \$.02476 /kw to "sell " my power. Isn't that a tax?

The web page graph projecting exponential "subsidy " cost increase over time is also misleading . There is no allowance for the relative cost increase of Bonnyville energy; where local production can be arbitrarily valued.

I can make the same case that all those great heat-pump water heaters and mini splits the coop has subsidized (which I fully support) has also reduced the KW energy use of each house. That's the point! Should their power rate be increased to compensate?

I remember that warm winter the COOP was all concerned because 'the less we used the more we would pay'. Real double speak

How can we conserve energy when the rate structure has a perverse incentive not to?

Are the millions invested in upgrades associated with the fiber what is not covered in the Service Access Fee?

In the 4 months of summer I actually generate more power than I use and I get a Credit in the bank. October Bill shows for first 9 months of 2021 I have used 11,131kw 'from grid' and generated '6,334' to grid. paying for 4,797.KW net used. So on paper I could also be a small cabin that used 479kw each month so far this year.

Or, under the new proposal, I am now an energy conserving member that is charged 20% more per KWhr for my climate investment.

Under this plan if I reduced my usage to equal my generation, the Net Zero goal, I can expect a \$156 bill beyond the \$484 Service Access Fees for these 10 months.

This is seriously backwards.

Will the Decatur project be charged this generation tax? If so I might want my donation back.

Clyde+Duke November 1, 2021 at 8:07 pm

Guliver, excellent points. It's getting harder and harder to feel we have transparency when the discussion starts with questionable information.

Dependability from the Co-op inverters (the Us's) are feeling isolated from the direction of commerce..

The question arises, are we for profit, or elevated infer structure or sustainability...

Costs are just that , Costs... but the track record has ruts.

Hilary Canty November 1, 2021 at 8:24 pm

I am curious how the pay range for the director of Opalco is being considered in this discussion. Seems like the rate and then the Rock Island pay and the bonuses are quite remarkable. Maybe we need to look at the total HR budget and reconsider where reductions need to be made. Solar production seems to be a benefit for the community and should be valued as such.

Alexandra Gayek November 1, 2021 at 10:42 pm

I agree that the rate structure should reward energy conservation and rooftop solar energy production.

Steve McKenna November 2, 2021 at 7:30 am

Let's see a chart of the HR costs alongside the provided chart of the "solar subsidy" , same time frame. Setting the director's compensation at a more reasonable rate and reigning in a few HR expenses would I believe more than make up for the "solar subsidy" costs. Let's not penalize the solar generators for doing the right thing and instead find other ways to cut expenses.

Daniel H. Gottlieb November 2, 2021 at 4:41 pm

Nearly a decade ago, the Arizona Corporation Commission imposed an grid access charge for solar customers, after Arizona Public Service stated that it cost more money to serve solar customers. SEIA testified and was able to prove that solar customers in Arizona pay their fair share of grid costs and do not introduce additional costs to other customers.

A grid access charge that had been in place for nearly a decade for Arizona Public Service's solar customers is no more. State regulators have chosen to eliminate the fee.

The fee amounted to roughly \$100 per year per solar customer. It was instituted under the premise that it costs the utility more to provide solar customers with electricity service. The decision to remove the charge is, in large part, due to the efforts of the Solar Energy Industries Association (SEIA). The organization testified against the charges in October 2020 and December 2020 and showed that solar customers paid their fair share of grid costs compared to non-solar customers.

In addition, SEIA showed the Arizona Corporation Commission (ACC) that the utility's claims about increased service costs for solar customers were unsubstantiated.

<https://www.seia.org/news/seia-axes-grid-access-charge-arizona>

And...

From SEIA—<https://www.seia.org/initiatives/principles-evolution-net-energy-metering-and-rate-design>
Some Guiding Principles for Solar Rate Design

- Rate design should seek to send clear price signals to customers that encourage sustainable, cost-effective investments in solar and complementary technologies.
- Rate designs should not create barriers to the deployment of distributed solar generation or DER technologies other than solar.
- Rate designs that emphasize higher fixed (e.g. customer, service and facility or basic service) charges than necessary for recovery of strictly customer-related costs like service drop, billing, and metering, or quasi-fixed (e.g. mandatory residential demand) charges do not reflect cost causation, disproportionately impact low and moderate income customers, and should be discouraged.
- Regulatory review of rate design alternatives should consider impacts on low-income customers; e.g. utility fixed or quasi-fixed charge proposals usually put solar and efficiency technologies further out of reach of LMI customers.

OPALCO needs to be forward-thinking. That means it must consider the coming climate changes and its implications for the San Juan Islands. OPALCO will do better if it begins and encourages member investment in technologies that strengthen our local grid by providing resiliency. Some starting places are listed below.

Government Example:

NODES—ARPA-E

The infrastructure that defines the U.S. electric grid is based largely on pre-digital technologies developed in the first part of the 20th century. In subsequent decades, grid development has evolved through emphasis on safety, accessibility, and reliability to security and resiliency. Throughout this evolution, the grid mainly relied on centralized power plants and developed protocols to provide system reliability based on that model. However, currently the increasing use of renewable generation DERs, such as residential solar and home energy storage, along with customers' changing energy use patterns are leading to greater uncertainty and variability in the electric grid. The next generation grid requires

real-time adaptation by advanced management and control methods and architectures to enable a new interconnected power system, with a high level of renewable generation and a large number of DERs, while maintaining the quality of service, resiliency, and reliability that customers expect.

<https://arpa-e.energy.gov/technologies/programs/nodes>

Commercial Examples:

- 1) Electric utility Rocky Mountain Power (RMP) is incentivizing more than 50,000 residential and commercial solar power owners within Utah to install utility-managed Sonnen batteries. The company will use the batteries as part of a virtual power plant.
- 2) The use of residential solar+storage as a power grid asset has been growing. Sunrun first broke through in 2018 by winning a bid for its projects to be part of the ISO New England capacity market. Since then there have been a number of announcements, including \$500,000 saved during heat waves
- 3) Enphase IQ Microinverters offer microgrid-forming technology that provides Sunlight Backup during grid outages, and the proprietary, intelligent chip makes switching between on or off grid virtually seamless.

Increased grid access charges for solar customers are the past. Let's look forward.

Clyde+Duke November 2, 2021 at 5:14 pm

Opalco Board, listen up. While our loyalty lies with Opalco, there's a rising tide of discontent amongst your stake holders. Please get business in check with your Operating Statement. (WE ARE HERE TO SERVE OUR COMMUNITY)

By providing the best product at the fairest cost. Ok.. that's my belief.. How apart are we? And if I'm wrong, allow me to choose alternative options. Such as solar.

Bill Appel November 4, 2021 at 10:18 am

OPALCO buys its power from BPA at rates considerably lower than retail. Yet solar producers are accustomed to selling power to OPALCO at retail rates. This is great for solar producers, not so great for OPALCO that has to pay for the infrastructure that allows solar producers to treat OPALCO as a giant (and expensive when looked at that way) battery, for which OPALCO is paid nothing. This practice was designed to encourage and gain experience with solar . As production increased, and its financial consequences became more visible, the need for a course correction has become apparent.

Seattle City Light has recently changed its rules to deal with this: (1) solar producers within its service area do get a retail rate credit for the power that solar producers use. (2) Any excess solar power generated and not consumed by the customer is forfeit to Seattle City Light by a "clearing up" in March of every year. In other words, you can save money as a user, but not make money against the other City Light customers as a generator by selling to the utility at retail rates. This prevents the subsidization of solar generators by those who don't or can't self-generate.

This is, of course, an unwelcome shock to those of us who have come to expect this subsidization, unaware of its ingrained unfairness to others. This discomfort should not spill over into murmurs about salaries and benefits because the topics, to the clear-sighted, are entirely unrelated. This county's generally low wages and high cost of living, particularly housing, make it difficult to hire competent

managerial talent from outside. The county government as well as OPALCO is burdened with this challenge, which again, is unrelated to solar rate structure issues..

Anne Marie Shanks November 4, 2021 at 5:39 pm

We need to flip the paradigm. We should be encouraging conservation. Our CO-OP's income should not be based on how much energy we use.