



# Board of Directors

## Regular Meeting

Thursday, December 14, 2023  
Virtual Meeting via Zoom

Members may participate in the regular board meetings via Zoom. The first part of the meeting is reserved for member questions and comments. For security purposes, staff will be checking Zoom identities so please use your first and last name or you may not be let into the meeting. Please follow the protocols listed below:

- Mute yourself unless talking,
- Use your first and last name in your Zoom identity,
- Chat if you have a question/comment and the monitor will put you in the queue,
- OPALCO's Policy 17 - Member Participation at OPALCO Meetings decorum must be followed.

The Zoom link will be updated monthly. Members can get the link to the meeting, submit any comments and questions in writing no less than 24 hours in advance of each meeting to: [communications@opalco.com](mailto:communications@opalco.com)

### Sequence of Events

- OPALCO Board Meeting
- Executive Session



Board of Directors  
Regular Board Meeting  
December 14, 2023, 8:30 A.M.\*  
Virtual Meeting via Zoom

*\*Time is approximate; if all Board members are present, the meeting may begin earlier or later than advertised. The Board President has the authority to modify the sequence of the agenda.*

**WELCOME GUESTS/MEMBERS**

*Members attending the board meeting acknowledge that they may be recorded, and the recording posted to OPALCO's website. Members are expected to conduct themselves with civility and decorum, consistent with Member Service Policy 17. If you would like answers to specific questions, please email [communications@opalco.com](mailto:communications@opalco.com) for post-meeting follow-up.*

**Agenda**

ACTION ITEMS.....	3
Consent Agenda.....	3
Resolution 4-2023 <i>RUS Signing Authority</i> .....	7
2024 Tariffs .....	7
DISCUSSION ITEMS .....	28
Youth Rally Presentation – 9 am.....	28
REPORTS.....	29
General Manager .....	29
DASHBOARDS.....	29
QUICKFACTS.....	29
ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES.....	30
FINANCE.....	31
MEMBER SERVICES .....	33
COMMUNICATIONS .....	35
Rock Island Communications.....	37
Appendix .....	38

**EXECUTIVE SESSION**

Legal, Personnel, Competitive, Other

**ADJOURNMENT**

# ACTION ITEMS

## Consent Agenda

All matters listed on the Consent Agenda are considered routine and will be enacted by one motion of the Board with no separate discussion. If separate discussion is desired, that item may be removed from the Consent Agenda and placed as an Action Item at the request of a Board member.

The Consent Agenda includes:

- **Minutes** of the previous meeting – attached.
- **Approval of New Members** – attached {as required by Bylaws Article I Section 2 (d)}

### NEW MEMBERS – November 2023

#### **District 1** (San Juan, Pearl, Henry, Brown, Spieden)

AIRPORT CENTER ST, ORAGE LLC  
ANDERSON, STEPHEN  
BRESLIN, CARLI  
CHAVEZ, MARTIN & CHAVEZ, STACIE  
CORCORAN, MEEGAN  
CRAIG, CHARLES  
CUDDINGTON, RYDER  
DIETERLE, AIMEE  
DRIFTWOOD LANE LL, C  
DUCOTE, BRITTNEY  
GERMAIN, STACEY  
HAAS, RANDY & HAAS, ANN  
HANNAH, RICHARD  
HARISON, ZACHARY  
HURLEY, KINSEY  
KOHFIELD, GLENN  
LONG, KIMBERLY  
MENDEZ, GABRIEL  
MOGHADAM, KATYA  
MULLIS COMMUNITY, SENIOR CENTER  
NIELSEN, DEAN  
O'BRIEN, PAMELA  
OLSEN, COLBY & OLSEN, BETHANY  
PALLINGER, ANNE  
QUELLE, ALEXANDRIA  
RUSH, STEPHEN  
SEARS, DOYLE & SEARS, JANICE  
STANTORF, ROBERT  
UHRBROCK, KAREN & SOLBERG, GRETCHEN  
WARREN, DEBORAH & WARREN, RICHARD  
WOODS-ZABARI, LISA

#### **District 2** (Orcas, Armitage, Blakely, Obstruction, Double, Alegria, Fawn)

BEZAIRE, SABRINA & BEZAIRE, SPENCER  
BULMAN FAMILY TRU, ST

CORONADO, MELISSA & CORONADO, HUMBERTO  
DAVIS, FAITH  
GROSS, HEATHCOTT & EDRY, IVONA  
HAHN, LYNN  
HALEMANA II LLC  
HAMMER ORCAS CABI, N LLC  
JOSEPH, BRAD  
LAUGHING CAT DESI, GNS  
LEWIS, CARA  
LONGFELLOW, KATHLEEN  
LOUIS PIERCE LLC  
MARINO, PETER & BRIGHT, EMMA  
MASKE, MADELYN  
MATSCHEK, ADAM & BIRX, LAURA  
ORCAS ISLAND LLC  
PODRABSKY, GARY & PODRABSKY, MARY  
SISSON, COLE  
SPARKS-DEMPSTER, ANNIE

#### **District 3** (Lopez, Center, Decatur, Charles)

11 GARDEN ROAD LL, C  
CAMP, HEATHER & PRUTKIN, JORDAN  
CHRISTENSEN, LARS  
FARIAS, ABIGAIL & RODRIGUEZ VALDEZ, MAURO  
KREDELL, MATTHEW  
PRICE, CHRISTI & PRICE, KELLY  
SMITH, RICHARD & SCOTT, LYNN  
SOUZA, JOHN & SOUZA, M. CAROLYN

#### **District 4** (Shaw, Crane, Canoe, Bell)

No new members



### Capital Credits

Staff requests payment of capital credits to the estates of the following deceased members and/or to organizations no longer in business by way of approval of the consent agenda:

December	
Customer #	Amount
65488	943.83
<b>Total</b>	<b>\$ 943.83</b>

Staff requests a motion to approve the Consent Agenda.



**Orcas Power & Light Cooperative**  
**Minutes of the Board of Directors Meeting**  
**Thursday, November 16, 2023**

Streaming through Zoom attendees were Board members Vince Dauciunas, Jerry Whitfield, Brian Silverstein, Mark Madsen, Tom Osterman, Chuks Onwuneme, and Jeff Struthers. Staff present were General Manager Foster Hildreth; Manager of Engineering and Operations Russell Guerry; Manager of Finance and Member Services Nancy Loomis; Communications Manager Suzanne Olson (serving as recording secretary) and Head Accountant Travis Neal. Also, present were Legal Counsel Joel Paisner and consultant Jay Kimball.

Members in attendance: Steve Bernheim, Rob Memmott, James McCubbin, Justin & Chris Wolfe

Meeting commenced at 8:30 a.m.

Member Comment Period: No Comment

**ACTION ITEMS**

**CONSENT AGENDA**

**MOTION** was made by Madsen to accept the consent agenda, seconded by Struthers, and passed unanimously by voice vote.

**SPECIAL RETIREMENT TO UNCOLLECTIBLE ACCOUNTS**

**MOTION** was made by Whitfield to accept the Special Retirement to Uncollectible Accounts, seconded by Struthers, and passed unanimously by voice vote.

**GENERAL RETIREMENT OF CAPITAL CREDITS**

**MOTION** was made by Madsen to accept the General Retirement of Capital Credits, seconded by Osterman, and passed unanimously by voice vote. Discussion on capital credit smoothing strategy.

**2024 BOARD MEETING DATES**

**MOTION** was made by Madsen to approve the 2024 Board Meeting Dates, seconded by Onwuneme, and passed unanimously by voice vote.

**DISCUSSION ITEMS**

**2024 Budget Report** – Staff reviewed budget assumptions, weather impacts, equity planning and capital projects. GM emphasized importance of getting grant funding for a new submarine cable to meet the increased load requirements of decarbonization and discussion ensued. Rate scenarios were reviewed, and the Board discussed how to spread the rate increase across fixed and volumetric charges and the proposed “All Electric Pilot Rate.” This was considered the first read of the 2024 Tariffs.

**MOTION** was made by Madsen to approve the 2024 Budget as presented, seconded by Onwuneme, and passed unanimously by voice vote.

**Q3 Financials** – Report provided. Board had no comment.



## **REPORTS**

Dauciunas gave an update on activities and timeline of sustainability and climate planning in San Juan County. Discussion ensued.

**GM REPORTS** – Staff reviewed reports, dashboards, grant and budget tracking, and project updates.

Break: 10:15-30

Executive Session: 11:40 – 12:05

Meeting Closed: 12:05

---

Vince Dauciunas, President

---

Brian Silverstein, Secretary-Treasurer



## Resolution 4-2023 *RUS Signing Authority*

RUS has requested that OPALCO reissue Form 675, *Certificate of Authority*, which provides the authority to designated Staff to sign a Form 595 *Financial Requirement & Expenditure Statement* which requests drawdowns of RUS loan approved funds. The authorization which was previously signed in 2013 will remain in force until otherwise directed by the OPALCO Board of Directors.

To update the *Certificate of Authority* form, it requires a board resolution, which indicates board approval for the following staff members to sign for the approved RUS drawdown requests. The authorized staff members to be designated are Foster, Russell, and Nancy.

### BOARD OF DIRECTORS

#### RESOLUTION 4-2023

##### RUS Signing Authority

**Resolved** that the Board of Directors authorizes J. Foster Hildreth, General Manager; Russell H. Guerry, Manager of Engineering and Operations; and Nancy E. Loomis, Manager of Finance and Member Services to sign Form 595 *Financial Requirement & Expenditure Statement* in connection with requisitioning and accounting for Loan Funds.

##### Certification of Secretary

I, Brian Silverstein, Secretary of Orcas Power and Light Cooperative, do hereby certify that the above is true and correct excerpt from the minutes of the meeting of the Board of Directors of the Orcas Power and Light Cooperative, held on the 14<sup>th</sup> day of December 2023 at which meeting quorum was present.

Staff recommends the Board make a motion to approve Resolution 4-2023 *RUS Signing Authority*.

## 2024 Tariffs – Second Read

Following the November Board Meeting, this discussion is the second and final read for the 2024 tariffs. The 2024 Budget was reviewed and approved with the proposed tariffs that allow the budgeted revenue requirements to be met. The 2024 Budget was based on a 6% rate increase and applies to all rate tariff components, except for the Renewable Generation Credit. Following a member question at the November Board Meeting, staff wishes to review the solar rate components and proposed changes.

### Solar Rates Background

We have two main solar rates; one is the legacy rate (Legacy Renewable Energy Rider) and the newer rate enacted in 2022 (Tariff RDR/CDR - Distributed Energy Resource Service – Commercial and Residential). The provisions of the legacy rate remain intact and will increase with the 6% increase. The newer rate began the process of flattening the cost of solar power generation to be more in line with wholesale power costs. In keeping with last year's methodology, staff proposes the Tariff RDR/CDR change as follows:

- kWh charge - 6% increase (RDR Block 1: \$0.1274)
- Base charge - 6% increase (RDR: \$56.59)



- Grid usage charge - 6% increase (RDR: \$0.0122)
- Renewable generation credit – no change (\$0.0990)

Staff can provide additional information and answer questions related to these changes at the meeting.

### **Approval**

Staff recommends the Board make a motion approve the 2024 Tariffs as outlined and discussed.



## Tariff Summary

Residential		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$56.59
Energy Assistance Program (\$/kWh)		\$0.00089
Energy Rates (\$/kWh)		
	Summer	Winter
Block 1	< 2,000 kWh	< 4,000 kWh
Block 2	2,000 kWh to 3000 kWh	4,000 kWh to 5,000 kWh
Block 3	> 3,000 kWh	> 5,000 kWh
		\$0.1274
		\$0.1444
		\$0.1662

Residential TOU		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$68.03
Energy Assistance Program (\$/kWh)		\$0.00089
Energy Rates (\$/kWh)		
TOU Period 1 (6 AM - Noon)		\$0.2111
TOU Period 2 (Noon - 6 PM)		\$0.1267
TOU Period 3 (6 PM - 8 PM)		\$0.2111
TOU Period 3 (8 PM - 6 AM)		\$0.0574

Small Commercial (<20 kW)		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$78.97
Energy Assistance Program (\$/kWh)		\$0.00089
Energy Rates (\$/kWh)		
Block 1 (< 5,000 kWh)		\$0.1257
Block 2 (> 5,000 kWh)		\$0.1392
Demand Rates (\$/kW)		
First 20 kW (Flat Rate)		\$7.51

Large Commercial (> 20kW)		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$78.97
Energy Assistance Program (\$/kWh)		\$0.00089
Energy Rates (\$/kWh)		
Block 1 (< 5,000 kWh)		\$0.1140
Block 2 (5,000-150,000 kWh)		\$0.1265
Block 3 (>150,000 kWh)		\$0.1685
Demand Rates (\$/kW)		
Block 1 (< 300 kW)		\$4.62
Block 2 (> 300 kW)		\$6.93

Pumps		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$50.82
Energy Assistance Program (\$/kWh)		\$0.00089
Energy Rates (\$/kWh)		
0 - 370 kWh		\$0.1354
370-5,000 kWh		\$0.1085
Over 5,000 kWh		\$0.1318
Demand Rates (\$/kW)		
First 20 kW (Flat Rate)		\$1.43
Over 20 kW		\$4.67

Residential Renewables		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$56.59
Energy Assistance Program (\$/kWh)		\$0.00089
Consumed Energy (from Grid) Rates (\$/kWh)		
	Summer	Winter
Block 1	< 2,000 kWh	< 4,000 kWh
Block 2	2,000 kWh to 3000 kWh	4,000 kWh to 5,000 kWh
Block 3	> 3,000 kWh	> 5,000 kWh
		\$0.1274
		\$0.1444
		\$0.1662
Produced Energy (to Grid) Rates (\$/kWh)		
Renewable Generation Credit		(\$0.0990)
Grid Usage Charge		\$0.0122

Energy Assist		Charge (Credit)
Energy Assistance Program (\$/kWh)		\$0.00089
Household Size (\$ Credit/Month)		
1		(\$36.72)
2		(\$43.73)
3		(\$50.74)
4		(\$57.75)
5		(\$64.76)
6+		(\$71.78)

Private Outdoor Lighting		Charge (Credit)
Billing Charge (\$/Service/Month)		\$3.28
Fixture Charge (\$/Service/Month)		\$14.75
Energy Rates (\$/kWh)		
100 Watt Light (and LED Equivalent)		\$5.43
200 Watt Light (and LED Equivalent)		\$11.02

Line Retention		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$50.82

Deposits and Charges		Charge (Credit)
New Members		
Membership Fee		\$5.00
Deposits (Refundable):		
Residential/Residential TOU		\$250.00
Commercial (Small/Large)		TBD*
*Amount determined by OPALCO. Surety bond required in amount of deposit		
New of Transfer Service		\$25.00
Returned Payment Charge		\$30.00
Late Payment Charge (applied to current charges)		5%
Disconnect/Reconnect Fees		
Disconnect Notice		\$10.00
Door Tag Fee		\$50.00
Reconnect (After Disconnt for Non-payment)		
During OPALCO business hours		\$75.00
Outside of OPALCO business hours		\$150.00
Seasonal Reconnect (after disconnected for two (2) or more consecutive billing periods)		
During OPALCO business hours		\$250.00
Outside of OPALCO business hours		\$400.00
Member Caused Outage		Actual Cost
Meter Seal Breakage		\$100.00
Meter Test Fee (at member's request)		
Performed by OPALCO		\$100.00
Performed by other qualified person		\$2.00
**OPALCO will refund cost of meter testing if proven in error by more than two percent (2%)		

Commercial Renewables		Charge (Credit)
Service Access Charge (\$/Service/Month)		\$78.97
Energy Assistance Program (\$/kWh)		\$0.00089
Consumed Energy (from Grid) Rates (\$/kWh)		
Block 1 (< 5,000 kWh)		\$0.1140
Block 2 (5,000-150,000 kWh)		\$0.1265
Block 3 (>150,000 kWh)		\$0.1685
Produced Energy (to Grid) Rates (\$/kWh)		
Renewable Generation Credit		(\$0.0990)
Grid Usage Charge		\$0.0122
Demand Rates (\$/kW)		
Block 1 (< 300 kW)		\$4.61
Block 2 (> 300 kW)		\$6.92

## Tariff R – Residential Service

### Availability

Available to all small farm and home members, subject to the General Provisions hereunder.

### Type of Service

Single-phase, at available secondary voltage, equipment subject to automatic load management controls.

### Application

Service for home and farm uses, such as cooking, lighting, heating, private docks not used for commercial purposes, etc. Primary residential end-use shall be served under this tariff.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount			
<b>Service Access</b>	\$56.59			\$/billing period
<b>Energy</b>				
	<b>Summer Thresholds</b>	<b>Winter Thresholds</b>		
Block 1	≤ 2,000 kWh	≤ 4,000 kWh	\$0.1274	\$/kWh
Block 2	2,001 - 3,000 kWh	4,001 – 5,000 kWh	\$0.1444	\$/kWh
Block 3	> 3,000 kWh	> 5,000 kWh	\$0.1662	\$/kWh
<b>Demand</b>	\$0.00			\$/kW
<b>Energy Assistance</b>	Charges as found in EAP Tariff. See General Provision #6.			\$/kWh
<b>Energy Charge Adjustment</b>	Charges as found in ECA Tariff. See General Provision #6.			\$/kWh

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in cost of power subject to Member Services Policy 29 – Rate Design and Tariff ECA – Energy Charge Adjustments.
3. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
4. Primary end-use for residential purposes shall be served under this tariff.
5. Summer Block is defined as May billing period through September billing period; Winter Block is defined as October billing period through April billing period.
6. Energy Assistance Charge and Energy Charge Adjustment shall be applied to all energy (kWh) Consumed Energy in the billing period.



## Tariff RDR – Residential Distributed Energy Resource Service

### Availability

Available to all residential members utilizing Member Service Policy 13 for interconnection of distributed energy resource (DER) facilities, subject to the General Provisions hereunder. DER facilities include solar, wind, hydro, and battery storage.

### Type of Service

Single-phase, at available secondary voltage, equipment subject to automatic load management controls.

### Application

- Primary residential interconnected DER facilities end-use shall be served under this tariff.
- Services with interconnected DER facilities with an inverter nameplate rating of less than 25 kW. [Systems above 25kW will require an independent power purchase agreement]

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount			
Service Access	\$56.59			\$/billing period
Consumed Energy (from Grid)				
	Summer Thresholds	Winter Thresholds		
Block 1	≤ 2,000 kWh	≤ 4,000 kWh	\$0.1274	\$/kWh
Block 2	2,001 - 3,000 kWh	4,001 – 5,000 kWh	\$0.1444	\$/kWh
Block 3	> 3,000 kWh	> 5,000 kWh	\$0.1662	\$/kWh
Produced Energy (to Grid)				
Renewable Generation Credit	(\$0.0990)			\$/kWh
Grid Usage Charge	\$0.0122			\$/kWh
Demand	\$0.00			\$/kW
Energy Assistance	Charges as found in EAP Tariff. See General Provision #6.			\$/kWh
Energy Charge Adjustment	Charges as found in ECA Tariff. See General Provision #6.			\$/kWh

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in cost of power subject to Member Services Policy 29 – Rate Design and Tariff ECA – Energy Charge Adjustments.
3. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
4. Primary end-use for residential purposes shall be served under this tariff.
5. Summer Block is defined as May billing period through September billing period; Winter Block is defined as October billing period through April billing period.



6. Energy Assistance Charge and Energy Charge Adjustment shall be applied to all energy (kWh) Consumed Energy in the billing period.
7. Consumed Energy (from grid) shall be charges applied to all energy (kWh) consumed at the time where consumption exceeds production. This energy shall be measured at the interconnection meter.
8. Produced Energy (to grid) shall be credits and charges applied to all energy (kWh) produced at the time where production exceeds consumption. This energy shall be measured at the interconnection meter. The sum of all credits and charges totals to a credit.
9. Services installed, commissioned, and energized prior to June 30th, 2022, may remain on the Legacy Renewable Energy Rider for interconnected DER facilities provided the cooperative has been notified on or prior to June 30th, 2022.
10. Services billed on the Legacy Renewable Energy Rider shall continue using that Legacy Renewable Energy Rider until one of the following conditions has been met:
  - the service is transferred to another member;
  - an executed agreement to be bound by this tariff;
  - requirements stipulated in related agreements; or
  - after June 30th, 2029.
11. Wholesale Purchased Power (charge or credit) is the annual blended per kWh charge for OPALCO's cost of wholesale power from the mainland suppliers.
12. Renewable Premium includes costs for reduced load on the grid, an environmental credit, and an implementation phase-in credit.
13. Services utilizing this tariff shall not revert to legacy tariff methodology.



## Tariff TOU – Residential Time of Use Service

### Availability

Available to all small farm and home members otherwise served under the standard residential rate, and subject to the General Provisions hereunder.

### Type of Service

Single-phase, at available secondary voltage, equipment subject to automatic load management controls.

### Application

Service for small farms, homes, pools, greenhouses and other non-essential loads. Limited to single phase loads. Primary residential end-use shall be served under this tariff.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount	
<b>Service Access</b>	\$68.03	\$/billing period
<b>Energy</b>		
TOU Period 1	\$0.2111	\$/kWh
TOU Period 2	\$0.1267	\$/kWh
TOU Period 3	\$0.2111	\$/kWh
TOU Period 4	\$0.0574	\$/kWh
<b>Demand</b>	\$0.00	\$/kW
<b>Energy Assistance</b>	Charges as found in EAP Tariff. See General Provision #6.	\$/kWh
<b>Energy Charge Adjustment</b>	Charges as found in ECA Tariff. See General Provision #6.	\$/kWh

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in cost of power subject to Member Services Policy 29 – Rate Design and Tariff ECA – Energy Charge Adjustments.
3. The billing demand shall be the maximum kilowatt (kW) demand established by the member for any period of fifteen (15) consecutive minutes during the period for which the bill is rendered as indicated or recorded by a demand meter.
4. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
5. Energy Assistance Charge and Energy Charge Adjustment shall be applied to all energy (kWh) Consumed Energy in the billing period.

## Tariff LCS – Large Commercial Service

### Availability

Available to all non-residential members using more than 20 kW in any one or more of the preceding twelve (12) months, subject to the General Provisions hereunder.

### Type of Service

Single-phase, at available secondary voltage, equipment subject to automatic load management controls.

### Application

General Service for heating, lighting, etc., for non-residential primary end-use.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount		
<b>Service Access</b>	\$78.97		\$/billing period
<b>Energy</b>			
Block 1	≤ 5,000 kWh	\$0.1140	\$/kWh
Block 2	5,001 - 150,000 kWh	\$0.1265	\$/kWh
Block 3	> 150,000 kWh	\$0.1685	\$/kWh
<b>Demand</b>			
Block 1	≤ 300	\$4.62	\$/kW
Block 2	> 300	\$6.93	\$/kWh
<b>Energy Assistance</b>	Charges as found in EAP Tariff. See General Provision #6.		\$/kWh
<b>Energy Charge Adjustment</b>	Charges as found in ECA Tariff. See General Provision #6.		\$/kWh+

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in cost of power subject to Member Services Policy 29 – Rate Design and Tariff ECA – Energy Charge Adjustments.
3. The billing demand shall be the maximum kilowatt (kW) demand established by the member for any period of fifteen (15) consecutive minutes during the period for which the bill is rendered as indicated or recorded by a demand meter.
4. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
5. Energy Assistance Charge and Energy Charge Adjustment shall be applied to all energy (kWh) Consumed Energy in the billing period.



## Tariff CDR – Commercial Distributed Energy Resource Service

### Availability

Available to all non-residential members utilizing Member Service Policy 13 for interconnection of distributed energy resource (DER), subject to the General Provisions hereunder. DER facilities include solar, wind, hydro, and battery storage.

### Type of Service

Single-phase or three-phase, at available secondary voltage, equipment subject to automatic load management controls.

### Application

- Primary residential interconnected DER facilities end-use shall be served under this tariff.
- Services with interconnected DER facilities with an inverter nameplate rating of less than 25 kW. [Systems above 25kW will require an independent power purchase agreement]

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount		
<b>Service Access</b>		\$78.97	\$/billing period
<b>Consumed Energy (from Grid)</b>			
Block 1	≤ 5,000 kWh	\$0.1140	\$/kWh
Block 2	5,001 - 150,000 kWh	\$0.1265	\$/kWh
Block 3	> 150,000 kWh	\$0.1685	\$/kWh
<b>Produced Energy (to Grid)</b>			
Renewable Generation Credit		(\$0.0990)	\$/kWh
Grid Usage Charge		\$0.0122	\$/kWh
<b>Demand</b>			
Block 1	≤ 300	\$4.62	\$/kW
Block 2	> 300	\$6.93	\$/kWh
<b>Energy Assistance</b>	Charges as found in EAP Tariff. See General Provision #6.		\$/kWh
<b>Energy Charge Adjustment</b>	Charges as found in ECA Tariff. See General Provision #6.		\$/kWh

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in cost of power subject to Member Services Policy 29 – Rate Design and Tariff ECA – Energy Charge Adjustments.
3. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
4. Primary end-use for non-residential purposes shall be served under this tariff.



5. Summer Block is defined as May billing period through September billing period; Winter Block is defined as October billing period through April billing period.
6. Energy Assistance Charge and Energy Charge Adjustment shall be applied to all energy (kWh) Consumed Energy in the billing period.
7. Consumed Energy (from grid) shall be charges applied to all energy (kWh) consumed at the time where consumption exceeds production. This energy shall be measured at the interconnection meter.
8. Produced Energy (to grid) shall be credits and charges applied to all energy (kWh) produced at the time where production exceeds consumption. This energy shall be measured at the interconnection meter. The sum of all credits and charges totals to a credit.
9. Services installed, commissioned, and energized prior to June 30th, 2022, may remain on the Legacy Renewable Energy Rider for interconnected DER facilities provided the cooperative has been notified on or prior to June 30th, 2022.
10. Services billed on the Legacy Renewable Energy Rider shall continue using that Legacy Renewable Energy Rider until one of the following conditions has been met:
  - the service is transferred to another member;
  - an executed agreement to be bound by this tariff;
  - requirements stipulated in related agreements; or
  - after June 30th, 2029.
11. Wholesale Purchased Power (charge or credit) is the annual blended per kWh charge for OPALCO's cost of wholesale power from the mainland suppliers.
12. Renewable Premium includes costs for reduced load on the grid, an environmental credit, and an implementation phase-in credit.
13. Services utilizing this tariff shall not revert to legacy tariff methodology.



## Tariff P – Pump Service

### Availability

Available to all members, subject to the General Provisions hereunder.

### Type of Service

Single-phase, at available secondary voltage, equipment subject to automatic load management controls.

### Application

Service for exclusively pumping water for domestic use and/or irrigation.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount		
<b>Service Access</b>	\$50.82		\$/billing period
<b>Energy</b>			
Block 1	≤ 370 kWh	\$0.1354	\$/kWh
Block 2	371 - 5,000 kWh	\$0.1085	\$/kWh
Block 3	> 5,000 kWh	\$0.1318	\$/kWh
<b>Demand</b>			
Block 1	First 20 kW (Flat Rate)	\$1.43	\$/billing period
Block 2	> 20 kW	\$4.67	\$/kW
<b>Energy Assistance</b>	Charges as found in EAP Tariff. See General Provision #5.		\$/kWh
<b>Energy Charge Adjustment</b>	Charges as found in ECA Tariff. See General Provision #5.		\$/kWh

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. A surcharge or credit may be applied to each billing for service under this tariff to reflect increases or decreases in cost of power subject to Member Services Policy 29 – Rate Design and Tariff ECA – Energy Charge Adjustments.
3. Member agrees to allow the cooperative, at its discretion, to install automatic load management controls.
4. All pumps served under this tariff shall be metered separately.
5. Energy Assistance Charge and Energy Charge Adjustment shall be applied to all energy (kWh) Consumed Energy in the billing period.

## Tariff LR – Line Retention

### Availability

Available for individual services where the primary and transformer only serve one member and the removal of the equipment will not affect the service to other members, and/or no service has been taken for a period of twelve (12) months.

### Type of Service

Single-phase, at available secondary voltages.

### Application

Payment of the line retention rate will ensure that the facilities remain in place for future use.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount	
Service Access	\$50.82	\$/billing period

### General Provisions

1. The minimum monthly credit, under this tariff, shall be per the Energy Assist Credit, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. OPALCO shall retire and/or remove facilities that have been idle for greater than twelve (12) months.
3. Payment of the line retention rate will ensure that the facilities remain in place while service has this tariff applied.
4. If OPALCO removes any equipment pertaining to the service while under this tariff, OPALCO shall reinstall the facilities to provide the same service at the time this tariff was applied.
5. Members who have discontinued service for a period of twelve (12) months or have made a formal request for service and have not connected to the system after a period of twelve (12) months are subject to the line retention rate, provided that OPALCO has determined that the facilities are causing ongoing expenses, such as line losses or line maintenance to the system.



## Tariff POL – Private Outdoor Lighting

### Availability

New service under this tariff is not available after March 1, 1998. Those members receiving service under this tariff prior to March 1, 1998 may continue to do so.

### Type of Service

OPALCO will own, maintain and operate suitable fixtures on brackets, with refractors and controls, and supply energy for lamps at locations agreed upon with the member, the service distance not to exceed 150 feet/2 wire, or 300 feet/3 wire.

### Application

Non-metered or metered street, yard or security lighting service.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount	
Billing	\$3.28	\$/billing period
Fixture	\$14.75	\$/billing period
Light		
100 Watt or Equivalent	\$5.43	\$/billing period
Block 2	\$11.02	\$/billing period

### General Provisions

1. The minimum monthly charge, under this tariff, shall be per the Service Access Charge, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. All lamp replacements and other maintenance will be provided by OPALCO, except that lamps and fixtures broken by vandalism will be charged to the member.
3. The member shall notify OPALCO if a lamp does not operate. OPALCO agrees to repair lamps as soon as possible, but, in any event, within five (5) working days.
4. A timing device and/or photo electric cell may be installed by OPALCO in order to limit the time interval that the lamp is turned on each night.
5. During the periods of energy shortage, lamps may be disconnected by request of either the cooperative or member, with no charge to member. The member will not be charged for the period the light has been disconnected.

## Deposits and Fees

Description	Amount
<b>New Members</b>	
Membership Fee (refundable)	\$5.00
Deposits (refundable)	
Residential/Residential TOU	\$250.00
Commercial (Small and Large)	TBD by OPALCO <sup>1</sup>
<i><sup>1</sup>Surety bond required in amount of deposit</i>	
<b>Service Transfer Fee</b>	\$25.00
<b>Returned Payment Charge</b>	\$30.00
<b>Late Payment Charge</b>	5% of current balance
<b>Disconnect/Reconnect Fees</b>	
Disconnect Notice	\$10.00
Door Tag	\$50.00
Reconnect (after Disconnect for Non-payment)	
During OPALCO business hours	\$75.00
Outside of OPALCO Business hours	\$150.00
Seasonal Reconnect <sup>2</sup>	
During OPALCO business hours	\$250.00
Outside of OPALCO Business hours	\$400.00
<i><sup>2</sup>after disconnected for two (2) or more consecutive billing periods</i>	
<b>Member Caused Outage</b>	Actual Cost
<b>Meter Seal Breakage</b>	\$100.00
<b>Meter Test Fee<sup>3</sup></b> (at members request)	
Performed by OPALCO	\$100.00
Performed by other qualified person	Actual Cost <sup>3</sup>
<i><sup>3</sup>OPALCO will refund cost of meter testing if proven in error by more than two percent (2%)</i>	

## Tariff EAP – Energy Assist Program Rider

### Availability

Energy Assist Credit is available to low-income members, subject to the General Provisions hereunder, served under the current Tariff R Residential Service, and the provisions therein.

### Type of Service

Electric service under the current Tariff R Residential Service.

### Application

Residential homes with year-round low-income occupants being served by a standard residential service.

### Charges (Credits)

Charge (Credit) Type	Charge (Credit) Amount		
Energy Assistance	\$0.00089		\$/kWh
Energy Assist			
	Household Size		
	1	(\$36.72)	\$/billing period
	2	(\$43.73)	\$/billing period
	3	(\$50.74)	\$/billing period
	4	(\$57.75)	\$/billing period
	5	(\$64.76)	\$/billing period
	6+	(\$71.77)	\$/billing period

### General Provisions

1. The minimum monthly credit, under this tariff, shall be per the Energy Assist Credit, as found in Charges (Credits), per billing period or prorated if service is provided for less than a full billing period.
2. The Energy Assist Credit is pending available funding through the Energy Assistance Charge in each related tariff, and other funding sources as approved by the Board of Directors.
3. Energy Assistance Charge shall be applied to all energy (kWh) Consumed Energy in the billing period under all tariffs.

### Tariff ECA – Energy Charge Adjustment Rider

A variable true-up adjustment (surcharge or credit) will appear as a line item on member bills to reflect increases or decreases in the power sales due to weather. The adjustment amount will be solely based on power costs and calculated by comparing budgeted vs. actual power cost per kWh sold. The purpose of the ECA is address the lack of predictability in weather forecasting for kWh sales and revenue as power costs. The ECA includes two adjustment mechanisms:

1. An automated monthly reoccurring true-up (surcharge or credit) to be applied to each member billing on a kWh basis, which adjusts for increases or decreases in the cost of power purchased as compared to the budgeted vs. actual cost per kWh sold (see below for calculation); and
2. On an as-needed basis and subject to board approval, a variable mechanism that balances the fluctuation in revenues to meet strategic directives, financial requirements, and emergency funding needs.

For the purposes of calculating the ECA, Total Purchase Power Cost shall mean power purchases and credits from all power suppliers; excluding credits or purchases from all suppliers that may be applied directly to particular Members; including all power supply related costs but not limited to: monthly fixed charges, electric power production costs, fuel costs, market power purchases, transmission costs, substation costs, costs for any facilities that will be billed to the Cooperative by power suppliers, power supplier surcharges for programs such as, but not limited to, energy efficiency and demand response programs, other power supply related costs.

The Budget Cost of Power shall equal the total projected future cost of power at the time the current Cooperative rates were established (power cost embedded within current rates) divided by the total projected future kWh sales at the time the current Cooperative rates were established (kWh sales used to develop current rates).

### Monthly ECA Factor

The automated monthly charges on member bills shall be increased or decreased on a uniform per-kWh basis computed monthly as follows:

$$ECA = \frac{PC_A}{kWh_A} - \frac{PC_B}{kWh_E} + \frac{\text{Uncollected}}{kWh_B} + \text{Adjustments}$$

The figures for the above variables can be found in Board approved budget and in the financial statements, and on the Sales and Usage Report.

Where:

ECA	Energy Cost Adjustment (\$/kWh) to be applied to energy sales for the billing period.
$kWh_E$	Total estimated energy annual sales.
$kWh_B$	Total estimated energy sales for the billing period the ECA will be applied.
$PC_A$	Total purchased power cost from all suppliers for the prior two months billing period. Excluding Bonneville Power Administration provision known as the Reserves Distribution Clause (RDC).
$PC_B$	Total annual estimated purchased electricity costs included in the Cooperative's base rates.
Uncollected	Difference in the total ECA revenue collected from the prior month and the total ECA calculated collection for the prior month. $Uncollected = (ECA_P * kWh_A (\text{prior billing period only})) - ECA_A$
$ECA_P$	Energy Cost Adjustment (\$/kWh) as applied to energy sales for the prior billing period.
$ECA_A$	Energy Cost Adjustment (\$) as collected from energy sales for the prior billing period, as found on the

	monthly sales report, net of any General Manager smoothing adjustments (below).
$kWh_A$	Total actual energy sales for the prior two months billing periods the ECA was applied. This metric is per the RUS Form 7 energy (kWh) sales.
Adjustments	<p><b>Unforeseen:</b> A Board approved \$/kWh charge to account for unpredictable costs.</p> <p><b>Smoothing:</b> The Board also approves the ability for the General Manager to make smoothing adjustments to the ECA to minimize the month-to-month financial impact to members. The General Manager will report any adjustments made at the next Board meeting.</p>



## Tariff EC – Energy Conservation Charge Rider

### Availability

Service under this Rider shall be available in all territory served by the cooperative (OPALCO) and shall be subject to OPALCO's established tariffs and policies. This Rider is an optional and voluntary tariff available to members who take service under any rate schedule for eligible energy efficiency improvements (upgrades) within the OPALCO service territory. It shall not be a requirement that the structure be all-electric. Projects that address upgrades to existing buildings deemed unlikely to be habitable or to serve their intended purpose for duration of service charges will not be approved unless other funding can affect necessary repairs.

### Application

A monthly Energy Conservation (EC) charge will be assigned to any meter located where upgrades are installed utilizing OPALCO on-bill financing program. Members occupying the location of the meter shall pay the EC charge until all OPALCO costs have been recovered. OPALCO will recover the costs of its investments, including any fees allowed, in this tariff. Charges will be set for a duration not to exceed the estimated life of the pre-approved upgrades or the length of a full parts and labor warranty, whichever is less and in no case longer than ten (10) years. The EC charge, and duration of payments will be included in the Efficiency Conservation Agreement between OPALCO and the member.

### General Provisions

#### ENERGY CONSERVATION AGREEMENT TERMS

1. No up-front payment is required by participating members. The initial cost of approved energy efficiency measures will be paid by OPALCO, up to the maximum amount established for each EC measure.
2. The repayment obligation shall be assigned to the meter at the premises and will survive changes in ownership and/or tenancy.
3. Until cost recovery for upgrades at a meter location is complete, the terms of this tariff shall be binding on the metered structure and any future member who shall receive service at that location.
4. Program costs shall be recovered through a monthly EC charge on the utility bill.
5. Without regard to any other OPALCO rules or policies, the EC charge shall be considered as an essential part of the members bill for electric service, and OPALCO may disconnect the associated electric meter for non-payment of EC charge under the same provisions as for any other electric service.
6. OPALCO may make an incentive payment for program participation that is less than or equal to the value of the upgrades to the Cooperative.
7. A member's and landlord's (if applicable) signature on the EC Agreement shall indicate acceptance of this tariff.
8. OPALCO will be responsible for estimating resource savings and developing a Conservation Plan upon which the EC charge will be based, detailed in this tariff.
9. Once OPALCO's costs for upgrades at a specified location have been recovered, the monthly charge shall no longer be billed.





### Conservation Plan

The Conservation Plan (the Plan) will be developed by OPALCO and specify measures eligible for financing. The Plan includes:

- EC Charge – The charge to be included on Member’s utility bill will be based on the actual cost of the proposed measure(s). The Cooperative will be solely responsible for calculating the EC charge utilizing standard amortization methods. To the extent applicable, OPALCO will incorporate County recording fees and OPALCO rebates or discounts into the calculation of the EC charge.
- The annual interest rate used to calculate the EC charge shall be no more than two percent (2%).
- Number of Payments – The number of monthly periods for which the EC charge will apply at the premises. Unless otherwise specified, the EC charge shall not exceed the estimated life of the measure or ten (10) years, whichever is less.
- Project Cost - the total actual cost of the energy conservation project being financed, for the purpose of calculating the EC charge. Project cost will include (1) the final amount billed by the contractor, and paid by OPALCO, subject to the terms of this policy and the EC Agreement, (2) recording fees charged by the County, and paid by OPALCO, (3) optional decommissioning of a fossil fuel system and (4) an energy audit (if applicable). Energy snapshot fees may not be included in the Project Cost.
- Estimated Resource Savings – The modeled change(s) in costs of resources consumed at the premise attributable to the efficiency measure(s) proposed. The Cooperative will be solely responsible for savings estimates.

### Approved Contractor

Should the member determine to proceed with implementing the Plan, OPALCO shall determine the appropriate monthly charge as described above. The member shall sign the EC Agreement and select a certified contractor.

### Quality Assurance

When the energy efficiency upgrades are completed, the contractor shall be paid by OPALCO, following on-site, telephone, or written report inspection and approval of the installation by the member and cooperative. OPALCO does not guarantee the performance of the upgrade appliance or the quality of work of any contractor.

### Uneconomic Measures

A member may elect to “buy down” the cost of implementing an efficiency measure so that the EC charge will be less than the average estimated monthly savings. In this case OPALCO must be notified in advance of the payment to appropriately process the payment.

### New and Existing Structures

A member may utilize this Rider to install high efficiency equipment or measures in new structures. At its sole discretion, OPALCO may determine a property is not eligible for the program and does not qualify for this Rider if:

- The structure has an expected life shorter than the payback period, or
- The structure does not meet applicable public safety or health codes.



### Responsibilities

Responsibilities, understandings, and authorizations of members, OPALCO, landlord (if applicable) and Participating Contractor shall be outlined in written agreements, notifications and disclosures/consents.

### Transition in Roles

Payments due pursuant to an Energy Conservation Agreement are based upon the meter serving each property participating under this tariff. All responsibility for outstanding EC obligations and payments belong to the member or any successor party to the member, landlord or tenant change, including any subsequent owner, tenant, or otherwise. Note, to the extent necessary, each member maintains all disclosure obligations. For example: If a person sells a home, they are required to notify the purchaser of the tariff obligation. Failure to provide such notification shall not affect the cooperative's ability to continue billing pursuant to this tariff.

### Other

1. This Rider only applies to measures permanently installed as fixtures at the premises. Portable efficiency products do not qualify under this Rider. OPALCO will solely determine eligibility of measures or products.
2. Premises in which the measures will be installed must be permanently anchored to a foundation.
3. At its sole discretion, OPALCO may determine the maximum program investment in any year.
4. OPALCO will determine the eligibility of a member based under the member's bill payment history with the cooperative, projected energy savings and program capacity. Service under this Rider shall be available in all territory served by the cooperative (OPALCO) and shall be subject to OPALCO's established tariffs and policies. This Rider is an optional and voluntary tariff available to members who take service under any rate schedule for eligible energy efficiency improvements (upgrades) within the OPALCO service territory. It shall not be a requirement that the structure be all-electric. Projects that address upgrades to existing buildings deemed unlikely to be habitable or to serve their intended purpose for duration of service charges will not be approved unless other funding can affect necessary repairs.



## Tariff LRR – Legacy Renewable Energy Rider

### Availability

Available to all services utilizing Member Service Policy 13 for interconnection of distributed energy resource (DER) facilities, subject to the General Provisions hereunder. DER facilities include solar, wind, hydro, and battery storage.

### General Provisions

1. This rider shall be applied to the primary tariff utilized for the service utilizing Member Service Policy 13.
2. Energy produced that exceeds consumption shall be used to directly offset energy consumed that exceeds production within the billing period.
3. Energy produced that exceeds the energy consumption for the billing period shall be carried to the following billing periods until either it is fully offset by consumed energy or March 31. On April 30 of each year, the produced energy that exceeds the consumed energy shall be paid at \$0.01 greater than the average wholesale cost of power (See General Provision #4).
4. The yearly average shall be determined each year on March 31 using OPALCO's year-end Rural Utilities Service (RUS) Form 7, Part K, Section (e) Average Cost.
5. The billing adjustments applies to charges for energy consumed only. A member participating in this tariff is subject to the OPALCO tariff under which the member receives service.
6. Produced energy that exceeds consumption shall be applied only to energy usage and not the service access charge. In all cases, the service access charge will apply.
7. If the service has selected the use of "Buy/Sell", general provision #1 and # 2 do not apply. All produced energy that exceeds consumption within the billing period shall be credited on a monthly basis at \$0.01 greater than the average wholesale cost of power (See General Provision #4).
8. Services installed, commissioned, and energized prior to June 30th, 2022, may remain on this tariff for interconnected DER facilities provided the cooperative has been notified on or prior to June 30th, 2022.
9. Services billed on this legacy tariff rider shall continue using this tariff rider until one of the following conditions has been met:
  - the service is transferred to another member;
  - an executed agreement to be bound by another tariff;
  - requirements stipulated in related agreements; or
  - after June 30th, 2029.

NOTE: This legacy rate applies to interconnected services prior to June 30th, 2022, all of which had the opportunity to opt into the RDRC or CDRC tariff. The services that remain on this rider exceed to capacity threshold of 4% of the 1996 peak set by RCW 80.60. The services under this rider represent >8% of the 1996 peak threshold as of June 30th, 2022.

# DISCUSSION ITEMS

## Youth Rally Presentation – 9 am

Each year OPALCO offers scholarships and attendance at a co-op leadership camp, the ICUA Youth Rally, for San Juan County students. The 5 participants from the 2023 program will do a short presentation on their experience at the ICUA Youth Rally.

# REPORTS

## General Manager

### DASHBOARDS

Please review the dashboards at <https://www.opalco.com/dashboards>. Note that all the dashboards are within board approved strategic parameters.

#### Finance

- Budget Variance
- TIER/Margin
- Expense
- Cash
- Power Cost
- Purchased Power
- Annual Power Metrics
- Capital
- Debt/Equity
- WIP
- Income Statement Trends

#### Member Services

- Disconnects
- Uncollectable Revenue
- PAL
- EAP
- Membership
- Service Additions
- Annual Service Additions
- Revenue Dist. By Rate

#### Outage

- Historical SAIDI - Graph
- Historical SAIDI - Figures
- Outage Stats – Rolling 12 Mo
- Outage Stats – Monthly
- SAIDI by Category
- Outage Summary

### QUICKFACTS

Please review the Quick Facts at <https://www.opalco.com/newsroom/quick-facts/>.

- |  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• OPALCO's Plan for our Energy Future</li> <li>• Decarbonization – 4 Part Series</li> <li>• Switch It Up!</li> <li>• WA 2021 Energy Strategy</li> <li>• Simpson Proposal and the Northwest Energy Evolution</li> <li>• Will there be enough power?</li> <li>• OPALCO Rates</li> <li>• Energy Independence? Not entirely</li> <li>• Rock Island Communications</li> <li>• OPALCO election process</li> <li>• Wireless Services</li> <li>• Cost of Service</li> <li>• Staff Compensation</li> <li>• NRECA</li> <li>• OPALCO Debt and Capital Projects</li> <li>• Ocean Health</li> <li>• NW Resource Adequacy in a Rapidly Decarbonizing World</li> </ul> | <ul style="list-style-type: none"> <li>• Land for Renewable Energy Projects</li> <li>• Understanding the Change in Solar Rates</li> <li>• Decatur Island Battery Storage Project</li> <li>• Why Hydropower is Important to our Power Supply</li> <li>• Where does OPALCO stand on regional issues and the dams?</li> <li>• Future Power Purchase Strategy</li> <li>• Industry Association Memberships and Co-op Benefits</li> <li>• Climate Change News Review - September 2022</li> <li>• OPALCO Tidal Energy Pilot Project</li> <li>• Solar Rate for Residential Members</li> <li>• Right-of-Way Program</li> <li>• Inflation Reduction Act (IRA) Benefits</li> <li>• Wildfire Mitigation</li> <li>• Surge Protection</li> <li>• OPALCO Needs a New Submarine Cable</li> </ul> |
|--|--|



## ENGINEERING, OPERATIONS, AND INFORMATION TECHNOLOGIES

### WIP

As of December 7, 2023, there are 452 work orders open totaling \$12.2M. Operations has completed construction on 185 work orders, totaling \$4.8M.

### Safety

Northwest Safety Service conducted Grounding for Employee Protection training for operations. The total current hours worked without a loss time accident 292,651 hours.

### Grants

#### Grant Seeking

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline
Energy Improvement in Rural or Remote Areas (ERA)	DOE	Submarine Cable Project (\$100M)	\$80M	\$20M	Determination in 12/2023
Water Power Technology Office	DOE	Pilot Tidal Project (\$60M)	\$35M	\$25M	Determination in 12/2023
Clean Energy Fund 5 / partner to Port of Orcas	WA Dept of Commerce	EV Charging Project – Orcas	n/a	n/a	TBD
Advanced Cybersecurity Technology (ACT) 1 Prize	DOE	OPALCO Cybersecurity Initiative-	\$50k	\$50k	Determination in 03/2024

#### Grant Awards

Grant Program / partner	Funder	Project Title (\$\$)	Grant \$\$	Matching \$\$	Timeline / Notes
Zero Energy Vehicle Infrastructure (ZEVI) / partner with OPAL CLT	Bonneville Environmental Foundation	EV Chargers for OPAL Neighborhoods (\$45k)	\$25k	\$20k	Working with OPAL Install in 2024
Remote Communities Broadband ARPA	WA State Broadband Office	Last Mile Broadband	\$15M		In contracting
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Bailer Hill Microgrid	\$2.4M	\$2.4M	Land Use Permitting
Clean Energy Fund 4 Grid Modernization	WA Dept of Commerce	San Juan Islands Tidal Generation Conceptual Design (feasibility study)	\$150k	\$150k	Q4 2023
		Friday Harbor Ferry Electrification Prelim Design	\$150k	\$150k	Q4 2024
Clean Energy Fund 3 Grid Modernization	WA Dept of Commerce	Low Income Solar – Bailer Hill Microgrid	\$1M	\$1M	2024

## FINANCE

### 2023 Budget Tracking

Energy (kWh) sales were slightly higher than budgeted levels through November 2023. The table presents the full year 2023 projection with actuals for prior months where available.

Income Statement Summary (in thousands)		2023 Projection (actuals for prior months)		
		Budget	Projected	Variance
Operating Revenue	\$	35,842	\$ 37,045	\$ 1,203
ECA Surcharge / (Credit)*	\$	-	\$ (341)	\$ (341)
Revenue	\$	35,842	\$ 36,704	\$ 862
Expenses:				
Cost of Purchased Power	\$	9,631	\$ 8,887	\$ (744)
Transmission & Distribution Expense		7,780	8,831	1,051
General & Administrative Expense		6,621	6,068	(553)
Depreciation, Tax, Interest & Other		9,537	9,531	(6)
Total Expenses		33,569	33,317	(252)
Operating Margin		2,273	3,387	1,114
Non-op margin		457	743	286
Net Margin*	\$	2,730	\$ 4,130	1,400
OTIER		2.31	2.99	0.68
TIER		2.53	3.31	0.78
Equity %		39.7%	41.3%	1.6%
HDD		1,367	1,244	(123)
kWh Purchases		222,000	227,910	5,910
kWh Sales		208,700	213,018	4,318

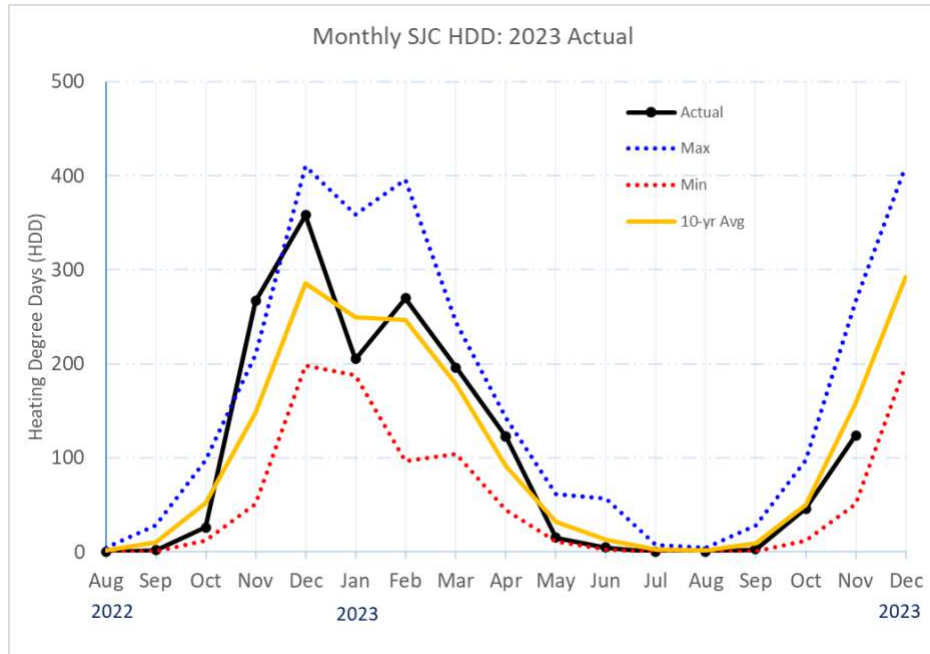
\* The ECA returned \$341k to members through Nov 2023. The credit is partially driven by BPA dividend credits (of \$426k in Q1) included in, and artificially reducing Cost of Power.

### Monthly Energy Charge Adjustment (ECA)

November 2023 ECA collected \$263,045 from members, or \$13.41 per 1,000 kWh. The December billing period ECA is projected to be a bill surcharge of \$.006234 per kWh on member bills, or \$6.23 per 1,000 kWh. The exact amount of the ECA is an estimation based on known kWh sold and a recalculation of our contractual power bill, which may occasionally include other one-time factors or adjustments.

### Heating Degree Days (HDD)

At year end 2021 and 2022, we saw a very cold weather snap. In 2023, we are transitioning from an average (yellow line) HDD trajectory to a warmer trending (El Niño). We continue to monitor weather trends monthly.

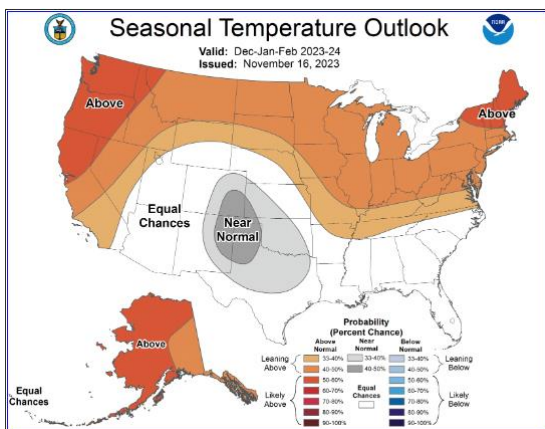


\*max, min, avg is based on 10 year average

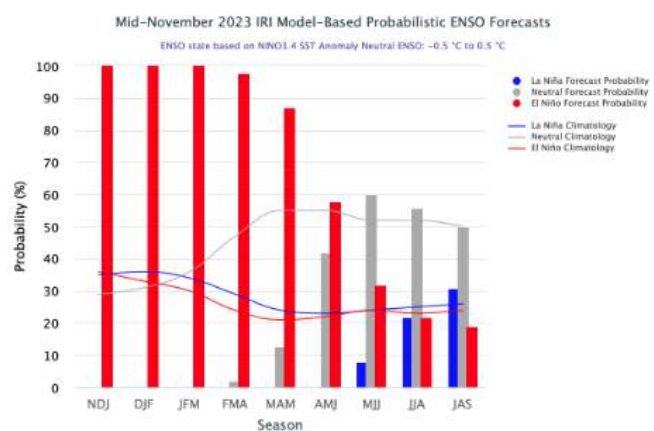
## Weather Forecast

Looking ahead to the NOAA 'three-month outlook temperature probability' for Dec-Jan-Feb 2023-24, the outlook is currently showing strong El Niño temperature conditions in our region in the coming winter months. We continue to monitor these predictors monthly.

## 2023-24 Dec-Jan-Feb Outlook



Source: NOAA National Weather Service







## MEMBER SERVICES

### Annual History of Energy Assistance Funding

All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	Grand Total
Energy Assist Credit	# of Accounts	444	460	574	577	546	498	1,070
	Total Assistance	111,996	135,595	158,434	158,740	156,761	127,885	849,411
PAL	# of Accounts	212	205	329	363	297	226	793
	Total Assistance	45,155	53,137	80,975	104,880	82,912	65,750	432,810
EAP Residential - COVID	# of Accounts			88	74	63		98
	Total Assistance			21,535	27,606	8,348		57,489
EAP Commercial - COVID	# of Accounts			107	97	79		119
	Total Assistance			73,340	87,233	21,998		182,570
PAL - COVID	# of Accounts			131	122			222
	Total Assistance			15,000	12,200			27,200
Grand Total	# of Accounts	460	488	835	825	754	560	1,410
	Total Assistance	157,151	188,732	349,283	390,659	270,018	193,635	1,549,479

*Note: EAP funds are collected, primarily, from a program OPALCO created by including a line item on all OPALCO member bills. Additional funds are directed to the EAP from the Decatur Solar Project (10% of all production credits). In 2020/2021, additional funds (not included in this chart) were paid out to members who were impacted by COVID. When the Bailer Hill Microgrid Projects comes online, up to 45% of its production will be directed to EAP. The “# of Accounts” are the distinct accounts assistance was provided to over the year or as a total. The “Total Assistance” varies based on single account adjustments.*

**EAP:** During November 2023, 297 members received ~ \$11.6k from the low-income Energy Assist program, compared to 328 members who received ~ \$12.5k in assistance in November 2022.

**Project Pal:** Project PAL Award Season began the first of November. Award responsibility has been brought back into OPALCO purview based on a streamlined process and improved technology. Award applications and notifications are processed daily.

During November 2023, 87 members received ~\$21.3K from the Project PAL Award program, compared to 71 members who received ~\$14.9K in November 2022.

The volume of awards processed internally represented a savings of ~\$2.1k in member dollars that would have been paid to the Community and/or Family Resource Centers as application fees.

Project Pal is an important safety net for islanders during the heating season and we encourage all members to donate by rounding up their bill or making a contribution here: <https://www.opalco.com/account-services/project-pal/contribute/>.

**LIHEAP:** Notifications and Awards for LIHEAP and T-RAP have slowed considerably from the Opportunity Council.

### Switch it Up!

There are now 616 projects completed and billing for a total of \$9.7M net outstanding (total projects less member pay-offs). There are another 30+ projects in various stages of the process. Some projects have been delayed as residential contractors have been limited by supply chain issues. Staff have made the new Switch It Up measures available and have received lots of interest from members. Current project details are as follows:



Project	2019	2020	2021	2022	2023	Grand Total
Appliance					31,937	\$ 31,937
Energy Storage				39,510	8,204	\$ 47,713
Ductless Heat Pump	648,252	604,284	634,118	1,536,853	1,523,546	\$ 4,947,053
Fiber		30,725	48,681	29,301	39,904	\$ 148,611
Ducted Heat Pump	8,119	30,000	15,000	18,127	757,001	\$ 828,248
Heat Pump Water Heater	13,985	9,805		5,012	15,701	\$ 44,503
Insulation				256,935	10,324	\$ 267,259
Other	14,543			90,649	188,075	\$ 293,268
Solar + Storage				302,520	166,501	\$ 469,021
Solar				1,588,897	1,793,210	\$ 3,382,106
Windows				563,557	168,145	\$ 731,702
Grand Total	\$ 684,900	\$ 674,814	\$ 697,799	\$ 4,431,361	\$ 4,702,547	\$ 11,191,420

## Energy Savings

During November there were a total of 20 rebates paid out to members totaling ~\$19.3k. This includes six fuel switching ductless heat pump rebates and four EV charging station rebates.

## Member Benefits from Energy Efficiency and Fuel Switching Programs:

OPALCO is committed to helping members prepare for an efficient and sustainable energy future with programs, incentives, and rebates. All values are as of first of the month reported.

		2018	2019	2020	2021	2022	2023	Totals
EE Rebates*	# of Accounts	264	442	303	147	210	235	1,601
	Total Awards	\$161,262	\$228,418	\$167,432	\$149,886	\$227,622	\$284,078	\$1,218,698
	Total Energy Savings (annual kWh)	479,323	733,432	783,431	359,269	346,900	412,049	3,114,404
Switch It Up**	# of Accounts		72	87	69	188	247	663
	Total Financed		\$684,900	\$674,814	\$697,799	\$4,431,361	\$4,702,547	\$11,191,420

\*BPA includes the cost of the Conservation (Rebate) program in the power bills that OPALCO pays. When members utilize the rebates and OPALCO documents it, the Co-op then gets credited back that amount. In essence, we are overbilled for the rebate program and only get credited if members utilize the rebates. OPALCO is unique in the pool of BPA utilities for consistently using all or most of the available conservation dollars in this program. We have often used conservation funds allocated to other Co-ops that they were unable to use through their member rebate programs.

\*\*Funds for the Switch it Up! Program comes from the USDA Rural Energy Savings Program for relending to members. OPALCO charges 2-3% interest to cover administrative costs for members financing projects with these funds; there is no impact to member rates.

## Solar Programs

### Interconnects

There were 12 new interconnect applications submitted in November, with ten members interconnected with solar for a total of 693 (<https://energysavings.opalco.com/member-generated-power/>). There are an additional 46 pending connections.

### Community Solar

During the October 2023 billing cycle, the [Decatur Community Solar](#) array produced 18,800 kWh. A total of ~\$1,350 was distributed to 263 accounts in November.

### Solar Benefits Paid to Members

All values are as of first of the month reported.



		2018	2019	2020	2021	2022	2023	Totals
Comm Solar	# of Accounts			265	268	262	263	
	Total Payments			\$93,734	\$95,497	\$84,658	\$86,305	\$360,194
WA State Incentives*	# of Accounts	268	256	259	58	57	59	
	Total Payments	\$167,971	\$224,766	\$218,222	\$91,461	\$84,828	\$82,717	\$869,965
MORE**	# of Accounts	145	144	144	140	135	0	
	Total Payments	\$54,173	\$53,109	\$51,897	\$50,896	\$123,477	\$0	\$333,552

\*The funds paid out to members for the Washington State Incentives are included in OPALCO's state tax bill and then credited when paid out to members.

\*\*The MORE (Member Owned Renewable Energy) program closed to new participants in 2016. Members purchased "green leaves" of renewable power to support local solar producers. OPALCO fully supported this voluntary member program until member interested died out. The program ended September 30, 2022, with a final payout of all program dollars that remained.

## COMMUNICATIONS

### Positive Member Comments

Thanking the crew:

*Yes, many thanks to you all. Without your expertise and dedication, life would be miserable. You are greatly appreciated and words could never capture the emotions or gratitude felt.*

*Thank you, thank you, thank you.*

*May the Lord bless you and protect you,  
Patricia*

### Election Timeline

Event	Date
Legal Notice for Election (RUS requires minimum 30 days prior to nominating process)	12/15/23 (extra time to avoid holidays)
Director Applications due to EGC	01/22/24
Nominations posted - (80 days prior to meeting)	02/05/24
Nominations by petition due to office	02/16/24
Nominations by petition posted - (55 days prior to meeting)	03/01/24
Candidate Forum (virtual)	03/06/24
Notice to members/Ballots mailed - (21-50 days prior to meeting)	03/06/24-04/04/24
Election closes - (3 days prior to meeting)	04/22/24
Annual Meeting	04/25/24

It should be noted this will be the that we have three board positions from three different districts as outlined below:

Election Year	District
---------------	----------

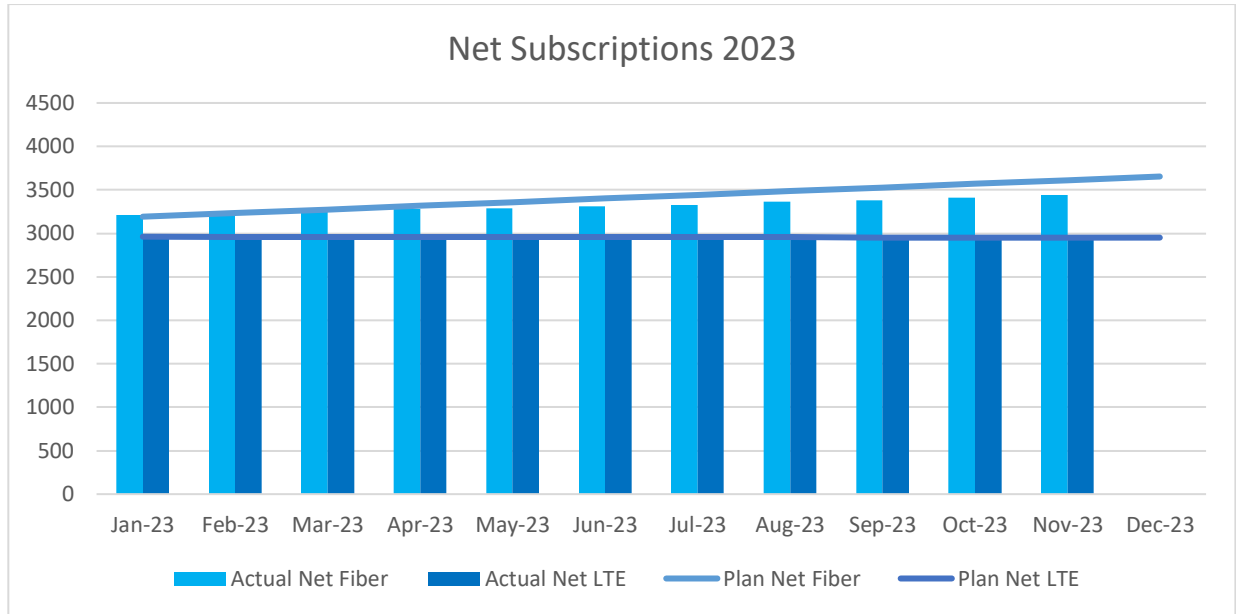
	D1 - San Juan	D2 - Orcas	D3 - Lopez	D4 - Shaw
<b>2024</b>		<b>2A - Struthers</b>	<b>3B - Osterman</b>	
2025	1B - Madsen		3A - Silverstein	4 - Whitfield

\* All terms are 3-year terms starting in 2022

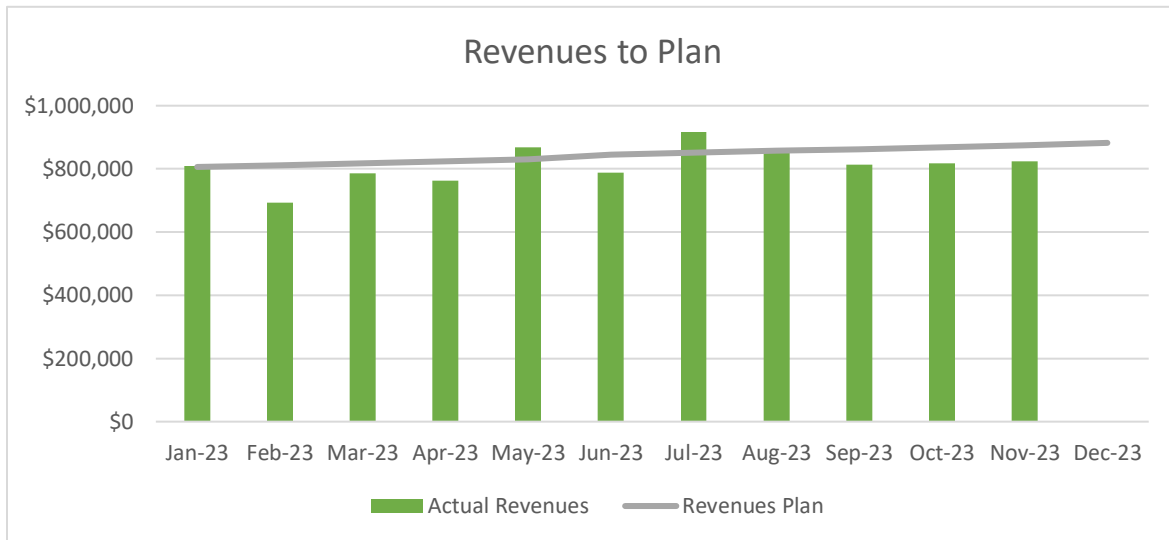
## Rock Island Communications

6,645 Internet Service Customers

### Net Subscribers



### Revenues



❖ Previous months revenues are not closed out and are subject to change.

# Appendix

12/7/23, 11:25 AM

Heat Pumps Can Save Money: Pacific Northwest Islands Show the Way | Article | EESI



**EESI**  
Environmental and Energy  
Study Institute

Top-Rated Climate Nonprofit – 4-Star Charity

Ideas. Insights. Sustainable Solutions.

[/](#)  
[About \(/about\)](#) | [News \(/news\)](#) | [Get Involved \(/get-involved\)](#) | [Subscribe \(/subscribe\)](#) | [Contact \(/contact\)](#) | [\(about/recognition\)](#)  
[Buildings and Infrastructure \(/topics/built-infrastructure\)](#) | [Energy Efficiency \(/topics/energy-efficiency\)](#)

## Heat Pumps Can Save Money: Pacific Northwest Islands Show the Way

### Federal Funds Can Help Accelerate the Transition to Efficient Heat Pumps

By [Miguel Yañez-Barnuevo \(/authors/miguel-yanetz\)](#) ✉ <mailto:myanez@eesi.org>

November 28, 2023



Photo Credit: OPALCO

Beth Hansen and Jordan Randolph recently bought a home in their hometown of Orcas Island, Washington state. Unfortunately, their house came with high electricity bills, due to its use of inefficient electric baseboard equipment for heating. Fortunately, their utility, Orcas Power and Light Cooperative (OPALCO) (<https://www.opalco.com/>), a rural electric co-op serving the San Juan Islands, including Orcas Island, could help. To avoid high energy costs, the couple decided to install two heat pumps using the OPALCO-operated on-bill financing program known as Switch It Up! (<https://www.opalco.com/save/the-island-way/switch-it-up/>), which EESI helped launch in the spring of 2019. Beth and Jordan had heard rave reviews of the program from a family member and wanted to switch to more efficient heating and cooling equipment for their home.

<https://www.eesi.org/articles/view/heat-pumps-can-save-money-pacific-northwest-islands-show-the-way>

1/5



12/7/23, 11:25 AM

Heat Pumps Can Save Money: Pacific Northwest Islands Show the Way | Article | EESI

"OPALCO made the Switch It Up! program extremely easy," said Beth and Jordan. "We filled out a simple application, and within a week, we were approved. The cost-benefit between the loan and the money you save on electricity was a big motivator. The other was the fact that the hardest part about living in Washington is how terribly cold it gets. We both work remotely and need warm fingers to ensure we are typing efficiently every day, even in winter."

Heat pumps (<https://www.energy.gov/energysaver/heat-pump-systems>) transfer heat by using electricity and refrigerants, similar to refrigerators. In winter, heat pumps warm buildings by moving cold air from the inside to the cold outdoors; in summer, heat pumps cool buildings by moving indoor heat to the outside. Air-sourced heat pumps are up to 300 percent more efficient (<https://www.sciencedirect.com/science/article/pii/S104061901500202X>) than their fossil fuel-powered counterparts. Switching to a heat pump from a fossil-fuel powered (<https://www.eesi.org/electrification/equitable-electrification-report>) device reduces carbon emissions, improves indoor air quality, and benefits the environment overall.

Heat pumps can be used as part of a decarbonization strategy for buildings, especially in rural areas. Overall, buildings account for 40 percent of all national energy usage (<https://www.eia.gov/tools/faqs/faq.php?id=86&t=1>) and about 30 percent of U.S. greenhouse gas emissions (<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>). There are more than 65 million households in the United States, and about 50 percent of them use propane, fuel oil, or inefficient electric baseboards (<https://www.americanprogress.org/article/decarbonize-households-america-needs-incentives-electric-appliances/#:~:text=Of%2520the%252012%2520million%2520households,upgrading%2520to%2520efficient%252C%2520electric%2520appliances.>) for heating. Making buildings more energy efficient, including by switching to heat pumps, reduces energy costs and helps achieve carbon emission reduction goals. Heat pumps offer excellent opportunities for bill savings, reducing greenhouse gas emissions, and addressing climate change.

OPALCO's Switch It Up! Program (<https://www.opalco.com/save/the-island-way/switch-it-up/>) helps its members finance energy-efficient equipment, including heat pumps, over 10 years, with the devices being repaid as a line item on their monthly utility bills (this is known as tariff-based on-bill financing (<https://www.eesi.org/obf/main>)). Because the cost charge is assigned to the utility meter and not to the individual, it survives changes in ownership or tenancy. This also allows renters to participate in the program, increasing equity. To expand program access, OPALCO does not require participants to have a minimum credit score. Instead, OPALCO looks at whether or not participants' monthly bills have been paid on time for the past 12 months and whether they are otherwise in good standing with the co-op.

Securing a contractor's bid is the first step in applying for the program. Contractors are key to the Switch It Up! program's success as they act as both the installer and educator for a building's new equipment. After OPALCO has reviewed and approved the member's application, a contractor installs the heat pump or energy upgrade at the member's premises.

"Some of the best advocates for our program are the contractors who install the projects," Suzanne Olson, OPALCO's communications manager, said. "OPALCO met with HVAC, plumbing, and solar contractors to help develop the specifications for the measures offered, and they contributed excellent ideas and feedback to make it work smoothly. Our contractors love us because the utility pays them directly when a project is complete—and the 'paperwork' cycle is simple and clear."

By helping households and businesses replace fossil fuel-powered furnaces and water heaters with more efficient electric equipment, Switch It Up (<https://www.eesi.org/obf/case-study/OPALCO>) increases affordability and reduces carbon emissions. The switch to more efficient equipment helps co-op households, particularly low- and moderate-income ones, save money on their utility bills while promoting a healthier environment. These monetary savings can help these households avoid difficult trade-offs between heat and necessities such as food.

Preparing a building's electrical system to accommodate heat pumps also prepares it to better accommodate solar panels, battery storage devices, and electric-charging equipment, making those further investments in sustainability more accessible. And, moving to electric space conditioning and heat-pump water heaters also helps utilities manage energy demand, leading to further efficiencies and cost savings. Newer heat pumps and heat-pump water heaters offer a multitude of grid management attributes, namely load-shifting and load-shedding capabilities. Load shedding is achieved by turning water heaters and heat pumps off during peak demand times, leading to a reduction in energy usage. Energy load can be shifted to non-peak demand times instead. Ultimately, these actions flatten the load curve and make it more predictable, benefiting the grid, utilities like OPALCO, and customers.

"In building the Switch It Up! program, we wanted to make it easy for members to access and clearly show the benefits of electrification," Olson said. "Our program is a tariff on members' bills—and we're very excited to have encouraged and financed 580 projects to date totaling about \$9.5 million, with another 30 projects in various stages of the development process. This tool is doing a remarkable job of moving the needle on electrification of heating and energy efficiency upgrades for the housing stock in our rural-remote territory."

OPALCO members can use Switch It Up! to finance up to \$100,000 in energy efficiency measures (<https://www.opalco.com/save/the-island-way/switch-it-up/>) and clean energy upgrades for their homes and businesses (e.g., attic insulation, air sealing, smart thermostats, fiber-to-the-home, on-site solar, community solar, EV charging stations, and battery storage devices). Funding from the U.S. Department of Agriculture's (USDA's) Rural Energy Savings Program (<https://www.rd.usda.gov/programs-services/electric-programs/rural-energy-savings-program>) (RESP) allowed OPALCO to expand its financing to new measures and raise the cost ceiling per member to encourage participation. In early 2022, OPALCO secured its third tranche of RESP funding, totaling \$46 million in zero-interest capital for program capitalization.

The Switch It Up! program (<https://www.eesi.org/papers/view/inclusive-financing-programs-for-solar-and-electrification>) is part of OPALCO's utility-wide initiative, "This Electric Life," to electrify buildings and transportation (including island ferries) powered by the cooperative. While most of the power OPALCO uses is sourced from clean hydropower, more than one-third of OPALCO members rely on propane or fuel oil for space-and-water heating. OPALCO provides power to a 20-island archipelago, and there are no bridges between the islands or the mainland. That means delivered fuels, such as propane or fuel oil, must be shipped in, increasing costs.

### Federal Funds for Heat Pumps and Energy Efficiency

12/7/23, 11:25 AM

Heat Pumps Can Save Money: Pacific Northwest Islands Show the Way | Article | EESI

The *Inflation Reduction Act* (IRA) allocated about \$9 billion in rebates to increase the adoption of heat pumps, heat-pump water heaters, and energy efficiency measures that decrease carbon emissions for households. The law's Home Energy Rebates (<https://www.energy.gov/scep/home-energy-rebate-programs-guidance>) and Energy Efficient Home Improvement Tax Credit, administered by the U.S. Department of Energy, are conduits for those rebates, and can help decarbonize end-use appliances, for example by financing the switch from fossil fuel-powered furnaces to heat pumps.

States and territories oversee the Home Energy Rebates, which include two federal energy efficiency and electrification rebate programs: the Home Efficiency Rebates Program (<https://www.energy.gov/scep/home-efficiency-rebates>) (IRA section 50121) and the Home Electrification and Appliance Rebates Program (<https://www.energy.gov/scep/home-electrification-and-appliance-rebates>). To increase equity, both programs are income-based, meaning low-income households have increased rebate levels.

Through the Home Efficiency Rebates Program (<https://www.energy.gov/scep/home-efficiency-rebates>), families can claim rebates for eligible energy efficiency measures—like insulation, weatherization, and air sealing—that make the building envelope tighter, thereby reducing energy use for heating and cooling and lowering energy bills. These rebates are available for both single-family and multi-family buildings. Households with an income lower than 80 percent of the Area Median Income (AMI) can receive up to 80 percent of their total project costs, up to a maximum of \$8,000 per household, if they meet certain conditions. Wealthier households can claim up to 50 percent of their project costs with a maximum limit of \$4,000. Rebates are only available for projects expected to result in energy savings of 20 percent or more, and projects that are expected to cut energy use by 35 percent or more qualify for higher rebates (see the graphic below for details). To measure the effectiveness of a project, families may opt for a modeled or measured pathway. The modeled approach uses predicted energy savings before work is performed, whereas the measured pathway is based on verified energy savings after installation.

Home Energy Efficiency Rebate Program		
Single-Family Buildings		
Modeled Energy Savings	Income Level	Rebate Amount
20-34%	Less than 80% AMI	Lesser of \$4,000 or 80% of project cost
	80% AMI and greater	Lesser of \$2,000 or 50% of project cost
35% and greater	Less than 80% AMI	Lesser of \$8,000 or 80% of project cost
	80% AMI and greater	Lesser of \$4,000 or 50% of project cost
Multifamily Buildings		
Modeled Energy Savings	Income level	Rebate Amount
20%-34%	A building with at least 50% of households with income less than 80%	Lesser of \$4,000 per dwelling unit or 80%
	A building with at least 50% of households with income 80% AMI and greater	\$2,000 per dwelling unit up to \$200,000 per building
Greater than 35%	At least 50% of households with incomes	Lesser of \$8,000 per dwelling unit or 80% of project cost
	A building with at least 50% of households with incomes 80% of AMI or greater	\$4,000 per dwelling unit up to \$400,000 per building
Projects with Measured Energy Savings of at least 15 percent are eligible for similar rebate in the category		

Source: U.S. Department of Energy (DOE)  
[https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions\\_10-13-2023.pdf](https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf)

Households may also claim eligible product rebates via the \$4.5 billion Home Electrification and Appliance Rebates Program (<https://www.energy.gov/scep/home-electrification-and-appliance-rebates>). Low-income families (with incomes lower than 80 percent of AMI) can receive 100 percent of total project costs (up to \$14,000), whereas moderate-income households (with incomes between 80 and 150 percent of AMI) can only claim up to 50 percent of total project costs, also for a maximum of \$14,000.



Product Type	Maximum Rebate
ENERGY STAR Electric Heat Pump Water Heater	\$1,750
ENERGY STAR Heat Pump for Space Heating or Cooling	\$8,000
ENERGY STAR Electric Stove, Cooktop, Range, Oven, or ENERGY STAR Heat Pump Clothes Dryer	\$840
Electric Load Service Center	\$4,000
Insulation, Air Sealing, and Ventilation	\$1,600
Electric Wiring	\$2,500
<b>Maximum Potential Rebate per Household/Multifamily Unit</b>	<b>\$14,000</b>

Source: U.S. Department of Energy (DOE)  
([https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions\\_10-13-2023.pdf](https://www.energy.gov/sites/default/files/2023-10/home-energy-rebate-programs-requirements-and-application-instructions_10-13-2023.pdf))

Although the Home Efficiency Rebate Program and Home Electrification and Appliance Rebate Program are both part of the Homes Energy Rebate program, a household cannot claim both rebates for the same project. The *Inflation Reduction Act* allows either of these rebate programs to be paired with the Energy Efficient Home Improvement Tax Credit (<https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>) (25C in the Internal Revenue Code), provided the household has enough tax liability to take on the credit. The law also allows for “stacking” these rebates with utility rebates, *Greenhouse Gas Reduction Fund* (e.g., green bank) financing, and other types of innovative financing, such as Switch It Up!, to make energy upgrade projects more affordable.

The Energy Efficient Home Improvement Tax Credit (<https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>) is for single-family homeowners installing eligible energy efficiency and electrification upgrades. These federal tax credits are available through 2032. Households living in single-family homes can receive a 30 percent tax credit for energy upgrades performed in their primary residence, with a limit of \$3,200 annually. The tax credit is for improvements made in a primary residence and so cannot be claimed by landlords who do not live in the house where the improvements are being made. Additionally, the tax credit is nonrefundable and cannot be rolled over to the next tax year, which means that the person claiming the tax credit must have enough tax liability to benefit from it.

The maximum credit one can claim each year is:

- \$1,200 for building envelope improvements (e.g., insulation, air sealing, doors, windows) and residential energy property costs (e.g., central air conditioners, and improvements of panel and sub-panelboards), with limits on doors (\$250 per door and \$500 total), windows (\$600), and home energy audits (\$150).
- \$2,000 per year for qualified air-source heat pumps, heat-pump water heaters, biomass stoves, or biomass boilers.

While these federal rebates and tax credits are helpful, they do not cover all of a project’s costs. Therefore, financing remains critical to unlocking clean energy upgrades. This is especially true because rebates and tax credits are not accessible to all: some households lack the capital to pay for what rebates do not cover, and others do not pay enough in taxes to benefit from tax credits. Because on-bill financing programs, like Switch It Up!, require no money down, they can help low- and moderate-income households overcome the typically high upfront costs associated with these retrofits and afford energy upgrades that deliver energy savings.

By combining federal rebates or tax credits with an on-bill financing program like Switch It Up!, families—like Beth Hansen and Jordan Randolph—can better afford to replace their furnaces with heat pumps and save money.

**Author: Miguel Yañez-Barnuevo**

### Want more climate solutions? Sign up for our newsletter!

We'll deliver a dose of the latest in environmental policy and climate change solutions straight to your inbox every 2 weeks!

Sign up for our newsletter, *Climate Change Solutions*, here (<https://www.eesi.org/salesforce>).



(<https://www.facebook.com/eesionline/>)



(<https://www.instagram.com/eesionline/>)



(<https://twitter.com/eesionline>)



(<https://www.linkedin.com/company/eesi>)