OPALCO
2024 Annual Meeting

Thursday, April 25, 2024
Virtual Meeting via Zoom

Members may participate in the OPALCO meetings via Zoom. 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,
- OPALCO's Policy 17 - Member Participation at OPALCO Meetings decorum must be followed.

Sequence of Events

- OPALCO Annual Meeting
- Executive Session

Annual Meeting
April 25, 2024, 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 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 for post-meeting follow-up.

Agenda

EXECUTIVE SESSION
- Legal, Personnel, Competitive, Other

ADJOURNMENT

2024 ANNUAL MEETING

2023 Annual Meeting Minutes

Our bylaws provide that "At least ten percent (10%) of energy members casting ballots shall constitute a quorum for the transaction of business at all meetings of the energy members, whether at the Annual or Special meeting. Staff request the board make a motion to waive the reading of the NOTICE of the meeting and waive the reading. Staff also request a motion to approve the 2023 Annual Meeting minutes.

Orcas Power & Light Cooperative

Minutes of the 2023 Annual Meeting

Saturday, April 29, 2023

The 2023 Annual Meeting of the Orcas Power & Light Cooperative was held via Zoom.

Streaming through Zoom attendees: President Vince Dauciunas, Board members Rick Christmas, Jerry Whitfield, Brian Silverstein, Mark Madsen, Tom Osterman 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 (servicing as recording secretary); Assistant Communications Manager Krista Bouchey. Also present were Legal Counsel Joel Paisner as Parliamentarian; Ray Glaze from OPALCO's Elections and Governance Committee and Consultant Jay Kimball.

Director Candidate: Chuks Onwuneme

Approximately 57 members were in attendance.

Staff welcome all to the meeting at 9:00 a.m. to OPALCO's 86th annual meeting. Zoom rules were reviewed, prizes will be raffled off at the end of the meeting. EGC Member Ray Glaze was introduced.

President Dauciunas reported that a quorum had been met with 18% of the membership voting (2048 votes).

Motion was made by Christmas to waive the reading of the Notice of the Annual Meeting and the Minutes from the 2022 Annual Meeting. Seconded by Osterman. Passed unanimously by voice vote.

Dauciunas introduced Counsel Joel Paisner as parliamentarian for today's meeting and gave kudos to OPALCO's line workers. Dauciunas appreciated Rock Island Communications for maintaining a 99.99% reliability rate for the past year and spoke about the challenges of climate change.

Election and Governance Committee members were thanked for their hard work. Ray Glaze of the EGC thanked all for voting and mentioned the Committee is always looking for volunteers from each district to assist in governance of the co-op. Candidates were introduced: District 1 – Vince Dauciunas, incumbent; District 2 – Rick Christmas, incumbent, Chuks Onwuneme.

All terms from this election will be for 3 years.

Winners of this year's election:

District 1 – Vince Dauciunas – 1692 votes

District 2 – Chuks Onwuneme– 1137 votes

Congratulations to all!

General Manager Foster Hildreth thanked everyone and delivered the State of the Coop mentioning safety, reliability, and programmatic achievements. He applauded Rock Island's progress and encouraged members to take advantage of Switch it Up on bill financing for efficiency and cost savings.

Q&A period

Business portion of the meeting closed. Suzanne Olson announced the winners of the prizes.

_____ _____

Vince Dauciunas, President Brian Silverstein, Secretary/Treasurer

Election Results by EGC

As of April 22, 2024, OPALCO has received a quorum of voters at 1,886 voters (16.32%). The final 2024 election results will be announced by the Elections and Governance Committee.

Election of Board Officers

The election of Board of Director Officers will occur at OPALCO's Board of Director Regular Meeting on May 16, 2024.

Co-op Update

Here are some highlights of Co-op accomplishments in 2023:

- OPALCO is focused on helping members and the Co-op prepare for the shift to a carbon-free power world. We can't rely on business as usual – the energy world is changing rapidly. To that end, OPALCO:
    - Sought out grant funding to upgrade infrastructure for the changing energy landscape. Grant applications included electric vehicle infrastructure, a new submarine cable, tidal generation, and commercial energy efficiency projects.
    - Put more than $11M in member hands through the Switch it Up Program with more than 600 energy efficiency projects completed. Members saved ~412k kilowatt hours through efficiency projects while getting ~$319k back into their pockets with BPA-funded rebates.

- Encouraged members to take advantage of on-bill financing to put solar on their homes: 110 new generators in 2023 for a total of 712 on the system. OPALCO supported 61 members in beneficial electrification measures (DHP and EV chargers), totaling $91,500 and an additional 44 EV charging station were installed at member homes and businesses.
- Continued to work closely with PNGC on regional reliability and future power supply issues and members continue to engage in high numbers with our Island Way workshops and events.

- Your Co-op team made it through the year with a power reliability rating of 99.8% while Rock Island kept the internet up 99.99% of the year.
- OPALCO awarded ~$81.9k of PAL assistance to 308 low-income households in 2023. Energy Assist participation increased with an average of ~267 households receiving monthly bill credits which totaled ~$127.9k.

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APPENDIX

2023 Annual Report

2023 ANNUAL REPORT

UNAUDITED FINANCIALS

	2022	2023
kWh Purchases	241,802	228,638
Total Revenue	$36,119	$37,285
Cost of Power	$9,756	$8,572
Operations & G&A	$13,501	$14,282
Depr, Int & Taxes	$8,874	$8,805
Total Expense	$32,131	$31,659
Net Margins	$3,988	$5,626
Tier	2.97	3.86
Equity % of Total Cap	40.0%	40.5%
Equity	$44,990	$49,141
Total Debt	$69,195	$75,141
Capital Spending	$(10,320)	$(11,932)
Capital Credit Retirement (net)	$(1,189)	$(1,137)

NOTE: Numbers are in thousands. All numbers throughout report are subject to change as year end numbers are finalized for financial audit.

HIGHLIGHTS

228,638,000 kWh
purchased

$37,285,000
annual revenue

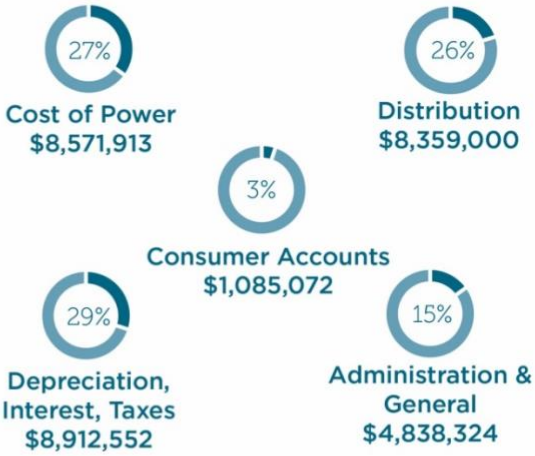
$1,137,000
captial credits retired to members

15,855
meters connected

11,711
members

2023 Revenue

2023 Expenses




OPALCO took five San Juan County students to the Co-op Youth Rally

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2023 FACTS

SYSTEM STRENGTH

99.8%
Power reliability

1,266 miles of power lines
managed and maintained - 87% underground

133,000 feet
of aging cable replaced

~87MW record peak
instantaneous load demand

Friday Harbor Substation
major system upgrade in progress

Tidal Power Exploration
Phase 1 DOE grant

MEMBERS HELPING MEMBERS

$127,900
energy assistance credits

267
low income households

$81,900
Pal Assistance grants

308
Island households served

SAVING MONEY SAVING THE PLANET

412,000 kWh
saved through rebate programs

$319,000 rebated to members
+ $90k in beneficial electrification incentives

274 new efficiency projects
for $5.6M using Switch It Up funds

712 total solar generators
110 new in 2023

260 Community Solar members
$37K in bill credits in 2022 ($144k total)

Find out how to Switch it up:
www.opalco.com/switchitup

OPALCO is driving the Electric Revolution!

Bailer Hill Microgrid

San Juan County is postponing the public hearing examiner meeting, originally scheduled by the County on April 24th, for the OPALCO Microgrid project. A future date has yet to be determined. The Department of Community Development continues to request additional information for the application resulting in an extended timeline.

The department will continue to accept public comment. Please consider writing a letter of support! Comments can be sent to marcs@sanjuancountywa.gov and please include communications@opalco.com. If members wish to make in person comments they will need to wait until the hearing is rescheduled.

San Juan County has received approximately 200 support letters, 50 in opposition, 8 neutral comment. Support themes include: want local energy, support solar, likes working with farmer and conservation district to create farm plan, concerned with future power supply. Opposition themes include: don't like change to island aesthetics/character, want to protect ag land, concerns for wildlife, support solar but not there, concerns for environmental impacts on that land. You can find the full list of letters to the county here: https://co-sanjuan-wa.smartgovcommunity.com/Blob/1bdc2b48-d7f6-47ee-9935-3ca06ae03d90.

Here is the link to the Island Way Workshop we did on this project:https://www.youtube.com/watch?v=wUDxuHBwMsg&feature=youtu.be

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BAILER HILL MICROGRID PROPOSED SITE

ABOUT

19 acres

2.7 MW solar array

5 Million kWh annual production
2% of OPALCO's annual load

1 MW battery storage
lithium ion and vanadium batteries

~25 year life for solar/20 year life for battery

>5000 panels

$1 million allocated to low income programs

Ability to utilize power for a limited time during outage events

100 Sheep grazing

Community Solar

Community Solar is a local solution to offset expensive mainland power trends. The Co-op gets increased redundancy and a limited power supply for emergencies.

Members can purchase solar units to offset a portion of their electric bill. Members get a return on investment while switching some of their electricity usage to clean, local solar power.

Shares will be available to purchase as soon as permitting is complete.

Find out more www.opalco.com/solar.

Sign up for the email list at solar@opalco.com.

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- The Bailer Hill Microgrid project on San Juan Island is a future Community Solar and Battery Storage site. Community Solar is a local solution to offset expensive mainland power and offer renewable power to co-op members who do not have the ability to install rooftop solar. OPALCO can use the solar and battery storage energy to offer a limited power supply for emergencies and to create increased redundancy.

- Once fully permitted, members will be able to purchase solar units to offset a portion of their electric bill. Members get a return on investment while switching their electricity to clean, local power.

- **Why this location?** It's an open, sunny location and the property was available. It's close to the circuit that feeds the town of Friday Harbor, Peace Island Medical Center, the SJI Fire Department and the Friday Harbor Airport to offer back up power in case of emergencies.

- This will be OPALCO's second microgrid project. The first, Decatur Island Microgrid, has been producing solar and generating credits for member investors since 2018. OPALCO's long-range plan includes building multiple microgrids to provide a small supply of lower energy resilience to keep essential services running when our mainland power supply is disrupted. These projects are funded by member subscriptions and grants.

- This project is currently in permitting and will be offered to members when permits are complete, hopefully in 2024.

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Why Local Renewable Projects? Mainland Power Demand Will Soon Exceed Supply

OPALCO is Preparing for Mainland Rolling Blackouts

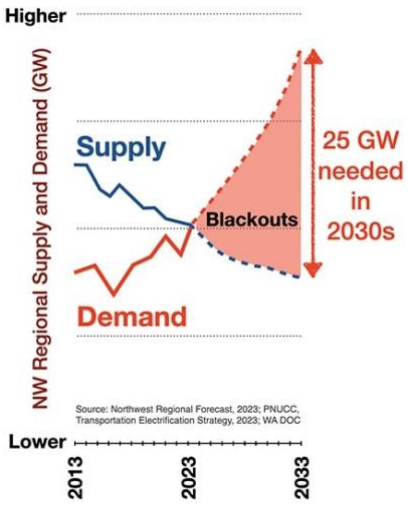
Did you know the Northwest power grid almost crashed during the January 2024 cold snap? As the hydro system hit capacity, the region turned to California, the Southwest, and BC to import massive amounts of energy. **Wholesale electric prices jumped 2,400%**.

Why are mainland rolling blackouts becoming more likely?

It's a basic problem of electricity **Supply** and **Demand**:

- **Supply** is falling as coal power plants are shut down to slow climate change, but replacement renewable energy projects are held up or canceled due to public and local permitting pushback.
- **Demand** is increasing as the Northwest population grows and rapidly shifts from fossil-fueled to electric transportation and heating. In San Juan County, over 80% of greenhouse gas (GHG) pollution comes from transportation and to reverse the global climate catastrophe, the US must cut GHGs by 50% by 2030.

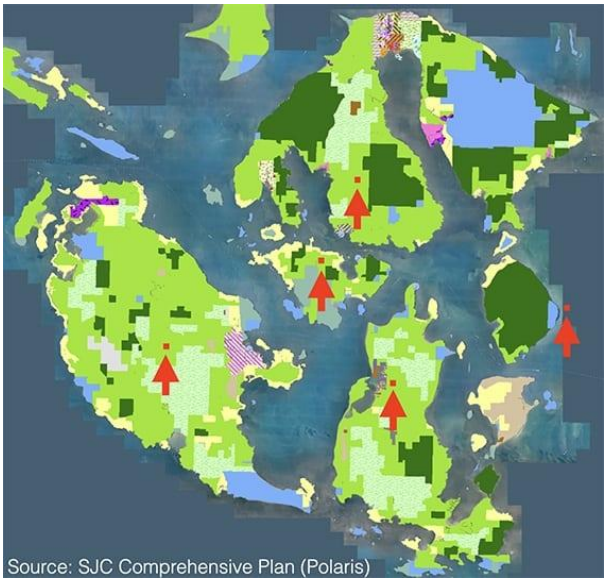
The northwest region is at an energy tipping point. The chart at right illustrates how the supply-demand gap increases over the next ten years. An estimated **25 GW of new renewable energy supply will be needed to meet the rapidly growing demand – almost double what is used today**. Over the past 20 years, the Northwest has only been able to build about one GW per eight years. Rolling blackouts and market price shocks will increase until supply can meet demand.



How is OPALCO preparing?

Over 98% of OPALCO energy currently comes from the mainland, and most of the significant OPALCO outages are due to mainland outages. During the January cold snap, mainland electricity price extremes flowed through to OPALCO and co-op members. To maintain reliability and reduce price shocks, OPALCO plans to develop more local energy capacity – a combination of solar and tidal energy.

Over 35% of OPALCO energy can be supplied from about 0.5% of county land. The map below shows four red squares on land, representing the amount of land needed for community solar arrays, and one red square east of Blakely Island, representing one tidal generator.



Rooftop solar can only supply a small fraction of our local energy (less than 5%), and it doesn't work during outages. The only way to generate enough local energy to reduce the impact of mainland outages and price spikes is through community microgrids large enough to meet the county load.

OPALCO built its first community microgrid project in 2018 on Decatur Island, where islanders have hailed its improving island power during outages.

The planned Bailer Hill Microgrid project is OPALCO's next community solar array. It will more than double the county's local energy compared to all the rooftop solar, which took 13 years to build.

It is our first agri-solar project, in cooperation with local farmers who will graze sheep in the shade of the solar array. $1M of the project is allocated towards OPALCO's low-income energy assistance program through grant funding.

This and future microgrids can only happen if there is public support for it. On the mainland, over 70% of utility renewable energy projects are canceled due to local permitting and public opposition.

Learn More: links and references

Harvesting the Sun – This video is chock full of agri-solar info. Featuring experts from Oregon State University (OSU), the National Renewable Energy Labs (NREL), and others.

"In Harvesting the Sun, the leading voices of the agri-solar movement come together to share their stories and shine a light on a climate solution that can increase farm profitability, save valuable water, improve the soil, provide shade for farm workers, develop valuable ecosystem services, and increase the resiliency of rural communities."

Energy System Near Miss – February 2024 OPALCO Board meeting presentation on the January 2024 cold snap. Includes analysis of 25 GW gap in supply and demand.

Cold Snap Strains Northwest Utilities as Energy Prices Surge – In the days before the cold front came in, SnoPUD held back water at its 112 MW Jackson Hydro Project. Once the temperatures started to fall, it ran the project at max generation throughout the event. The PUD still had to turn to the market despite the high prices. *"It was all-hands on our power trading desk." "Market prices hit the Western Electricity Coordinating Council's $1,000/MW soft cap. The California Independent System Operator raised its soft cap from $1,000/MW to $2,000/MW for several hours during the three-day-long cold snap"*

Counties are blocking wind and solar across the US – USA Today – Statewide blocks and limits put the nationwide goal to reach 100% clean energy by 2035 at risk.

"Local governments are banning green energy faster than they're building it."

A New Surge in Power Use Is Threatening U.S. Climate Goals – NY Times – "***Many power companies were already struggling to keep the lights on, especially during extreme weather, and say the strain on grids will only increase****. Peak demand in the summer is projected to grow by 38,000 megawatts nationwide in the next five years, according to an analysis by the consulting firm Grid Strategies, which is like adding another California to the grid." "****The stakes are high. If more power isn't brought online relatively soon, large portions of the country could risk blackouts****, according to a recent report by the North American Electric Reliability Corporation, which monitors the health of the nation's electric grids."*

Quick Fact: Northwest Resource Adequacy in a Rapidly Decarbonizing World – OPALCO has been concerned about the growing supply-demand problem for several years. This Quick Fact from two years ago has more background and links to deepen your understanding of rolling blackouts, and forecasts on load and generation.

Congressional action on energy permitting remains stuck, but states and developers are finding solutions Environmental advocacy group Natural Resources Defense Council is breaking with its past position to agree. *"NRDC has historically said 'no' to infrastructure that was a threat to the environment,"* said NRDC Senior Clean Energy Transmission Advocate Cullen Howe. But pivoting to "yes" by pushing to make permitting reforms more efficient is "a necessary change," though the reforms will likely force "hard choices," he acknowledged." *"Outdated environmental rules and hundreds of amendments and judicial interpretations built into them are causing "a crippling delay in permitting new projects,…"*

Solar on Farmland – Opportunities and Considerations in NW Washington – This excellent 88 minute video is moderated by Faith Van De Putte, San Juan County Agricultural Resources Committee, hosted by WSU SJC Extension and SJC ARC. It features farmer and OSU engineer Chad Higgins.

"In the face of climate change and development pressure, Northwest Washington needs both solar power generation and increased protection of agricultural land. Agrivoltaics are an emerging strategy that incorporates photovoltaic arrays into agricultural systems. We take a look at some pros and cons of adding solar to a farm operation, offer some considerations for where and when to site solar on a farm, and discuss what to include in your decision-making tree as you think about adding solar arrays to your farm or land. We also hear about the impact of solar on agricultural ecosystems, the opportunities it provides, and a brief overview of the costs of installation and incentives that are available. This presentation is geared toward farmers and agricultural landowners, although all are welcome."

Agrivoltaics Combines Production of Agriculture and Solar Power – Sierra Club

"Agrivoltaics, which pairs solar panels (photovoltaics) with agriculture, is a double-duty climate solution that yields benefits to farmers while minimizing the Nation's need to use undeveloped natural lands for solar energy development."

Agri-solar generation is being deployed in farmland worldwide and is proving much more cost-effective and efficient than rooftop solar. **In less than a year, the most recent planned Bailer Hill agri-solar project will more than double the local energy in the county**, compared to all the rooftop solar in the county, which took 13 years to build. And at a small fraction of the price and time to build rooftop solar.

The 2022 USDA Ag Census of San Juan County farmland economics shows that we have 264 farms, on 19,571 acres, averaging 74 acres per farm. Even with government subsidies, **each farm loses an average of $3,754 annually**. And the cost of farmland is rising rapidly as our population swells. The economics are not sustainable. **To increase local food production, we need healthy farm economics**. Agri-solar is raised up on stilts, allowing farming beneath. It increases farmland productivity and provides dual use of the sun – producing food and energy. That energy produces an additional income for the farm of about $8,300 per acre per year, turning the typical farm here cashflow positive. 35% of county electricity use could be generated with just 0.5% of all land in San Juan County.