

Dear Madrona Institute Board and Team,

Thank you for your COMPASS sessions you held throughout San Juan County. Our region is facing tremendous power reliability issues. We expect imbalance between the supply and demand of power to get worse before reliability can improve. We also wish to thank you for bringing to light to the importance of the San Juan County Comprehensive Plan and the need to plan for the future.

The potential for the upcoming Climate Migration, where everything happening south of Washington State is migrating northward, including population, food production, water scarcity, power grid instability, etc. and the massive amount of infrastructure adjustments that will be required is staggering.

Our community is at a crossroads. We need to find a way to balance climate change trade-offs for our community's essential services so we can ensure our community remains sustainable well into the future. We have a host of conflicting constraints that our community needs to collectively agree upon and manage together, including:

- \* Balancing renewable generation in open spaces like agriculture land and protecting trees
- \* Forest conservation versus wildfire mitigation
- \* Population growth versus limit growth
- \* Restrictive permitting versus worker housing
- \* Water availability versus lack of water (or desalination),
- \* Reliable electrical power (rolling blackouts starting with winter weather events) versus permitting renewable energy

We need to think cautiously about navigating through "essential service" topics that utilize the same permitting approach of minimizing growth. That approach will not serve us well when planning to maintain power reliability.

An example is prioritizing renewable generation locations. We encourage members to install solar on their rooftops using our Switch It Up program. However, our community needs to consider all forms of energy options. Rooftop/parking solar is not a silver bullet and only accounts for a small fraction (5%) of what's required.

**Solar Rooftop Myth** <https://www.opalco.com/quick-fact-rooftop-solar-and-our-local-energy-future/2024/04/>

OPALCO follows Washington Law (RCW 80.28.110 and WAC 480-100-178) which establishes a duty for utilities to serve all power demanded and to maintain reliable service, meaning we can't arbitrarily cap how much power a customer uses. Most COMPASS suggestions focus on conservation and renewables, which can coexist with reliability, but we must ensure they don't inadvertently undermine power reliability. Washington's utility rules require maintaining high reliability standards, so any policy should avoid causing more outages or power quality issues

Fortunately, San Juan County has always banded together during times of emergency.

**Response to suggestions related to OPALCO:**

We were excited to see that the efforts OPALCO is making regarding energy efficiency and solar production were high priority for County Residents. We are thankful that you are helping us get the word out about these important energy issues.

The Comprehensive Plan will be key to guiding organizations throughout the County in how to prepare for the uncertainty climate change is bringing to our future. Climate change will change how we use energy, our water supply needs, populations in the islands, lack of housing for our workforce, and more. All of these issues touch OPALCO's day to day business in different ways.

The energy world is changing dramatically due to climate impacts, carbon reduction legislation, and the transition toward renewable power. The goal of our state is to transition away from fossil fuels and heat our homes and fuel our cars, trucks and ferries using electricity. This lofty goal is proving to be highly challenging. We face the cost of those projects, aesthetic trade-offs, and limited land for siting them. Our dilemma is figuring out how to satisfy increased demand for electricity while our supply of carbon-free firm power is shrinking. Energy blackouts are predicted.

We look forward to working together to get these big issues addressed in the Comprehensive Plan and throughout our communities.

**Expand local solar energy production through incentives, reduced regulations, and prioritized installation on buildings and impervious surfaces.**

OPALCO has been prioritizing solar installations on buildings through the Switch It Up on-bill financing program since 2022. In that time, we have financed over \$8M in solar and battery storage projects. Since 2022, ~350 people (for a total of 850 installations) have added solar to their rooftops many with help of OPALCO financing. OPALCO has also worked closely with Sustainable Connections to get local commercial businesses REAP grant funding to install solar projects with grant funds.

With such strong individual and commercial rooftops utilization, OPALCO is now focused on utility scale solar projects. As a utility it makes the most sense for us to put our time and attention on projects like the Bailer Hill Microgrid, which would have more than doubled the amount of solar energy produced in San Juan County at a fraction of the cost. A single microgrid can produce the same amount of energy as all rooftop solar systems combined, with just one high-quality inverter, whereas every rooftop project has different inverters and systems.

In order to accomplish our Countywide goal to of getting more renewable energy into our system - we need to prioritize this in the Comp Plan itself and update our land use designations to ensure permitting certainty for OPALCO so we can install these projects in a reasonable time frame and to leverage grant funds.

## Solar Programs Report Card

### Interconnects

There were 18 new interconnect applications submitted in February, with seven members interconnected with solar for a total of 849. There are an additional 51 pending connections.

## Solar Benefits Paid to Members

All values are as of first of the month reported.

		2019	2020	2021	2022	2023	2024	2025	Table Total
Comm Solar*	# of Accounts	265	265	268	262	264	263	261	
	Total Payments	\$50,567	\$50,688	\$52,009	\$46,825	\$46,708	\$50,037	\$1,352	<b>\$298,186</b>
WA State Incentives*	# of Accounts	256	259	325	319	323	316	-	
	Total Payments	\$224,766	\$218,222	\$174,149	\$158,831	\$158,890	\$150,684	-	<b>\$1,085,542</b>
MORE**	# of Accounts	144	144	140	135	-	-	-	
	Total Payments	\$53,109	\$51,897	\$50,896	\$123,477	-	-	-	<b>\$279,379</b>

\*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. Includes State incentives paid to community solar participants.

\*\*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 interest died out. The program ended September 30, 2022, with a final payout of all program dollars that remained.

## Switch It Up and Solar On-Bill Financing dollars

Measure	Project Origination Year							Grand Total
	2019	2020	2021	2022	2023	2024	2025	
Appliance					36,112	51,093	840	\$ 88,044
Energy Storage				39,510	27,159	47,766		\$ 114,435
Ductless Heat Pump	648,252	620,060	637,599	1,554,579	1,788,412	2,385,585	160,554	\$ 7,795,042
EV Charger						34,031	2,948	\$ 36,979
Fiber		30,725	48,681	29,301	41,929	85,080	4,492	\$ 240,207
Ducted Heat Pump	8,119	30,000	15,000	18,127	956,159	446,017	120,724	\$ 1,594,147
Heat Pump Water Heater	13,985	9,805		5,012	15,701	13,700	9,942	\$ 68,145
Insulation				256,935	42,634	240,729	18,234	\$ 558,532
Other	14,543			92,649	188,075	31,981		\$ 327,249
Solar + Storage				480,057	474,806	328,258	52,107	\$ 1,335,227
Solar				1,897,659	3,110,484	2,068,684	150,702	\$ 7,227,529
Windows				563,557	402,434	510,919	55,589	\$ 1,532,499
<b>Grand Total</b>	<b>\$ 684,900</b>	<b>\$ 690,589</b>	<b>\$ 701,280</b>	<b>\$ 4,937,386</b>	<b>\$ 7,083,904</b>	<b>\$ 6,243,842</b>	<b>\$ 576,133</b>	<b>\$ 20,918,035</b>

## Reform OPALCO's Rate Structure to incentivize energy-efficient behavior and discourage wasteful consumption

OPALCO is currently in the midst of a comprehensive rate study with a third-party organization. They made the first presentation to the OPALCO Board at the February Board Meeting. Rate design is not simple and there are no easy answers. There will be winners and losers in all rate scenarios and as a non-profit cooperative OPALCO is obligated to operate as a cost-of-service model. Some key points to rate design brought up at the Board meeting:

- Electrification is a key strategy to decarbonize cars and buildings.
- High volumetric rates are an impediment to achieving electrification goals.
- Now intermittent resources like wind and solar have high fixed costs and no variable costs versus the old model where reducing consumption avoided fuel combusting generation with high variable costs.
- Blunt price signals are not sufficient to induce consumers to utilize energy efficiency measures. More dynamic price signals will be needed.

OPALCO must stick with its core mission to provide reliable energy to the members while maintaining energy affordability, support the financial health of the organization even when kWh sales are low (i.e. warm winters) and ensure all customers including seasonal and rooftop solar owners fairly contribute to the grid. We also need these power costs to be easily understandable for the co-op consumers.

We encourage all of our members to get involved and learn about this rate analysis and learn how our rate structure may be changing. OPALCO will be holding informational meetings about this topic throughout 2025.

### **Encourage energy efficiency upgrades and home retrofits with subsidies and financial incentives, particularly for low-income households.**

OPALCO's rebate programs and Switch It Up has been investing in these upgrades for years. Switch It Up funds have invested ~ \$12M for efficiency upgrades with a low interest rate. Since 2014, we have given out over \$2.5M in rebates for efficiency projects saving over 8M in kWh. There are now increased rebate options for low-income residents to utilize when making efficiency upgrades.

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

		2014-2019	2020	2021	2022	2023	2024	Totals
<b>EE Rebates*</b>	# of Accounts	2,141	303	147	210	210	17	3,289
	Total Awards	\$1,348,477	\$167,432	\$149,886	\$227,622	\$259,445	\$22,222	2,489,029
	Total Energy Savings (annual kWh)	5,960,711	783,431	359,269	346,900	253,675	9,230	8,153,598

\*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.

### **Electrify road transport through EV infrastructure expansion, incentives and EV car sharing programs**

OPALCO has been a leader in local EV adoption from hosting local EV events and owning several electric vehicles to working with local organizations on getting EV infrastructure in San Juan County.

Please check out our March Board Materials that has information about the docket requests OPALCO is making, clearly outlining our policy suggestions so that we can have permitting predictability for renewable energy projects. Having these priorities outlined in the Comprehensive Plan will help OPALCO ensure these projects are a priority throughout the County.

Here are some links for reference:

[March Board Materials](#)

[Monthly Board Materials](#)

[Quick Fact: Rooftop Solar and Our Local Energy Future](#)

OPALCO's mission is to provide "our membership with safe, reliable, sustainable and cost-effective essential utility services with a commitment to the utilization of renewable resources and carbon reduction." We believe it is our role to look for utility scale projects for the membership to rely on and to prevent fossil fuel-based sources to be used for future load growth. By looking at larger scale projects it makes wise use of member resources and provides more reliability, which are the core tenets of our mission.

OPALCO completely supports, incentivizes, and promotes the individual use of solar generation, battery storage, energy efficiency, and electric vehicles. We all play an important role in ensuring we have a reliable energy future. We look forward to working together on these critical issues facing our community and getting workable policies in place.

Best regards,

The OPALCO team