

M.O.R.E Steering Committee Meeting Minutes
September 1, 2010
Masonic Lodge, San Juan Island

MORE Committee in Attendance: Winnie Adams- Chair (OPALCO board member), Peter Risser (San Juan), Andrew Borner (Shaw), Doug Poole (Alternate for Jeff Dyer), and Chris Greacen (Lopez)

Public in Attendance: David Meiland (San Juan), Chom Greacen (Lopez), Morgan Meadows (Orcas), and Susan Risser (San Juan)

OPALCO staff in Attendance: Beth Anderson (OPALCO Energy Services/ Technical Services), Anne Bertino (OPALCO Energy Services), and Elisa Scott Howard (OPALCO Energy Services)

MORE Committee Absent: John Mottl (Orcas), John Ashenhurst (Crane), Peter Kilpatrick (San Juan) and Eric Youngren (Orcas)

I. Winnie Adams – Call Meeting to order

Winnie Adams called the meeting to order at 8:45 a.m. She determined and confirmed that there was a quorum of MORE Steering Committee Members.

The minutes from the August 18th meeting were approved with two (2) corrections; Section IV - Building Performance Institute Auditor ranges from \$ 500.00 - \$1,000.00 (not \$100.00 as a typo) and Section V – the last statement from Chris Thomerson. The steering committee would like to address this statement (Chris Greacen will elaborate on this issue during his presentation later in meeting).

Anne Bertino provided a FYI that she had received a call from a representative from Rosario and the owners were interested in connecting the Rosario hydro system to the grid. Anne provided them with information and is waiting to hear back.

II. Winnie Adams- Educational Proposal

Aspects of the educational portion of MORE

Winnie provided an overview of the MORE Educational Component, which she noted was a “work in progress”. She is envisioning an educational outreach program available to all schools in San Juan County that would center around how energy is used. The vision is to develop age appropriate materials for interested teachers in their subject areas, which involve students in hands on experiences.

The second part of the educational proposal is introducing the OPALCO membership to MORE. Winnie would like to make it fashionable in San Juan County to reduce kWh usage.

List of ideas

Educational ideas will be an integration of energy concepts and issues in various subject areas such as math, governance, geography, developing power point presentations, and research. Social awareness of habit change which included developing techniques on generating awareness to change usage levels and teach “Energy Detective” skills. Provide internships for senior citizens to volunteer as energy auditors/educators. Continue educating OPALCO members about

the MORE program through newspapers, web pages, fliers in bills, information at OPALCO offices in the member services area, and a Q&A session at Senior Centers. Andrew shared his August issue of *Home Power*, which is an excellent source to solar education. This publication is available free to schools and libraries.

Determine who will monitor expenditures and progress

Committee would monitor educational program and budgeting. Winnie noted that the OPALCO Board doesn't want administration expenses to come out of the MORE educational budget. In the projected budget there is a line item for OPALCO matching funds.

Cost projections

| | |
|--|-------------------|
| Materials for San Juan, Orcas & Lopez at \$800.00 | \$2,400.00 |
| Kill- A- Watt meters for community use | \$1,400.00 |
| Awards, Fun House Science Fair, OPALCO staff/ special events | \$ 700.00 |
| Membership introduction to MORE | \$1,000.00 |
| Classes/ Workshops | \$ 900.00 |
| OPALCO matching funds | <u>\$ 900.00</u> |
| Total expenditures | \$7,300.00 |

Winnie suggested that OPALCO matching funding come from the general fund in addition to MORE money.

Chom Greacen noted that although \$7,300.00 would be the initial cost, later years should be less.

III. Chris Greacen- Incentive Discussion Presentation

Chris Greacen provided a power point presentation on Incentive Discussion.

Review production incentive proposal

Chris went through two possible future pathways for MORE incentives. The first pathway was taken from the More's Committee's resolution on 8/4/2010 "to create a program with a feed-in tariff with a cap and a floor". If this pathway was selected then there would be a feed in based tariff that funded a kWh based incentive, which had a cap and a floor.

The second pathway was taken from the statement from OPALCO Board member Chris Thomerson at the August 18, 2010 MORE meeting stating "the Board cannot accept long term incentives and are not interested in the floor". If this pathway was selected there would be a kWh based incentive with a cap, but no floor.

Concentrating on the first pathway, "kWh Based with Cap and Floor", Chris went through a couple analyses which included the following assumptions:

- \$6/watt PV
- 30% Federal Tax Credit
- Washington State Renewable Energy System Cost Recovery
- 5% Loan Interest
- 10-year Feed-In Tariff Duration

Analysis #1 – Equivalent to the old OPALCO Green Power program of \$1.50/watt subsidy

Using this analysis the feed in incentive would equate to \$0.22/kWh, which would result in a 12-year simple payback period, a 15-year IRR of 0.9%, and would break even in 2024.

Analysis #2 – Reasonable Cap

Using this analysis the feed in incentive would equate to \$0.30/kWh, which would result in a 7.5- year simple payback period, a 15-year IRR of 6.2%, and would break even in 2018.

Analysis #3 – Reasonable Floor

Using this analysis the feed in incentive would equate to \$0.16/kWh, which would result in a 15-year simple payback period, a 15-year IRR of -.6%, and no break even.

Using the second pathway of “kWh Based with Cap and No Floor”, Chris provided a similar analysis using the existing \$0.04 per kWh that is already established in *OPALCO Policy 14 – Interconnection of Member Owned, Grid Connected, Alternate-Electric Generating Facilities Energized after December 17, 2003*, and concluded the results would result in a 30-year simple payback period, a 15-year IRR of -.21%, and no break even. An analysis with no floor determined that the investment is questionable since participants need long-term revenue flow to pay off system, but have no idea how much the tariff might be in future years.

As an alternative to the second pathway Chris presented a “kW-based \$1.50 per watt Reservation System”. The kW based incentives would be funded by voluntary contributions. This would be on a first-come/first serve basis where participants pay a fee and reserve an incentive of \$1.50/kW with a \$4,500/3kW size cap. Community systems would not be limited to the 3 kW cap and would be allowed up to 50% of annual budget. The reservation will have a shelf life with an expiration date. If the system is installed the incentive is paid and if not the incentive expires.

It was noted that members are looking for 3 – 5 year payback on energy efficiency improvements. Also participants who invest in renewable systems want certainty, which equates to an established floor.

A summary of the analyses is as follows:

- **“Old” program**
 - \$1.50/watt... you install a system, you get subsidy.
- **kWh-based “SNAP” with cap and floor**
 - Tariff floor provides certainty
 - Customers know that at least they’ll get floor...
- **“Old”** but relying only on voluntary contributions
 - Pay fee, apply to reserve an incentive. With reservation in hand they proceed with installation knowing they’ll get a big check.
- **kWh-based “SNAP” program with no floor**
 - Participants need long-term revenue flow to pay off system, but have no idea how much what tariff might be in future years,

Chris referenced the NRECA/OPALCO 2009 survey where 37% of the membership said they would pay higher rates for renewable power. In addition, 60% are willing to pay at least 3% more. It was calculated that with 3% more would equal \$600,000 per year and equate to 133 new 3-kW systems per year at an incentive based payment of \$4,500.00 per system.

The committee discussed the idea of having additional incentives funded by mandatory contributions. This would be a premium for Green Power and Conservation, where every member pays 1% extra. This premium would continue to fund MORE along with additional voluntary subsidies. It was decided that there needed to be more discussion and planning to work out the details.

Chom shared that she had conducted an informal survey at the Farmers Market and SJC Fair; all but one respondent said they would be willing to pay more for Green Power. One person stated, "You can't get very far with voluntary programs. I don't know about you, but I'm motivated by a sense of fairness- I'm happy to pitch in when I know that everyone else is pitching in too. I'm less excited when I know that there are a lot of free- riders."

The conclusion by the group was to discuss the proposal of moving to the "Reservation System" during the interim period, in order to get Green Power incentives moving again, and then determine the mechanics of a MORE incentives either capital or production. This proposal will be included in the next agenda.

IV. Beth Anderson- Review and approve MORE SC Draft Guidelines

MORE Steering Committee

The committee reviewed and discussed the MORE Steering Committee jobs as written in an attachment to the agenda. Peter Risser moved to approve the MORE Steering Committee jobs noting one change on item #3 which was the quorum to be four (4) members, not five (5). Motion was seconded and carried by a voice vote.

Coordinators from OPALCO

The committee reviewed and discussed the Coordinators from OPALCO jobs as written as an attachment to the agenda. Peter Risser moved to approve noting two changes; 1. Insertion of the word "OPALCO" in the job, to read as follows: "Schedule and organize appropriate meetings specified by the steering committee, and interface with *OPALCO* members". 2. Insertion of a second sentence in item #2 to read as follows: "Make quarterly reports to the OPALCO board". Motion was seconded and carried by a voice vote.

Rules for distribution of MORE funds

This is an important component and in view of the meeting discussion it was decided to include this topic on the next meeting's agenda.

Next meeting is scheduled for Wednesday, September 15th on Lopez Island at the Lopez Island Library conference room.