Cowlitz PUD Welcomes

19th & 20th District Legislators

Rep. Brian Blake
Rep. Jim Walsh
Sen. John Braun
Rep. Ed Orcutt

October 7th, 2019
Agenda (9:00 – 11:15am)

– Call to Order and Introductions
– Power Resources Video Tour
– Update on Current Projects and Initiatives
– Dispatch Center Tour
– Safety Trailer Demonstration
– Legislative Briefing and Discussion
– Adjournment
Power Resources Video Tour

— Link to Video
Current Projects & Initiatives

Cowlitz PUD’s Mission:

“Provide customers safe, reliable, cost-effective and sustainable electricity.”
Current Projects & Initiatives

Strengthening the South County Grid

— New delivery point of bulk electricity from BPA at PacifiCorp’s Merwin Substation

— Additional transmission source for south County through Lewis River substation from PacifiCorp’s Merwin Substation

— Allows for greater power flow and improves reliability
Current Projects & Initiatives

Strengthening the South County Grid

— Constructed 8-mile 115kV transmission line on Lewis River Rd to connect Lewis River substation to the Ariel substation and PacifiCorp’s Merwin substation

— Upgrading 2.5 mile transmission line segment from Lewis River substation to N. Woodland substations crossing I-5 corridor

— Improvements will facilitate reliability and increase capacity to support future growth in the south County service area (Woodland & Kalama)
Current Projects & Initiatives

Investing in Electrical Infrastructure

— Significant capital investments since 2007

— Upgraded 9 substations from 69kV to 115kV

— Converted remaining 69kV transmission lines to 115kV (over 20 miles) with the exception of Castle Rock to Vader substation segment

— Installed fiber optic communication network county-wide
  — Relaying/system protection
  — SCADA
  — metering

— Now have a networked rather than radial system -- greatly improves reliability
115kV Integrated Transmission Grid
Gardner's Corner  2006
Olive Way 2008
Washington Way 2009
7th Avenue 2010
Bakers Corner 2012
John Street 2013
20th and Ocean Beach 2016
West Kelso 2017
Current Projects & Initiatives

Deploy new enterprise software system to improve customer service

Improvements to metering system

BPA engagement
  – cost control
  – new markets
  – negotiating next power contract
Current Projects & Initiatives

Clean Energy Transformation Act
  — Rulemaking
  — Planning
  — Reporting & Compliance

Emergency preparedness
  — Great results during short emergencies (≤ 5 days)
  — Improve response for large events
Legislative Briefing & Discussion

Clean Energy Transformation Act (SB 5116)

— State Policy: Achieve 100% carbon-free electric grid by 2045

— 2026: Elimination of coal from grid

— 2030: 100% carbon-neutral portfolio standard
  — 80% clean or non-emitting
  — 20% alternative compliance

— 2045: 100% carbon-free with no offsets
Clean Energy Transformation Act (SB 5116)

— Hydropower and nuclear (non-emitting) count toward CETA compliance

— Must still comply with I-937 (Energy Independence Act)
  — Eligible Renewable Standard increases from 9% to 15% in 2020

— PNW Hydropower becomes key pillar to implement the new law

— Cowlitz PUD is already compliant with 2030 standard
Legislative Briefing & Discussion

Concerns with CETA Implementation

— Reliability: Utilities work hard to ensure the lights stay on

— Projected capacity shortfalls
  — NW Regional Energy Forecast: 8,000 – 10,000 MW shortfall by 2030

— Utility scale battery technology not yet ready
  — Lithium Ion not the right solution
  — Organic material-based technology is being researched by NREL
Concerns with CETA Implementation

- Substantial new reporting obligations
  - 10-year Clean Energy Action Plans within Integrated Resource Plans
  - 4-year Clean Energy Implementation Plans

- Low-Income Energy Assistance Programs
  - Every utility is mandated to have one by 2021
  - Additional biennial reporting
  - Meet 60% → 90% of “energy assistance need” in 2030 & 2050

- Extensive rulemaking process across multiple state agencies
  - Commerce, UTC, Ecology, Health, LNI
  - Workgroups: Cumulative Impact Assessment, Carbon/Electricity Markets, Transmission & Distribution Infrastructure
# SB 5116 Compliance and Reporting

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<th>Compliance Requirements</th>
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**Compliance Periods:**

- **Compliance Period One:** Compliance Period Two, Compliance Period Three, Compliance Period Four
- **Annual:**

**2030: SB 5116 80% bundled renewable/20% alternate compliance over 4-year period plus annual I937 renewable requirement**

**100% Zero Carbon**

**Compliance Requirements:**

- I937 Renewable Acquisition
- SB 5116 Compliance (Sec. 4 and 5)
- Low-Income Assistance Programs (Sec. 12.2)

**Planning and Reporting Requirements:**

- Clean Energy Implementation Plan (Sec. 4.7)
- IRP w/ 10 yr clean energy action plan (Sec. 14)
- Low-Income Assistance Reporting (Sec 12.3)

*Courtesy of PGP*
Legislative Briefing & Discussion

Concerns with CETA Implementation

—Increased costs to ratepayers

—Reduced reliability and resource adequacy

—Disrupted markets due to lack of consistent rules across states

—Less competitive in attracting/expanding industry
Legislative Briefing & Discussion

Renewable Energy Tax Exemption (SB 6012)

— Adds water as a qualifying renewable energy source for purposes of the sales and use tax exemption

— Issue of Fairness: Hydro-parity with other renewable energy sources

— Enhances reliability of system and creates jobs

— 100% clean energy goals cannot be met without hydro

— Hydropower capacity increases as new investments are made
Legislative Briefing & Discussion

Dig Law Workgroup Update

- Broad stakeholder participation
- 2015 Dig Law Report identified areas for improvement
- Add definitions and clarify procedures (no current WAC’s)
- Streamline enforcement to increase safety/reduce damage
- October 18th – 4th and final meeting
- Report issued to legislature in December
Legislative Briefing & Discussion

2020 Legislative Priorities

– No “pancaking” of new energy legislation
  – Cap and Trade / Low Carbon Fuel Standard
  – Utilities and regulators still digesting 2019 Clean Energy laws
  – 60 days is not enough time to vet new energy initiatives

– SB 6012 Tax Parity for Hydropower
Thank you!