

EMERALD PEOPLE'S UTILITY DISTRICT

Board of Directors' Meeting

May 19, 2010

Minutes

- Convene President Pilling convened the meeting at 11:10 am at the Emerald offices, 33733 Seavey Loop Road in Eugene.
- Attendance and Introductions Directors: Patti Chappel, Bruce Pilling, Katherine Schacht, and Bill Tanner.  
Penny Jordan was absent.  
Staff: Doug Barab, Tiffany Collier, Jaime Cranmer, Ron Dubbs, Frank Lambe, Jim Theabolt, and Beth Matthews.  
Guests: Jim Sly, ratepayer; Vince McClellan, Energy Design
- Statements From the Public McClellan said that he was attending the meeting to learn more from staff about how the utility works. Sly said he was waiting to hear how things go today.
- Discussion on Net Metering and Generation Interconnection Policies Barab talked about the proposed interconnection policy. He said there were two things staff wanted to accomplish:  
--to modify the existing customer service policy, cleaning up language to simplify/streamline the process for small generators;  
--to create a new generation connection policy.
- Barab said there is both a new application and a simplified power purchase agreement. Per legal counsel, staff said that staff was advised not include these in the actual policy, but keep these in separate documents.
- Tanner said he would like to see the information on Federal, State, and utility incentives to see why there is such a long pay-back period.
- Sly said that by law, he is forced to get 15-year-old weather analysis data to price the project. He said the tax incentives are his motivation at this time and would like to use the tax credits now. Sly said that McClellan and his firm have invested a lot of time in this potential project.
- Pilling noted that Emerald has been a leader in supporting renewables and has a goal of the lowest possible cost for reliable power. He said he knows there are incentives but there is only so much we can do—particularly for just one ratepayer. Tanner said this may help Emerald be able to do more of these types of projects in the future and that it needs to be fair.
- McClelland talked about the Energy Trust incentives. Barab explained that generators are not generally viewed as residential customers. He spoke about the utility comparison information which he distributed for discussion. Barab said he didn't have any issues with Sly's comments in his prepared document. He clarified several points for him and explained one item which is being removed from the policy (Appendix A). Sly said there needs to be a very general, broad statement in regard to renewable energy credits (RECs).
- McClelland said that solar has a lot of benefits and that he would like to see a large incentive to get more projects in the area. He inquired about what Emerald

pays for small hydro in the area. Lambe explained that Emerald does not have any small hydro, although they are trying to develop a project currently. He said that tax credits are not given to public utilities so Emerald is in the same dilemma. He said that there is no price for small hydro and that Emerald has to go back to Bonneville for that. Lambe said that we pay debt service to Bonneville and that the Federal government is not subsidizing power in the Northwest, contrary to some who believe this to be the case. Tanner suggested that we should be comparing what we have in excess to this project. Lambe said that we know over time we'll be paying more to Bonneville for market power.

Barab said this policy would apply to any generator for a renewable power source, not just for solar. Lambe said that Emerald has embarked on over 20 projects of this type. He said that a lot of time and effort goes into negotiating each one. Sly gave a parallel example of a construction contract and how you can't change the contract without voiding it. He suggested that Emerald should have a paragraph in the policy to indicate that the Board will periodically review the rates. Theabolt noted that that is in the Rate Schedule—the mechanism is there to do that and this is referenced in the policy currently. Lambe said he personally does not think that rates will drop.

Schacht said that solar has always struggled due to cost and this is a major risk in her view. McClelland talked about how he believes the cost of solar will continue to drop, whereas electric energy will most be likely not to do so. He said the policy should be clearer. McClelland also would like to see the \$500 charge dropped or to have more of a minimal charge tailored to the project. He appreciated that Emerald waved the \$500 fee to Sly although he would also like to see the price lowered down closer to EWEB—around 5 cents per KWh as long as it does not affect Emerald financially. Collier explained that the \$500 upfront fee is to help cover staff time for the “tire kickers” who may not be serious about doing a project.

Sly suggested more careful wording on Emerald's website in regard to the renewable energy money available. Lambe said the utility also needs to determine a fair incentive rate as there is not a lot of money available for any of the projects. Sly talked about the positioning of a new pole and transformer which Emerald's staff engineer said would need to be installed.

Pilling suggested getting more focused in the discussion and rather than focusing on this particular project—or others on a case-by-case basis—look at the overall direction where the utility as a whole wants to be. Barab reviewed a list of comparison of utility net metering and generation policies. He said the hope is to have one policy which combines these. Emerald is very similar to the other utilities listed in the way they handle this, per Barab. He said that net metering is used to just off-set the load.

Sly suggested that an option be written in that if Engineering deems it suitable, a customer could go over a 25 KWh limit. Barab summed up net metering, saying that it is in line with what others are doing. He said the objective of this policy is to streamline 90 percent of the projects so staff can focus more on just 10 percent.

A monthly fee was discussed and it was noted that many utilities do not charge one. Collier noted that Sly's project actually falls under "Business incentive" which is \$25,000 rather than the \$10,000 incentive originally noted. Cranmer said there are currently another 6-7 projects in the queue. Sly said that he wants the rate and is not so concerned about the incentive.

Barab gave an example of 71 KWh per year for 5 years with an incentive of \$10,000 and a rate of .0461. This amounts to \$26,365. With no incentive but with an 11 percent rate, Barab said it would amount to \$39,000. Sly confirmed with staff that he qualifies for the \$25,000 incentive. Lambe inquired if he wanted that upfront or over time. Barab confirmed that Sly's incentive should be \$25,000 @ a rate of .0461 which would be \$41,000 over 5 years—comparable to EWEB.

Barab explained that the Generation Interconnection Policy will go back to attorney Rick Larson for further review based on the suggested changes. Lambe suggested that the intent of the policy is still valid, but it could be re-written on the environmental attributes.

Lambe recapped the offer for Sly: \$25,000 incentive plus the fees to get it certified (\$250/year), no application fee, and a rate of .0416.

Tanner said that he is in favor of an incentive over time rather than cash up front for all renewable resources—not just for solar projects. Barab asked about those that are already connected and what kind of subsidy the Board would want to give to those customers.

Lambe said he would provide the Board with a rate incentive policy at the next meeting. Chappel suggested separating solar out from the other renewables. Lambe said that he could present both options—solar only and all renewables. Schacht said it would be important not to do green energy at the cost of all other customers. Chappel asked about changing the .0461 rate to .05 instead. Sly said he would take the .05 rate, the \$30.50/month, and the \$25,000 incentive. Lambe said that a contract could be written with Sly in the interim prior to completion of the policy.

Lambe said he is willing to talk with attorney Larson to expedite the review prior to the June 8 Board meeting. Tanner said he would recommend giving Sly an option of receiving the incentive money over time or all upfront.

Adjournment

The Board meeting was adjourned at 1:50 pm.

Minutes prepared by Beth Matthews, Board Secretary.

*Beth Matthews*