

## January 24, 2024 SDCEA Board Meeting Summary

### Members Attending:

In Person: Rich Shoemaker, Deb Hannigan, Sandy Long, Sue Greiner

Online: Terri Lukas, Jeff Shipp

### Public Comments:

- Sue Greiner: presented AVEF's CEO search support report, sharing information gathered from other co-ops about ways to make SDCEA's next CEO search better.
- Sandy Long: informed the SDCEA board of strategic planning documents to come from AVEF next week; she urged them to focus on reliability, affordability, innovation.
- Rich Shoemaker: Thanked SDCEA for a successful and well-attended Coffee with the Coop
- Deb Hannigan: Informed the board of an AVEF report on net metering written with the help of several other volunteer members which will be discussed with SDCEA at a meeting on Feb 7 at 8:30 AM

Mark Boyle: Initiated a discussion of SDCEA board minutes; he finds the AVEF summaries on their website more valuable, wishes for more complete minutes posted to the SDCEA website. He was reminded by staff and lawyer Casey Martin that the SDCEA minutes are a record of what happened, not what was said, which protects the board from legal action.

### 1- Tri-State Presentation on Demand Side Management

Tri-State Presenters: Reg Rudolf – Chief Energy Operations Officer & Hishan Noman

Goal: Optimization of the Co-op Energy Ecosystem in coordination with our membership.

- Building a bridge FROM the demand side.
- Optimize distributed energy resources (locally produced solar)
- Find and monetize distributed energy resources to create local value.
- Create a vertically coordinated system using modern digital technology

Programs developed need to create value.

1968 Ford Bronco – metaphor of today's grid (mechanical).

2024 Ford Bronco Raptor – grid of the future (digital).

Graphic shown of The Cooperative Energy Ecosystem

42 co-ops are part of Tri-State. This 42-member system is diverse but each co-op can be tapped as a unique part of a portfolio resource taking advantage of its traits and assets.

A graphic of the Tri-State load profile over the course of year showed a heavy irrigation component from the Western Nebraska Tri-State member co-op. Tri-State is a summer peaking system and irrigation drives this into October (2023). As a contrast, the mountain co-ops in Tri-State are winter peaking co-ops. Digitization allows Tri-State and its member co-ops to see details of their use profiles.

### Finding the opportunity – The Market

There are 650,000 end-use consumers across 42-member system; Tri-State needs to evolve to be what members need or it will no longer have value to the community.

Macro-Level Data Analytics – Irrigation is a major driver of load and peak demand. The peaks and valleys on the use profile graphs represent inefficiency.

Demand Response Management:

- Goal is to increase capacity and decrease consumption (smoothing out the peaks and valleys).
- Demand Side Components:
  1. Demand response: The practice of adjusting electricity usage in response to signals such as price, grid conditions and/or reliability. This can be achieved by Price Based and/or Incentive Based programs. Incentive based is the most valuable type of demand response (such as offering rebates for efficiency upgrades, for example). Demand response can achieve 3 main load modification functions: Peak Clipping; Valley Filling; Load Shift.  
Benefits: Postpone high-cost upgrades in generation, transmission and distribution; demand side balancing (add batteries, for example) ; ancillary services (Voltage regulation, Reactive power compensation, Reliability and power quality enhancement); create economic value locally.
  2. Electrification
  3. Energy Efficiency
  4. Ultimately a well-balanced program portfolio in these three areas provides the optimal results.

Showed graph of SDCEA winter load and winter load + solar production (assumption of 4% solar).

Discussion of SDCEA-specific situation:

- Solar does not reduce peaks at all and only slightly reduces energy consumption but solar with battery can.
- Tri-State can build a portfolio specifically for SDCEA. The intent is to “sell more electricity but decrease kW purchases”. The benefit of changing the slope of demand should be average savings of around 7-10%.
- Add battery storage to integrate vertically.
- Top barrier for electrification is developing the on-bill repayment program. This should be popular because members can “pay as you save”
- Need to build an infrastructure of contractors that want to come to BV. Contractors like to get the “lead” and the money from the co-op.
- Trout Creek Solar batteries: Tri-State will know how to control and will do it consistently all the time vs. SDCEA which might only attend to controls about 75% of the time. Batteries here need to be part of the resource stack. Tri-State will compensate SDCEA for the ability to control the load.
- For products and programs to offer: TS looks for products that have a flat load shape.

Reg Rudolph– Utility-scale battery storage is very expensive, but behind the meter storage makes more economic sense.

Tri-State GRIP award and goals: \$26.8 M in grant funding to deploy. To be used for:

- Distributed Energy Resource Management systems software (DERMs) – manage distributed energy resources and demand response.
- Pilot Demand Response Programs – irrigation, smart thermostat, oil & gas, water heaters.
- Enroll 4% of Colorado’s Peak, about 60MW by 2025, building programs for all members.
- Energy services platform
- \$13M allocated to behind the meter battery storage to make better use of rooftop solar. This in addition to the 30% tax credit, and on-bill payments should incentivize adoption of storage with solar. Participants will get resilience value and a paid incentive if Tri-State “presses a button” and

needs members' stored energy. An agreement between Tri-State and the member maintains a contracted level so the battery is useful between draws by Tri-State.

Presented a roadmap to implementing GRIP funding for demand response program.

Roll-out will occur from now to 2028. Who will get chosen to participate in the \$13M? Tri-State will evaluate system by system based on capacity. Group A has existing Demand Response (DR) programs and will go first (this is not SDCEA). Group B has no DR programs and will go second (this is SDCEA). SDCEA must agree to be in the DR program.

#### 2- Board Policy No. A-19 Revenue Deferral

Sarah discussed requirements of Revenue Deferral.

SDCEA Deferred \$450k in 2018 and must recognize it this year in its accounts. SDCEA must bring \$450k back in and it makes all our margins look really good. SDCEA is meeting debt ratios w/o bringing our deferred revenue back in however.

Staff's recommendation is to re-defer this \$450k revenue from 2018 to use in 2024 & 25.

Charlie asked about the option to defer up to \$550k.

Motion to accept Resolution No. 2 RE: re-deferring \$450K from 2018 prepared by staff. Passed unanimously.

#### 3- Board Policy C-99 Schedule of Fees and Charges. Normally the board only sees this in January but Sarah Crites went over it in December. It reflects current labor rates, mileage, expenses for equipment. Motion to accept passed unanimously.

Lunch break.

#### 4- SDCEA Headquarters HVAC revamp

– Staff got an estimate from Trane for \$4.2M. If certain items are excluded (value engineering), it is reduced to \$3.4M. Trane wants a letter of commitment (and \$170,000 payment) to proceed with creating a final proposal. SDCEA Board had previously approved \$1.5M for this project. Staff thinks Tri-State can finance it. Directors Hellbusch and Fiedler requested more information on spending this much money. Interim CEO Kelly will set up a walkthrough with Trane at the headquarters. The headquarters building is 30,000 square feet. The SDCEA building is 22 years old. The proposal was tabled until next month.

#### 5- Mike Allen presented updates on Rate Schedule No. 8 – Large Power Energy + Demand Time of Day. A Power Factor tutorial was presented with examples. The Rate Schedule was updated to reflect how the Power Factor reading is measured and how the billing adjustment is made.

#### 6- Staff requested SDCEA join the BV Chamber of Commerce. The cost is \$500 per year. The Chamber is trying to re-establish itself. Motioned passed with 1 no vote.

#### 7- Policy A-2 Qualifications for Directorship – The current policy shows that directors must attend meetings in person. During COVID, the Board passed a resolution that attendance could be virtual but there was no update to Policy A-2. There was some discussion on how it is encouraged that Directors attend in person. However, there may be times where they cannot attend in person. There was discussion on the acceptable reasons for remote connection and whether the Chair must approve of remote attendance. Staff will come back with a recommendation on exact wording.

8- Updates to Policy E-26 were approved which mainly dealt with appropriate storage of SDCEA owned electronic devices and notification of loss or damage.

9- Staff has added a section to the agenda called “Strategic Discussions/Strategic Plan Update.” In the future, Staff will bring updates from the strategic plan. Today, more specifics on the timing and location of the upcoming Feb 8 and 9 strategic planning sessions were shared.

10- Director Roundtable

- Bennetts – HRRMC lost power, but it was a problem on their side with circuit breakers on the generator.
- Attebery – Congratulated team. No lost power at her place in the last snow/windstorm in Custer County.
- Fielder – Community coffee had a good vibe. Lake County is adding a sustainability person and Cloud City Conservation is growing in staff as well.
- Hellbusch – Can we get some information before the Strategic Planning Session. (Kelly – I just got something in an email and will forward.) Hellbusch said: I’ve been saying all along that the theoretical max amount (demand) affects our bills with Tri-State. I was vindicated today by Randolph (Tri-State presenter). PSE is expensive and provides bad information. (Kelly – Point Taken.)
- Boyle – Attended an EV101 presentation by Paul Rausch at the BV Public Library. Recommended a book (but didn’t say the title). Brought up that he has an issue with the last rate decision (from November). The Financial committee voted for one proposal but then when it came to the full Board, there were 2 proposals/one by staff. Why aren’t committee meetings public? (Attorney Martin and Boyle will work off-line on what is in the statutes about committee meetings.) Boyle said: The main problem is that we did not share our thinking with members that were interested. We just presented what we proposed and then approved it and then talked about getting member input. Boyle proposes to bring up the rate change for another vote to try to postpone the subsequent year increases.
  - There was some discussion about how Hellbusch was sick that day and unable to join the call in time to make the vote. Martin clarified that our bylaws allow for the Board Chair to vote on anything that comes before the board. Robert’s Rules may suggest that Chairs generally not vote but Robert’s Rules do allow it.
  - Fielder – Some items may be worth having longer Board Discussions like rate restructuring and the annual budget.
  - Attebery – We may want to have the internal discussion, have the public discussion, and then make the decision.

11- Tri-state report – Director Abel

- Tri-state has filed a response to the FERC deficiency report and has asked for an expedited ruling by Feb 15.
- Tri-State has filed a rehearing request on the contract termination payment (CTP) ruling with the Federal Energy Regulatory Commission (FERC).
- Duane Highly has announced the hiring of a new CFO, Todd Telesz, who was the former CEO of Basin Electric.

12- Western United – Director Bennetts

Record sales for 2023. Transformers are still impossible to get.

13- Attorney Report – Lawyer Casey Martin is tracking the Tri-State Energy Resource Plan (ERP) and other filings.

14- Staff Reports

- Going forward, Staff will not present their reports, only ask for questions on what was submitted in the Board meeting package. The exception will be the CFO report which will be reported.
- CFO Report – Total Year revenues are 3.1% over budget. Total expenses are within 1% of budget. Margins are higher due to some open positions and the sale of the condo.
- April 10 – Tri-State will be here to train employees and interested Board members on the On-Bill Refinance Program
- They will have an SDCEA Booth at the Chaffee County Home and Garden show and plan to talk about On-bill financing.

15- Sustainable Energy

This is a new agenda item. SDCEA plans to report on programs through Tri-State. Also, reporting on new charging stations.

Grant opportunities – (Slide was shown but not discussed)

- Waiting to hear on the second round of GRIP funding.
- Discussing opportunities with Tri-State on batteries at Trout Creek Solar
- Submitted letter of intent for potential solar and batteries at Querida/Kettle – Waiting for response
- January 12 – Successfully submitted for GRIP funding and partnering with Southern States Energy Board for Communications Infrastructure, SCADA, Metering
  - \$6M for grid resiliency and hardening
  - New Smart Meter System, Fiber Installed throughout system, Smart Reclosers SCADA System Circuit Indicators
- January 12 – Successfully submitted joint application with San Luis, United Power and San Isabel for GRIP funding.
  - \$7M – Grid resiliency and hardening
  - \$7.9M – Fiber and communication equipment

End of Meeting