

October 25, 2023 SDCEA Board Meeting Summary

1. Member Comments:

Blane Clark: Geothermal opposition. Not opposing all geothermal. Concerned with the location near residential areas. He mentioned that the opposition group is not misinformed, but largely uninformed. CEO Office's Bryce Carter was quoted as saying there is a \$12 million grant program open in November. Blane asked if SDCEA is applying for funds under this program? He also asked for a public information session with Hank Held, which had been promised.

Karen Pate: Reported on the success of the Ark Valley Green Homes Tour in September. Thanks to SDCEA for offering their parking lot on Sunday for the Buena Vista home tour to pass out information and allow New Energy Colorado to set up their booth. There were five homes in Salida/Poncha Springs, and four homes in Buena Vista. Approximately 40 people attended the home tour in BV. Solar, battery storage, EVs, heat pumps, mini-splits and other efficiency measures were spotlighted, both for newly constructed and remodeled homes.

Sue Greiner: Thanks to Gary Kelly for stepping up as interim CEO of for the next year. Thanks to the board for deciding to determine SDCEA strategic goals. She asked that the board please include input from members in the strategic goals process. Questions:

-What is the expected timeline for completing the strategic goals and restarting the CEO search?
Answer: Strategic goal discussion will begin February 9.

Discussion: Nick Hellbusch asked how Sue suggested that member input be gathered. Sue said please consider emails and phone calls from members, and take notes at SDCEA coffee events or other public outreach. Four public outreach meetings a year planned by SDCEA could be part of the avenue for input.

-What do you want to do differently next time around to help ensure success with the CEO search? Answer: Not sure.

-Will you conduct a broader search than you did this time? Answer: Members could recommend specific professional organizations that could be used for a broader search. Might not use the same search agency. All acknowledged that having clear strategic goals may help a new CEO take the reins.

Rich Shoemaker: Echoed what Karen said about the success of the home tour and commented that people are very interested in beneficial electrification and electric vehicles. Forecasting energy demand by SDCEA needs to consider that we may be nearing the steep portion of an S-shaped curve related to new product adoption. Demand may outpace population growth because of the state and federal money that is starting to becoming available to homeowners for making improvements and upgrades to their homes and purchasing electric vehicles.

Rich also suggested that net metering workshops might be something worth SDCEA doing with members, given potential for revised regulations at the state level. The board suggested that perhaps AVEF could give a presentation to the SDCEA board about what we would like to see as far as net metering policy; arrange this through Gary. Sandra Attebery also confirmed there are emails being shared amongst the board about the new rules, and meetings happening with regulators.

Jane McCracken: Geothermal opposition. Her position is that it is a bad project and should be stopped, and it is a waste of money. She asked how much time SDCEA staff is putting into geothermal grant applications. Other points she made include:

-A geothermal plant will not meet output expectations and will not be remediated when it is done with its useful life.

-Won't bring local jobs, nor other benefits to the community.

- Her position is that a Geothermal plant would be dangerous for a vacation community and could cause earthquakes, water well pollution and excessive noise.

2. On-Bill Repayment Program: Consists of Tri-State clean energy refunds for beneficial electrification. Uses the Colorado Clean Energy Fund. The example given was for a heat pump: \$2400 refund from Tri-State, plus federal and state rebates, favorable interest rate (3.5 to 4%), a \$100 initiation fee, and payment can be linked to monthly bills. It is not a loan, rather a service. This helps Tri-State meet its decarbonization goals. Tri-State takes the risk, not SDCEA. Tom Linza is vetting contractors with SDCEA for this program. Software is already in place at SDCEA to administer the program. Marketing launch is not yet scheduled but perhaps could be in January.

Later in the afternoon session, it was stated that consumer battery storage could be included in this on-bill repayment program.

San Miguel Electric Association is already participating in this program.

Jeff Fiedler asked that if a member needs to upgrade their electric service infrastructure to accommodate a heat pump, EV charging station, etc., would those cost be included in the on-bill financing? Staff will get back to him on that.

3. Capital Credit Retirements – approved. Will take place before Nov. 30 billing.
4. Operation Roundup Financial Review – approved
5. Charitable Giving Committee Budget – approved. Employees and Board members can give \$100 charity to their choice. Budget will no longer be based on a percentage of revenue since it no longer needs to be.
6. Scholarship Program Budget – approved
7. Donations to HRRMC Jewell Ball and Colorado State Fair Livestock Sale (\$1400) – approved

8. Altitude Construction of a redundant connection between Custer County and Howard, for increased reliability, \$671,000 (Tommy Young line). This project can create increased capacity and could help members get solar power in Custer County. Board asked if Gary Kelly can sign contract. Yes, and it was approved. BV to Twin Lakes is already done. Finishing the Tommy Young line work will cost about \$6 million.
9. Discussion about REC (Renewable Energy Credits) surplus benefit to Tri-State. Nick Hellbusch gave input that SDCEA and Tri-State should consider the benefits of solar RECs rather than just the negative effects, and why are we selling RECs to Tri-State for \$5 when they turn around and sell them for \$30 or more. A long discussion ensued, but REC surplus was eventually approved. Below are additional notes about the discussion.

SDCEA gives all RECs, which are assigned to them by solar generation customers, to Tri-State. In total, Tri-State has \$3 million worth of RECs, with each REC worth about \$5.40. Gary Kelly claims that SDCEA is too small to deal with this ourselves. Our allocation helps the Tri-State family with solar projects in other counties and subsidizes the REC requirements in other parts of the Tri-State territory. This reduces overall costs and increases Tri-State's ability to claim a higher percentage of renewable energy. According to Gary Kelly, the messaging should be: "What helps Tri-State helps us, and we thank solar folks for helping Tri-State." Nick countered with the fact that the SDCEA narrative is one-sided when it says that subsidization of solar customers by non-solar customers is bad, but subsidization of Tri-State's other counties by solar customers is good.
10. Next year's Annual Meeting will be on Tuesday, June 11 in Westcliffe. It will be a business only meeting without any party for members, since in the past members have not participated or appreciated the effort of a party.
11. Dan Daly was approved to attend the Mid-West Electric Consumers Association meeting.
12. NRECA voting representatives. CEOs, board members or co-op members can be voting representatives.
13. Lake County Community Foundation- Board approved a \$1000 donation in response to a request from this organization.
14. BV Chamber asked for member donation. No action was taken.
15. Energy Outreach Colorado discussion. This program helps people with their bills if they use electricity for heating. The SDCEA board voted to donate \$3000 to this group. Mike Allen mentioned that SDCEA also contributes to Energy Smart Colorado, which does residential energy audits.
16. Discussion about how to respond to members questions and comments during public comment at the board meetings. Members should be answered, including the geothermal items since "SDCEA is not Switzerland". But the board doesn't want to get bogged down with having to respond to comments on the spot and taking up meeting time to do it. No real

conclusion was decided but can be a topic for the strategic session. Perhaps an opening statement about expectations in the interim.

17. Policy A-12. How to Choose a CEO. Should the board revise the language of this policy to include the entire board instead of a subcommittee? Nick would like for all board members to see all applications, not just the selection committee. Current language may not prevent this. Tabled for later discussion.

18. Round Table:

Jeff Fiedler thanked all for educational sessions he got to attend.

Mark Boyle has a message from a member stating EV charging rate in Buena Vista is the highest in the region and asked staff to look into EV charging rates: Are they enough? Too high? Mike Allen said that actual EV usage should be looked at to come up with rates. SDCEA contracts out the EV charging stations and needs to recover these and other costs. EV charging during peak power demand period is expensive.

Mark Boyle also mentioned an Orientation for New Directors in January and February, and asked if SDCEA board members should attend. It is in Virginia, Mark is interested.

19. Mention was made of the State discussions about net metering. Holy Cross Energy's proposed rate restructuring (which included unbundling of rates; no grandfathering) earlier this year prompted the Colorado Energy Office to address net metering. The Governor has asked for a task force. Mention was made of funding batteries being part of the discussion which would be mutually beneficial to SDCEA, Tri-State and co-op members. Stay tuned for more on this at future SDCEA meetings.

20. United Power mediation with Tri-State about the FERC ruling for the exit of United Power failed. The dispute will likely go to court next.

21. Attorney Report: Casey Martin referred to a CREA white paper that says CREA supports the current language in the law because it is vague enough to support unbundling by co-ops based on individual co-op's situations. Casey said SDCEA should work toward preserving the flexibility of net metering to do this. The Governor's task force that is looking at net metering will put forward a recommendation and then a law will go through the legislative process. SDCEA will postpone any discussion of rate restructuring until any such new legislation comes to fruition. Here is a whitepaper by CREA on this subject:

https://crea.coop/wp-content/uploads/2023/09/CREA_Whitepaper-Net-Metering-2023-1.pdf

22. CFO report: 2023 has been a good energy sales year.

23. COO report: Tree cutting in BV - because of a new ordinance passed by the Town Trustees, SDCEA must present a plan to the Town for approval before any trees can be cut. Gary Kelly is not sure whether the ordinance applies to only public land or whether private land is included in the permitting process. Details of the ordinance are being worked out by the Town. SDCEA is working on a plan to present to the Town concerning tree cutting. There has

been zero lost time or OSHA events this month. Cable replacement, which has been intensive, switches out 50-year old cable with higher quality material. The Board asked for metrics around benefits, if available.

24. Upcoming meetings:

Nov. 8 - Special board and committee members

Nov. 29 – Board of Directors meeting in Silver Cliff, 9 a.m. to Noon with lunch for members following.

Dec. 27 – Board of Directors meeting in Buena Vista.

Meeting adjourned at 3:10 pm.