

**CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA**

OPERATIONS COMMITTEE MEETING

AGENDA

Mark Wiggin, Chair
Harold Hollis, Vice Chair

Erin Whitney, Director
Sisi Cooper, Director
Bettina Chastain, Director

August 10, 2022

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER (4:00 p.m.)
 - A. *Roll Call*
- II. APPROVAL OF THE AGENDA* (4:05 p.m.)
- III. APPROVAL OF THE MINUTES* (4:10 p.m.)
 - A. *June 8, 2022 (Doyle)*
- IV. PERSONS TO BE HEARD (4:15 p.m.)
 - A. *Member Comments*
- V. NEW BUSINESS (scheduled) (4:20 p.m.)
 - A. *Community Solar Project (Skaling) (4:20 p.m.)*
 - B. *Bill Round-Up Program (Lewis-Boutte/Ayers) (4:40 p.m.)*
 - C. *Overtime Labor Costs (Laughlin/Highers) (4:55 p.m.)*
 - D. *NRECA Compendium of Resolutions (Miller) (5:00 p.m.)*
 - E. *Decarbonization Program Strategy (D. Highers) (5:15 p.m.)*
- VI. EXECUTIVE SESSION* (scheduled) (5:35 p.m.)
 - A. *Battery Energy Storage System (Laughlin) (5:35 p.m.)*
 - B. *Railbelt Reliability Council Update (Clarkson) (5:45 p.m.)*
 - C. *Chugach Realignment (Miller) (6:00 p.m.)*
 - D. *Target Completion Dates for CEO Goals (Miller) (6:25 p.m.)*
- VII. NEW BUSINESS (none)
- VIII. DIRECTOR COMMENTS (6:50 p.m.)
- IX. ADJOURNMENT* (7:00 p.m.)

* *Denotes Action Items*

** *Denotes Possible Action Items*

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 8, 2022
Wednesday
4:00 p.m.

OPERATIONS COMMITTEE MEETING

Recording Secretary: Ashton Doyle

I. CALL TO ORDER

Chair Wiggin called the Operations Committee meeting to order at 4:04 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Mark Wiggin, Chair

Harold Hollis, Director (*via teleconference*)

Erin Whitney, Director (*joined via teleconference at 4:27 p.m.*)

Sisi Cooper, Director

Bettina Chastain, Director

Board Members Present:

Sam Cason, Director

Rachel Morse, Director

Guests and Staff Attendance

Present:

Arthur Miller

Matthew Clarkson

Karen Griffin

Pete Smithson

Kate Ayers

Beverly Jones

Sherri Highers

Teresa Kurka

Bart Armfield, Consultant

Andrew Laughlin

Julie Hasquet

Chantelle Lewis-Boutte

Via Teleconference:

Arden Quezon

Sandra Cacy

Joy Merriner, BDO

Jean Kornmuller

Andrew White

II. APPROVAL OF THE AGENDA

Director Cooper moved and Director Chastain seconded the motion to amend the agenda moving agenda item V.C. Recap on 2022 Election, Member Appreciation Event and Annual Meeting to the end of New Business and agenda item VI.C. Gas Supply Update to the beginning of Executive Session. The motion passed unanimously, as amended.

Director Whitney was not present at the time of the vote.

III. APPROVAL OF THE MINUTES

Director Chastain moved and Director Cooper seconded the motion to approve the April 25, 2022, Operations Committee Meeting minutes. The motion passed unanimously.

Director Whitney was not present at the time of the vote.

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None.

V. NEW BUSINESS

- A. *Election of Operations Committee Vice Chair (Committee)*
Chair Wiggin called for Vice Chair nominations. Director Chastain nominated Director Hollis. No other nominations were made. Director Hollis was elected as Vice Chair of the Operations Committee.

Director Whitney was not present at the time of the vote.

- B. *Review Board Policy 206 – Statement of Functions of the Operations Committee (Committee)*
Board Policy 206 was provided in the meeting packet.

- C. *Recap on 2022 Election, Member Appreciation Event and Annual Meeting (Kurka/Ayers/Hasquet)*
Teresa Kurka, Vice President of Member Services, Kate Ayers, Manager of Key Accounts and Sustainability, Julie Hasquet, Senior Manager of Corporate Communications, and Joy Merriner, BDO Assurance Office Manager Partner, provided a recap on the 2022 Election, Member Appreciation Event and Annual Meeting and responded to questions from the Committee.

- D. *Sustainability Report (Ayers)*
Kate Ayers, Manager of Key Accounts and Sustainability, and Chantelle Lewis-Boutte, Member & Energy Programs Specialist, discussed the sustainability report, and responded to questions from the Committee.

Director Whitney joined via teleconference at 4:27 p.m.

- E. *BRU Reserve and ARO Study (Armfield)*
Bart Armfield, Consultant, and Arthur Miller, Acting Chief Executive Officer, gave an update on the BRU Reserve and ARO Study and responded to questions from the Committee.

- F. *Quarterly Report on Beluga River Unit Performance (Armfield)*
Bart Armfield, Consultant, and Arthur Miller, Acting Chief Executive Officer, gave an update on the Acquisition Cost Savings and responded to questions from the Committee.

VI. EXECUTIVE SESSION

- A. *CEO Transition (Committee)*
- B. *May 1, 2022 – April 30, 2023, CEO Project Specific Initiatives (PSI) and Priority Areas (PA) Goals (Miller)*
- C. *Gas Supply Update (Armfield/Miller)*

At 5:39 p.m., Director Cooper moved and Director Chastain seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1), (3) and (4) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and 3) personnel matters. The motion passed unanimously.

VII. NEW BUSINESS

- A. *Transition Agreement (Committee)*
No action was taken.
- B. *May 1, 2022 – April 30, 2023, CEO Project Specific Initiatives (PSI) and Priority Areas (PA) Goals (Miller)*

Director Cooper moved and Director Chastain seconded the motion that the Operations Committee recommend the Board of Directors approve the May 1, 2022 – April 30, 2023, CEO Project Specific Initiatives and Priority Areas as discussed in executive session. The motion passed unanimously.

VIII. DIRECTOR COMMENTS

Comments were made at this time.

IX. ADJOURNMENT

At 9:01 p.m., Director Hollis moved and Director Chastain seconded the motion to adjourn. The motion passed unanimously.



Chugach Community Solar

Operations Committee
August 10, 2022



Background – Community Solar Program

- Chugach designed and filed a Community Solar Program in March 2018
- Program design:
 - Chugach build solar farm when 90% subscribed
 - Members pay upfront or monthly
 - Participants “own” the right to energy generated by their portion
 - Maximum 25 kW per meter
 - Virtual net-metered as if located on member’s premises
 - Available to any member (residential, commercial)
 - Designed to be attractive to members (low commitment)



Background – Community Solar Program

- Project supported by RAPA; under a stipulation with Chugach
- The Regulatory Commission of Alaska (RCA) denied Chugach's request
- Primary areas of RCA concern
 - Risk to non-participants if not fully subscribed (i.e. rate impact)
 - Fairness of first-come, first-served
 - Does Chugach need more generation
 - Short minimum duration of commitment (1 year)
 - No authority to value environmental externalities

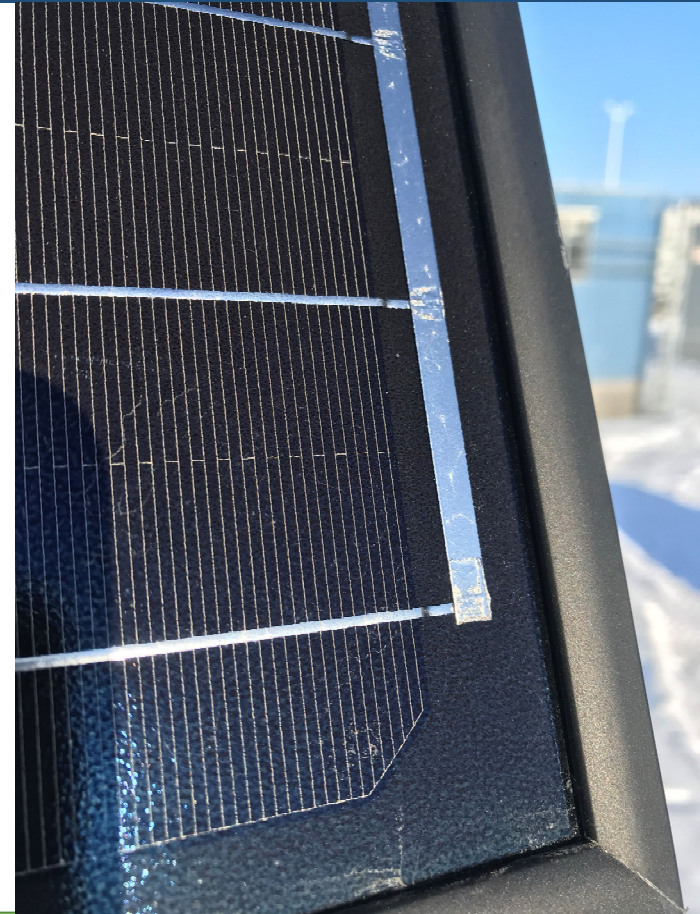
Considerations for a Potential New Program

To address Commission concerns:

- Require participants to make up-front commitment through:
 - Upfront payment of project cost, or
 - Lease-payment structure with commitment to pay full share
- Build only what's sold, and add more panels as paid
- Backstop program with acceptable margin risk; program can be sized and designed to mitigate risk

Ownership & ITC

- In 2018, member “ownership” in community solar did not allow use of the Investment Tax Credit (ITC).
- Members *may* now be able to claim the ITC for community solar under certain circumstances, but the credit *may* apply only toward “passive income.” More research needed.
- The Inflation Reduction Act of 2022 could enable direct payments to tax-exempt entities like Chugach, thus allowing use of ITC, if enacted.



Program Options to Address Rate Risk

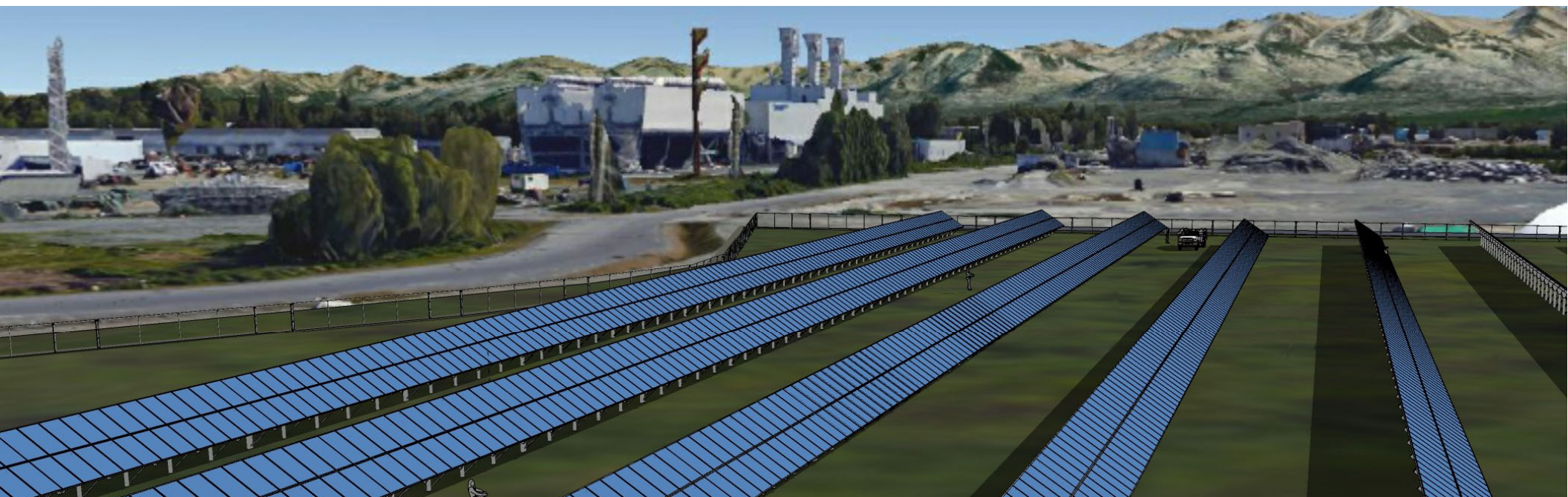
	2018 Program	Option 1 “Subscribe”	Option 2 “Commit”	Option 3 “Own”
Ownership	Chugach Owns	Chugach Owns	Chugach Owns	Member “Owns”
Member Payment	Pay upfront or subscribe by year	Pay upfront or subscribe by year	Pay upfront or lease for project life	Pay upfront or lease for project life
Backstop	Rates	Margins	Margins	Margins
Pros	Very flexible; easy in, easy out to encourage wider participation	Keeps subscription, which are preferred by some members	Lower risk from not offering subscriptions	Lower risk from not offering subscriptions
Cons	RCA did not approve	Subscriptions present more risk of unsold blocks	May not attract as many participants without subscription	Risk of poor member experience if not able to receive Investment Tax Credit
Other Considerations		Could increase subscription minimum term from 1 year to 5 or 10 to reduce risk	Lease would include contract to pay in full	

If available, the Investment Tax Credit would pass through to participating members.

Next Steps

- Analysis and selection of best option
- Check viability of possible locations
 - Rutherford substation property
 - Beluga Power Plant property
 - SPP laydown yard, near battery site
 - Side of SPP (up to 100 kW)
- Seek cost estimates, conduct preliminary feasibility
 - The levelized cost of solar project in 2018 was \$0.28/kWh
- Track passage of the Inflation Reduction Act of 2022





Questions?

A group of five children are standing outdoors, holding silver Chugach water bottles with blue caps. The child on the far left is a girl with blonde hair, wearing a light purple shirt, drinking from her bottle. Next to her is a boy wearing a white hard hat with the Chugach logo and a dark green t-shirt that says 'RABBIT CREEK ELEMENTARY'. In the center is a girl with blonde hair and red-rimmed glasses, wearing a light purple shirt. To her right is a boy in a blue t-shirt. On the far right is a boy in a dark blue t-shirt with a red fire truck graphic that says '1969' and 'RESCUE'. The background is bright and out of focus, suggesting an outdoor setting like a schoolyard or park.

CommunityCents

Operations Committee Meeting
August 10, 2022

CommunityCents

A retail Round-Up Program offers members the opportunity to participate in a charitable giving program that rounds member's monthly bill to the next whole dollar amount, contributing between \$0.01 and \$0.99 cents a month, for an average of \$6.00 a year.

“Round-up” is a registered trademark, by Palmetto Electric Cooperative. CommunityCents is a working title for Chugach's rounding program.



CHUGACH'S STRATEGIC PLAN

The creation of CommunityCents is in alignment with Chugach's **Strategic Priority Goal #3: Communication, Member Engagement and Community Involvement**

CommunityCents meets Chugach's mission of being committed to serving its members and the community.



MEMBER'S OPINIONS*

49% of members stated that a bill round-up program for **energy assistance** was either very or somewhat important to them.

36% of members stated that a bill round-up program for **donations to community groups** was either very or somewhat important to them.

~30% of members stated they were **neutral** on the topic.

*2017 Sustainability Survey





ENROLLMENT METHODS

OPT-IN

- Lower Participation Rates (2.5-9.7%)
- Spend more in advertising costs
- Raise significantly less money
- Estimate \$16,900 – \$65,800 per annum
- Does not require Bylaw amendment

OPT-OUT - RECOMMENDED

- Higher Participation Rates (60-67%)
- Communication with members is critical
- Raises significantly more money
- Estimate \$407,500 – \$455,000 per annum
- Requires Bylaw amendment

Rounding Experience in Alaska

	Chugach Proposal	MEA	GVEA	AWWU	Copper Valley
	CommunityCents	Operation Round-Up	Goodcents	Coins Can Count	Community Foundation
Program start	2024	2011	2011	2007	2008
Enrollment method	Opt-out	Opt-out	Opt-out	Opt-in	Opt-in
Enrollment rate	60-67%	60%	67%	2.5%	9.7%
Annual giving	\$407,500 – \$455,000	\$200,000	\$130,000	\$6,000	\$17,000
Benefactors	TBD by CommunityCents	Community Non-profits	Community Non-profits	Customer's delinquent balance	Community charitable, science, or educational programs

COMMUNITY IMPACT



YOUTH & EDUCATION



HEALTH & WELLNESS



ENVIRONMENTAL



HUMANITARIAN





STEP BY STEP

CIS READINESS

The CIS vendor selected for Chugach's enterprise upgrade has confirmed they can support CommunityCents.

AMEND BYLAWS

Bylaw amendment adding CommunityCents must be approved by Chugach voters.

CREATE CHARITABLE FOUNDATION

Stand alone non-profit must be created in Chugach's name and would manage and distribute program funds.

AMEND TARIFF

CommunityCents will require a tariff amendment and submission to the RCA.

LAUNCH PROGRAM

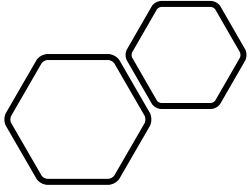
A successful communication plan will aid in a successful launch of the program.

NEXT STEPS



THANK YOU





Program Development Concepts

Decarbonization Program



Program Mission & Vision

Mission

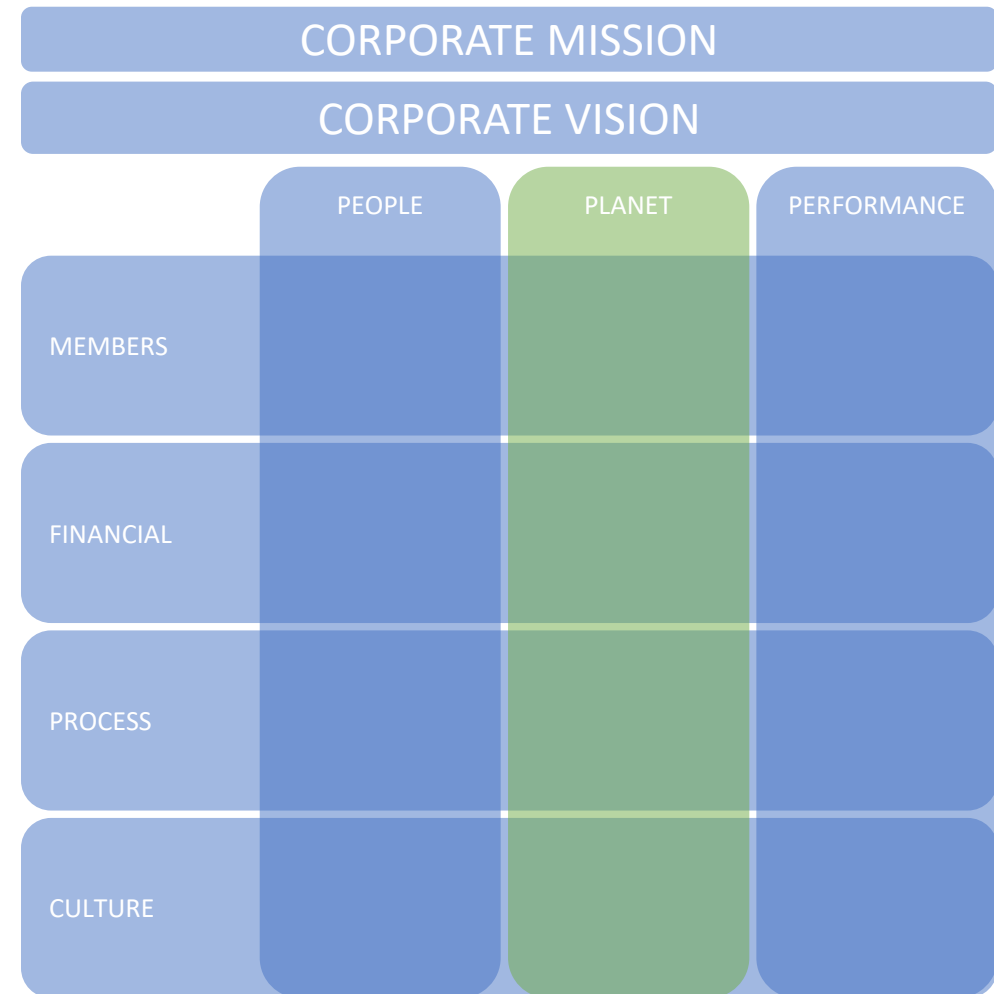
- Decarbonize Chugach Electric
- Support energy independence by moving from thermal generation to renewables

Vision

- Advance renewable energy (RE) and energy storage systems (ESS) technologies that directly support decarbonization and energy independence
- Transition natural gas consumption to RE and ESS while maintaining a viable, reliable gas supply
- Create a community that utilizes beneficial electrification for most of their needs which is primarily supplied by renewable energy

Decarbonization Program Strategic Alignment

- Satisfies Member requirements to reduce carbon emissions
- Considers financial limitations and potential rate impacts
- Eliminates communication barriers between work groups
- Mobilizes Chugach resources
- Facilitates change management and transition to a new operating profile
- Ensures top to bottom strategic alignment



Guiding Principles

- **Inclusion** All Chugach divisions will be represented as Customers to the program
- **Collaboration & Coordination** Work with other utilities to avoid duplication of work
- **Pacesetting** Make opportunities, don't wait for them
- **Maximum Grant Funding** Make use of all available government assistance, especially via the Infrastructure Investment & Jobs Act (IIJA)
- **Local Support** Build technical capabilities in Alaska whenever possible

Chugach Division Activities

Alaska Power Association Legislative Fly-In

- DOE office visits
- Murkowski & Sullivan meetings
- FERC Chairman

Purchased Power Agreements for Renewable Projects

- Proposals received and filtered – two proposals under review
- Preparations being made for interconnection and integration studies

RE and ESS Technologies

- Comprehensive list of technologies being assembled
- Battery Energy Storage System (BESS) RFQ is under review

Program Management Team

- Initial Program Management Team meetings
- PMT roles & responsibilities in development
- Initiation phase activities proposed & tentatively scheduled

Engagement Activities



Alaska Center for Energy & Power (ACEP)

Decarbonization Pathways Study

“Technical Advisory Group” comprised of CEA, MEA, HEA, GVEA & ACEP

Beluga Unit 7 Replacement Study



Railbelt Utilities Engagement / BPMC Consultant

Gathering information on activities of other groups

Gathering information on RE technologies

Interviewing D.C. lobbyists



“Utility Committee on Energy Infrastructure Policy”

Support for BPMC consultant / coordinated by MEA

Government Activities

Department of Energy (DOE)

- Six (6) Funding Opportunity Announcements (FOAs) of interest to Chugach either issued or pending issue in Fall 2022
- Submission deadlines begin on 9/1/22
- Various RFIs and informational webinars underway

AEA

- Alaska's National Electric Vehicle Infrastructure Plan submitted
- Application due in September for Preventing Outages and Enhancing the Resilience of the Electric Grid under IIJA Section 40101(d)

U.S. Senate

- Proposed Inflation Reduction Act of 2022 addresses Direct Pay for cooperatives

Decarbonization Program Life Cycle



Program Milestones & Deliverables



Proposal, Initiation & Approval

- Business case
- Program charter with strategic approach
- Grant funding narrative development
- Technologies list
- Proposed, evaluated projects list



Planning

- Full evaluated/filtered projects list
- RE/ESS project approvals
- Railbelt joint utility projects list
- FEED studies
- Integration studies
- Grant funding applications



Delivery of Capabilities & Benefits

- Engineering, equipment & construction contracts
- Project designs
- Permitting applications
- Project testing & reporting procedures



Transition & Closure

- O&M training materials & classes
- Project close-out documents
- Commercial operation date
- Test plan & reporting documents

Next Steps

Proposal Development

Business case

Program charter

Technology review & project concepts

Program roadmap

Initiation conference proposal