***Details of Clallam PUDs local power generation projects, from Shailesh Shere:***

**Distributed Energy Projects:**
As of January 2026, the PUD has successfully commissioned 93.18kW, 41.225kW, and 31.4kW of solar generation at PUD's Administrative Office, Engineering Annex, and Old Sequim substation sites, respectively. The solar generation at the Sequim substation serves as backup power for PUD's communication hut; while the generation at PUD's Administrative Office and Engineering Annex is aggregated and applied to bills of low-income households on an annual basis. The Sequim YMCA has expressed interest in installing a solar generation project at their location and we have assured technical and operational support when they are ready to move forward with the project. Also, PUD has had discussions with a private developer (Ameresco), wherein the PUD will operate a fully grant funded large solar generation (roof + ground mounted) on the Clallam Bay Corrections Center's facilities. The installation will fulfill the Correction Center's obligation towards Clean Building standards. Ameresco will handle grant application and design/construction; while the PUD will operate and apply the generation from this project to offset low income household consumption. Such projects create resilient buildings/shelter options.

**Battery storage:**
PUD has started a conversation with a private developer (Cascadia Renewables) to explore the possibility of a public-private partnership to develop battery storage projects sized to individual substations to provide four-hour peak capacity. The project concept is predicated on how the Bonneville Power Authority (BPA) treats battery storage interconnection under the new BPA contract. The idea is to (preferably) commission the project with private funding, where they can purchase power from the PUD and market the capacity and energy components, except when the PUD is experiencing a BPA outage. During a BPA outage, the private owner would be contractually obligated to provide the output of the battery system to the PUD at a retail rate. Alternatively, if the PUD funds and owns the project, it has to be sized appropriately to maximize the daily peak shaving and marketing capacity equal or greater than the capitalized cost of the project (to avoid rate impact). These discussions are paused since the holidays and we will pick them back up based on the availability of both parties. The intended siting of these projects are substations on the west end of the county to alleviate hardships encountered due to prolonged BPA outages.

**Utility scale dispatchable generation:**
This is the most complex and sensitive leg of the PUD's local generation initiative. The PUD has entered into a Memorandum of Understanding (MOU) with Bonneville Environmental Foundation (BEF). The salient features are that BEF will help the PUD in investigating opportunities to develop energy generation by supporting: Site Analysis,

Feasibility Study, Grant Writing Support, Financial Modeling, Identifying project funding sources, Contractor Selection, and Community Education. All these are important milestones toward developing a cost-effective generation resource. BEF's partnership is valuable as they have expertise and contacts in these areas (until recently, BEF was on the Board of Renewable Hydrogen Alliance, and still remains a community member).

The PUD is gearing up to perform a generation feasibility study to ascertain the generation technology that will provide the most benefit to Clallam County from an environmental, cultural, financial, and operational aspect. Tentatively, we would be comparing Biomass, Hydrogen, Geothermal, Offshore Wind, and other commercially matured technologies. Towards this effort, the PUD had applied for a grant of $250,000 under the Clean Energy Siting Program (CESP) grant (Grant App #509240). The PUD had also applied for a Washington Sea Grant Coastal Resilience Fellowship to acquire a fellow to work on coordinating and outreach of the project. Unfortunately, the PUD was unsuccessful in acquiring both grants. (PUD received 71.5 pts in the CESP grant application, where the highest score recipient was at 82 pts and the lowest at 32). While disappointing, the PUD was unsuccessful due to points docked as a "previous awardee."

Recently, the PUD received ~$9.6M from the Washington Department of Commerce Grid Resilience and Reliability grant for several reliability, grid hardening, fire prevention and underground conversion projects; $426k from a Washington State Home Electrification and Appliance Rebates (HEAR) program grant for free heat pumps for Low Income households; and $520k from a General Clean Energy grant for Sequim microgrid construction. These grants have allowed the PUD to hold rate increases at a much lower level (3.75%) compared to our neighboring utilities, despite PUD's 7% power rate increase, 20% transmission rate increase, roughly 30% material cost escalation, general wage increase for PUD staff, and inclusion of capital construction project of the Port Angeles Operations center.

The property purchase for the Port Angeles Operations center is strategic to ensure that the PUD has the required flexibility to site a generation or storage facility adjacent to operations (labor), Substation, and Transmission lines for ease of interconnection and operations.

As mentioned earlier, the PUD is exploring various technologies. We will be looking at studies completed by agencies such as PNNL (tidal), Energy Northwest (Geothermal), Port of Port Angeles (Biomass availability), etc. During a meeting with the Makah Tribe, the Council chair indicated that they would not support an offshore wind project. Hence, at this time, the PUD will not pursue the technology further until such a time that we are able to work with tribes to understand their concerns and alleviate them to their satisfaction.

The PUD can do this while keeping rates low by forming partnerships, looking at BPA product offering, maximizing market conditions, and aggressively pursuing grant funding to ensure the per MWh cost of generation/storage is a net neutral or positive impact on the rates.