



connected

A Message from Director of Power Resources: Let's Talk About Reliability

Christopher Velat, Director of Power Resources

You may have seen recent reports about the possibility of "rolling blackouts" in the Northwest during periods of extreme weather. While these headlines can sound concerning, we want to provide clarity on what Cowlitz PUD is doing to ensure reliable power for our customers. In this newsletter, you'll find a feature article that explains how we are proactively engaging in regional efforts to address these challenges and safeguard the reliability of your electric service.

Key Information:

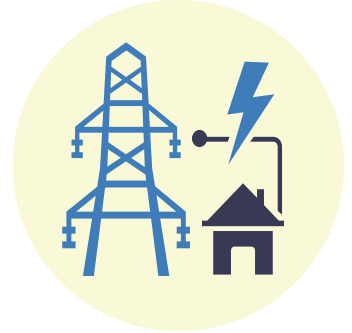
The Northwest electric grid is facing unprecedented challenges driven by rising electricity demand, accelerated clean energy transitions, and the retirement of firm, on-demand resources. Recent studies, including the E3 resource adequacy analysis, indicate that by 2030 the region could experience a significant shortfall—up to 9,000 MW across the greater Northwest and nearly 2,700 MW in Washington and Oregon alone. These gaps represent the equivalent demand of millions of homes and underscore the urgency of addressing reliability risks during extreme weather events.

What Does This Mean for You?

At Cowlitz PUD, we understand that reliable electric service is essential for daily life, economic prosperity, and critical infrastructure. While our current resource portfolio—including BPA contracts, wind assets, and hydroelectric generation—positions us well to meet expected peak loads, grid reliability is a shared responsibility. The evolving energy landscape introduces risks beyond our direct control, and we are committed to proactive planning and ongoing regional studies to mitigate potential disruptions and cost exposures. By examining the risks and identifying solutions, we aim to foster constructive dialogue among policymakers, utilities, and stakeholders. Cowlitz PUD will continue advocating for balanced clean energy policies that prioritize environmental stewardship, reliability, and affordability. We appreciate your support as we work diligently to keep the lights on and ensure a resilient energy future for our community.

COWLITZ PUD: OUR COMMITMENT TO RELIABLE, COST-EFFECTIVE SERVICE

Cowlitz PUD is committed to serving its customers with electricity that is reliable, cost-effective and clean. You may have seen recent news stories that highlight the reliability of the Northwest's regional electric grid and the potential for "rolling blackouts" that would adversely impact customers during extreme cold weather or heat events. The PUD would like to offer its perspective on these reports while assuring its customers of the actions under way to verify the risks of power supply shortages and develop measures to improve resiliency of the electric grid.



The PUD is part of a Northwest electric utility study, performed by the consulting firm Energy and Environmental Economics (E3), to determine whether there is an adequate amount of generation and transmission resources to serve the rising demand for power that's been largely driven by data centers and the electrification of transportation and buildings. In short, "resource adequacy" measures whether we have "enough power when we need it." The study's initial results for 2026-2030 are striking and indicate that the region faces an elevated risk of rolling blackouts during extreme conditions, especially multi-day winter events like the January 2024 MLK holiday weekend.

Across the Greater Northwest, including Montana, Utah and Wyoming, it is expected that by 2030 the region may face an approximate 9,000 megaWatt gap between peak electricity demand and the maximum capacity of the regional resource supply to meet that demand (9,000 MWs is nearly equivalent to the total electric load for the entire state of Oregon). Closer to home, Washington and Oregon's shortfall is projected to be nearly 2,700 MWs by 2030, equivalent to the demand of 1.4 million homes or roughly 2.7 times the average electric load of the entire city of Seattle.

What's caused this situation? A confluence of rising electricity demand (forecasted to increase ~30% in the next ten years), the retirement of firm, on-demand generating resources (coal and natural gas), and delays in building and interconnecting new resources to the transmission grid.

Additionally, compounding to the problem are legislative policies that have been enacted to advance the transition to clean energy and meet emission reduction timelines, prompting the region to retire many fossil-fuel based firm "on-demand" resources at a faster pace than they can be adequately replaced. In lieu of these retired resources, new weather-dependent renewable resources that comply with legislative clean energy policies, such as wind and solar, are being built. Unfortunately, these resources do not perform the same, as their ability to generate power is limited to when the wind blows and/or the sun shines. So, while these resources intermittently produce energy throughout the year that is helpful to serve



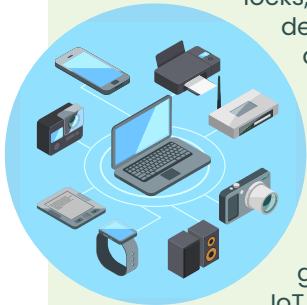


CYBERSECURITY

Connected Device Security

Every day, we rely on dozens of smart or connected devices—often without even realizing it. Our personal internet routers or gateways, as well as smart devices (like outlets, lights, doorbells, locks, clocks, monitoring

devices, cameras, and sensors), and countless other things we depend on are all connected—and vulnerable to compromise.



When hacking groups compromise IoT devices, they do so through unpatched vulnerabilities. They control, without our notice, and add them to their pool of compromised devices, a Botnet. These botnets are then used to perform massive attacks on other services and websites.

In early November of this year, Microsoft became the victim of a severe botnet attack carried out by a group controlling more than half a million devices. The attackers flooded Microsoft with overwhelming amounts of data, causing crippling outages.

What can we do?

The key to preventing this from happening is simple:

1. Only buy smart devices from reputable companies.
2. Always perform security updates and patches.

CCPUD's Commitment to reliable, cost-Effective service, continued

typical regional loads, they often perform at a limited or non-existent level during severe weather events. To firm-up the generation output of these resources, utility scale battery storage systems can also be employed; however, these systems are only capable of dispatching energy for a limited duration (~4-6 hours), which can be beneficial to local grid stability and/or managing through an evening summer peak event (works well in CA or AZ) but will fall short in any prolonged winter or energy shortfall events.

We believe that electrical service is critical as it underpins nearly every aspect of modern life. It is essential for individuals, businesses and economic prosperity, national security and critical infrastructure. Accordingly, staff throughout the PUD are dedicated to ensuring that the District is positioned to provide electric service to our customers. This commitment spans from our dedicated line crews restoring power during storm-related outages to our Power Resource Management staff efforts to ensure we have adequate physical resources and financial instruments in place to keep the lights on and mitigate extreme cost exposures that could negatively impact our customer rates. Planning and preparing for these events is nothing new to the PUD and is part of the recurrent activities staff accomplish daily. Furthermore, the District currently has a robust portfolio of resources through its power purchase contract with BPA, its portfolio of wind assets, and its dispatchable Swift No.2 Hydroelectric facility to meet expected peak loads during an extreme winter weather event. However, grid reliability is a collective responsibility and as the challenges mount and accelerate we believe this situation could eventually present a risk to the region and compromise our ability beyond our control to provide reliable electric service to our customers.

As such, the purpose of the ongoing E3 studies and this communication is not to cause immediate panic or debate the putative merits of the transition to clean energy resources but rather quantitatively examine the risks of where we are at and the direction and pace the region is headed to better understand the likelihood and potential magnitude of power supply disruption that could occur during a severe winter cold snap. With this information we are hopeful that several pathways forward can be identified to advance informed conversations and timely action by policy makers, utilities, and other stakeholders to avert any extended disruption to service and/or extraordinary cost exposures, as were experienced in Texas during the 2021 winter storm event.

The upcoming release of the final E3 study will identify solutions for the region to consider in closing the resource adequacy gap, and Cowlitz PUD will continue to advocate for reasonable clean energy policies that balance the priorities of environmental quality, reliable electric service and customer affordability. Please stay tuned as the PUD continues this conversation with policymakers, industry partners, and most importantly, our customers. We're working hard to keep the lights on and appreciate your support.

HOW TO APPLY FOR WARM NEIGHBOR

- Complete the [application](#) on SmartHub, in our office, or print from our website cowlitzpud.org.
- Submit online, email, mail, or drop off the application and required documentation at our office.



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Board of Commissioners meets the second and fourth Tuesday of each month at 2pm.

To attend contact mpetterson@cowlitzpud.org