

AUSTIN UTILITIES

MINUTES OF MEETING

7:30 am March 25th, 2024
Date

Board Work Session

Jay Lutz
President

Members Present:

Jay Lutz, Commissioner
Steve Greenman, Commissioner
Tyler Hulsebus, Commissioner
Kristin Johnson, Commissioner
Jeanne Sheehan, Commissioner

Others Present:

Mark Nibaur, General Manager
Alex Bumgardner, Utility Operations Director
Kory Robinson, Finance & Customer Care Director
Jess Dunlap, Utility Operations Supervisor

President Jay Lutz called the meeting to order at 7:35 am.

Introductions: Representing SMMPA are Dave Geschwind – CEO, Mark Mitchell – COO (retiring in March), Jeremy Sutton - recently named COO.

Dave Geschwind, SMMPA CEO, provided a SMMPA / Agency history and the benefits of a power agency. Key points discussed were membership, agency resource mix, financial position, and ancillary services available to membership. A large agency debt (Sherco 3) will expire in 2026. The board and SMMPA discussed generation mix now and into the future. Discussed membership makeup and the essence of the Power Sales Contract (PSC), with a recent example of a member selling their electric system.

Discussion was held regarding SMMPA's transmission ownership currently and into the future. Owning transmission assets is desirable and helps offset energy costs. SMMPA has been able to maintain positive business relationships with the transmission investors and will be a partner in future grid investments. This investment helps manage / hedge energy costs for the SMMPA membership. AU, if a standalone market participant, will not have opportunities to invest in future transmission assets. There was a board question regarding the Badger Coulee transmission agreement from the board. SMMPA's response is that if the PSC is extended, the agreement does not come into play.

Dave provided an overview of membership services:

Legislative Involvement

Demand Side Management

Members Support Initiatives – a few examples – EV charging stations, Solar programs, cybersecurity, etc.

The board, staff and SMMPA dialogued on the specifics of PSC extension and required steps. The PSC language does not change. A resolution would need to be approved by the board for AU to extend the PSC to 2050. Once completed, an amendment would be added to the PSC. Steps for AU would need board approval through a resolution and then city council resolution approval.

Discussion regarding Contract Rate of Delivery (CROD) and how it effects the PSC extension was reviewed. Currently AU has a 70 MW CROD. If AU extends the PSC there doesn't seem to be an apparent advantage to continue to maintain CROD. The Power Supply Plan recently completed, demonstrated that a partial CROD was not a financial strategy that AU should pursue. SMMPA noted that if AU is interested in terminating the CROD, it would need to be approved by the SMMPA board.

SMMPA indicated that if AU extended the PSC that the agency would need to add capacity to meet MISO capacity requirements. SMMPA would commit to site natural gas dispatchable resource in Austin unless found unfeasible thru study, and with final SMMPA membership approval. The board inquired if there were generation operating options that may be negotiable. SMMPA's experience is that having the generating units under their supervision has been more efficient. However, the agency is open to continue the discussion.

There was discussion regarding member generation and the quick start contracts which govern the business relationship between members and SMMPA. Members own and operate these units and in exchange SMMPA receives the capacity credits. There may be options for AU in a quick start contract relationship.

The board questioned SMMPA's operating business plan after 2030 and how it may change with members leaving the agency. The agency is reviewing staffing options and streamlining operations. They will need to continue to provide the core energy and member services to the other members. Commissioners questioned the potential of SMMPA growing its membership. The agency is open to expanding membership, however there are limited growth opportunities in the current electric business market.

The board requested a long term rate forecast, knowing that Sherco 3 debt rolls off in 2027.

A timeline and next steps were briefly discussed. SMMPA is available for further questions. The board understood the importance of a short timeline to review final options and decide on future power supply. If board members have questions, they will reach out to staff.

Staff will finalize options, next steps, and a timeline for the April board meeting.

Moved by Steve Greenman, seconded by Tyler Hulsebus, to adjourn. Motion passed unanimously. Adjourn at 9:03 am.

President

Secretary