

Regular meeting minutes of the board of directors

2000 E. Horsetooth Road, Fort Collins, CO
Thursday, Sept. 28, 2023

Attendance

Board members

Representing Estes Park: Mayor Wendy Koenig and Reuben Bergsten
Representing Fort Collins: Mayor Jeni Arndt¹ and Kendall Minor
Representing Longmont: Mayor Joan Peck² and David Hornbacher³
Representing Loveland: Mayor Jacki Marsh and Kevin Gertig

Platte River staff

Jason Frisbie (general manager/CEO)
Sarah Leonard (general counsel)
Dave Smalley (chief financial officer and deputy general manager)
Melie Vincent (chief operating officer)
Raj Singam Setti (chief transition and integration officer)
Eddie Gutiérrez (chief strategy officer)
Angela Walsh (executive assistant/board secretary)
Kaitlyn McCarty (executive assistant – finance)
Josh Pinsky (IT service desk technician II)
Shelley Nywall (director of finance)
Jason Harris (senior manager, financial reporting and budget)
Masood Ahmad (resource planning manager)
Tyler Michie (plant operations manager)
Wade Hancock (senior manager, financial planning and rates)
Javier Camacho (director of public and external affairs, strategic communications and social marketing)
Kendal Perez (strategic communications and community relations manager)
Leigh Gibson (senior external affairs specialist)
Kathleen West (communications and marketing specialist)
Maia Jackson (senior communications and marketing specialist)

¹ Attended online.

² Attended online.

³ Attended online.

Palmer Giro (accounting analyst III)
Jennifer Hammitt (director of legal affairs)
Travis Hunter (director of power generation)
Matt Tribby (senior air quality engineer)
Chris Wood (environmental compliance manager)
Pat Connors (director of portfolio strategy and integration)
Mike Jones (principal resource planner)
George Andrikopoulos (senior resource planner)
Phillip Vaughn (senior resource planner)
Paul Davis (distributed energy resources manager)
Bryce Brady (energy solutions manager)

Guests

Gary Wilmes (Black and Veatch)
Michael Fischer (Black and Veatch)

Call to order

Chair Bergsten called the meeting to order at 9:00 a.m. A quorum of board members was present via roll call. The meeting, having been duly convened, proceeded with the business on the agenda.

Action items

1. Consent Agenda

- a. Approval of the regular meeting minutes of Aug. 31, 2023

Director Marsh moved to approve the consent agenda as presented. Director Peck seconded. The motion carried 8-0.

Public comment

Chair Bergsten opened the public comment section by reading instructions, noting that time to accommodate each speaker would be divided equitably by the number of in-person members of the public and callers wishing to speak at the start of public comment. Five members of the public addressed the board.

Committee report

2. Defined Benefit Plan committee report (presenter: Dave Smalley)

Dave Smalley, chief financial officer and deputy general manager, summarized the Defined Benefit Plan committee meeting held on Aug. 25, 2023.

Northern Trust, the plan's investment consultant, reported on the plan's performance for the June 2023 quarter, stating that assets increased \$1.7 million as positive market returns and contributions exceeded benefit payments. The portfolio returned 2%, while the plan's benchmark increased 3%. The plan's underperformance is the result of the portfolio's exposure to low-volatility, high-quality equities. The low-volatility strategies provide the portfolio downside protection during turbulent markets but will lag market returns when riskier equity strategies are in favor. The plan's target return is 7.5%.

Northern Trust also provided an educational session on its quality, low-volatility equity strategy. The consultant explained the strategy seeks to build a diverse, higher-quality and lower-volatility portfolio that delivers attractive up-market participation and down-market mitigation.

Mr. Smalley also discussed Platte River's senior counsel providing a high-level overview of an upcoming plan amendment the board will consider at its December meeting. The next committee meeting is scheduled for October 26.

Mr. Smalley stated the retirement committee report is for informational purposes and no board action is necessary.

Board action items

3. Policy on real estate transactions for resource development (presenter: Sarah Leonard)

Sarah Leonard, general counsel, presented the recommended policy for general manager authorization on real estate transactions for resource development and suggested revisions to the board governance document for a board review process to oversee resolutions and policies that give the general manager broad authority (especially when a successor general manager takes office). Staff recommended approving the resolution and revising the board governance document. Chair Bergsten commented that the resolution helps address the need for agility and flexibility in an ever-changing industry. Director Arndt thanked staff for taking the comments during the August board meeting and incorporating them in the revisions.

Director Koenig moved to approve Resolution 09-23: policy on real estate transactions for resource development as presented. Director Hornbacher seconded. The motion carried 8-0.

Jason Frisbie, general manager and chief executive officer, noted that the board secretary will send an email after the meeting with a link to the board orientation web page that lists major board approved-policies and associated resolutions.

Management presentations

4. 2024 rate tariff schedules (presenter: Shelley Nywall)

Shelley Nywall, director of finance, reviewed the 2024 rate tariff schedules and associated documents included in the board materials.

Mr. Frisbie clarified the transmission rate correction was a thirty-dollar increase to the annual transmission rate which is not significant to the overall annual rate. Chair Bergsten asked to clarify the tariff charge to the communities is a combination of all charges including fixed charges and transmission charges but does not include the avoided costs for the residential customers who engage in net metering. Ms. Nywall confirmed his explanation.

5. 2024 proposed Strategic Budget work session (presenters: Shelley Nywall, Jason Harris)

Ms. Nywall introduced the 2024 proposed Strategic Budget. She highlighted how the budget supports Platte River's key initiatives, such as the Resource Diversification Policy, and the 2023 Strategic Plan, and previewed the major components of the 2024 proposed Strategic Budget. She thanked board members for their support throughout the budget review process.

Mr. Frisbie pointed out capital spending does not capture purchase power agreements (PPAs) for wind and solar projects Platte River pays for annually as operating expenses. Chair Bergsten asked if there is a first right of refusal for the projects to purchase at the end of the agreed-upon term. Mr. Frisbie confirmed all PPAs include rights of first refusal at the ends of their terms.

Jason Harris, senior manager, financial reporting and budget, presented the 2024 proposed Strategic Budget, including the budget schedule, process, overall document content, high-level trends, a 2024 overview and the five-year capital forecast. He noted additional slides contain further detailed information but he would not present them.

Director Marsh asked if the larger expenses in 2026-2028 included in the five-year capital forecast for costs associated with adding dispatchable capacity. Raj Singam Setti, chief transition and integration officer, responded that technology evaluation is covered in the next presentation but costs were included for budget planning purposes. Mr. Frisbie confirmed that construction of new units must be complete by 2028; the bulk of the costs is shown in 2026-2028. Mr. Smalley clarified that the expenses shown reflects the estimated cash flow to install capacity but will change in future years.

Director Arndt asked why total energy is showing a decrease for next year. Mr. Harris explained total energy is driven by the production cost model. This includes all market assumptions and information for Platte River's resource portfolio, including Western Energy Imbalance Service (WEIS) market data. He noted that in 2023 purchases increased, displacing energy Platte River would otherwise have produced. Mr. Frisbie noted capacity factors on the base-load resources are decreasing as their output is replaced by renewables and purchases. Director Arndt asked how Platte River tracks purchases from

carbon vs. noncarbon resources within the market and if it is possible to know where the energy is coming from. Mr. Harris responded that, for accounting purposes, market purchases are not included as noncarbon resources. Melie Vincent, chief operating officer, explained the state of the market report provides annual accounting information, but that gives information on total renewable energy production (not which market participants receive credit for the output, which does not change through real-time dispatch transactions). Mr. Frisbie noted there is often a correlation between price paid and type of resource. Discussion ensued among directors and staff regarding accounting for renewable energy credits, five-year planning efforts with the four owner communities, tracking carbon resources, capacity factors and tuning Rawhide Unit 1 to ramp down to 80 MW.

Break 10:28-10:42

6. Dispatchable capacity implementation (presenters: Raj Singam Setti, Masood Ahmad, Tyler Michie, Sarah Leonard)

Mr. Singam Setti reviewed how Platte River's clean energy transition planning supports the Resource Diversification Policy (RDP) while maintaining the three pillars of the organization by integrating dispatchable capacity including dispatchable energy storage, dispatchable thermal units and the virtual power plant (VPP).

Chair Bergsten emphasized how the term "dispatchable capacity" has three elements, not just thermal units. Mr. Singam Setti confirmed and explained how Platte River uses studies for planning reserve margin to help define what the requirements will be and what resources would be needed to meet them.

Mr. Singam Setti introduced the staff who worked on selecting the thermal dispatchable technology to complement the future portfolio. Chair Bergsten noted the RDP is an inspirational goal that attracted staff to work at Platte River.

Masood Ahmad, resource planning manager, presented the process and study results the resource selection team used to select a dispatchable capacity resource.

Director Marsh asked how many days are entered into the models for a dark calm event. Mr. Ahmad responded three to five days based on the last 50 years of average occurrences.

Director Koenig asked about battery storage performance, the effects of multiple charge/discharge occurrences and the life of the batteries. Mr. Ahmad responded four-hour lithium-ion batteries will last about 10 to 15 years before the cells need to be replaced. Mr. Singam Setti explained the batteries go through different cycles and vendors define how many cycles in a year can be used. He added that every megawatt stored in the battery does not result in equal availability to discharge and the long-term efficiency degrades over time. Mr. Ahmad noted the current 100-hour battery efficiency is less than 40% and the technology is still developing. Director Marsh commented on lithium-ion batteries being available and asked what the drop-dead date would be to have batteries in place or if Platte River could delay the dispatchable capacity closer to 2030. Mr. Frisbie said that, because of permitting

requirements, the process must start now. The new units must be built, tested, and operational by 2028 to make sure we have all resources needed before Rawhide Unit 1 retires. Director Marsh asked if anyone else is using the aeroderivative technology. Mr. Frisbie stated Colorado Springs Utilities installed this technology when it shut down one of its coal units two years ago.

Director Peck asked if the dispatchable capacity units could run on non-thermal fuel. Mr. Ahmad explained the aeroderivative units will be capable of using green hydrogen in the future, which does not emit CO₂, and other lower-emitting fuels like biodiesel and renewable natural gas. Director Peck restated her focus on clean energy. Chair Bergsten suggested having future discussions on green fuels. Ms. Leonard clarified that Platte River previously considered reciprocating internal combustion engine (or "RICE") units as an option in 2020 but never installed them and does not plan to install them. Mr. Frisbie discussed the difference of the combustion turbines (CTs) at Rawhide Energy Station and how they function compared to the aeroderivative units. Mr. Singam Setti noted the aeroderivative dispatchable capacity will enable Platte River to reach 88% renewable energy penetration onto the system by 2030. Discussion ensued among directors and staff regarding the use of renewable fuels, the storage of green hydrogen, and if long duration storage and VPP will replace the existing CTs in the future.

Mr. Frisbie described how other utilities are using smaller long-duration storage projects to learn before committing to a large capital project with unproven technology. Director Minor commented on reading headlines of other utilities' press releases and understanding how their initiatives compare to projects at Platte River's scale. Staff reiterated that long-duration storage is still in the piloting phase and is not economically feasible.

Director Marsh asked if Platte River resource planning efforts focus on just covering owner community load or if the intent is to add more capacity to be able to sell into the market. Mr. Singam Setti responded that staff is trying to ensure Platte River can handle intermittent energy resources and keep the system reliable while also covering required ancillary services. Mr. Frisbie emphasized that the portfolio presented relies on technology available today to be successful; he noted the portfolio structures will continue to change in the next iteration of integrated resource plan modeling. Discussion ensued among directors and staff regarding VPP technology and development.

Director Hornbacher asked to clarify if the recommended portfolio is for 2028 or 2030 and asked for more information on use of the existing CTs. Mr. Ahmad responded that the recommended portfolio is aimed at 2030 after all coal facilities are retired. The existing CTs will be used during dark calm events, about one to three percent of the time. Mr. Singam Setti added the CTs serve peak load requirements and the new dispatchable capacity will be used to follow the intermittent resources to balance the system.

Director Arndt expressed the importance of social justice in providing risk management and reliability to the owner communities, reflecting back to previous extreme weather events.

Tyler Michie, plant operations manager, presented the evaluation criteria for selecting the technology for the dispatchable capacity thermal units.

Director Marsh asked if the aeroderivative units will cover the demand during a dark calm or extreme weather event in the absence of storage. Mr. Singam Setti confirmed they would. Mr. Frisbie discussed the synchronization of the system and how the aeroderivative units will support system stability without using any fuel.

Staff recommended aeroderivative technology as the best-suited option for Platte River as one element to the dispatchable capacity resources. Director Minor asked why the existing CTs cannot meet the needs for flexible power supply. Mr. Michie explained the CTs takes about 20 minutes to start up compared to a five-minute startup time for the aeroderivative units. They are designed to respond quickly to changes in system frequency and intermittent energy output. Director Minor asked if the coal unit was evaluated to convert to gas and what would the conversion look like. Mr. Michie explained staff evaluated converting Rawhide Unit 1 to gas twice in recent years. The results showed an expensive project that would carry the same limitations a steam-driven turbine on the flexibility of the unit. Discussion ensued among directors and staff regarding conversion limitations, life of units, maintenance requirements and efficiency of the CTs.

Mr. Singam Setti compared Platte River's operational flexibility planning to other large utilities facing the same challenges. Platte River needs flexible dispatchable capacity to allow deeper penetration of renewable energy on the system. Mr. Frisbie commented on attending a Large Public Power Council CEO panel discussion; the biggest concern nationwide was resource adequacy as utilities transition to renewable energy. Discussion ensued among directors and staff regarding past weather events that caused large financial burdens in other areas.

Ms. Leonard discussed the draft resolution for dispatchable capacity support for consideration at the October board meeting and welcomed feedback from the board. Directors offered feedback and suggestions for the resolution and how to educate the communities through communications. Eddie Gutiérrez, chief strategy officer, committed to incorporate an educational piece about dispatchable capacity, fuel sources and equity within the communities.

Director Gertig thanked the staff for all the work dedicated to evaluating the options.

7. Marketing and community engagement update (presenter: Eddie Gutiérrez)

Due to time limitations, this presentation was rescheduled for the October board meeting.

Management reports

8. Strategic Financial Plan update (presenter: Dave Smalley)

Mr. Smalley commented on the draft strategic financial plan, noting the redline appears to have substantial changes from 2018 but mostly reflects shifting passages within the document and edits for readability. He added the whitepaper provides background on metrics and rating agencies' criteria.

9. Staffing update (presenter: Libby Clark)

Libby Clark, director of human resources and safety, summarized the memorandum on staffing additions for 2024, which were mentioned during the budget presentation. She explained the need for increased staff to support strategic goals, emerging technologies and the increasingly complex business processes. Chair Bergsten asked if office capacity is of concern. Ms. Clark responded Platte River allows for a hybrid work schedules and has created hoteling workspaces for employees to share, which has increased capacity.

Monthly informational reports for August

10. Legal, environmental and compliance report (presenter: Sarah Leonard)

Ms. Leonard highlighted the El Paso Electric Co. versus Federal Energy Regulatory Commission lawsuit, proposed revisions to the Colorado Air Quality Control Commission Regulation number three and the Environmental Protection Agency's proposed regulations for greenhouse gas emissions from power plants.

11. Resource diversification report (presenter: Raj Singam Setti)

Mr. Singam Setti provided an update on the Black Hollow solar project and highlighted work with another developer for an additional 150 MW solar project. Platte River has also issued a request for proposals for a new wind and storage project and engaged a consultant to perform DER gap analysis. Chair Bergsten asked if Platte River-owned assets could be placed within owner community substations, such as distributed storage. Mr. Singam Setti responded that the value would be greater for the distributed storage to be spread out within the owner communities, but further discussions are scheduled to address details and limitations. Discussion ensued among directors and staff on legal concerns and the Organic Contract framework for Platte River-owned assets to be placed on the owner community sides of the substation transformers.

12. Operating report (presenter: Melie Vincent)

Melie Vincent, chief operating officer, highlighted operating results for the month of August. A few days of summer heat lifted owner community demand above budget but energy was below budget for the month. Year to date, demand was close to budget, while energy is still below budget. She stated the overall net variable cost to serve owner community load was significantly below budget for August (due to above-budget surplus sales pricing) and continues to be below budget year to date. Ms. Vincent also provided an update on the Southwest Power Pool Regional Transmission Organization (RTO) West, with the final two participants committing to join RTO West in 2026.

13. Financial report (presenter: Dave Smalley)

Mr. Smalley highlighted favorable results for the month of August, as operating revenues were above budget (driven by surplus sales) while municipal sales were below budget. Operating expenses were below budget because purchased power was above budget but more than offset by below-budget fuel expenses. Year to date results are favorable, but projections indicate results will be close to budget by year end (although potential results for the year could vary significantly).

14. General management report (presenter: Jason Frisbie)

Mr. Frisbie thanked staff for the work on the budget throughout the year and the operations and commended resource planning staff for all the work on selecting the dispatchable capacity thermal resources, along with Black and Veatch supporting the project.

Roundtable and strategic discussion topics

Directors provided updates from their individual communities. Chair Bergsten thanked staff for presenting to the Estes Park Town Board and requested educational sessions for community engagement opportunities.

Adjournment

With no further business, the meeting adjourned at 12:51 p.m. The next regular board meeting is scheduled for Thursday, Oct. 26, 2023, at 9:00 a.m. virtually and at Platte River Power Authority, 2000 E. Horsetooth Road, Fort Collins, Colorado.

AS WITNESS, I have executed my name as Secretary and have affixed the corporate seal of the Platte River Power Authority this 26 day of October, 2023.



Secretary

Adopted: Oct. 26, 2023

Vote: 8-0

