



Board of directors

Dec. 07, 2023

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2023 budget contingency appropriation transfer

Shelley Nywall, director of finance



2023 budget contingency appropriation transfer

Total amount not to exceed \$5 million of \$52 million budget contingency

Contingency summary	Operating expenses \$ million	Capital additions \$ million	Debt service expenditures \$ million	Total \$ million
2023 budget appropriation	\$ 238.1	\$ 42.7	\$ 17.8	\$ 298.6
2023 projection	226.7	28.5	18.4	273.6
Estimated budget variance before carryovers	\$ 11.4	\$ 14.2	\$ (0.6)	\$ 25.0
Estimated carryovers from 2023 to 2024	-	(11.9)	-	(11.9)
Estimated budget variance after carryovers	\$ 11.4	\$ 2.3	\$ (0.6)	\$ 13.1
Estimated contingency transfer required	\$ -	\$ -	\$ (0.6)	\$ (0.6)
Adder for unknowns				(4.4)
Total contingency transfer not-to-exceed amount				\$ (5.0)

Debt service expenditures

- As discussed in the financial report, Platte River is subject to the subscription reporting model applicable under GASB 96 *Subscription-Based Information Technology Arrangements*. Payments for implemented right-to-use subscription assets will be presented as debt service expenditures rather than capital additions.

Process

- After year end close, only the amount needed will be transferred
- Update in the management report at the February board meeting



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2024 Strategic Budget review and adoption

Shelley Nywall, director of finance



Agenda

- Budget changes since public hearing
- Financial results
- Highlights – 2024 Strategic Budget

Budget changes since public hearing

favorable/(unfavorable) change

- Updates to personnel expenses
 - Medical and dental cost estimate
 - Operating wages refinement
- Refinement to GASB 96 *Subscription-Based Information Technology Arrangements* assumptions

<p>⬆ Operating expenses (\$1.2 million)</p> <ul style="list-style-type: none">• Increases: Medical and dental costs expected to increase and operating wages for refinements to new hire assumptions• Decreases: Software decreased with refinements to GASB 96 assumptions on one additional contract now estimated to be funded by debt service expenditures	<p>⬆ Debt service expenditures (\$0.1 million)</p> <ul style="list-style-type: none">• Subscription payments increased with refinements to GASB 96 assumptions on one additional contract
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Financial results

Strategic financial plan metrics	Target minimums	2024 budget
Fixed obligation charge coverage ratio	1.50x	1.89x
Change in net position as a percentage of annual operating expenses	3%	3% ⁽¹⁾
Adjusted debt ratio	< 50%	23%
Days adjusted liquidity on hand	200	443

(1) Change in net position before deferred revenue is \$21.3 million. \$14 million is estimated to be deferred under the board approved deferred revenue and expense accounting policy.

Budget results (\$ millions)	2024 budget
Total revenues	\$ 313.0
Total expenditures	\$ 300.6
Board contingency	\$ 56.0
Average wholesale rate increase	5%

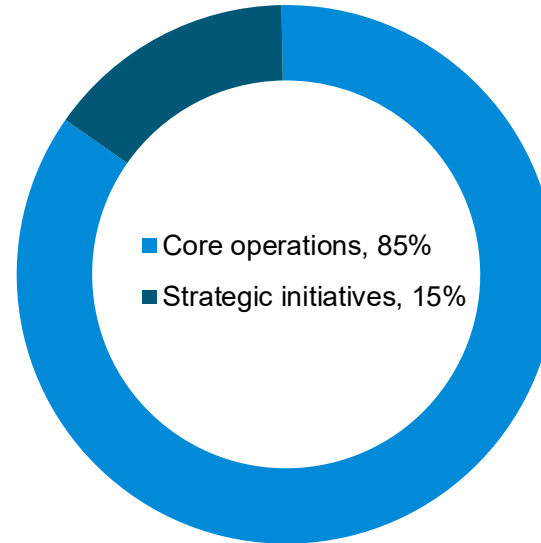
Highlights – 2024 Strategic Budget



Operating expenses and capital additions: \$281.9 million

Strategic initiatives

- Resource diversification planning and integration (aeroderivative combustion turbines, noncarbon resources, distributed energy resources, integrated resource plan, organized energy markets)
- Community partner and engagement
- Workforce culture
- Process management and coordination (ERP, enterprise risk management, project management)



Core operations

- Baseload and peaking generation, transmission, energy efficiency
- Power purchase agreements for existing renewable resources and hydropower
- Predictive maintenance
- Proactive capital investments to maintain reliability, efficiency and environmental compliance

Revenues

- Stable owner community loads
- Decreasing sales for resale
- Increasing wheeling and interest income
- 5% average wholesale rate increase

2024 budget: \$356.6 million

Questions



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SPP RTO West update

Melie Vincent, chief operating officer

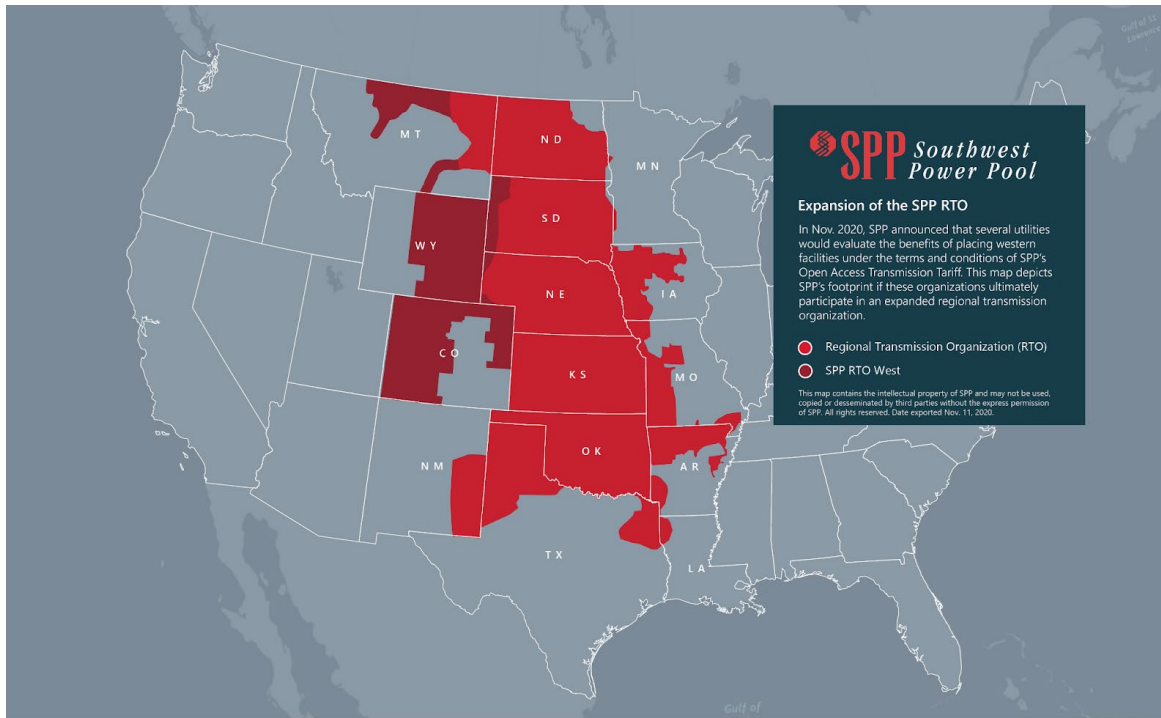


Agenda

- SPP RTO West refresher
- SPP RTO West participation requirements
- SPP RTO West latest developments
- Platte River SPP RTO West steering committee

SPP RTO West

Regional footprint



Market participants

- Basin Electric Power Cooperative
- Colorado Springs Utilities (CSU)
- Deseret Power Electric Cooperative
- Municipal Energy Agency of Nebraska (MEAN)
- Platte River Power Authority (PRPA)
- Tri-State Generation and Transmission Association
- Western Area Power Administration (WAPA) – LAP and CRSP

Fast facts

- Go-live April 1, 2026
- ≈ 10,000 miles of high voltage transmission
- ≈ 21 TWh annual net energy load

SPP RTO West versus SPP WEIS

RTO responsibilities

- Tariff administration and design
 - Resource commitment and dispatch
- Market monitoring
- Open access transmission
- Resource adequacy
- Congestion management
- Parallel path flow management
- Ancillary services
- Transmission planning and expansion
- Interregional coordination

Energy imbalance requirements

- Tariff administration and design
 - Resource dispatch
- Market monitoring
- Open access transmission in real-time
- Supply adequacy

Benefits of RTO West

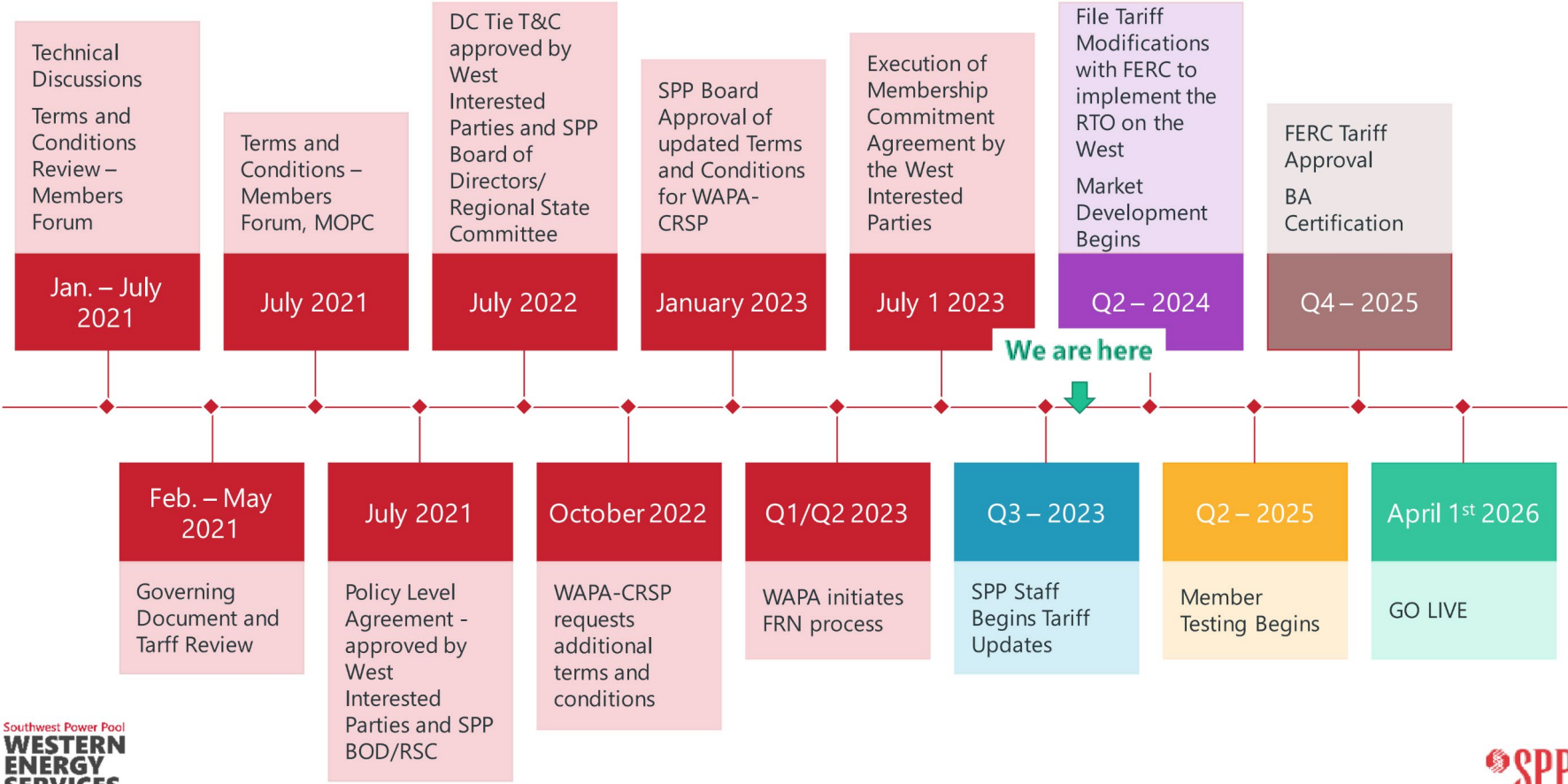
Versus SPP WEIS

- Unit commitment leads to more economic resource operation
- Resource adequacy requirements improve reliability of the region
- Regional transmission planning allows development of a more efficient grid network
- Network transmission in day-ahead and real-time markets reduces power delivery costs
- Co-optimization of energy and ancillary service dispatch reduces overall costs
- Congestion hedging mitigates risk of price divergence between resources and load
- Allows for integration of greater volumes of intermittent, renewable resources

SPP RTO West participation requirements

- Credit rating of BBB- or higher and minimum capitalization requirements
- Annual risk management certification
- Load serving entities must meet resource adequacy requirements
- Energy trading risk management system
- Market operations system
- Security administrator on staff
- Digital communication including inter-control center communications (ICCP)
- Automatic dispatch systems for resources to follow market instructions
- Energy management system to collect and communicate data to SPP
- Reliable system metering

SPP RTO West development



SPP RTO West implementation timeline

	2023		2024				2025				2026	
Activity	Q3 23	Q4 23	Q1 24	Q2 24	Q3 24	Q4 24	Q1 25	Q2 25	Q3 25	Q4 25	Q1 26	Q2 26
Commitment agreements*	7/1, 10/10											
Tariff and member on-boarding	8/1-3/31											
Requirements and design		10/2-7/1										
MOPC approval				4/1								
Development				4/1-12/31								
Internal Testing (SAT, SIT/FIT)						10/1-7/1						
Member Testing							4/1-12/31					
Parallel Operations											1/26-4/1	
Go-live												4/1

Platte River RTO West steering committee

- The Platte River RTO West steering committee is comprised of seven staff members from across the organization, including power markets, finance, generation, power delivery, legal and IT/OT, with the COO serving as executive sponsor
- Platte River has secured consulting services to manage the implementation project, complete gap assessments and provide expertise to assist in decision-making
- Current market development activity
 - Resource adequacy requirements
 - Transmission zone development
 - Market stakeholder constructs

Summary

- Participation in an RTO is a critical element of the Resource Diversification Policy as well as part of our strategic plan
- Development and implementation of an RTO is large undertaking that requires collaboration within and across multiple organizations
- Working with a consultant with extensive market experience, staff has developed an implementation plan for successful entry into RTO West on April 1, 2026
- Staff is actively engaged in market participant working groups to develop key aspects of the new market

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Rawhide transition plan update

Travis Hunter, director of power generation



Background

What is a Just Transition Plan?

- As Platte River shifts away from coal, a Just Transition Plan will provide the framework to retain and empower employees who are affected by the change.

Why do we need one?

- To keep employees informed on the progress of the Rawhide transition
- To follow Platte River's board-approved workforce transition resolution (July 2020)
 - Resolution includes six key principles for responsible transition
- To comply with the state requirement to submit a Just Transition Plan

An aerial photograph of a large industrial facility, likely a power plant, situated near a body of water. The plant features a prominent tall smokestack and various buildings. In the foreground, there are rows of solar panels. The background shows a range of mountains under a clear blue sky.

Transparency

Principle 1

- Update employees as we develop the plan
- Share the Platte River story with prospective employees
- Establish an internal, cross-functional team to implement the six principles outlined in the workforce transition resolution



Workforce planning

Principle 2

- Platte River is growing
- Platte River initiated a workforce planning strategy with Rawhide, substations, and engineering
 - Will expand to other groups with similar methodology in the future
- Contract labor may be used to fill certain positions as Unit 1 retirement date nears
- We will evaluate whether to fill vacancies as they occur



Workforce opportunities

Principle 3

- Prioritize internal staff for opportunities where Rawhide employees have the right skills and experience
- Support successful transition into new roles
- Identify growth opportunities
 - Transmission and generation desks
 - IT
 - Compliance
 - Energy solutions
 - Substations



Workforce training

Principle 4

- Platte River will help train employees to transition into new roles
- Identify training opportunities as Unit 1 retirement date nears
- Engage with employees to better understand individual goals and interests
- Encourage employees to be “future-thinking” now
- Explore partnerships with local educational institutions to support learning new skills



Retention strategies

Principle 5

- Continue to evaluate, design, and implement retention strategies for all employees
- Recent changes to Platte River's total rewards and compensation packages support retention
- Explore other options for additional retention strategies



Transition support

Principle 6

- Platte River does not anticipate non-voluntary transitions due to Unit 1's retirement
- Platte River is committed to retaining its workforce and anticipates placing Rawhide employees who wish to stay into new roles after Unit 1's retirement
- For employees whose paths lead away from Platte River, we will seek to ease transitions and provide appropriate support

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Resource Diversification Policy review

**Raj Singam Setti, chief transition and integration
officer**





Resource Diversification Policy

The Resource Diversification Policy was unanimously passed by Platte River's Board of Directors

Purpose

To provide guidance for resource planning, portfolio diversification and carbon reduction.

Accomplished

- An organized regional market must exist with Platte River as an active participant

In progress

- Transmission and distribution infrastructure investment must be increased
- Transmission and distribution delivery systems must be more fully integrated
- Improved distributed generation resource performance
- Technology and capabilities of grid management systems must advance and improve
- Advanced capabilities and use of active end user management systems
- Generation, transmission and distribution rate structures must facilitate systems integration

Awaiting technology

- Battery storage performance must mature and the costs must decline
- Utilization of storage solutions to include thermal, heat, water and end user available storage

Progress since 2018-2022

Policy:

The board of directors (the board) directs the general manager/CEO to proactively work toward the goal of reaching a 100 percent non-carbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

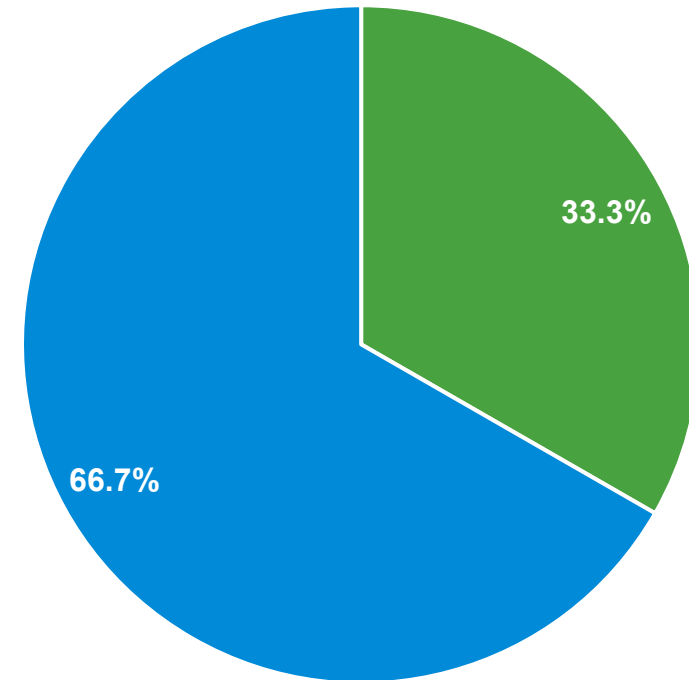
- 225 MW of Roundhouse wind
- Announcement to retire coal resources
- Developed a distributed energy resources strategy
- Filed 2020 Integrated Resource Plan (IRP)
- 22 MW Rawhide Prairie Solar with 2 MWh battery
- 150 MW Black Hollow Solar power purchase agreement, COD 2025
- Entry into Southwest Power Pool Western Energy Imbalance Service market

2023

- Resource planning and modeling (2024 IRP)
- Revised rate projections
- Market entry SPP's RTO in 2025
- Distributed Energy Resource plan development
- Power purchase agreements (PPAs) negotiations underway for additional 150 MW solar project, with a COD set for 2026
- Two grant applications have been submitted, and a dozen grant opportunities have been reviewed
- Over 50 all-renewable-resource RFPs have been evaluated
- Exploratory work was done on research and development opportunities, strategic partnerships, and site visits to evaluate new technologies

Budget system total

33.3% noncarbon resources



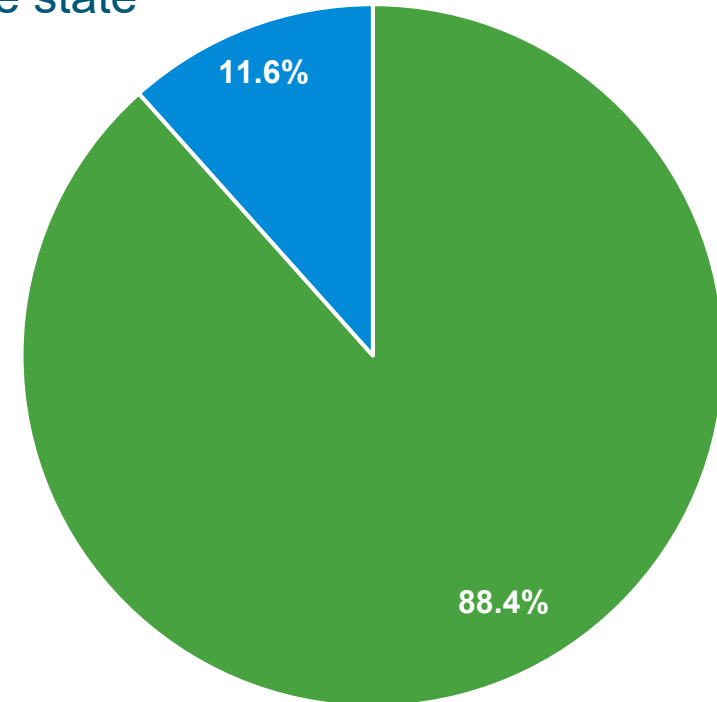
■ Renewable resources ■ Dispatchable resources (includes purchases)

2024 and forward

- Accelerated renewable integration
 - Wind (200 MW – 2027, 100 MW - 2030)
 - Solar (150 MW – 2026, 150 MW - 2028)
- Dispatchable capacity for reliability and support for renewable integration
 - Battery energy storage system
 - 100 Hour energy storage
 - Long duration energy storage (10 MW - 2027)
 - 4 Hour energy storage
 - Grid connected energy storage (100 MW – 2027)
 - Distributed energy storage (40 MW - 2026)
 - Virtual Power Plant (100 MW, 2028)
 - Aeroderivative engine (200 MW, 2028)

2030 projected system total

88.4% non-carbon resources by 2030 and exceeding carbon reduction levels by the state



■ Renewable resources ■ Dispatchable resources (includes purchases)

Renewable integration challenges

Market risks

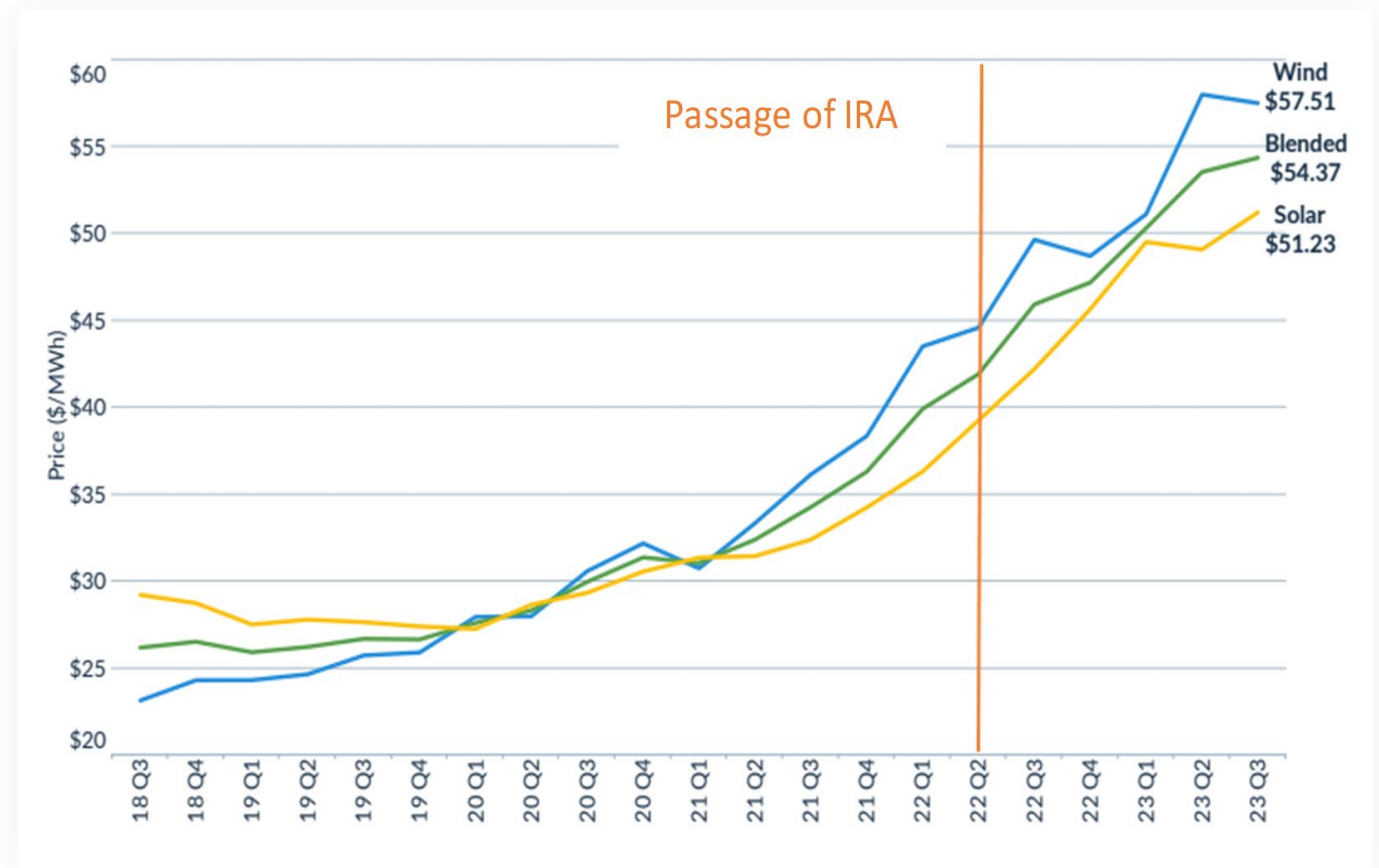
- Supply chain disruptions
- Inflationary pressures globally
- Increased demand for renewable projects
- Project delays and risk transfer to buyer
- Higher renewable PPAs

Platte River strategies

- Multiple requests for proposals
- Accelerated renewable integration
- Deferred revenues
- Strategic partnerships

Impact of IRA on renewable PPAs

- Inflation, rising interest rates and supply chain disruptions have exerted upward pressure on costs associated with renewable PPAs
- The impact of the Inflation Reduction Act (IRA) tax credits on PPA prices remains uncertain, primarily due to the ambiguity surrounding when and how these tax credits will affect PPA pricing



Source : Level Ten Q3 PPA Price Index

Future planning considerations

- With current resource transition, timing is a factor
 - emerging technologies (long duration storage, Hydrogen)
 - distribution systems, integration and resources
- Do we need any modifications to the current policy?

Questions



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Preview of the 2024 Colorado legislative session

Javier C. Camacho, director of public and external affairs, strategic communications and social marketing



2024 (75th) General Assembly

Make up:

- Democratic majority
- House:
 - 46 Democrats
 - 12 Republicans
- Senate:
 - 23 Democrats
 - 12 Republicans

Priorities:

- Affordable and new housing
- Ozone and climate change
- Labor and employment rights – expanding workforce opportunities
- Healthcare affordability and transparency
- Expanding education funding and improving schools
- Improving safety across Colorado and decreasing crime

Guiding principles of legislative advocacy

Principles

- Maintain high ethical, transparency standards in alignment with Platte River's Board of Directors
- Support our three foundational pillars of reliability, environmental responsibility, financial sustainability
- Ensure stable regulatory environment for planning
- Work in partnership with coalitions and our owner communities

Support

- Husch Blackwell Strategies (Carrie Hackenberger and Erin Goff)
- Colorado Association for Municipal Utilities (CAMU)
- Chambers of Commerce
 - State chamber
 - Energy and environment council
 - Government affairs council
 - Local chambers

Platte River's state legislative affairs strategy

- **Relationship-building**
 - 1:1 meetings
 - Rawhide tours
 - Governors' office, state agencies, and other supporting organizations
- **Active listening**
 - Legislative priorities and plans
- **Refining key messages (with CAMU)**
 - Public power model
- **Local collaboration and support**
 - Meetings with owner communities' and counties' legislative staff
 - Elected officials
 - Northern Colorado Legislative Alliance
 - Colorado Counties, Inc.
 - Colorado Municipal League

Anticipated legislation

1. Ozone (legislation from the Interim Ozone Committee)
2. Greenhouse gas emissions (Colorado GHG Reduction Roadmap 2.0 and net-zero emissions - or near net-zero - by 2040)
3. Consumer protection
4. Renewables (net metering in 2025)
5. PUC regulation

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October operational results

Owner community load	Budget	Actual	Variance	% Variance	
Owner community demand	453 MW	453 MW	0 MW	0.0%	◆
Owner community energy	253 GWh	245 GWh	(8 GWh)	(3.2%)	■
Net variable cost* to serve owner community energy	\$3.2M	\$3.4M	\$0.2M	(9%)	■
	\$12.77/MWh	\$13.92/MWh	(\$1.15/MWh)		

*Net Variable Cost = total resource variable costs + purchased power costs - sales revenue

Market impacts to net variable cost

Downward pressure	
Generation and market outcomes pushing costs lower	
Higher bilateral sales prices	\$0.8M
Coal generation volume savings	\$1.1M

Upward pressure	
Generation and market outcomes pushing costs higher	
Lower bilateral and market sales volume	(\$1.0M)
Coal generation prices	(\$0.8M)
Gas unit volume	(\$0.5M)

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

YTD operational results

Owner community load	Budget	Actual	Variance	% Variance	
Owner community demand	5,366 MW	5,296 MW	(70 MW)	(1.4%)	◆
Owner community energy	2,751 GWh	2,643 GWh	(108 GWh)	(4%)	■
Net variable cost* to serve owner community energy	\$35.8M	\$28.9M	\$6.9M	15.8%	●
	\$13.00/MWh	\$10.95/MWh	\$2.05/MWh		

*Net Variable Cost = total resource variable costs + purchased power costs - sales revenue

Market impacts to net variable cost

Downward pressure		Upward pressure	
Generation and market outcomes pushing costs lower		Generation and market outcomes pushing costs higher	
Coal generation volume savings	\$18.9M	Higher market purchase volume and average price	(\$7.7M)
Higher bilateral sales prices	\$14.1M	Lower bilateral sales volume	(\$11.4M)

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■



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October financial summary

Category	October variance from budget (\$ in millions)		YTD variance from budget (\$ in millions)	
Change in net position*	-	◆	\$14.6	●
Fixed obligation charge coverage	(.14x)	■	.43x	●
Revenues	\$(0.1)	◆	\$(3.7)	◆
Operating expenses	\$(0.4)	■	\$16.0	●
Capital additions	\$1.1	●	\$20.1	●

Variance key: Favorable: ● | Near budget: ◆ | Unfavorable: ■

* YTD change in net position includes \$2.6 million unrealized gains on investments.



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