

**MINUTES OF THE MEETING OF THE MEMBERS OF THE
SPPA POOL MANAGEMENT COMMITTEE**

October 14, 2024

A meeting of the members of the SPPA Pool Management Committee was held on October 14, 2024, at the offices of Clark Hill, located at 3200 North Central Avenue, Suite 1600, Phoenix, Arizona 85012.

The following Committee Members or Member alternates were present:

Ken Robbins – ED2
Glen Steiger – NTUA
Noel Carter - BWCDD
Brian Yerges—ED3
Brian Fickett – TOUA
Jeff Woner - OWCD
Jason Moyes – AID, HVPD, TID
Robert Van Hofwegen - ED8
Glen Vortherms—MWD
Michael Curtis – Town of Wickenburg

Elena Byrd – ED2
Derek McEachern – ED4
Ron McEachern – ED4
Bill Van Allen—ED6
Arnold Mejia – GRICUA
Ken Stock – GRICUA
Jim Downing - MVWCDD
Donovan Neese - RID
Taylor Howerter—RID
Joe Mease - TOUA

Also present:

Dennis Delaney
Frank McRae
Judy Spallino
Kim Polivka
Scott Saline
Dan Pritchard

Ken Saline
Sheryl Sweeney
Daniel Herder
Cathy – Member of public

The following Committee Members were not present:

City of Safford
Electrical District No. 7 of Maricopa County
Town of Thatcher
AK-Chin

The meeting was called to order at 12:00 p.m. Mr. Ken Robbins chaired the meeting while Ms. Kim Polivka functioned as secretary.

ROLL CALL

Mr. Frank McRae called the roll of the Committee Members to ensure there was a quorum present. Quorum being established, the business of the meeting proceeded.

CONSIDERATION AND POSSIBLE APPROVAL OF CONSENT AGENDA

- A) PRESENTATION OF MINUTES FROM August 12th, 2024, MEETING OF THE SPPA POOL MANAGEMENT COMMITTEE**
- B) REPORT ON POOL OPERATIONS**
- C) NEW SPPA POWER POOL REPORTS**

Mr. Robbins presented the Consent Agenda for the Committee’s review and possible approval. All items listed on the Consent Agenda may be enacted by a single motion unless a Committee Member requests otherwise.

Upon discussion, Mr. Glenn Steiger moved to approve the contents of the Consent Agenda as presented. Mr. Robert Van Hofwegen seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

ITEM(S) REMOVED FROM CONSENT AGENDA (POSSIBLE ACTION ITEM)

No items were removed from the Consent Agenda.

ONGOING SPPA ACTIVITIES

A) Report on Pool Operation

B) No power pooling information was provided.

C) Mesquite Fall outage – capacity buy back –To be discussed in BOD meeting

- Reviewed Financial Hedge Update
- ISDA with Macquarie Finalized. Unsecured credit of \$1M. A \$100k deposit is triggered by any market to market movement over the \$1m threshold. All mark to market deposits by SPPA are rounded up to the next \$100k.
- SRP BA negotiations are ongoing.

Mr. Dennis Delaney reported on operations for August 2024.

August 2024 Operations Report

- Mesquite capacity increased to 583 MW on 5.1.24.
- Mesquite operated at 93.9% capacity factor; average unit cost was \$18.64/MWH.
- 30.4% (123,913/407,247) Mesquite energy was sold at an average cost of \$44.60/MWH.
- August 2024 - SoCal Gas averaged \$1.803/MMBtu.
- AEPCO August invoice a large adjustment (credit) tied to WAPA EIM – (remains an issue – awaiting data from AEPCO/ACES)

D) Updates on financial gas hedging

- i. October Fixed Swap**
- ii. October Index Swap**
- iii. 24/25 Winter Season Hedges**

August 29, 2024, QIR – Title should be Q4 2024 and Q1 2025

- Total Notional Value of Fixed and Index Swap ~ 9 million
- Concern is Mark-to-Market exposure. The following assists to mitigate the effects of exposure:
 1. Macquarie ISDA - \$1,000,000 unsecured credit (Mr. Delaney believes that we have all that is needed from Macquarie now.)
 2. SPPA Gas Hedging Deposits were discussed, including that SPPA may need to prebill future months to ensure sufficient funds on hand to respond to a mark-to-market call.

Current positions (i) October Fixed Swap, (ii) September Index Swap

- QIR is recommending October 2024 through March 2025 Fixed and Index Swaps

Mr. Delaney states SPPA were unable to execute fixed swaps for October 2024 as max price never came below the threshold set by the QIR and approved by participants.

Mr. Robert Von Hofwegen asked what the deadline is to get the fixed swap for November 2024.

Mr. McRae replied that bid week is at the end of October.

Mr. Robert Van Hofwagen asked if the fixed priced products do not trade, do the volumes that were elected trade the Index Swap products instead?

Mr. McRae affirmed and stated that is what happened in October.

Macquarie ISDA Allowance – the Committee directed SPPA and ACES to maximize the utilization of Macquarie’s unsecured credit under the ISDA framework, allowing for the optimal use of available credit to support trading and financial transactions. However, this maximization must be executed with careful attention to cost impacts and work to reasonably avoid a mark-to-market event triggering the need to deposit funds with Macquarie.

E) Risk Management Committee Report

Risk Management Meeting – October 28, 2024

F) Transmission for BOCA

- SPPA is awaiting countersigned agreements signed for both Long-Term Firm Point-to-Point (300 MW) and Monthly Non-Firm Point-to-Point.
 - Deposits may be required in connection with SPPA credit rating downgrade (see Attachment L of SRP OATT)

Procedure for Determining Level of Credit

SRP Tariff

Prior to initiation of service under this Tariff, if requested, the Transmission Customer shall provide SRP with evidence satisfactory to SRP of the Transmission Customer’s creditworthiness. SRP will grant credit approval to a Transmission Customer or guarantor that holds a long-term senior unsecured debt rating from Standard & Poor’s (S&P) or Moody’s Investor Service (Moody’s) of at least BBB- or Baa3, respectively. If ratings are split, SRP will use the lower of the ratings.

SRP may require a customer to have credit support if it does not receive a score equivalent to at least BBB- or Baa3 by S&P or Moody’s, respectively. Any credit support required by SRP shall be limited to a reasonable estimate of the transmission charges owed to SRP where the customer fails to perform its obligations under this Tariff.

- SPPA will seek an exception from SRP, Long-Term Firm Point-to-Point Deposit. The potential deposit is estimated to be \$900,000.
- Test Energy will likely cause SRP deposit to be required by end of year (40 to 50 MW or \$120,000 to \$150,000).
 - SPPA’s cost for Test Energy is 35% of the contract price or approximately \$9.43/MWH.

Deposit Estimate

Mr. Delaney went over a brief explanation of the sources of cost estimates in SRP’s Tariff.

- Schedule 7 – Long Term and Short-Term Firm Point-to Point Transmission Service
- Schedule 1 - Scheduling, System Control and Dispatch Service
- Schedule 2 - Reactive Supply and Voltage Control from Generation or other sources service

ANY OTHER BUSINESS THAT MAY COME BEFORE THE MEETING

No additional business was discussed.

DISCUSSION OF FUTURE AGENDA ITEMS

No discussion of future agenda items.

ESTABLISHMENT OF DATE OF NEXT SPPA POOL MANAGEMENT COMMITTEE MEETING

November 4, 2024, announced as the date of the next SPPA Pool Management Committee meeting.

There was no comment from the public.

ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:14 p.m.

Respectfully submitted,

Kim Polivka
Admin/Accountant Assist

Approved: _____

DRAFT