

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

May 11, 2026

A meeting of the Pooling Committee of the Board of Directors of the Southwest Public Power Agency, Inc. (“SPPA”) was held on **May 11, 2026**, at the offices of Clark Hill, located at 3200 North Central Avenue, Suite 1600, Phoenix, Arizona 85012.

The following Committee or Member alternates were present:

Scott Saline – AID, HVPD, TID, OWCD
Arnold Mejia - GRICUA
Jeff Low – City of Safford
Brian Yerges – ED3
Joe Mease – TOUA
Logan Gernet – ED2
Donovan Neese – RID
Robert VanHofwegen – ED8
Noel Carter - BWCDD
Jeff Woner – OWCD

Ed Gerak – Ak- Chin
Jason Moyes – AID, HVPD, TID, MVWCDD, ED8
Taylor Howerter - RID
Anthony Cadorin - NTUA
Derek McEachern – ED4
Heath Brown – Thatcher
Greg Ellis – ED2
Ken Stock - GRICUA
Bill Van Allen – ED6
Jeff Low – City of Safford

Also present:

Judy Spallino - SPPA
Kim Polivka - SPPA
Daniel Herder – Clark Hill
Bella Esparza – Guest of BWCDD

Kent Simer - KRSA
Dennis Delaney - KRSA
Steven Foster - KRSA
Ashley Blank – KRSA
Dan Pritchard - KRSA
Ken Saline - KRSA

The following Committee Member(s) were not present:

Maricopa Water District
Town of Wickenburg
City of Williams
Electrical District 7

The meeting was called to order at 12:01 p.m. Mr. Brian Yerges chaired the meeting while Ms. Kim Polivka functioned as secretary.

ROLL CALL

Mr. Brian Yerges called on the role of the Committee Members to ensure there was a quorum present. Quorum being established; the business of the meeting proceeded.

3.) Consideration and approval of Consent Agenda (Possible Action Item)

All items on the Consent Agenda are routine matters and will be enacted by one motion of the Pool Management Committee. A Committee Member may request removal of any item(s) or part(s) thereof without debate or vote.

- a. Minutes from prior meetings of the SPPA Pool Management Committee.

- i. 04-13-2026 Pooling Mgmt. Meeting Minutes
- ii. Summary of Oct 25 through Sept 26 Hedging

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

Upon discussion, Mr. Robert VanHofwegen moved to approve the contents of the Consent Agenda as presented. Mr. Noel Carter seconded the motion. Upon the taking of a voice vote, the motion was unanimously carried.

4.) Item (s) removed from Consent Agenda

None

5.) Ongoing Activities:

a. Update L& R Analysis

Mr. Dan Pritchard give an overview on SPPA Load & Resource Analysis – Summer 2026

Draft models completed with estimated forecasts

- Two different overviews:
- Monthly peak capacity available
- Projected peak month August 2026 shows estimated 174 MW excess capacity for SPPA group
- 22% projected reserve margin in August 2026 (available capacity resources above projected load requirements)
- In SPPA's projected peak day, modeling shows enough resources available every hour

Next Steps

- Continuing to meet with individual SPPA members to identify potential load requirement changes
- SPPA Group models for Summer 2027 and beyond
- Continue to monitor Resource Adequacy requirements
- No "forward showing" needed for Summer 2026
- APS/SRP/TEP scheduled to join SPP's Markets+ October 1, 2027

Mr. Robert VanHofwegen offered this analysis will help with other decisions such as hedging, Mr. Brian Yerges floats conducting a possible BA analysis, as well as a low hydro condition.

Mr. Dennis Delaney to have a possible future discussion with NTUA on capacity layoff in the winter.

b. Update on Monthly REC's

Ms. Ashley Blank updates on SPPA BOCA REC's

Executive Summary

- All authorization forms signed and returned
- ED4 pending updated authorization to sell RECs
- ED2 will receive their RECs
- 2025 Vintage: 50,232
- Discussion selling RECs
- 2025 vintage available to sell: 415,307
- Apache II incorporated into tracking

REC Sales Opportunities

- SRP Discussions Ongoing
- APA Sales Option \$1.75 - \$1.90 / REC
- Market Sales (Brokers)
- Amerex Energy: \$2.25 - \$2.75 / REC
- Harrison Renewables: \$2.50 / REC
- OTC Flow: \$3.15 – \$3.65 / REC
- CAELY: \$2.10 / REC

Harrison was selected for this RFP since they offered to purchase all available RECs, for largest total value. SPPA requires payment before sending RECs to avoid need for credit check of counterparty.

c. Update on Invoice Reconciliation

i. Apache II Cost Allocation

Mr. Dennis Delaney updates on Apache II

Apache II Member Allocations:

- The underlying data files remain under review and development. Because only a limited number of historical monthly data sets are currently available, the allocations reflected herein may need to be revised based upon Board direction.
- SPPA believes the methodology outlined below represents a reasonable and supportable approach based upon the information presently available. As additional actual monthly data files become available, refinements and adjustments to the allocation methodology may be warranted.
- The current analysis relies upon three primary data sources:
 - AEPSCO Apache II Monthly Invoice (which is part of the AEPSCO monthly invoice)
 - AEPSCO Energy Imbalance File
 - AEPSCO Flow Report

The AEPSCO Energy Imbalance file does not reconcile with the AEPSCO Flow Report, SPPA is not able to validate and reconcile the total quantities of energy delivered to load, SPPA is assuming the Flow Report is correct.

AEPSCO Energy Imbalance File

The AEPSCO Energy Imbalance file is provided on an hourly basis and contains two primary sections:

1. Apache II Solar
2. Apache II BESS

Apache II Solar Section

- “Solar Tags,” represents the Apache II solar energy schedules delivered to load.
- “Solar Meter,” represents the actual metered solar generation and reconciles to the AEPSCO Invoice total of 17,820.2116 MWh.
- “Imbalance,” reflects the difference between the “Solar Tags” and the “Solar Meter” values. A significant portion of this imbalance energy was utilized to charge the Apache II BESS system.
- Total imbalance settlement costs for the period were (\$156,546.58).

Apache II BESS

- “BESS Tags,” represents the scheduled discharge of the Apache II BESS to load. **These values dose not match the Flow Report. SPPA used the Flow Report and will seek calcification from AEPSCO/ACES. The Flow Report totals 12,493 MWH versus 13,865 MWH BESS Tags.**
- “BESS Meter,” represents the actual charging and discharging activity of the BESS system.
- “Imbalance,” reflects the difference between the “BESS Tags” and the “BESS Meter” values.
- Total BESS imbalance settlement costs for the period were \$225,360.25.

Both the Apache II Solar and Apache II BESS sections include EIM imbalance values, which reflect real-time deviations between scheduled generation/load and actual generation/load.

For settlement purposes, the primary financial driver is the resulting imbalance cost associated with those real-time deviations.

Total Variable Costs and Allocations

- **Apache II Variable Costs**
 - Total Apache II variable costs were \$515,368.75 across 17,820.216 MWh, resulting in an average cost of \$28.92/MWh
 - Variable costs allocated to Apache II Solar scheduled-to-load energy totaled 6,251.628 MWh for \$180,797.09 equivalent to \$28.92/MWh
 - The remaining variable costs, \$515,368.75 less \$180,797.09 = \$334,571.66 were allocated to BESS Apache II charging activities

- **Apache II Solar Imbalance Costs**
 - Solar imbalance costs were allocated based upon imbalance energy scheduled to load.
 - Total Imbalance energy was calculated as 8,375.000 MWh less 6,251.628 MWh = 2,123.372 MWh
 - Associated imbalance costs totaled \$15,913.25, resulting in an average imbalance cost of \$7.49/MWh.
 - The remaining imbalance settlement amount, calculated as (\$156,546.58) less \$15,913.25 = (\$172,459.84) was allocated to BESS Apache II charging activities

- **Apache II BESS Imbalance Costs**
 - Apache II BESS imbalance costs totaling \$225,360.25 were allocated to BESS charging activities.

Total Costs of Apache II Solar to Load

- **Apache II Solar Costs**
 - Apache II Solar generation totaled 6,251.628 MWh at a total cost of \$180,797.09, resulting in an average cost of \$28.92/MWh.
 - Apache II Solar imbalance energy totaled 2,123.372 MWh with associated imbalance costs of \$15,913.25, or approximately \$7.49/MWh.
 - In total, 8,375.000 MWh were scheduled to load, with total allocated costs of \$196,710.34, resulting in an effective blended cost of \$23.49/MWh.
 - Costs were allocated to participating Members based upon each Member’s respective share of Apache II Solar participation.

- **Apache II BESS Costs**
 - Apache II Solar energy allocated to BESS charging totaled \$334,571.66
 - Apache II Solar imbalance costs allocated to BESS charging resulting in a credit of (\$172,459.84)
 - Apache II BESS imbalance costs allocated to BESS charging totaled \$225,360.25
 - In total, 12,493.000 MWh were scheduled to load, with total allocated costs of \$387,463.91, resulting in an effective blended cost of \$31.01/MWh.
 - Costs were allocated to participating Members based upon each Member’s respective share of Apache II BESS participation.

- **Member Allocations Issues**
 - At times, the operational requirements associated with “must-take” resources result in certain members being unable to absorb their full allocated share of energy.
 - This creates an additional category of intra-pool energy sales and purchases among members.

- Historically, intra-pool sales and purchases primarily addressed situations where a member was resource short during a given hour. Those transactions were priced at the greater level of the actual market sales price; or 102.5% of the applicable Mesquite energy price.
- Conversely, when a member is long due to “must-take” resources (i.e., there is insufficient Mesquite generation available to back down), the member remains responsible for its allocated share of the “must-take” resource energy while receiving compensation at the applicable Mesquite price.
- **Follow up with AEPSCO / ACES**
 - Seek clarification of the difference between Flow Report and Imbalance Report
 - Ask for total Apache II accounting versus just SPPA’s share
 - Seek a better understanding of the EIM real-time deviations between scheduled generation/load and actual generation/load calculations to ensure the EIM charges are reasonable.
 - Seek a better accounting and understanding of the Apache II and transmission charges, review SPPA’s internal allocations

Mr. Ed Gerak would like more detailed information future invoicing

Mr. Delaney explains that in the future invoices will be condensed, less confusing and that you will have all backup data provided for your records.

d. Risk Management Committee – Meeting date – June 1, 2026

Mr. Delaney called for an early meeting – next week – detail to be emailed out to Risk Management Committee

6.) ANY OTHER BUSINESS THAT MAY COME BEFORE THE MEETING.

No discussion of future agenda items.

7.) DISCUSSION OF FUTURE AGENDA ITEMS

No discussion of future agenda items.

8.) ESTABLISHMENT OF THE DATE OF THE NEXT SPPA POOL MANAGEMENT COMMITTEE MEETING

June 8, 2026; announced as the date of the next SPPA Pool Management Committee Meeting.

9.) PUBLIC COMMENT

There was no comment from the public.

10.) ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 12:44 p.m.

Respectfully submitted,

Kim Polivka

Kim Polivka
Admin/Accountant Assist

Approved: Derek McEachern