

SOUTHWEST PUBLIC POWER AGENCY, INC.



DATE: 5.6.24

TO: Board of Directors & Pooling Project Committee

THRU: Brian Yerges, Chair – Risk Management Committee

FROM: Jerri Tso, Analyst

SUBJECT: Risk Management Committee Meeting Minutes – 5.6.24

The SPPA Pooling Project's Risk Management Committee (RMC) convened its virtual meeting on May 6, 2024, at 3:00 p.m.

1. Call to Order

2. Roll Call

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| <ul style="list-style-type: none">○ Brian Yerges○ Glenn Steiger○ Ken Stock○ Dennis Delaney○ Frank McRae○ Daniel Herder | <ul style="list-style-type: none">○ Lisa Dowden○ Sheryl Sweeney○ Judy Spallino○ Kim Polivka○ Jennifer Torpey○ Jerri Tso |
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3. Approval of Risk Management Committee Report(s)

a. March 4, 2024, RMC meeting minutes

RMC meeting minutes approval was moved by Mr. Stock and seconded by Mr. Steiger; all in favor.

4. Financial Hedge Update

Mr. Delaney presented on the April 2024 through September 2024 Financial Gas Hedging for SPPA. The data showed SPPA hedged a total volume of 244,083 MMBtu for the month of May at a fixed price of \$1.889 and a bid week price of \$1.295/MMBtu with a total Net Cost of \$144,958.30. He noted that the net cost did not account for McMullen's sell-back of MMBtu's; however, stated that the Daily Report does reflect the sell-back. He also gave an update regarding the April to June 2024 Index Swap and shared that the request for additional volume will be going out to the Districts after Monday's Board meeting. Additionally, he shared that the process for how the members submit their financial hedging request for additional volume will be modified as there was a request that was missed last month, so the process will be updated to ensure a member's request does not get missed going forward. The email approach will be used until a new process is developed.

5. Summer 2024 Energy Supplies

The following was shared regarding the Summer 2024 Energy Supplies: With the 100 MW increase in Mesquite, the SPPA pool is well positioned to cover member loads this summer, the current plan is to continue daily sales and SPPA Management will be looking at potential lay-off opportunities for certain members.

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6. APS EIM Reconciliations

APS discovered an issue with their transmission billing software calculations for under-scheduling and over-scheduling charges. The issue occurred from July 2019 to the current year, causing incorrect allocations. The charge will be recalculated back to July 2019, with prior period adjustments on the March 2024 bills. Interest will be calculated at FERC interest rates.

After receiving the reconciled invoice from APS, the charges turned out to be a credit to SPPA in the amount of \$362,983.

7. Action Item: SPPA Macquarie Energy ISDA

Macquire is offering \$1 Million in unsecured credit with a “minimum transfer amount” of \$1 dollar. However, SPPA would like to request a “minimum transfer amount” of \$50,000. Macquarie has already rejected SPPA’s requests for a higher number tied to S&P rating. Several other minor issues are still to be resolved, like preapproval. SPPA GM and PM are requesting RMC approval to forward recommendation to SPPA Board granting authorization to proceed upon final management and legal review.

Motion to forward recommendation to SPPA Board for the Board to provide authorization to proceed with execution of the Macquarie ISDA upon final management and legal review of the agreement was moved by Mr. Stock and seconded by Mr. Steiger; all in favor.

8. Any other business that may come before the Committee.

None.

9. Discussion of future agenda items

None

10. Establishment of date of next SPPA Pooling Project’s RMC Meeting

Next RMC meeting will be July 1, 2024, at 3 pm

11. Public Comment

There was no comment from the public.

12. Adjournment at 3:32 p.m.



ATTACHMENT 1

Pursuant to A.R.S. § 38-431.02, **NOTICE IS HEREBY GIVEN** that a meeting of the members of the SPPA Pooling Project Risk Management Committee will be held on May 6, 2024, at the offices of SPPA, located at 160 North Pasadena, Suite 160, Mesa AZ 85201. **The meeting will begin at 3:00 PM.**

The agenda for the meeting is as follows. All agenda items are for discussion and possible action. Items may be taken up in a different order than that shown. As indicated in the agenda, the RMC may vote to go into executive session to discuss certain matters. The voting member of the RMC may vote to hold an executive session for the purpose of obtaining legal advice from SPPA's attorney on any matter listed on the agenda, pursuant to A.R.S. § 38-431.03(A)(3). The meeting is open to the general public, except for the possible executive session(s). The meeting is anticipated to be held virtually; the virtual meeting information was sent via separate email.

Agenda Items	Attachments
1. Call to Order	
2. Roll Call	
3. Approval of Risk Management Committee Report(s): a. March 4, 2024	
4. Discussion: a. Financial Hedge Update b. Summer 2024 Energy Supplies c. APS EIM Reconciliations	
5. Action Item: a. SPPA - Macquarie Energy ISDA	
6. Any other business that may come before the meeting.	
7. Discussion of future agenda items.	
8. Establishment of date on next Risk Management Committee	July 1, 2024
9. Public Comment	
10. Adjournment	