

# SOUTHWEST PUBLIC POWER AGENCY, INC.



DATE: 10.28.2024

TO: Board of Directors & Pooling Project Committee

THRU: Brian Yerges, Chair – Risk Management Committee

FROM: Judy Spallino, Accountant

SUBJECT: Risk Management Committee Meeting Minutes – 10.28.2024

The SPPA Pooling Project's Risk Management Committee (RMC) convened its virtual meeting on October 28, 2024, at 3:00 p.m.

1. Call to Order

2. Roll Call

- Brian Yerges
- Glenn Steiger
- Ken Stock
- Robert VanHofwegen
- Ron McEachern
- Dennis Delaney
- Frank McRae
- Daniel Herder
- Lisa Dowden
- Sheryl Sweeney
- Judy Spallino
- Kim Polivka

3. Approval of Risk Management Committee Report(s)

- a. August 26, 2024, RMC meeting minutes

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

4. Financial Hedge Update

Mr. Delaney presented on the October 2024 through March 2025 Financial Gas Hedging for SPPA.

**Fixed Swaps (April-September):** Summary provided in the board meeting package.

**Index Swaps:**

- October fixed swap executed at 161,255 with no premium.
- November index swap executed at 130,665 with a 7.5 cents premium.
- Additional 20,000 swap executed with a premium of 7.75 cents.

**December Index Swap and QIR**

December index swap, pending confirmation. awaiting December QIR for potential additional index swap.

Dec 2024 - Mar 2025 Fixed Swap have been secured.

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## 5. November Capacity Sellback – Explanation of how it was priced.

- Sell Price based upon fixed capacity and O&M charges.
  - \$8,800/MW-Month
    - Converted to MW-Day = \$293.33 / MW-Day
    - $215 \text{ MW} * 293.33 / \text{MW-Day} * 8 \text{ Days} = 504,533$
    - Term 11/12/2024 through 11/19/2024
    - Will track results to compare against actual sales revenues.

Anticipate another Capacity sellback opportunity last few days of January 2025 into the beginning of February 2025.

## 6. Box Canyon BA development.

- Ongoing, Brightnight and FirstLight attempting to secure ancillary services need to operate the BA.
  - Focus on getting the ancillary services from SRP but looking at market opportunities as well.
  - SPPA member have access to Hoover Dynamic signal that may future costs savings opportunities.
    - SPPA has yet to offer up these resources because it is currently being utilized by the Hoover contractors.
  - Test energy scheduled to start flowing late January 2025
  - Current schedule for the BA to start operations is January 25<sup>th</sup>.
- SPPA is close to securing the 100 MW of Box Canyon for SRP (Commitment is based upon SPPA getting board approval and SRP board approval)

## 7. Mark to market tracker

As of today, October 28, Morgan Stanley are not holding any Margin SPPA's funds. They requested a total of \$1.7 million and SPPA has received all those funds back. We have also received interest on those funds.

Mr. Robert Van Hofwegen has requested a current update and disclosure of all the funds held by Morgan Stanley at the board meetings in conjunction with the financial statement presentation.

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

Additional questions and discussions regarding Box Canyon project

- **Energy Testing in January:** Expected to be in 50 MW blocks. Testing will be done in segments, so the full 50 MW may not be continuously available.
- **Testing Process:** Equipment will be turned on and off during testing until May, when it will be fully operational. Testing ensures connections and communication systems are working.
- **Field Trip and Ribbon Cutting:** Potential field trip being planned. No confirmation on a ribbon cutting event.
- **Cost of Test Energy:** Estimated at 35% of the cost, less than \$10.

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- **Deposit Requirement:** \$900,000 needed for the SRP transmission service agreement. Payment expected by November or early December.
  - 9. Discussion of future agenda items
    - None
  - 10. Establishment of date of next SPPA Pooling Project's RMC Meeting
    - Next RMC meeting will be January 6, 2025
  - 11. Public Comment
    - There was no comment from the public.
  - 12. Adjournment at 3:23 p.m.