



KENTUCKY MUNICIPAL ENERGY AGENCY

# **Board Packet**

## **December 29, 2020**





KENTUCKY MUNICIPAL ENERGY AGENCY

## Notice of a Special Meeting of the KYMEA Board of Directors and the AR Project Committee (Video Meeting)

**Location: WebEx Video Meeting (if you would like to attend, please contact [mhixon@kymea.org](mailto:mhixon@kymea.org))**

**1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223**

**Tuesday, December 29, 2020, 11 am**

### A. Meeting Opening

- A.1 Attendance
- A.2 Guest Introductions
- A.3 Call to Order

### B. Meeting Minutes

### C. Action Items

- C.1 Selection of Short-term Plan
- C.2 Authorization of Staff Implementation
  - i) PPS
  - ii) Ashwood Solar
  - iii) MISO PPA
  - iv) Firm Transmission
  - v) Pseudo-tie

### D. Public Comments

### E. Upcoming Meetings & Other Business

### F. Closed Session

- F.1 Litigation
- F.2 Discussion of Appointment, Discipline, or Dismissal of an Employee or Member

### G. Actions Related to Closed Session

- G.1 None Expected

### H. Adjournment

# Meeting Minutes





KENTUCKY MUNICIPAL ENERGY AGENCY

## Minutes of the Combined Meeting of the AR Project Committee Meeting and the KYMEA Board of Directors (Video Meeting)

Location: WebEx Video Meeting (if you would like to attend please contact [mhixon@kymea.org](mailto:mhixon@kymea.org))  
1700 Eastpoint Pkwy Ste. 220, Louisville, KY 40223  
Wednesday, December 16, 2020, 10 am

### A. Meeting Opening

A.1. Attendance: Taken at 10:08 am

#### **Present Board Members:**

Josh Callihan  
Ronald Herd  
Chris Melton  
Kevin Frizzell  
Ramona Williams  
Mike Withrow  
Gary Zheng

#### **Absent Board Members:**

Kevin Howard  
Philip King  
Carl Shoupe  
Doug Hammers

#### **Staff Present:**

Michelle Hixon  
Heather Overby  
Doug Buresh  
Rob Leesman  
Molly Roesler

#### **Others Present:**

Andy McDonald  
Anna Marie Pavlik Rosen  
Charles Musson  
David Denton  
Hance Price  
James McWilliams



KENTUCKY MUNICIPAL ENERGY AGENCY

Pat Pace  
Tim Lyons  
Vent Foster  
Walt Baldwin

A.2. Guest introductions:

A.3. Call to Order: Chairman, Ron Herd, called the meeting to order at 10:08 am. A quorum of board members was present, and the Board was ready to proceed with business.

## B. Meeting Minutes

B.1 Approval of the minutes of the Board of Directors on November 18, 2020.

**Motion Passed:** Approval of the November 18, 2020 meeting minutes of the Board of Directors passed with a motion by Chris Melton and seconded by Josh Callihan.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Absent
Ramona Williams	Yes
Gary Zheng	Yes

## C. Financial Reports

C.1 Approval of the November 2020 Financial Reports

**Motion Passed:** Approval of the November 2020 financial reports passed with a motion Josh Callihan and seconded by Mike Withrow.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
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KENTUCKY MUNICIPAL ENERGY AGENCY

Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Absent
Ramona Williams	Yes
Gary Zheng	Yes

#### D. Committee Reports

D.1 BROCC: Chairman, Gary Zheng mentioned that a committee meeting was held on Dec 16<sup>th</sup>.

D.2 Compensation Committee: Chairman Herd reported that the Compensation Committee met December 15<sup>th</sup> and had nothing further to report..

D.3 Budget Committee Report: Chairman, Chris Melton mentioned that staff presented the FY 2021 A&G budget to the Budget Committee on November 17<sup>th</sup>. The Committee expects to present FY 2022 Budget to the Board in January..

D.4 Litigation Committee: Chairman, Gary Zheng reported that the Litigation Committee met October 16<sup>th</sup> & November 23<sup>rd</sup> and expect to have more to report to the Board next month regarding depancaking.

#### E. Administration Reports

E.1 CEO: Doug Buresh presented the CEO report regarding the Agency's past and upcoming activities.

E.2 Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.

E.3 Member Communications: Michelle Hixon updated the Board on upcoming events and member activities.

#### F. Discussion Topics

F.1 Short-Term Plan Options: Doug Buresh reviewed critical decisions that need to be made in the Near Term in regards to PPS and Ashwood. He also presented 11 short-term plan options for the Board to consider as they make near term decisions.

#### G. Action Items



G.1 MISO Dispute: Heather discussed KYMEA's involvement in a MISO dispute for 8-27-20 Resource Adequacy Charges.

**Motion Passed:** Motion approving legal costs relating to joint MISO ADR process to dispute Hurricane Laura related MISO market settlement charges not to exceed 20% of damages passed with a motion made by Mike Withrow and Chris Melton seconded it.

**7 Yeas - 0 Nays.**

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent
Kevin Howard	Absent
Ramona Williams	Yes
Gary Zheng	Yes

## H. Public Comments

This was an opportunity for members of the public to provide input to the KYMEA Board and was limited to 5 minutes per speaker.

No Comments were made.

## I. Upcoming Meetings and Other Business

Chairman Ron Herd called for a Special meeting on Wednesday, December 16<sup>th</sup> at 11 am at the Louisville office.

The KYMEA Board of Directors shall hold its regular meetings on the fourth Thursday of each month, except for the months of November and December, when the regular meeting shall be held on the third Wednesday. The regular meetings shall convene and commence at 10:00 am Eastern time on said dates. The regular meetings shall be held at the KYMEA Board Room, 1700 Eastpoint Pkwy, Suite 220, Louisville, Kentucky.

2021 Board Meetings



KENTUCKY MUNICIPAL ENERGY AGENCY

Thursday, January 28, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, February 25, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, March 25, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, April 22, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, May 27, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, June 24, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, July 22, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, August 26, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, September 23, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Thursday, October 28, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Wednesday, November 17, 2021, 10:00 AM Eastern Time, KYMEA Board Room  
Wednesday, December 15, 2021, 10:00 AM Eastern Time, KYMEA Board Room

#### J. Closed Session

None

#### K. Actions Related to Matters Discussed in Closed Session

None

A 30 minute recess was taken for lunch. The group returned at 1 PM to complete the AR Project Committee Workshop. Rob Leesman and Heather Overby presented the proforma along with some historical and projection data and the group discussed the FY 2022 AR Rates. The next AR Project Committee Workshop will be held on January 27<sup>th</sup> at 3 PM.

#### L. Adjournment

**Motion Passed:** Motion to adjourn the KYMEA board meeting passed with a motion by Mike Withrow and a second by Chris Melton.

#### 7 Yeas - 0 Nays.

Josh Callihan	Yes
Ronald Herd	Yes
Chris Melton	Yes
Mike Withrow	Yes
Carl Shoupe	Absent
Philip King	Absent
Kevin Frizzell	Yes
Doug Hammers	Absent





KENTUCKY MUNICIPAL ENERGY AGENCY

Kevin Howard	Absent
Ramona Williams	Yes
Gary Zheng	Yes
Kevin Howard	Yes

X

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Chairperson

X

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Secretary



# Action Items

## C. Action Items

C.1 Selection of Short-term Plan

C.2 Authorization of Staff Implementation

- i) PPS
- ii) Ashwood Solar
- iii) MISO PPA
- iv) Firm Transmission
- v) Pseudo-tie



# Overview: KYMEA Integrated Resource Plan (IRP) Short-Term Decision – December 29, 2020

## KYMEA Objective

- Provide cost-effective resources and services for the benefit of its members.
- Achieve objectives more efficiently and at lower costs than members could achieve individually.

## All Requirements (AR) Group

- Created to acquire power supply resources to serve the needs of eight participating all-requirements members.
- May choose to enter into contracts through KYMEA for power supply or other services.
- Have the flexibility to establish projects for the benefit of one or more members.

## KYMEA Board of Directors

The KYMEA Board of Directors is comprised of one senior utility representative (Director) from each of its 11 member agencies.



## AR Project Existing Resources

KYMEA began operations on May 1, 2019. The Agency's initial power supply, chosen by the AR Project members to serve its all-requirements power supply and transmission needs, consists of a mix of purchase power agreements (PPAs) fueled by coal, natural gas, hydroelectric, and diesel generation resources. The PPAs provide great flexibility allowing the Agency to purchase from the MISO and PJM markets if the market prices are cheaper. KYMEA has a 20-year PPA for 54 MW of solar generation which begins operation in late 2022. To date, the KYMEA AR Project Members have realized 12-14% savings over its previous power supplier plus have begun accumulating a rate stabilization fund.

## AR Group Short-Term Decision Elements

The existing AR Project PPAs consist of staggered terms which were designed to expire at different dates. On May 31, 2022, the Vistra (Joppa 100 MW coal PPA) expires. Beginning on June 1, 2023, KYMEA has the option to change its Paducah Peaking Capacity nomination from 90 MW to as low as 30 MW. KYMEA also owns the right of first refusal for an additional 32.25 MW of the Ashwood Solar I project. Those two decisions require Board action by December 31, 2020.

## AR Group Short-Term Plan Selection

On December 29, 2020, the KYMEA Board of Directors will hold a special meeting to select a short-term power supply plan. The selection of a Plan is a comprehensive approach to address power supply needs, balancing competitive costs, planning reserves, operational reliability, and market risk. As described in the paragraph above, certain elements of the selected Plan must be executed by December 31, 2020. Beginning June 1, 2022, KYMEA will assume more market purchases in exchange for a lower annual fixed expense. By 2023, assuming KYMEA does not exercise its option for additional solar, 14% of KYMEA's energy will be from renewable resources.



KENTUCKY MUNICIPAL ENERGY AGENCY



# KYMEA Short-Term Action Plan Selection

December 29, 2020

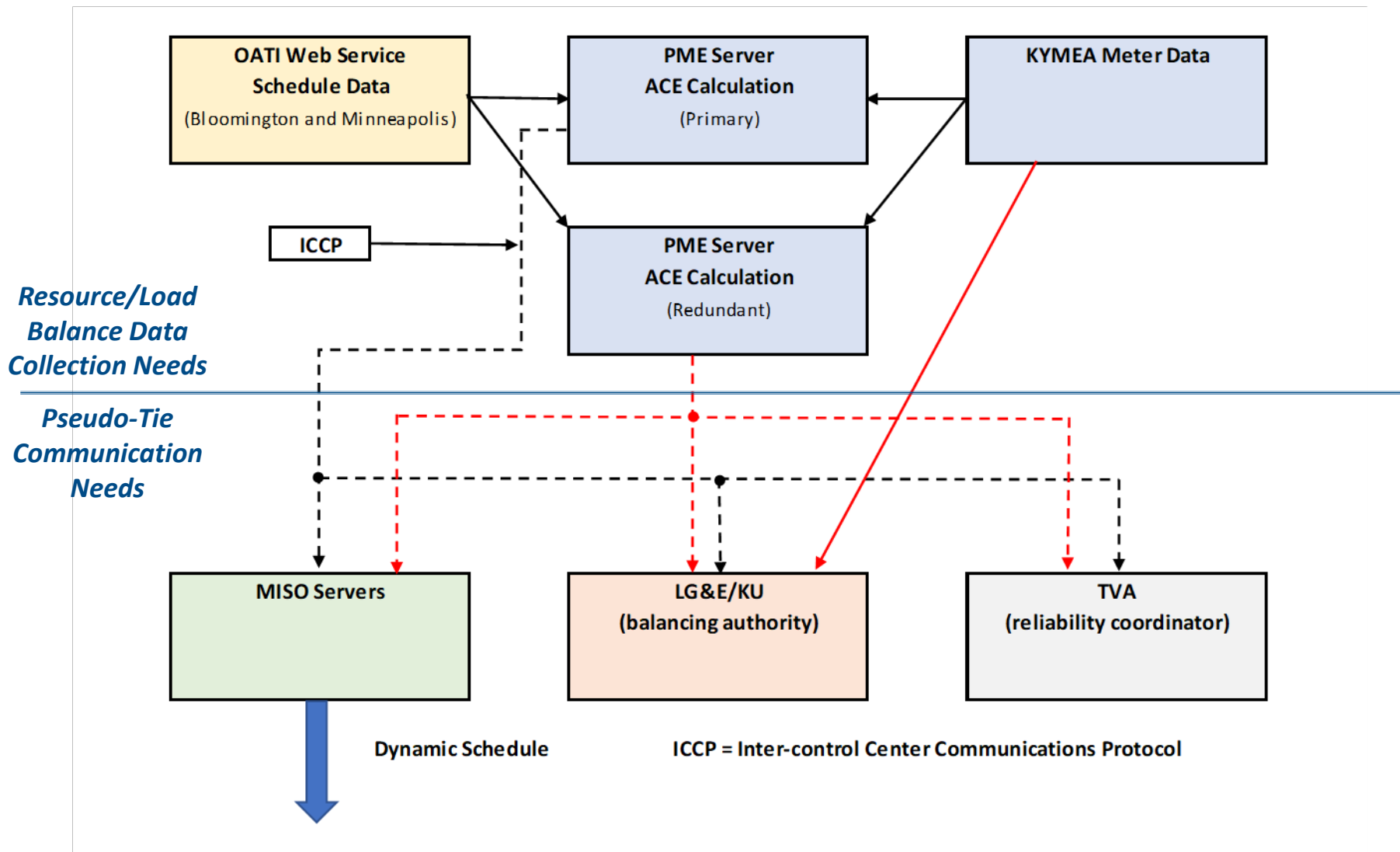
# Eleven Short-Term Plans

	Firm Capacity and Reserve Margin					MISO PRA, MISO Point-to-Point Transmission, Operating Reserves					Levelized Cost millions \$ (6/2019 - 5/2027)			Levelized Cost ¢ per kWh (6/2019 - 5/2027)		
	Firm Capacity	PPS Peaking	Ashwood Solar	MISO PPA	Reserve Margin	MISO PRA	Pseudo Tie	MISO PTP	Operating Margin	N-1 OP Margin	Low Market	Base Market	High Market	Low Market	Base Market	High Market
Plan A	159	30	54	0	-17.4%	86 15.3%	75 (42 min)	185 (27) 202 (40)	1.8% 12.0%	-10.4% -0.2%	64.933 66.044	70.391 71.499	73.188 74.294	5.019 5.105	5.441 5.526	5.657 5.742
Plan B	159	90	54	0	5.5%	48 23.7%	42 (42 min)	177 (0) 177 (15) 202 (40)	20.1% 26.2% 36.4%	-16.5% -10.4% -0.2%	64.913 65.603 67.275	69.945 70.626 72.295	71.969 72.641 74.308	5.017 5.070 5.200	5.406 5.459 5.588	5.562 5.614 5.743
Plan C	159	30	54	60	5.5%	26 15.3%	74 (42 min)	177 (15) 202 (40)	1.8% 12.0%	-10.4% -0.2%	66.474 68.147	70.103 71.770	70.881 72.545	5.138 5.267	5.418 5.547	5.478 5.607
Plan D	159	45	54	45	5.5%	26 15.3%	62 (42 min)	177 (15) 202 (40)	7.9% 18.1%	-10.4% -0.2%	66.280 67.953	70.173 71.840	71.154 72.819	5.123 5.252	5.424 5.553	5.499 5.628
Plan E	159	60	54	30	5.5%	26 15.3%	49 (42 min)	177 (15) 202 (40)	14.0% 24.2%	-10.4% -0.2%	66.081 67.754	70.245 71.914	71.431 73.096	5.107 5.237	5.429 5.558	5.521 5.650
Plan F	159	30	86	0	-11.3%	77 17.9%	67 (67 Min)	177 (15) 202 (40)	1.8% 12.0%	-10.4% -0.2%	64.576 66.249	69.603 71.270	72.010 73.676	4.991 5.120	5.380 5.508	5.566 5.694
Plan G	159	75	86	0	5.9%	77 35.1%	67 (67 min)	177 (15) 202 (40)	20.1% 30.3%	-10.4% -0.2%	65.641 67.314	70.620 72.289	72.861 74.528	5.073 5.203	5.458 5.587	5.631 5.760
Plan H	159	30	86	45	5.9%	32 17.9%	67 (67 min)	177 (15) 202 (40)	1.8% 12.0%	-10.4% -0.2%	66.203 67.875	69.830 71.499	70.701 72.368	5.117 5.246	5.397 5.526	5.464 5.593
Plan I	159	45	86	30	5.9%	47 23.7%	67 (67 min)	177 (15) 202 (40)	7.9% 18.1%	-10.4% -0.2%	66.078 67.750	70.123 71.791	71.420 73.086	5.107 5.236	5.420 5.549	5.520 5.649
Plan J	159	40	86	60	15.5%	17 21.8%	67 (67 min)	177 (15) 202 (40)	5.9% 16.1%	-10.4% -0.2%	66.915 68.588	70.105 71.774	70.460 72.125	5.172 5.301	5.418 5.547	5.446 5.575
Plan K	159	60	86	30	11.7%	47 29.4%	67 (67 min)	177 (15) 202 (40)	14.0% 24.2%	-10.4% -0.2%	66.433 68.106	70.463 72.131	71.704 73.370	5.135 5.264	5.446 5.575	5.542 5.671

# Short-Term Plan Motions

1. Motion to select Plan \_\_\_\_ and direct KYMEA CEO to implement elements of the Plan subject to as needed subsequent Board approval(s).
2. Motion to nominate the PPS Peaking Capacity to \_\_\_\_ MW beginning June 1, 2023.
3. Motion to either exercise or not exercise KYMEA's right of first refusal (RoFR) to take an additional 32.25 MW from the Ashwood Solar I Project.
4. Motion to direct the CEO to develop a term sheet and negotiate a purchase power agreement for \_\_\_\_ MW of intermediate capacity and energy with one or more identified parties from the indicative RFP responses received August 19, 2020. CEO will seek Board approval of the final PPA when contract terms have been completed.
5. CEO Action (No motion required): Based on selected Plan, CEO will move forward with the necessary LG&E/KU and MISO System Impact Studies which have been previously approved by the Board at the September 24, 2020 Board meeting.

# Pseudo-Tie Schematic



# Resource/Load Balance Expenses

1. Motion to approve increase in Capital Budget to \$250K (currently at \$100K) for OATIWeb and PME Resource/Load Balance Capitalized Items.
  - a) Capital Budget - \$100K (\$44K available)
    - i. OATIWeb - \$52K (one-time)
    - ii. PME Hardware/Software/Engineering  $\approx$  \$100K (one-time)
    - iii. Exceeds Capital Budget by  $\approx$  \$108K

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2. Additional unbudgeted FY2020 related expenses.
  - a) OATIWeb - \$3,150 per month
  - b) PME Hardware/Software/Engineering Service – Monthly Fees
3. No Board action requested, should have room in FY2020 Operations Budget.



# Public Comments

This is an opportunity for members of the public to provide input to the KYMEA Board and is limited to 5 minutes per speaker.



# Upcoming Meetings and Other Business

The next Regular Meeting is Thursday, January 28<sup>th</sup> at 10 am at the KYMEA offices

The KYMEA Board of Directors shall hold its regular meetings on the fourth Thursday of each month, except for the months of November and December when the regular meeting shall be held on the third Wednesday. The regular meetings shall convene and commence at 10:00 am Eastern time on said dates. The regular meetings shall be held at the KYMEA Board Room, 1700 Eastpoint Pkwy, Suite 220, Louisville, Kentucky.



# Closed Session

## F. Closed Session

F.1 Litigation

F.2 Discussion of Appointment, Discipline, or Dismissal of an Employee or Member



Closed Session Authorization for December 29, 2020 KYMEA Board Meeting

Approval to enter into Closed Session pursuant to KRS 61.810(1)(c) and KRS 61.810(1)(f) for the purpose of:

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission issues; and
- (ii) discussing information which may lead to the appointment, discipline or dismissal of an employee or member.

KRS 61.810(1)(c) allows for closed session for the purpose of discussing proposed, potential and pending litigation relating to the agency.

KRS 61.810(1)(f) allows for closed session where discussions of an employee, member or student may lead to an appointment, discipline or dismissal.

# Actions Related to Closed Session

G. Actions Related to Closed Session

None Expected



# Adjournment

