

#### November 15, 2023 Regular Meeting of the KYMEA Board of Directors

11/15/2023

Board Room at 10 AM

1700 Eastpoint Pkwy Suite 220

Louisville, 40223

This meeting will also be available as a TEAMS video meeting (contact mhixon@kymea.org for attendee information).



#### Meeting Book - November 15, 2023 Regular Meeting of the KYMEA Board of Directors

#### Agenda

A. Meeting Opening	_	
1. Attendance		Michelle Hixon
2. Call to Order		Josh Callihan
3. Guest Introductions		Josh Callihan
B. Previous Meeting Minutes of the KYMEA Board of Directors	Approval of Last Month's Meeting Minutes	Josh Callihan
C. Financial Reports The October Financial Reports will be presented in December.		Heather Overby
D. Committee Reports None Expected		
1. Budget Committee Report		
2. AR Project Committee Report		
E. Administration Reports		
1. CEO		Doug Buresh
2. Market Report		Rob Leesman
3. Member Communications		Michelle Hixon
F. Discussion Topics		
1. FY 2024 Budget & Rates Timeline		Doug Buresh
2. FY2025 Operating Budget Action is expected at the December Board Meeting.		Heather Overby
3. Winter Preparation		Rob Leesman
4. Benham & Berea Transmission Agreements Action expected at December's board meeting.		Doug Buresh
G. Action Items		
1. Investment Bank Selection	Motion to select an investment bank.	Heather Overby
H. 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.		Josh Callihan
I. Upcoming Meetings and Other Business The next board meeting will be held on December 13th at 10 am in KYMEA's board room.	_	Michelle Hixon
J. Closed Session	Motion to enter into closed session.	Charlie Musson

K. Action Expected Related to Matters Discussed in Closed Session

Josh Callihan

L. Adjournment	Josh C	Callihan



### Minutes for Meeting Book - October 26, 2023, Regular Meeting of the KYMEA Board of Directors

10/26/2023 | 10:00 AM Board Room at 10 AM

#### Attendees (9)

Josh Callihan; Ron Herd; Kevin Howard; Philip King; Tim Lyons; Chris Melton; Jamie Miller; Gary Zheng; Jack Snyder

Additional attendees were Doug Buresh, Rob Leesman, Michelle Hixon, Molly Roesler, Charlie Musson, Fred Haddad, Brad Kushner, Brad Porter, Pat Pace, Travis McCullar, David Denton, Hance Price, Anna Marie Pavlik Rosen, and Jamie Harkins.

#### **Meeting Opening**

- 1. Attendance: A quorum was noted.
- 2. Call to Order
- 3. Guest Introductions: No guests were introduced.

#### **Previous Meeting Minutes of the KYMEA Board of Directors**

ACTION: Motion to approve the October 19, 2023, Special Board Meeting minutes was made by Chris Melton and seconded by Ron Herd. The motion passed.

#### **Financial Reports**

ACTION: Motion to approve the September financial reports was made by Tim Lyons and seconded by Mayor King. The motion passed.

#### **Committee Reports**

1. Budget Committee Report: Chris Melton gave an update on the budget committee and explained that the FY2025 budget will be presented to the board next month.

#### **Administration Reports**

1. CEO Report: Doug Buresh updated the group on the following.

- a. RTO Capacity Assessment
- b. IRP2023 Timeline
- 2. Market Report: Rob Leesman discussed the previous month's markets in relation to KYMEA.
- 3. Member Communications: The board was updated on upcoming events and member activities.

#### **Discussion Topics**

- 1. FY 2025 Budget & Rates Timeline
- 2. State of Power Supply: Presented by Brad Kushner and Fred Haddad

#### **Action Items**

1. Establish RICE Project Committee

ACTION: Motion to adopt the presented resolution to establish the RICE Project Committee was made by Chris Melton and seconded by Ron Herd. The motion passed.

Josh Callihan	Aye
Ron Herd	Aye
Kevin Howard	Aye
Mayor King	Aye
Tim Lyons	Aye
Chris Melton	Aye
Jamie Miller	Aye
Gary Zheng	No
Butch Hackney	Aye

#### **Public Comments**

No public comments were made.

#### **Upcoming Meetings and Other Business**

The next board meeting will be held on November 15th at 10 a.m. in KYMEA's board room.

#### **Closed Session**

There was no need for a closed session.

No additional action was	aken.
Adjournment	
-	urn the meeting was made by Chris Melton and seconded by passed, and the meeting was adjourned.
X	_X

Secretary

Chairperson

**Action Expected Related to Matters Discussed in Closed Session** 



KENTUCKY MUNICIPAL ENERGY AGENCY



# **KYMEA President & CEO Report**

**Doug Buresh** 

November 15, 2023

## **AGENDA**



- LG&E/KU Resource Plan PSC Order
- IRP2023 Timeline

### LG&E/KU Resource Plan Request



			LG&E/KU Requested			
Year	Туре	Retirements	Nameplate	Summer	Winter	
2024	Coal	Mill Creek 1	300	300	300	
2025	СТ	Haefling 1	14	12	14	
2025	СТ	Haefling 2	14	12	14	
2025	СТ	Paddy's Run 12	28	23	28	
2027	Coal	Mill Creek 2	297	297	297	
2028	Coal	Brown 3	416	412	416	
2028	Coal	Ghent 2	<u>486</u>	<u>485</u>	<u>486</u>	
		TOTAL	1,555	1,541	1,555	
Year	Туре	Additions	Nameplate	Summer	Winter	
2027	NGCC	Mill Creek 5	640	621	640	
2028	NGCC	Brown 12	640	621	640	
2026	Battery	Brown BESS	125	119	119	
2026	Solar	Mercer County	120	94	0	
2027	Solar	Marion County	120	94	0	
TBD	Solar	Grays Branch	138	108	0	
TBD	Solar	Nacke Pike	280	220	0	
TBD	Solar	Song Sparrow	104	82	0	
TBD	Solar	Gage Solar	<u>115</u>	<u>90</u>	<u>0</u>	
		TOTAL	2,282	2,049	1,399	
		NET CHANGE	727	508	-156	

### 



			LG&E/KU Requested				KU PSC Order	
Year	Туре	Retirements	Nameplate	Summer	Winter	Nameplate	Summer	Winter
2024	Coal	Mill Creek 1	300	300	300	300	300	300
2025	СТ	Haefling 1	14	12	14	14	12	14
2025	СТ	Haefling 2	14	12	14	14	12	14
2025	СТ	Paddy's Run 12	28	23	28	28	23	28
2027	Coal	Mill Creek 2	297	297	297	297	297	297
2028	Coal	Brown 3	416	412	416	0	0	0
2028	Coal	Ghent 2	<u>486</u>	<u>485</u>	<u>486</u>	<u>0</u>	<u>0</u>	<u>0</u>
		TOTAL	1,555	1,541	1,555	653	644	653
Year	Туре	Additions	Nameplate	Summer	Winter	Nameplate	Summer	Winter
2027	NGCC	Mill Creek 5	640	621	640	640	621	640
2028	NGCC	Brown 12	640	621	640	0	0	0
2026	Battery	Brown BESS	125	119	119	125	119	119
2026	Solar	Mercer County	120	94	0	120	94	0
2027	Solar	<b>Marion County</b>	120	94	0	120	94	0
TBD	Solar	Grays Branch	138	108	0	138	108	0
TBD	Solar	Nacke Pike	280	220	0	280	220	0
TBD	Solar	Song Sparrow	104	82	0	104	82	0
TBD	Solar	Gage Solar	<u>115</u>	<u>90</u>	<u>0</u>	<u>115</u>	<u>90</u>	<u>0</u>
		TOTAL	2,282	2,049	1,399	1,642	1,428	759
		NET CHANGE	727	508	-156	989	784	106

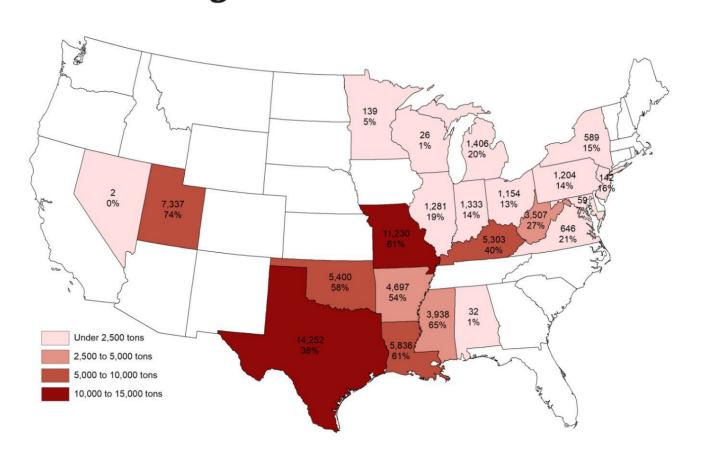
#### PSC – Retirements and Brown NGCC KY®EA



The Commission denies LG&E/KU's request for a certificate to build another large natural gas-fired generator, Brown 12, because it is not needed now. Herein, the Commission finds that the retirement of Ghent 2 and Brown 3, two large coal-fired units, is premature given the timing of overhaul costs and uncertainty surrounding environmental compliance. The Commission finds there are material distinctions between Mill Creek 1 and 2, and Brown 3 and Ghent 2 that support the Mill Creek unit retirements, while finding the retirement of Ghent 2 and Brown 3 is premature. There are a number of differences, including a number of local air quality issues in Jefferson County that increase the likelihood Mill Creek 1 and 2 will be forced to retire or will certainly need to make expensive upgrades, as well as the fact that Mill Creek 1 has been operated and maintained since 2020 in ways that anticipated its retirement in 2024. Regardless, in the event LG&E/KU have trouble timely constructing Mill Creek 5, the Commission finds that given their need for adequate generation, LG&E/KU should not retire Mill Creek 2 without sufficient replacement.

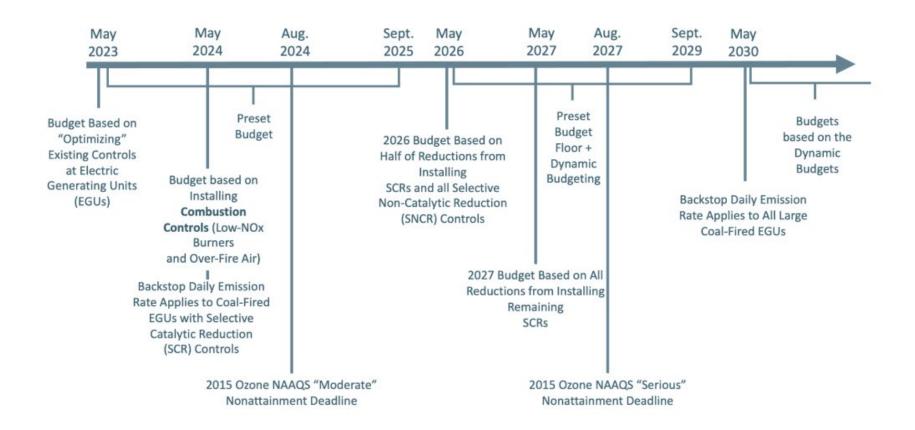


#### Power Plant Ozone Season Emissions Reductions in 2027 Relative to 2021 Under the Final Good Neighbor Plan





The timeline below illustrates when power plants must comply with these regulatory design features:





#### DYNAMIC BUDGETS

To maintain the Rule's selected control stringency and better "reflect future changes in the EGU fleet unknown at the time of the rulemaking," the Rule uses a combination of "preset" budgets as well as a "dynamic" budgeting procedure. The role and interaction of the preset budget with the dynamic budgeting adjusts depending on the control period, as shown in the table below:

Control Period	Dynamic Budgeting
2023-2025	Preset budgets serve as the state emissions budgets with no role for dynamic budgeting
2026-2029	Preset emission budgets serve as a floor; EPA will only adjust the budget higher if EPA calculates the dynamic budget to be higher than the preset budget due to "heat input patterns across the fleet in service, inclusive of EGU entry and exit"
2030 and later	EPA will publish the state emission budgets based on the dynamic budgets it calculates to reflect all prior retirements and new builds



EPA's <u>Regulatory Impact Analysis</u> projects that by 2030 this Rule will result in the following changes to the US electric generation resources:

- · 232 EGUs fully operating existing SCRs that did not do so in 2019;
- · 39 EGUs fully operating existing SNCRs;
- · 9 EGUs installing "state-of-the-art combustion controls";
- · 8 GW of "SCR retrofit at coal plants"; and
- 14 GW of additional coal retirements nationwide (a 13 percent reduction of national coal capacity) relative to the baseline.

### PSC – RTO Membership



With regard to joining an RTO, the Commission finds that joining a market to address generation retirement is not in conformity with the law, and places customers at significant risk of unmitigable costs and reliability concerns. As this body has said in other proceedings, "This Commission has no interest in allowing our regulated, verticallyintegrated utilities to effectively depend on the market for generation or capacity for any sustained period of time." 538 If LG&E/KU are retiring generation, and customer demand requires replacement generation, this Commission expects LG&E/KU to own or contract for the necessary resources, not depend on a capacity market where someone else is in charge of weatherization, maintenance and fuel assurance of those resources.

Regardless, the Commission uses this opportunity to reiterate its interest in LG&E/KU continuing to seriously study the costs and benefits of RTO membership, in order to maximize LG&E/KU's investments for the benefit of its customers, and to take advantage of the reliability benefits of being in a larger system.

### PSC – Closing Remarks



As it relates to measuring generation and demand for purposes of resource planning, given the uncertainty around financing, environmental regulations and the ability to timely construct energy infrastructure, all-else-equal the Commission would rather err on the side of having too much energy, as opposed to not enough. With surrounding regions concerned about being energy inadequate, the Commission would rather the Commonwealth standout as a state with enough power to meet customers' needs.

## **AGENDA**



• LG&E/KU Resource Plan – PSC Order

www.KYMEA.org

• IRP2023 Timeline

## **IRP2023 Decision Timeline**



Date	Meeting	Decision/Action Preliminary - Subject to Change				
Aug 24	Regular Board Meeting	Capacity/Energy RFP Issued (Aug 25)				
<del>Sep 28</del>	Regular Board Meeting	Board approves RICE E&C RFP (To be issued week of Oct 9)				
Oct 9	Receive Results of RICE a	and Capacity/Energy RFPs				
Oct 9 - Oct 13	<b>IRP2023 Evaluation Perio</b>	<del>od</del>				
Oct 19	<b>Special Board Meeting</b>	Present IRP2023/RFP Results				
Oct 26	Regular Board Meeting	If Board votes to advance the RICE Project forward  - Create RICE Project Participant Committee				
Nov 15	Regular Board Meeting	Select Investment Bank				
Dec 6	Receive Results of RICE E&C RFP					
Dec 0	Receive Results of RICE E	Delayed pending more site information				
	IRP2023 Evaluation Perio	Delayed pending more site information				
	IRP2023 Evaluation Perio	Delayed pending more site information				
Dec 6 - Dec 12	IRP2023 Evaluation Perio	Delayed pending more site information				





# October 2023 Market Report

Rob Leesman

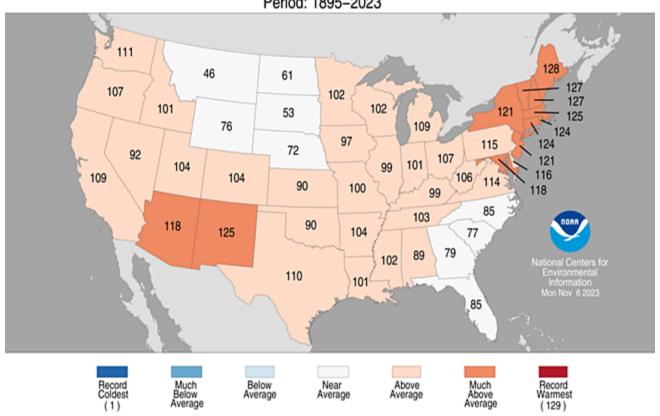
November 15, 2023

#### https://www.ncdc.noaa.gov/temp-and-precip/us-maps/ KY \$\begin{array}{c} \text{KY \$\begin{array}{c} \text{EA} \end{array}



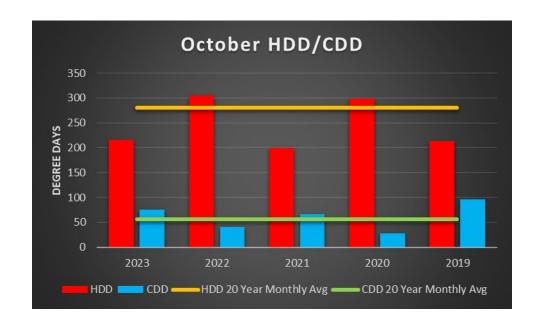
#### Statewide Average Temperature Ranks

October 2023 Period: 1895-2023



## Degree Days





### AR Load October 2023





#### Non-AR Load October 2023





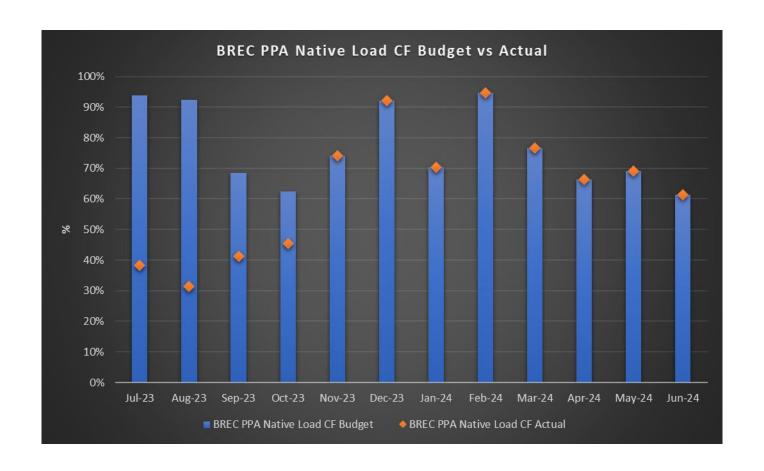
# October 2023 Snapshot



Oct-23							
						Actual	
	Budget	Actual	Actual vs.	Budget	Actual	VS.	
	Energy	Energy	Budget	NCP	NCP	Budget	
Member	(MWh)	(MWh)	Energy	(MW)	(MW)	NCP	Timestamp (HE EST)
Barbourville	6,243	5,748	92%	14.20	13.74	97%	10/3/2023 4:00:00 PM
Bardwell	572	556	97%	1.42	1.43	101%	10/2/2023 5:00:00 PM
Benham	386	377	98%	1.12	0.97	87%	10/23/2023 8:00:00 AM
Berea	9,326	8,937	96%	19.91	19.15	96%	10/3/2023 5:00:00 PM
Corbin	6,005	5,371	89%	14.46	13.38	93%	10/3/2023 4:00:00 PM
Falmouth	1,288	1,214	94%	2.86	3.02	106%	10/3/2023 5:00:00 PM
Frankfort	51,919	49,458	95%	107.15	105.82	99%	10/3/2023 4:00:00 PM
Madisonville	23,971	19,843	83%	47.02	46.16	98%	10/2/2023 4:00:00 PM
Owensboro	63,555	58,993	93%	117.00	139.00	119%	
Paris	4,189	3,584	86%	9.60	8.53	89%	10/3/2023 5:00:00 PM
Providence	2,105	1,968	94%	4.97	4.83	97%	10/3/2023 5:00:00 PM
AR	96,293	87,742	91%	201.68	196.91	98%	
Non-AR	9,712	9,313	96%	21.03	20.12	96%	
All	106,005	97,055	92%	222.70	217.04	97%	
Total	169,560	156,048	92%	339.70	356.04	105%	

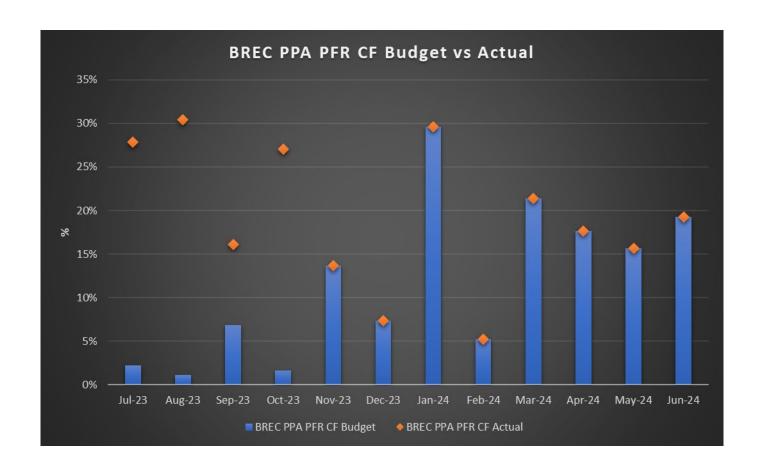
## BREC PPA Load Capacity Factor FY 24 KY SEA





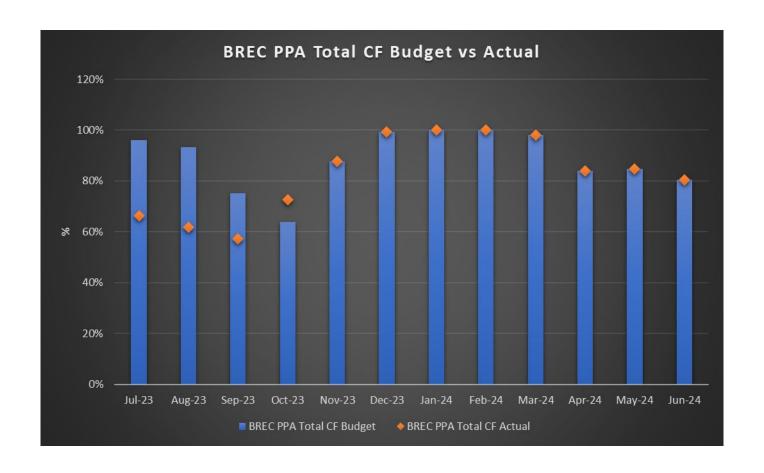
## BREC PPA PFR Capacity Factor FY 24





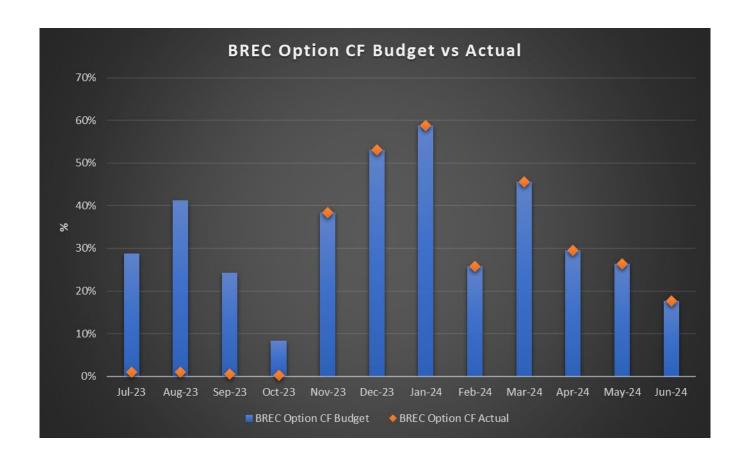
## **BREC PPA Capacity Factor FY 24**





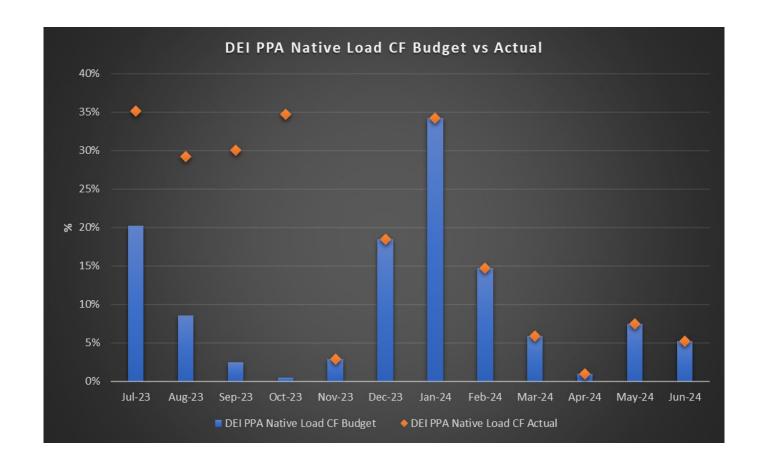
#### **BREC Option Capacity Factor FY 24**





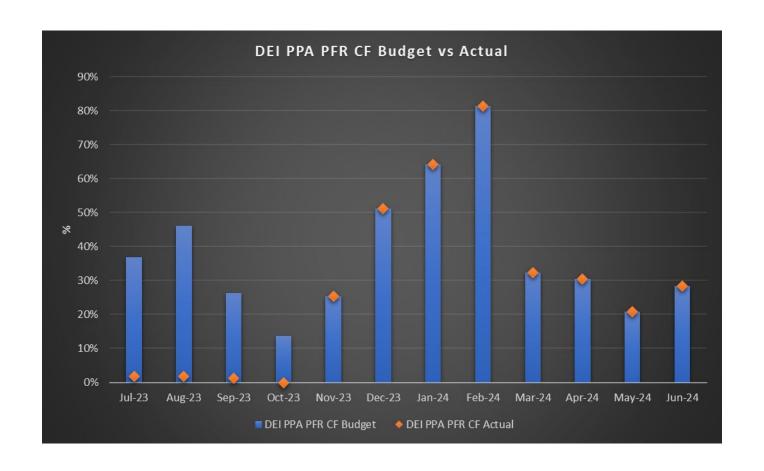
### DEI PPA Load Capacity Factor FY 24





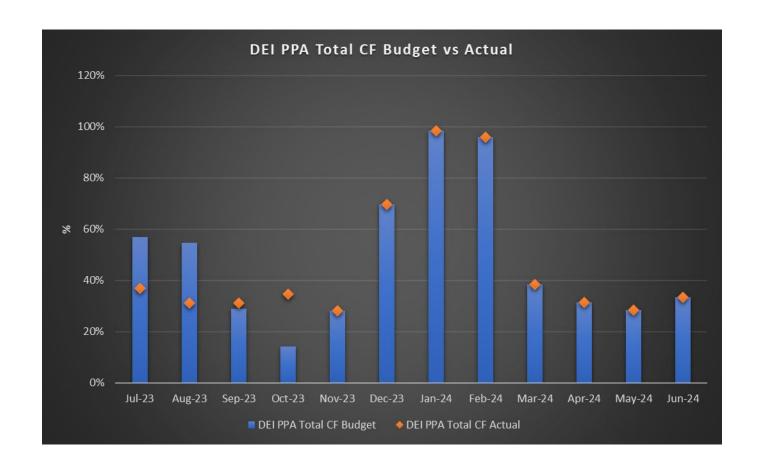
### DEI PPA PFR Capacity Factor FY 24 KY PEA





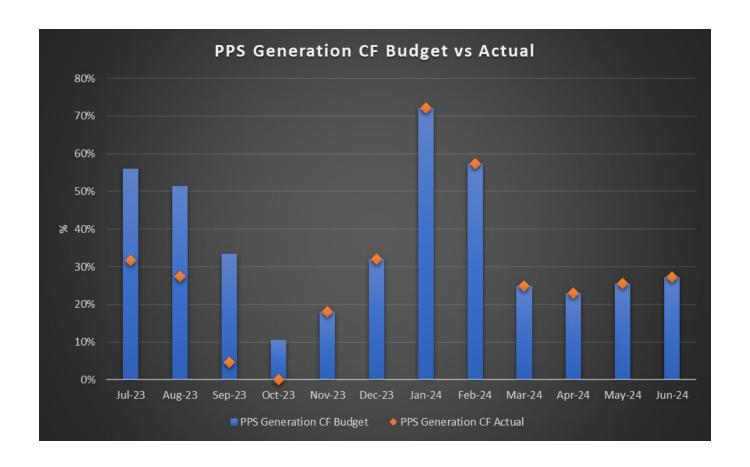
## **DEI Capacity Factor FY 24**





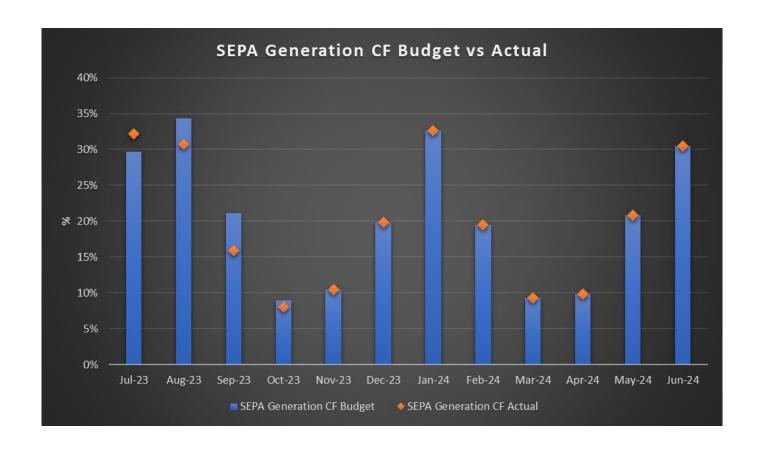
## PPS PPA Capacity Factor FY 24





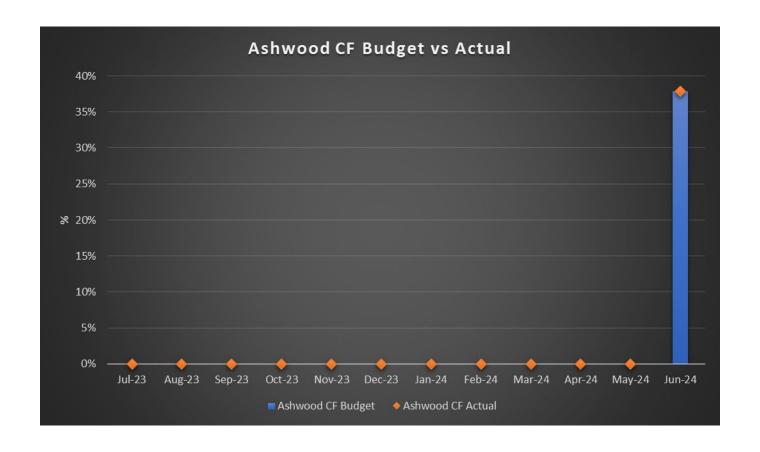
## SEPA Capacity Factor FY 24





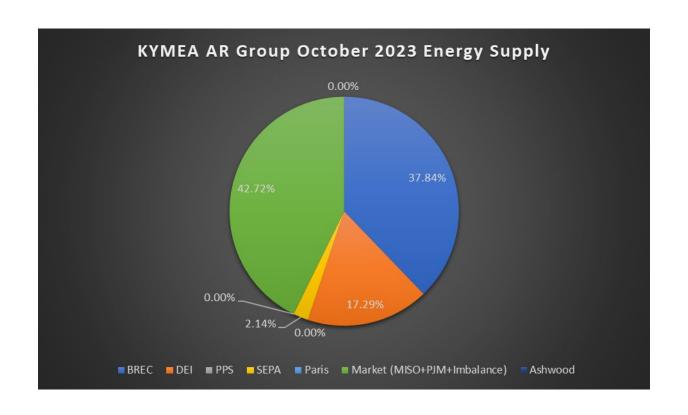
## Ashwood Capacity Factor FY 24





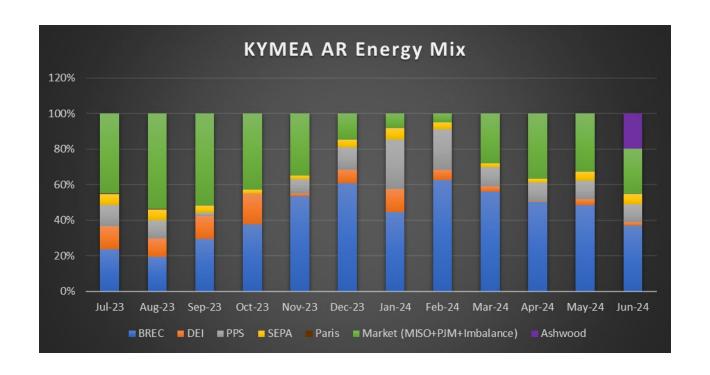
## KYMEA AR Energy Mix





## KYMEA AR Energy Mix FY 24

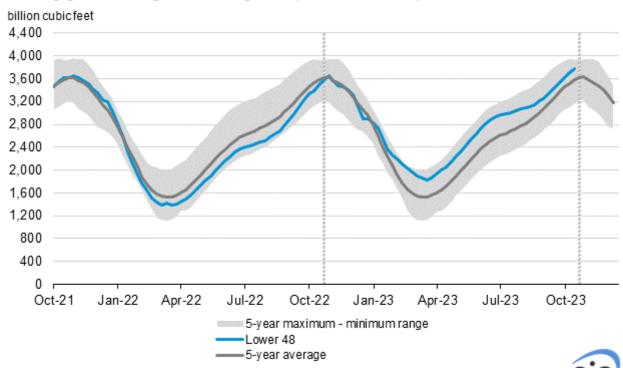




## Working Gas in Storage (10-27-23)



Working gas in underground storage compared with the 5-year maximum and minimum

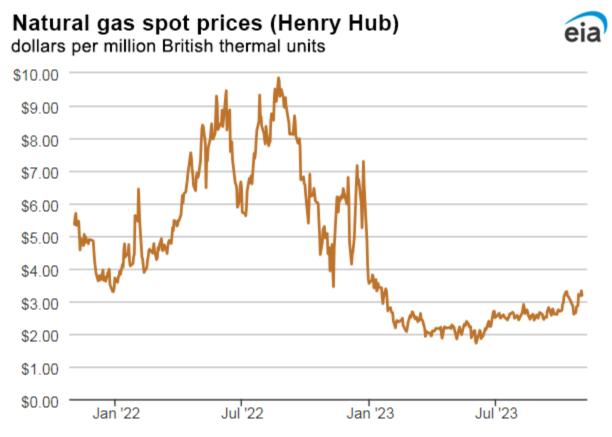


Data source: U.S. Energy Information Administration



## **Natural Gas Spot Prices**





Data source: Natural Gas Intelligence

## **Total Rig Count**



#### Rigs

	Tue, October 24,	Change from		
	2023	last week	last year	
Oil rigs	504	0.4%	-17.4%	
Natural gas rigs	117	-0.8%	-25.0%	

Note: Excludes any miscellaneous rigs

#### Rig numbers by type

	Tue, October 24,	Change from		
	2023	last week	last year	
Vertical	14	-17.6%	-36.4%	
Horizontal	558	0.2%	-20.6%	
Directional	53	6.0%	23.3%	

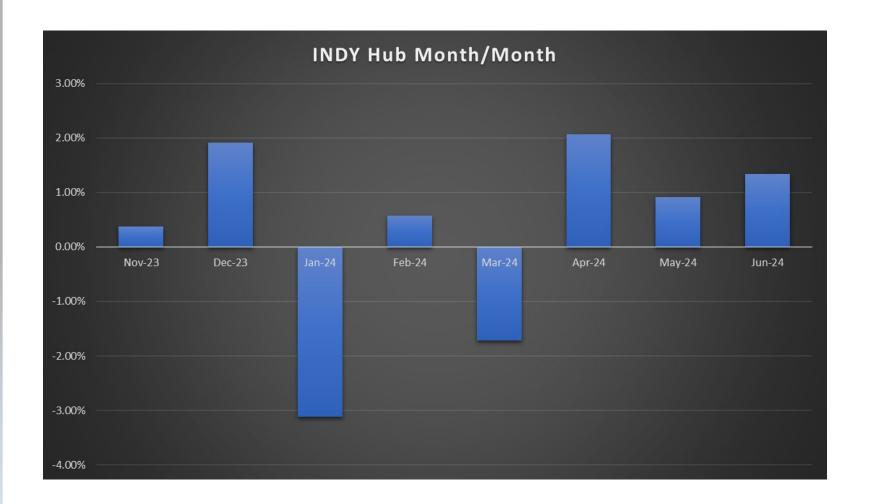
Data source: Baker Hughes Company

#### **Rig Count**

According to Baker Hughes, for the week ending Tuesday, October 24, the natural gas rig count decreased by 1 rig from a week ago to 117 rigs, as the Haynesville dropped 1 rig. The number of oil-directed rigs increased by 2 rigs from a week ago to 504 rigs. The Ardmore Woodford and Cana Woodford dropped one rig each; the Eagle Ford and the Permian added one rig each; and two rigs were added among unidentified producing regions. The total rig count, which includes 4 miscellaneous rigs, stands at 625 rigs, 143 fewer rigs than last year at this time.

## Indiana Hub ATC





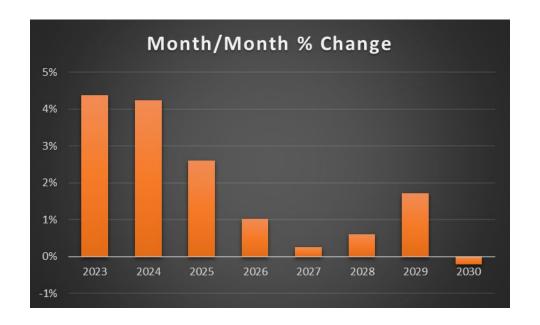
### Texas Eastern Transmission East Louisiana Zone





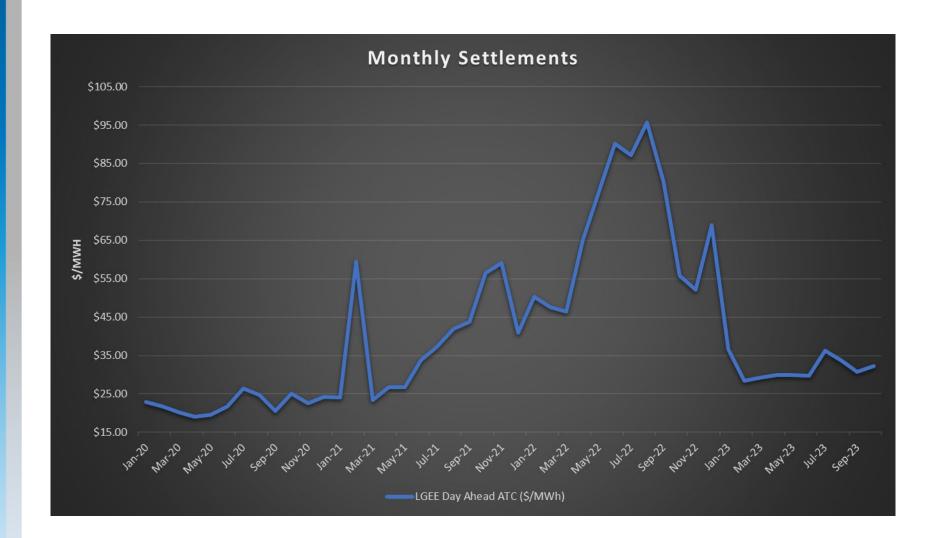
### Texas Eastern Transmission East Louisiana Zone





## **Historical Pricing**







KENTUCKY MUNICIPAL ENERGY AGENCY



## Member Communications

Michelle Hixon

November 15, 2023

## Dates to Remember



December					
12 <sup>th</sup> at 2 PM	AR Project Rates Workshop				
13 <sup>th</sup> at 8:30 AM	8:30 AM BROC Meeting				
14 <sup>th</sup> at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors				
25 <sup>th</sup>	Merry Christmas!				
January					
24 <sup>th</sup> at 2 PM	AR Project Rates Workshop				
25 <sup>th</sup> at 10 AM	Combined Mtg of the AR Project Committee and KYMEA Board of Directors				

www.KYMEA.org

## Annual Report & 2024 Calendars KY NEA



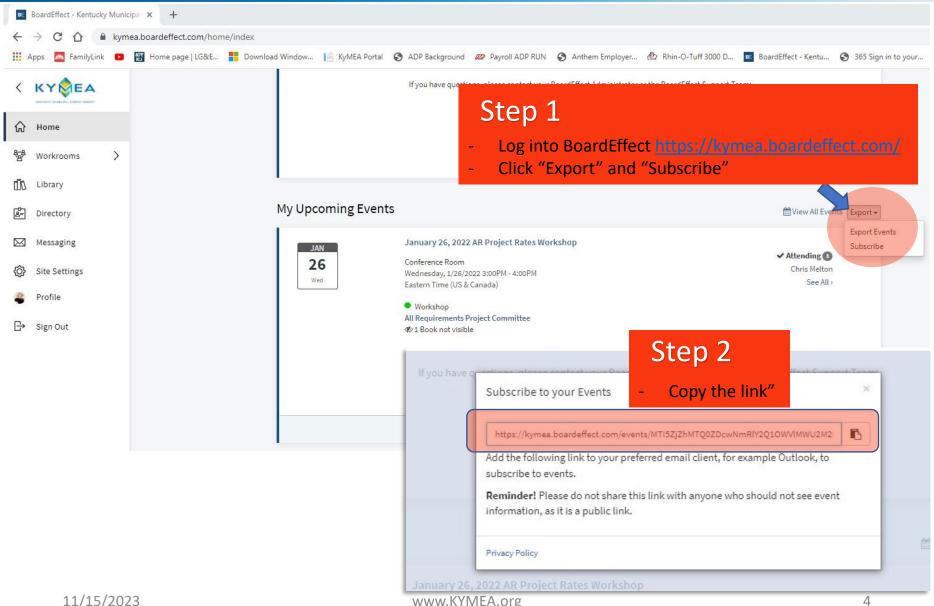




2023 Annual Reports and 2024 Board and Committee calendars are available. Please send me an email if you would like copies mailed to your utility. You can also find them on BoardEffect and www.kymea.org.

## Adding KYMEA's meetings to Outlook



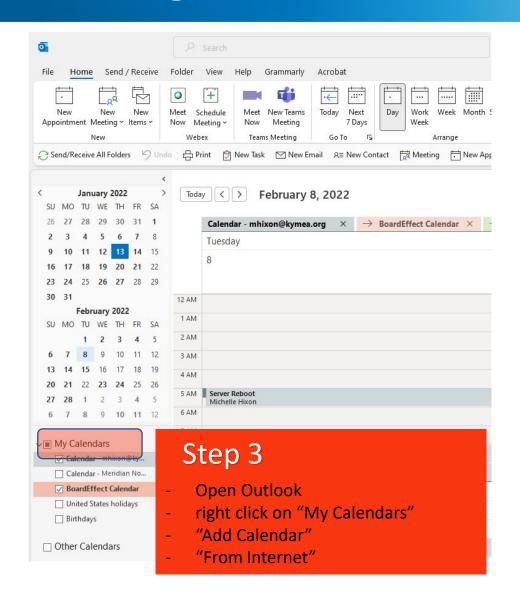


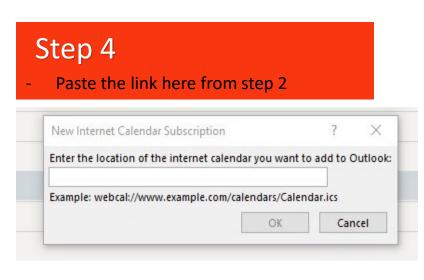
11/15/2023

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### Adding KYMEA's meetings to Outlook

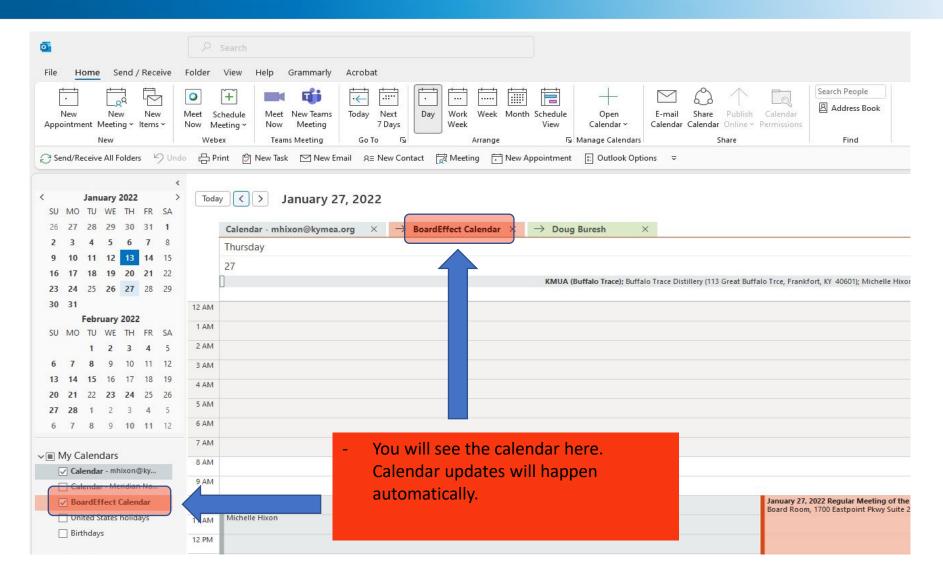






## Adding KYMEA's meetings to Outlook









KENTUCKY MUNICIPAL ENERGY AGENCY



# FY2025 Budget and Rates Schedule

Doug Buresh

November 14, 2023

# FY2025 Budget and Rates



2023 2024 Oct Nov Jan Dec Staff Staff Staff Staff - Prepare Initial Operating - Update Operating and - Update FY2024 AR Rate - Update FY2024 AR Rate and Capital Budget **Capital Budget** Design Design - Prepare FY2024 AR Rate Design **Budget Committee Budget Committee AR Project Workshop AR Project Committee** - Staff presents Initial - Staff presents Operating - Staff presents updated AR - AR Rate and Service **Operating and Capital** and Capital Budget for **Rates and Service Rates Rates Approval** (12/12/2023) **Budget for Budget Budget Committee** (1/24/2024) Committee (10/25/2023) Approval (11/14/2023) **Board (Rate Action) AR Project Workshop** Board - AR Rate and Service Rates - Staff presents AR Rates - Staff/AR Project Approval (1/25/2024) and Service Rates **Committee presents AR** (11/14/2023) **Rates and Service Rates** (12/13/2023) **Board Board (Budget Action)** - Staff/Budget Committee - Operating and Capital presents Operating and **Budget Approval Capital Budget to Board** (12/13/2023)(11/15/2023)

#### FY2025 Operation Budget

	FY2025 Operation and Capital Budget				From FY2024 Budget			
	Administration/Advisory/Projects	FY2023 Actual	FY2024 Budget	FY2025 Budget	Variance \$	Variance %	3 Act / 9 Bud	% of FY2024
100	Salaries	927,262	985,542	1,064,819	79,277	8.0%	239,367	24.39
	Retirement Contribution	92,726	98,554	106,482	7,928	8.0%	23,937	24.3%
	Health, Life, Disability, FICA, Medicare, Accrued PTO	221,521	385,716	358,619	(27,097)	-7.0%	71,301	18.59
200	Legal Counsel	152,420	160,000	160,000	(27,037)	0.0%	39,999	25.0%
300	Advisory Support	417,461	300,000	335,000	35,000	11.7%	(133,085)	-44.4%
400	Office Space Lease & Costs	140,774	174,756	195,910	21,154	12.1%	35,222	20.2%
500	Member Services, Board Meetings, Training	75,507	125,800	125,800	21,154	0.0%	25,319	20.1%
600	Auto Expense	3,917	18,000	18,000	0	0.0%	1,599	8.9%
700	IT/AV/Software/Dynamic Schedule/Office Supplies	241,059	373,783	402,903	29,120	7.8%	93,182	24.9%
800	Insurance	8,695	11,286	3,600	(7,686)	-68.1%	3,822	33.9%
900						0.0%		74.9%
	Advertising & Marketing	9,262	13,200	13,200	-		9,884	
1000	Audit & Annual Report	55,505	70,000	70,000		0.0%	29,298	41.9%
1100	Rating Agency	10,000	10,000	55,000	45,000	450.0%	-	0.0%
1200	Associations & Lobbyist	3,599	29,250	26,800	(2,450)	-8.4%	-	0.0%
1300	Project Planning	(26,725)	67,000	67,000	-	0.0%	-	0.0%
	Subtotals - Administration/Advisory/Projects	2,332,982	2,822,887	3,003,133	180,246	6.4%	439,846	15.6%
	Dispatch, Scheduling, Modeling							
1400	Energy Services Partner	611,400	703,698	703,698	-	0.0%	152,850	21.7%
1500	MAC Software, Data, and Subscriptions	136,173	191,150	191,150	-	0.0%	36,449	19.1%
1600	MDMS/Communications/Meters/Dynamic Schedule	83,684	352,016	352,016	-	0.0%	29,871	8.5%
	Subtotals - Dispatch, Scheduling, Modeling	831,257	1,246,864	1,246,864	-	0.0%	219,170	17.6%
	Total Budget	3,164,240	4,069,752	4,249,998	180,246	4.4%	659,016	16.2%
		1						
	Service Fees (Benham, Berea, Owensboro)				From FY2024 Budget			
	Service rees (Berliani, Berea, Owensboro)	EV2022 Actual	FY2024 Budget	EV202E Budget		Variance %	3 Act / 9 Bud	% of FY2024
					Variance \$			
2100	Membership Fee	(117,054)	(111,347)	(106,992)	4,355	-3.9%	(30,803)	27.7%
2200	Transmission Service + Energy Carrying Charge	(86,971)	(73,930)	-	73,930	-100.0%	(31,579)	42.7%
2300	Dispatch/MAC Service	(238)	(200)		200	-100.0%	(77)	38.7%
		(204,263)	(185,476)	(106,992)	78,484	-42.3%	(62,459)	33.7%
	All Requirements Group - Net Service Fees	2,959,976	3,884,276	4,143,006	258,730	6.7%	596,556	15.4%
	Santial Europe Attack				F FW20	24.0		
	Capital Expenditures	F1/2022 4 4 1	51/2024 B I I	EMPARE D. J	From FY202			
			FY2024 Budget	FY2025 Budget	Variance \$	Variance %		
3100	Information Technology	18,254	76,000	90,000	14,000	18.4%		
3200	Dynamic Schedule	38,549	-		-	0.0%		
3300	Metering	45,186	114,000	150,000	36,000	31.6%		
3400	Automobile	42,592	60,000	-	(60,000)	-100.0%		
3500	Office	27,972	-	10,000	10,000	0.0%		
3600	Falmouth Transmission	4,500	-	-	-	0.0%		
	RICE Project	31,880	-		-	0.0%		
3700	moerrojest							

#### 100. Salaries, Benefits, Retirement, Accrued PTO

Increase of \$60,108 over FY2024: Increase due to health insurance and 8% increase in salary and retirement contribution. Salaries, medical, dental, vision, life, disability, FICA, Medicare, accrued vacation/personal leave, tuition.

#### 200. Legal Counsel

No change from FY2024: General legal support.

#### 300. Advisory Support

Increase of \$35,000 over FY2024: Special Counsel and Advisory. FERC and specialized legal support, transmission and communications support, and power supply advisory support. Advisory services in FY2025 in support of Agency's 2025 portfolio changes.

#### 400. Office Space Lease & Costs

Increase of \$21,154 over FY2024: Increase due to adjustment in office maintenance cost and lease extension. Lease, IT closet utilities, maintenance. Contractual lease payment and expenses.

#### 500. Member Services, Board Meetings, Training

Unchanged from FY2024: Member meetings including annual meeting, portal design, member services travel. Training and fees to APPA, TAPS, TVPPA, legislative, HR, member communications, financial, software classes, certifications, etc.

#### 600. Auto Expense

Unchanged from FY2024: CEO vehicle fuel, maintenance, insurance, taxes, staff vehicle mileage.

#### 700. IT/AV/Software/Dynamic Schedule/Office Supplies

Increase of \$29,120 over FY2024: Increase due to SEDC (Meridian), IT support for cybersecurity, redundancy, ELAN, and dynamic scheduling internet access. Phones, copier, office supplies, IT service contract, internet, software subscriptions.

#### 800. Insurance

Decrease of \$7,686 from FY2024 due: Decrease resulting from active policy management and bidding. Property and professional liability.

#### 900. Advertising & Marketing

Unchanged from FY2024: Newsletters, website support, branding.

#### 1000. Audit & Annual Report

Unchanged from FY2024: Audit and annual report production and printing.

#### 1100. Rating Agency

Increase of \$45,000 from FY2024: Increase due to addition of Moody's Rating Agency. Moody's and Fitch Rating Agency ratings.

#### 1200. Associations and Lobbyist

Decrease of \$2,450 under FY2024: APPA and KYMEA Lobbyists.

#### 1300. Project Planning

Unchanged from FY2024: Transmission system impact studies and strategic planning.

#### 1400. Energy Services Partner

Unchanged from FY2024: ESP services, model runs, trading accounts, trading fees and services, back-up server fee.

#### 1500. MAC Software, Data, Training, and Subscriptions

Unchanged from FY2024: Optimization model, data and market intelligence, load forecasting, RTO membership, training

#### 1600. MDMS/Communications/Meters

Unchanged from FY2024: MDMS license and maintenance, communications expense, meter testing, dynamic scheduling (engineering support, software, OATIWeb, LG&E/KU, TVA, and MISO).

#### SERVICE FEES

- Membership Fee 0.0142¢ per kWh.
- Dispatch Service Fee 0.0555¢ per kWh. (service discontinued)
- Transmission Service Fee 0.0531¢ per kWh. (service discontinued)
- Energy Carrying Charge 0.0456¢ per kWh. (service discontinued)
- Resource Planning Service Fee 0.0383¢ per kWh. (service discontinued)

#### **NET OPERATING BUDGET**

Increase of \$180,246 (4.4%) over FY2024.

#### **CAPITAL BUDGET**

\$250,000. No change from FY2024 Budget. Supports MAC and office hardware needs, spare equipment, redundancy, dynamic scheduling hardware, software, and communications requirements, Falmouth Transmission, Projects.

Document: V:\Budget\FY2025\FY2025 Operating Budget Board 11-14-2023.docx

Spreadsheet: V:\Budget\FY2025\KYMEA Income Statement FY25 Budget 11-14-2023.xlsx



KENTUCKY MUNICIPAL ENERGY AGENCY



# Winter Preparedness

Rob Leesman

November 15, 2023

## Winter 2024 Preparedness



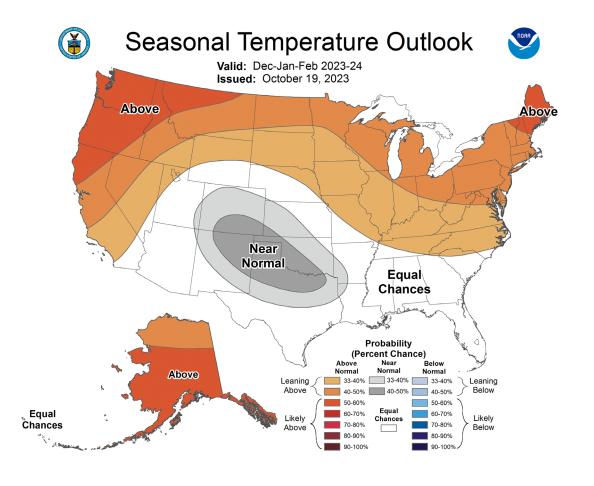
Purpose: To procure enough capacity/reserves and firm transmission to cover load during summer peaking events

What/Ifs: In the event that loads were unable to be adequately supplied then Energy Emergency Alerts (EEA) would be enacted

- EEA 1 All available generation resources in use
- EEA 2 Load management procedures in effect, Capacity Benefit Margin (CBM) can be called upon (requests due Mar. 1)
- EEA 3 Firm load interruption is imminent or in progress

### Winter 2024 Outlook

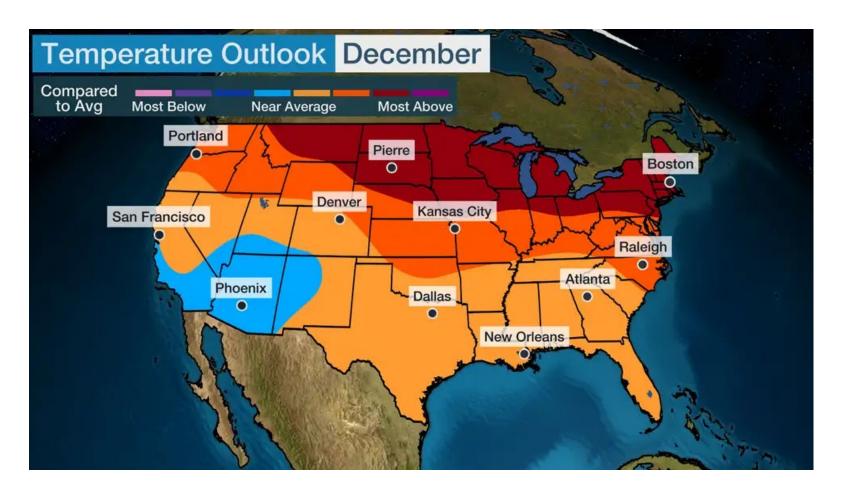




https://www.cpc.ncep.noaa.gov/products/predictions/long\_range/seasonal.php?lead=4

### December 2023 Outlook

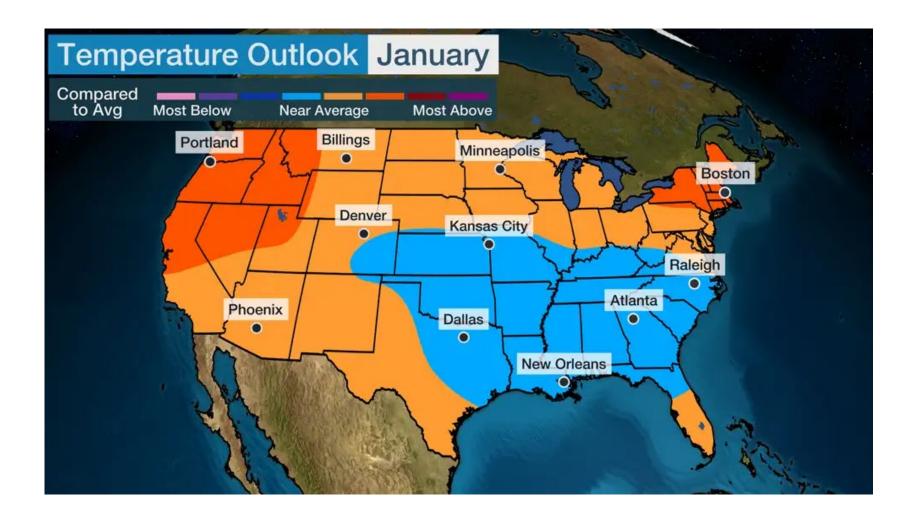




https://weather.com/safety/winter/news/2023-10-13-winter-temperature-outlook-forecast-united-states-el-nino

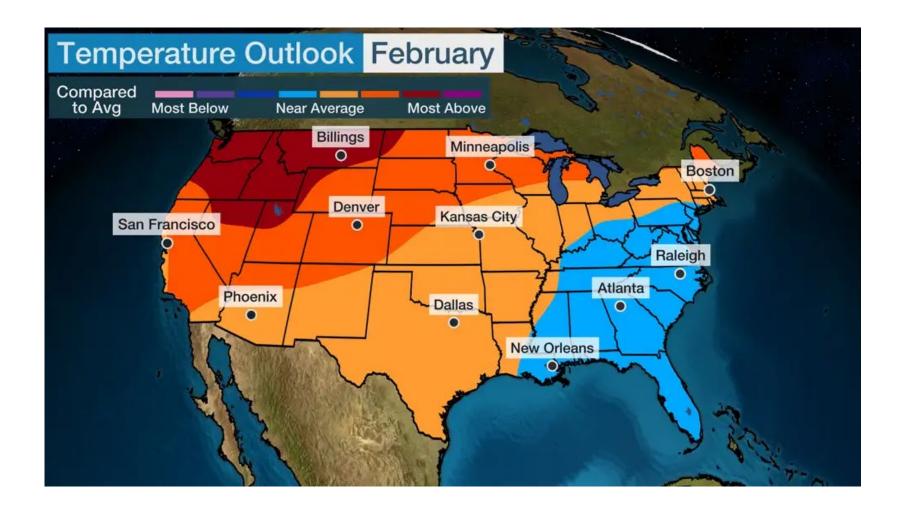
## January 2024 Outlook





## February 2024 Outlook





### **NERC Winter Outlook**



#### **Key Findings**

This WRA covers the upcoming three-month (December–February) winter period. This assessment provides an evaluation of the generation resource and transmission system adequacy necessary to meet projected winter peak demands and operating reserves. This assessment identifies potential reliability issues of interest and regional risks. The following findings are the ERO Enterprise's independent evaluation of electricity generation and transmission capacity as well as the potential operational concerns that may need to be addressed for the upcoming winter:

- 1. A large portion of the North American BPS is at risk of insufficient electricity supplies during peak winter conditions (Figure 1). Prolonged, wide-area cold snaps threaten the reliable performance of BPS generation and the availability of fuel supplies for natural-gas-fired generation. As observed in recent winter reliability events, over 20% of generating capacity has been forced off-line when freezing temperatures extend over parts of North America that are not typically exposed to such conditions. When electricity supplies become constrained, BPS system operators can face a simultaneous sharp increase in demand as electric heating systems consume more power in cold temperatures. These areas (see Figure 1) are at greatest risk for electricity supply shortfalls this winter:
  - Midcontinent ISO (MISO): New wind and natural-gas-fired generation and the extension
    of some older fossil-fired plants have increased available resources this winter by over 9
    GW from 2022. Recently, MISO implemented a seasonal resource adequacy construct
    that more effectively values risks and resource contributions that vary by time of year.
    Like prior years, an extreme cold-weather event that extends into MISO's southern areas
    can cause high generator outages from inadequate weatherization or insufficient natural
    gas fuel supplies.
  - MRO-SaskPower: Reserve margins have fallen this winter by eight percentage points
    when compared to the previous winter due to increased peak demand projections, the
    retirement of a natural-gas-fired unit (95 MW), and planned generator maintenance. High
    numbers of forced generator outages or wind turbine cold temperature cutouts can lead
    to operating reserves shortfalls at peak winter demand levels.
  - NPCC-Maritimes: Peak demand growth has been offset by additional resource capacity
    and import agreements for the upcoming winter, causing reserve margins to rise by over
    two percentage points compared to 2022. Demand levels at the forecasted peak can still
    strain the area's firm supplies and lead to operating mitigations or energy emergencies.



Figure 1: Winter Reliability Risk Area Summary

Seasonal Risk Assessment Summary				
High	Potential for insufficient operating reserves in normal peak conditions			
Elevated	Potential for insufficient operating reserves in above-normal conditions			
Low	Sufficient operating reserves expected			

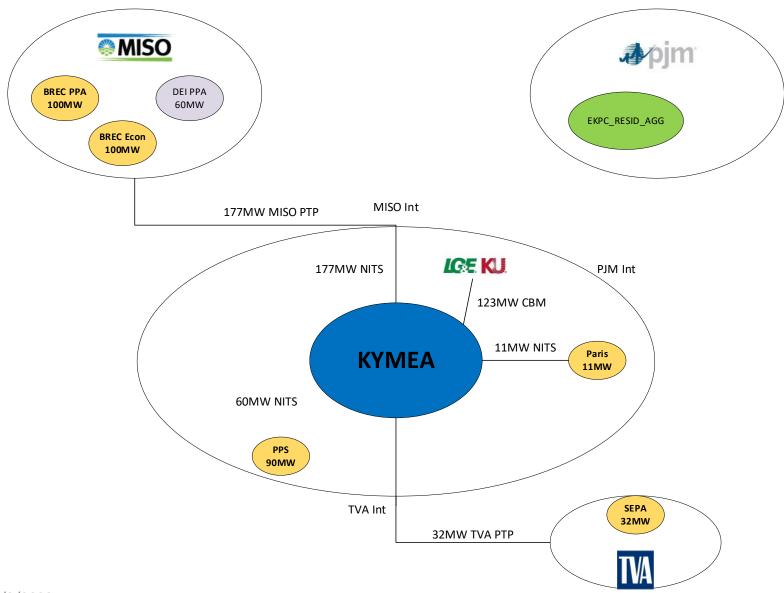
NPCC-New England: The capacity of natural gas transportation infrastructure could be
constrained when cold temperatures cause peak demand for both electricity generation
and consumer space-heating needs. Potential constraints on the fuel delivery systems and
the limited inventory of liquid fuels may exacerbate the risks for fuel-based generator
outages and output reductions that result in energy emergencies during extreme
weather. ISO-New England (ISO-NE) introduced the Inventoried Energy Program this year
as an interim measure to address energy security concerns. The program provides
compensation for generators that maintain inventoried energy for their assets during
extreme cold periods. The program is also planned for 2024–2025 winter while ISO-NE
develops more comprehensive energy security measures for regulatory approval.

2023-2024 Winter Reliability Assessment

-

### Winter 24' Capacity and Transmission Portfolio





### Winter Capacity and Transmission Portfolio



		Firm	
		Volume	Transmission
Resource	Notes	(MW)	(MW)
BREC PPA	slice of system	100	100
DEI PPA	slice of system	60	60
PPS	internal	60	60
BREC Option		100	17
Paris	internal	11	11
SEPA		32	32
СВМ	notified in June 2023	123	0

### Winter Forecast



	Budget	All-Time	Firm	
	Peak		Supply	
	Load	Load	Capacity	
Month	(MW)	(MW)	(MW)	Year
Dec-23	214	246	280	2022
Jan-24	226	259	280	2014
Feb-24	211	266	280	2015

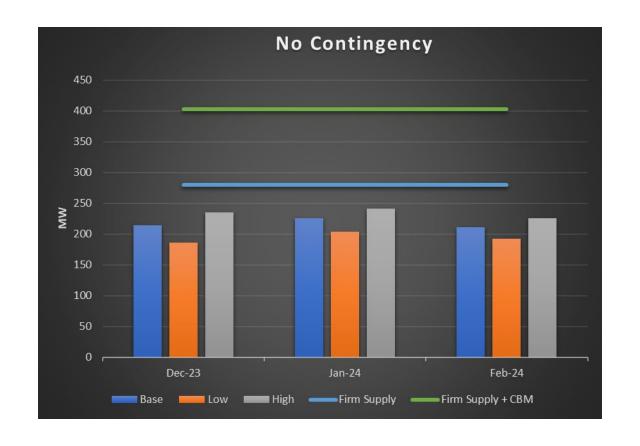
### Winter Capacity and Transmission Portfolio



- 1. LG&E
  - a) Cost-based tariff
  - b) Requires network transmission
- 2. MISO
  - a) Requires point to point transmission
  - b) Requires network transmission
- 3. PJM
  - a) Requires point to point transmission
  - b) Requires network transmission
- 4. TVA
  - a) Requires delivery to the LGE/TVA Interface
  - b) Requires network transmission

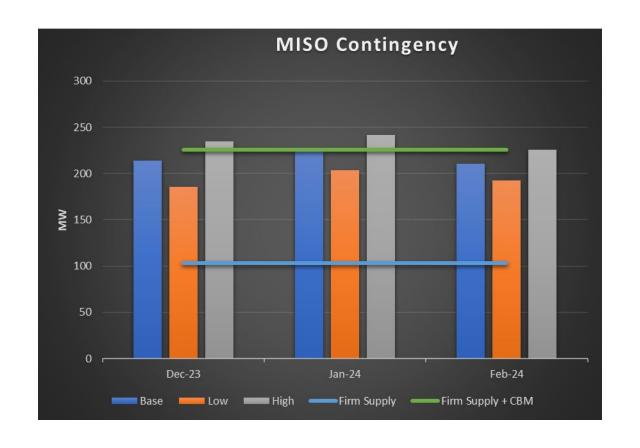
# No Contingency





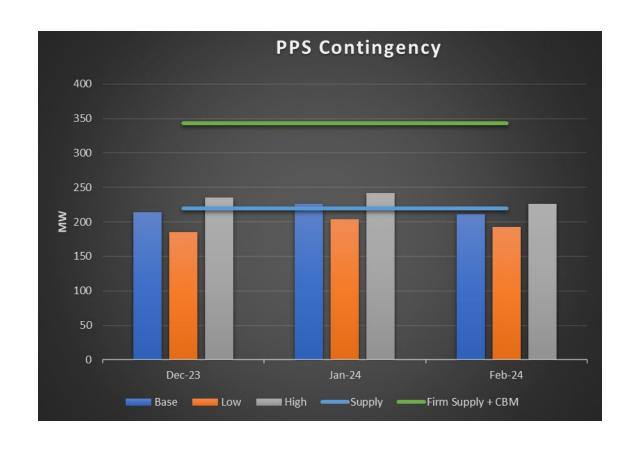
## MISO Contingency





# **PPS Contingency**







KENTUCKY MUNICIPAL ENERGY AGENCY

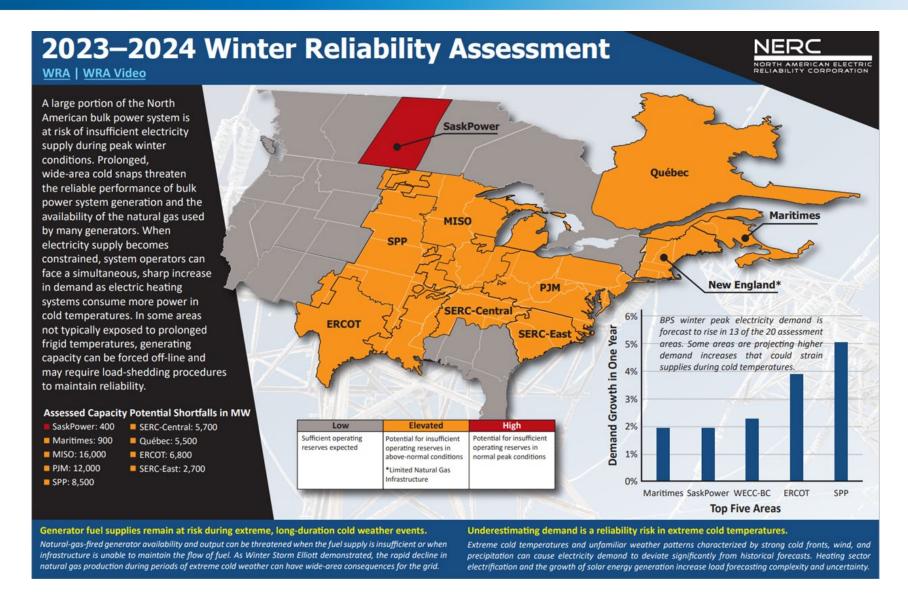


# KYMEA 3-Year Resource/Reliability Plan and Transmission Needs

November 15, 2023

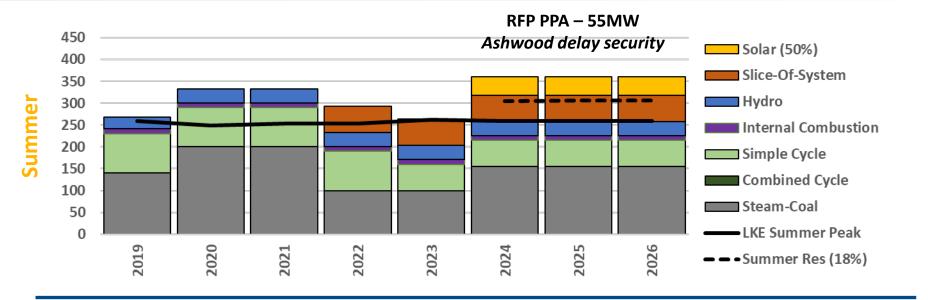
## NERC Winter Reliability Assessment

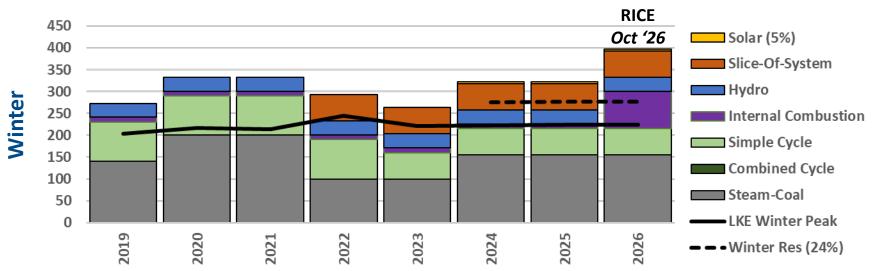




# Prudent Reliability Planning

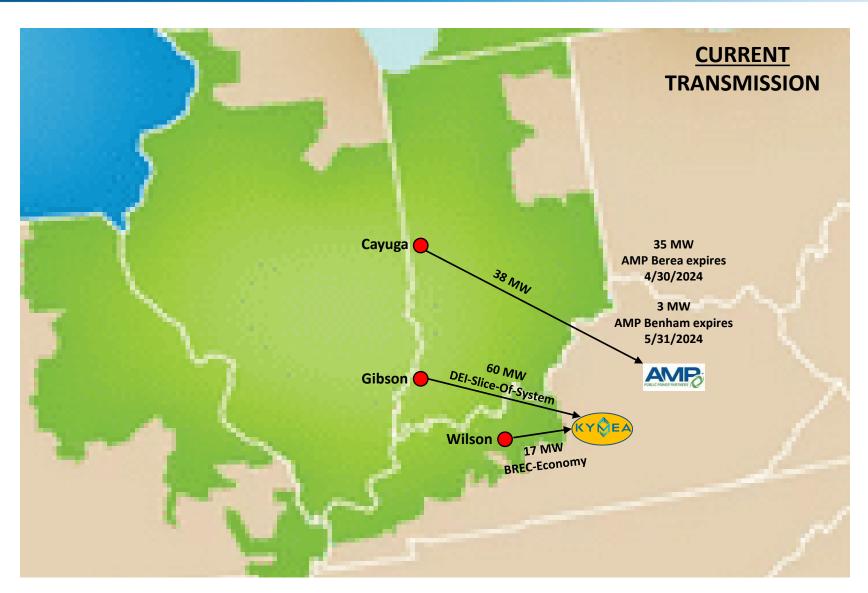






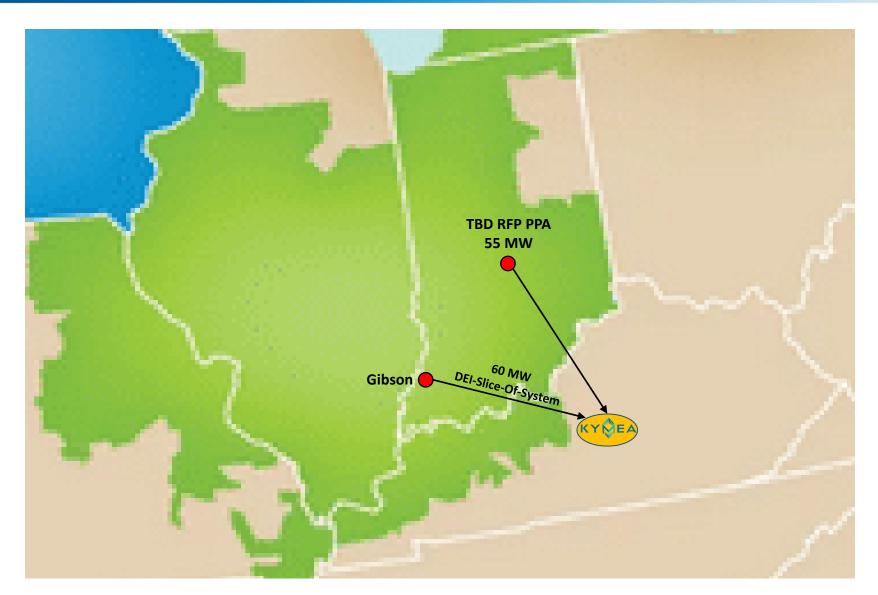
## Transmission Service Request (TSR)





## 3-Year Resource Plan – Transmission KY SEA





### Transmission Service Action



#### <u>Upcoming Action at Next Board Meeting (December)</u>

AR Project Committee Requested Action

- Staff recommends the AR Project Committee provides the following recommendations to the KYMEA Board:
  - Authorize the KYMEA CEO to provide written notice to Berea terminating the Transmission Service Agreement effective May 1, 2024 (agreement requires 30-day notice)
  - 2. Benham indicated their intent to join the AR Project on June 1, 2024. In the event Benham does not join the AR Project, authorize the KYMEA CEO to provide written notice to Benham terminating the Transmission Service Agreement effective January 1, 2025 (agreement requires 1-year notice)

#### Closed Session Authorization for November 15, 2023 KYMEA Board Meeting

Approval to enter into Closed Session pursuant to KRS 61.810(1)(c), KRS 66.810(1)(g) and KRS 61.878(1)(c) for the purpose of:

- (i) discussing proposed, potential or pending litigation relating to KYMEA and its members relating to transmission and power supply issues; and
- (ii) presenting and discussing a specific proposal between the agency and a business entity, including but not limited to a specific assets and siting.

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)(g) allows for closed session relating to discussions concerning a specific proposal between a public agency and a representative of a business entity, which, if discuss in open session, would jeopardize the siting, retention, expansion, or upgrading of the business.

KRS 61.878(1)(c) allow for closed session where discussions regarding records or information disclosed to the agency or required to be disclosed to the agency as confidential or proprietary would, if disclosed by the agency, provide an unfair advantage to competitors of the entity disclosing such information.