Reflect, Recharge, Resolve

Missouri River Energy Services annual meeting
May 12, 2022

Tracey A. LeBeau
Administrator and Chief Executive Officer
Agenda

• Western Area Power Administration overview
  • Fiscal Year 2022 theme
  • Strategic Plan update
  • Washington DC updates
  • Critical issues
  • Leadership updates

• Upper Great Plains update
  • Leadership update
  • Rate process
  • Contracts and Energy Services
  • Renewable Energy Credits
  • Polar Vortex update

We are WAPA

Mission

Safely provide reliable, cost-based hydropower and transmission to our customers and the communities we serve.

Vision

Empowering communities, securing a resilient energy future.
Fiscal Year 2022 theme

REFLECT
- Mission and vision
- Core Values
- Transparency commitments
- Recent successes
- 45-year anniversary

RECHARGE
- New strategic plan
- Future work environment
- Renew our connections & collaborative partnerships

RESOLVE
- Define our future
- Solve today’s challenges
- Evaluate opportunities
- Make best decisions for regions, customers, Western Area Power Administration and our mission
Strategic Plan progress

• Senior Leadership Team met in February to develop themes & long-term results for new strategic plan.

• Elements vetted by leadership councils and functional area representatives.

• Senior leaders met briefly in April to review and incorporate feedback.
Fiscal Year 2023 budget request

- No mention of selling transmission assets or market-based rates.

<table>
<thead>
<tr>
<th>$ in thousands</th>
<th>FY 2021 Enacted</th>
<th>FY 2022 Enacted</th>
<th>FY 2023 Request</th>
<th>Δ FY 2023 to FY 2022 ($)</th>
<th>Δ FY 2023 to FY 2022(%)</th>
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<tbody>
<tr>
<td>Western Area Power Administration</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Construction, Rehabilitation, Operation and Maintenance</td>
<td>89,372</td>
<td>90,772</td>
<td>98,732</td>
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<tr>
<td>Falcon and Amistad</td>
<td>228</td>
<td>228</td>
<td>228</td>
<td>+0</td>
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<td>Colorado River Basins Power Marketing Fund</td>
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<td>-8,568</td>
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<td>Total, WAPA</td>
<td>68,200</td>
<td>91,000</td>
<td>90,392</td>
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Legislation updates

• Bipartisan Infrastructure Law:
  o New Department of Energy teams to help implement the bill.
  o Department of Energy reorganization.
  o Public request for information for proposals to strengthen and modernize the grid.

• $500 million for purchase power and wheeling
  o Plan to restore Basin Fund Purchase Power and Wheeling Reserve need of $85 million; rest of funds going to Construction, Rehabilitation, Operation and Maintenance Fund.
  o Given forecasts & appropriations authority, we may deplete the Construction, Rehabilitation, Operation and Maintenance reserve balances again in Fiscal Year 2023 and beyond.
  o Assessing current purchase power and wheeling reserve targets & continuing to work with Department of Energy, Office of Management and Budget & Congress on scoring issue and future solutions.
Leadership updates

• Rodney Bailey selected as Senior Vice President and Colorado River Storage Project Manager.

• New Senior Vice President and Transmission Infrastructure Program Manager Paul Schwabe.

• Jack Murray selected as Senior Vice President and Desert Southwest Regional Manager, pending Office of Personnel Management approval.

• Tina Ko is acting Executive Vice President and Chief Operating Officer.
  • Vice President of Transmission Marketing and Sales at Bonneville Power Administration.

• Ron Klinefelter is acting Senior Vice President and General Counsel.
Continued focus on critical issues

- Markets evaluation.
- Affordable electricity and power rates.
- Drought.
Markets in the West

Southwest Power Pool Western Energy Imbalance Service market

• New members joining: Public Service Company of Colorado (Xcel), Black Hills & Platte River.

Southwest Power Pool Regional Transmission Organization – West update

• Membership updates: Colorado Springs Utilities looking to join; Platte River evaluating.
• Performing an updated market benefits study (Brattle Study).
• If we propose a decision to move forward, we will initiate a public process in a Federal Register notice.
Drought Map

Map from University of Nebraska-Lincoln Drought Monitor for April 26, 2022.
COVID-19 and Future of Work

• Re-entry completed April 24.
• Pilot project will maximize telework opportunities for employees based on position, performance and desire to work from home.
• Travel and visitor restrictions lifted.
• Visitor requirements and guidance available on wapa.gov’s COVID-19 webpage.
Upper Great Plains
Update
Upper Great Plains leadership update

- Lloyd Linke is the Upper Great Plains Senior Vice President and Regional Manager.
- Mark Kress is the Vice President of Maintenance.
- Gayle Nansel is the Vice President of Operations.
- Lori Frisk is the Vice President of Power Marketing.
- Steve Sanders is the Strategic Advisor.
Missouri River mainstem system forecasted energy generation

Upper Basic: 7,300 gigawatt-hours
Basic: 7,300 gigawatt-hours
Lower Basic: 7,200 gigawatt-hours
Mainstem system generation
(in million megawatt-hours)

May 1, 2022 Forecast
Upper Basic: 7.3
Lower Basic: 7.2
2023 rate adjustment schedule

- *Federal Register* notice on proposed rates expected soon.
- Public Information and Comment Forums scheduled for June 15.
- More information on proposed rate available on Upper Great Plains website.
Contracts and Energy Services

• New 30-year firm electric service contracts began Jan. 1, 2021.
• Kicked off the firm electric service Exhibits B & C Project with 350 firm electric service customers.
  • Exhibit B – Operating Agreement Including Quantitative Determinations
  • Exhibit C – Transmission Path and Delivery and Measurement Conditions
• Contract & Energy Services staff starting with North Dakota, South Dakota, Iowa, Minnesota, Montana and then Nebraska.
  • Some of the firm electric service customer contracts are much more complex.
  • Some also require updates to their Consolidated Facility Arrangements (maintenance) and Interconnection Agreements.
• Estimate project will continue through 2023.
• Contact Contracts & Energy Services Manager Nancy Senitte; senitte@wapa.gov; (406) 545-9284.
Renewable Energy Credits Program

• Held two informational renewable energy credit meetings with firm electric service customers in December 2021.
• Outlined Upper Great Plains renewable energy credit principles.
• Completed contracts with generating agencies.
• Registered generation in the tracking system.
• Next steps:
  • Calculate firm electric service customers’ proportionate share of renewable energy credits.
  • Issue renewable energy credits first quarter of 2023 for the calendar year 2022.
• Contact Contracts & Energy Services Manager Nancy Senitte @ senitte@wapa.gov (406) 545-9284.
Polar Vortex update

• Price risk mitigation steps.
• Load shedding improvement.
• Developing load shedding plan.
• Energy emergency communication.
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