

Class A Member District Meeting

November 13, 2018

Attendees:

Ryan Hentges - Minnesota Valley Electric
Mike Easley-Members 1st
Curt Dieren-L&O
Matt Washburn - NIPCO
Ken Kuyper-Corn Belt
Rob Wolaver-Tri-State

Claire Vigesaa-Upper Missouri
Tom Meland - Central Power
Doug Hardy - Central Montana
Vic Simmons - Rushmore
Tom Boyko - East River

Pat Carruth - MN Valley Cooperative Light &
Power

Basin Electric staff

Paul Sukut
Dave Raatz
Becky Kern
Lisa Carney
Elizabeth Erhardt
Chris Baumgartner

Shawna Piatz
Jason Doerr
Steve Johnson
Tom Christensen
Mark Foss
JP Maddock

Paul Sukut welcomed everyone in attendance and took a few minutes to run through the direction for the meeting, moving then into the November Board of Directors update.

Becky Kern started the day's discussions with the Wholesale Power Contract restatement. Staff suggested to shelve the initiative until a more appropriate time for the restatements and all members are in support. Dave Raatz opened discussions on member buy-out options. It was agreed that the current Wholesale Power Contracts do not allow for such a provision.

Action Item: Basin Electric staff shall coordinate with the Class A Members on a formal letter in response to the buyout question that has come forward from one member.

Steve Johnson then followed with Information on the 2018 Year End Margins and DGC Write-off previously discussed with Basin Electric Board of Directors.

Dave Raatz reviewed Markets and Purchase Options. Showing what was previously shared with the Board of Directors, Dave shared what a net short position looks like in SPP. At this time, our forecasts show that in 2019 we are about 4% net short in the On-Peak and 12% net short in the Off-Peak. In 2021, a big shift takes place with the termination of the AVS#2 lease that is ending. However, as more baseload resources retire within the region and we continue to have load growth, we are anticipating that we will become shorter in the future but we should start managing this net short position and target not being this short as we move out in time. Currently, staff is creating a strategy statement outlining thoughts on capacity and energy position targets to be used in making resource planning decisions.

Elizabeth Erhardt reviewed with the committee that the 2019 Load Incentive Rate would continue forward into the 2020 Rate Schedule with the termination of the reduced demand rate in December 2022.

Doug Hardy moved to maintain the Load Incentive Rate into 2020 and to maintain its current termination date at the end of 2022; Tom Boyko seconded; motion passed.

Discussions continued with Dave Raatz reviewing the Patronage Allocation discussing how the sales to member under the Load Incentive rate shall not be considered on determining the member patronage allocation bill credits from Basin Electric.

Doug Hardy moved for reconfirmation of the patronage allocation provisions of the rate through 2022; Vic Simmons seconded; motion passed.

Covering Wheeling Across Basin Electric Facilities Not Under a Tariff, Jason Doerr began his discussions by outlining the history of the decision for Basin Electric to pay for all FERC filed open access transmission tariff costs in delivering power to the Members under the All-Requirement Contract.

The 345kV Patent Gate to Kummer Ridge is a transmission facility not included in the SPP Transmission Tariff but is used to serve Member load. This came about when SPP approved a line from Kummer Ridge to Roundup, but with a change in Member load growth and SPP staff reevaluated the need for completing this line to Roundup. The 345kV Patent Gate to Kummer Ridge already constructed no longer qualified to be included in the SPP Tariff. Basin Electric staff asked the committee if they had recommendations on how staff should implement and recover the annual revenue requirements for the Patent Gate to Kummer Ridge facility.

During the ensuing discussion, **the Committee recommended Basin Electric continue to socialize the cost of the 345 kV line from Patent Gate to Kummer Ridge, and staff should work with Upper Missouri to see if we can somehow network the system for inclusion in SPP or qualified for inclusion of this facility in the SPP Tariff. Other options discussed that would allow the line to be included in the SPP Tariff would be for generation to be placed at the end of the line.**

Jason continued discussions with Behind the Meter Generation and the determination of network load under a SPP/MISO transmission tariff. Following discussion the committee had the following action item for staff.

Action Item: Basin Electric staff will provide information as to when the transmission peak is and when the member's peak is and how much load management was running at that time.

The group concluded that the members are not implementing load management control to minimize the transmission system peak, and that we are not aware of the consumer generation operations at the time of the transmission peak. As a result we believe we are providing accurate load information to SPP and MISO for determining transmission tariff assessments.

Discussions continued with the committee on Renewable Energy Programs by Dave Raatz. Members discussed programs they may have for consumer participation on solar projects.

Following discussion it was agreed the Members would meet with their Class C Members to gather suggestions on options that would allow Basin Electric member cooperatives to pursue renewable resource and/or battery purchases; through the development of a new special rate that would not require Basin Electric subsidies, would not introduce cost shifts between Basin

Electric member cooperatives, and which would not significantly reduce Basin Electric's power supply obligations.

Action Item: Basin Electric staff agreed to visit with the membership more in December in Denver regarding renewable energy and/or battery projects and potential options as noted above.

Action Item: Basin Electric staff will review the number of renewable projects that have been built versus not built that have been accepted under Basin Electric's special rates and determine how to proceed with projects that have not been built.

Dave moved onto Solar Standby Rate discussions. It was the committee's recommendation to keep the standby rate as is, and not go with a discounted standby service rate for solar projects.

Becky Kern addressed a question posed to Basin Electric staff on member participation in the MISO Demand response program specifically for Emergency Demand Response. Basin Electric staff asked if this is something we want as another marketing tool for the members and through conversations with the committee it was agreed that we would not proceed with the development of a rate to allow for the inclusion of an Emergency Demand Response program.

Val Weigel discussed with committee members the Long Term Controllable Plant P&L's. She pointed out that the key point is if a generator is going to be viable in the long term, and if not, how much would need to be cut to be competitive in the market?

Val then discussed the short-term load forecast process used by staff with historical weather data, historical meter data, and drivers that impact individual members. Val also shared with the committee they are able to provide this short-term forecast to members if they would like to receive the information. They would provide the forecast via email.

Summarizing the process of the long-term load forecast process, Becky Kern opened discussions regarding what the long-term load forecasts are used for and asked the committee if there are things that we can do to get more buy-in from the membership. It was discussed maybe Basin Electric staff beginning the member visits again in 2019 but possibly doing some visits in the spring prior to starting to forecasts to discuss inputs into the forecasting process and possibly doing some fall visits, if time allows.

Adjourned.