

Great River Energy Board Meeting Summary

Dec. 1-2, 2021

Maple Grove, Minnesota

Topics of interest from the December board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ 2021 has been a very strong year with numerous highlights, opportunities, and successful initiatives. In a year when our employees had much on their minds, they still completed GRE work safely and proficiently.
- ▶ The 2021 margin through October is \$65.2M compared to a budgeted \$23.4M, a positive variance of \$41.8M.
- ▶ Year-to-date energy and demand sales are 2.8% and 5.1% higher than budget, respectively.
- ▶ GRE completed a capacity sale with an investor-owned utility seeking 100 MW capacity for the current year through the end of May 2022.
- ▶ The Minnesota Public Utilities Commission (MNPU) has yet to approve the transfer of the construction permit for the HVDC system to Nexus Line, LLC. We expect the MNPU to address the permit transfer on Jan. 6, 2022.
- ▶ GRE and Connexus Energy discussions associated with a new customer-based relationship are progressing well.
- ▶ Meetings attended include G&T managers special board meeting and meeting with Dairyland Power Cooperative CEO Brent Ridge.
- ▶ Upcoming meetings include: Basin Electric Power Cooperative CEO Todd Telesz; East River Electric Power Cooperative CEO Tom Boyko; Gov. Walz fundraiser; and senior staff strategy session.

Financial update

Vice President and Chief Financial Officer Michelle Strobel provided an overview of financials through October.

- ▶ The October margin was (\$14.7M) compared to a budgeted (\$10.7M), an unfavorable variance of (\$4.0M).
- ▶ Year-to-date member revenue is \$56.2M above budget, non-member revenue under budget (\$10.3M), other revenue over budget \$1.2M, and non-operating revenue over budget \$6.5M.
- ▶ Year-to-date ownership expenses are under budget (\$5.5M), fuel expenses under budget (\$2.5M), purchased power over budget \$33.6M, O&M under budget (\$13.8M), and margin is a positive variance of \$41.8M.
- ▶ The October PCA is a \$5.4M charge to members. October is the first month the PCA relief fund equals the full monthly PCA charge.
- ▶ Construction work in progress includes 1,374 projects totaling \$43.4M. The five largest projects include: FE-RH line - rebuild 69kV (23.8 mi); BE-WCT line – relocate structures 69kV; Willmar GRE – sub expansion 115/69kV; Wing River – 230kV ring bus; and finance and supply chain CloudSuite.

Business improvement

Business Development and Government Affairs Director Al Christianson presented a business improvement on the North Dakota conversion tax holiday resulting from the 2021 legislative session. Work by GRE and partners resulted in legislation that will generate savings for Coal Creek Station and for Spiritwood Station.

Motions

The board passed a motion authorizing a refund of member revenue with excess 2021 margins.

For more information about the December meeting of GRE's board of directors, contact Daniel Becchetti, communications leader, at 763-445-5706. The next meeting will be Jan. 12-13 in Maple Grove, Minnesota.