

Great River Energy Board Meeting Summary

Jan. 12-13, 2022

Maple Grove, Minnesota

Topics of interest from the January board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ GRE will close the 2021 books on Jan. 17. Through November, excess margins are nearly \$40.0M, despite issuing member bill credits of almost \$25.0M throughout the year. Positive financials are being driven by energy and demand sales and a strong finish to 2021 for Midwest AgEnergy.
- ▶ Year-to-date energy and demand sales are 2.6% and 4.6% higher than budget, respectively.
- ▶ GRE intends to file for an extension of our IRP due date to April 1, 2023, a one-year delay. This will allow GRE to incorporate the Rainbow PPA and the additional North Dakota wind project in the IRP modeling. This action and extension request have the support of the Minnesota Department of Commerce.
- ▶ Meetings attended include: Lignite Energy Council management committee; meeting with Basin Electric Power Cooperative CEO Todd Telesz and East River Electric Power Cooperative CEO Tom Boyko; and Gov. Walz fundraiser.
- ▶ Upcoming meetings include: Deloitte auditor Amanda Guanzini; member manager meeting and MMG 5% option committee meeting; GRE HERC services board meeting; ACES board meeting; and GRE regional meetings.

Financial update

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

- ▶ The November margin was (\$8.2M) compared to a budgeted (\$6.1M), an unfavorable variance of (\$2.1M). The year-to-date margin is a favorable variance of \$39.7M.
- ▶ Member revenue year to date is \$56.9M above budget, non-member revenue under budget (\$15.3M), other revenue over budget \$1.3M, and non-operating revenue over budget \$9.2M.
- ▶ Ownership expenses are under budget (\$6.7M), fuel expenses under budget (\$2.8M), purchased power over budget \$37.3M, O&M expenses under budget (\$15.4M), and margin is a positive variance of \$39.7M.
- ▶ The November PCA is a \$7.8M charge to members. The year-to-date PCA is a \$39.2M charge.
- ▶ Construction work in progress includes 1,377 projects totaling \$44.4M. The five largest projects include: FE-RH line - rebuild 69kV (23.8 mi); Willmar GRE – sub expansion 115/69kV; Wing River – 230kV ring bus; BE-WCT line – relocate structures 69kV; and finance and supply chain CloudSuite.

Business improvement

Turbine Maintenance Leader Justin Kuball presented a business improvement related to the acid room eyewash system at Coal Creek Station. Modifications made by GRE staff updated and improved the eyewash and shower stations, meeting all OSHA standards and providing an unlimited supply of warm water. In addition to being an important safety improvement, the upgrade project used spare parts. By repairing the system instead of replacing it, the project saved \$47,414.

For more information about the January meeting of GRE's board of directors, contact Daniel Becchetti, communications leader, at 763-445-5706. The next meeting will be Feb. 8 in Hinckley, Minnesota.