

Great River Energy Board Meeting Summary

May 4-5, 2022

Maple Grove, Minnesota

Topics of interest from the May board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ GRE attended a ceremony marking the closing of the sale of Coal Creek Station and the HVDC system.
- ▶ The year-to-date margin is \$11.1M, compared to a budgeted (\$0.4M), a positive variance of \$11.5M. The year-to-date PCA is a \$21.0M charge to members. There are two main contributors to the PCA charges: GRE continues to operate under the 2021 budget; and the continuation of very robust energy and demand sales.
- ▶ Year-to-date energy and demand sales are 6.8% and 3.9% higher than budget, respectively. PCA charges will be offset again this year by excess margins.
- ▶ GRE's share of Midwest AgEnergy's net income is \$0.7M for March and (\$0.7M) year-to-date.
- ▶ GRE is monitoring natural gas prices. Higher natural gas prices are related to the war in Ukraine and will have an effect on our business; however, GRE rates are projected to remain stable.
- ▶ Approximately 700 MW of excess capacity was offered into the MISO capacity auction and GRE received significant revenue for the upcoming MISO planning year, starting in June.
- ▶ Meetings attended: rating agencies meetings with S&P, Fitch, and Moody's; and GRE employee communication meeting.
- ▶ Upcoming meetings: Connect the Dots team kick-off; Midwest AgEnergy annual meeting and board meeting; ACES board meeting; Member Manager Group; Dakota Electric Association board meeting; and Connect the Dots team roundtable feedback.

Financial update

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

- ▶ The March margin was (\$4.3M) compared to a budgeted (\$8.3M), a favorable variance of \$4.0M. The March PCA is a \$7.2M charge to members.
- ▶ Member revenue year-to-date is \$34.5M above budget, non-member revenue under budget (\$7.0M), other revenue over budget \$0.3M, and non-operating revenue under budget (\$0.2M).
- ▶ Ownership expenses are under budget (\$4.2M), fuel expenses under budget (\$6.7M), purchased power over budget \$27.6M, O&M expenses under budget (\$0.6M), and margin is a variance of \$11.5M.
- ▶ Michelle discussed the PCA summary by resource through March and previewed the April PCA.

Business improvement

Risk Management Director Mike McFarland presented a business improvement on peaking plant ownership savings. This business improvement team reviewed, recalculated, and adjusted the property values for Lakefield Junction Station and Pleasant Valley Station. GRE's insurance provider agreed to the valuation reductions without requiring any independent external appraisal. The approved adjusted values now become the new basis for valuation of the stations, meaning the premium savings are evergreen.

Motions

A number of motions were approved on the consent agenda, including the selection of auditors.

For more information about the May meeting of GRE's board of directors, contact Daniel Becchetti, communications leader, at 763-445-5706. The next meeting will be June 8-9 in Maple Grove, Minnesota.