

Great River Energy Board Meeting Summary

February 6, 2024

Mankato, Minnesota

Topics of interest from the February board meeting

CEO update

President and CEO David Saggau provided the following report:

- ▶ GRE's power supply portfolio continues to effectively float with the MISO market during the mild winter. During the January cold spell, power supply assets performed well and there were no transmission outages impacting member load.
- ▶ The Hennepin County Board of Commissioners approved an amended and restated agreement with GRE HERC Services for the maintenance and operation of the HERC plant.
- ▶ Meetings attended: Member manager group; employee communication meeting; ACES board and annual meeting (Jon Brekke was elected vice chair of the ACES board); and Theodore Roosevelt Presidential Library board meeting.
- ▶ Upcoming meetings: GRE HERC Services board meeting; member manager group; GRE leadership; and Meeker Cooperative Light & Power Association board of directors meeting.

Financial update

Vice President and Chief Financial Officer Michelle Strobel provided an overview of 2023 financial results.

- ▶ Before deferrals, the 2023 margin was \$74.4M compared to a budgeted margin of \$23.0M for a positive variance of \$51.4M. After deferrals, the year-end margin is \$44.5M compared to a budgeted margin of \$23.0M for a positive variance of \$21.6M.
- ▶ Deferrals were recorded in December, so the monthly margin was \$(20.5)M compared to a budgeted \$2.4M for an unfavorable variance of \$(22.8)M.
- ▶ Margin deferrals to offset rates are \$15.0M for 2024 and \$14.8M for 2025.
- ▶ 2023 was the best year financially in the history of GRE.
- ▶ Member revenue was \$(65.5)M below budget, non-member revenue under budget \$(54.3)M, other revenue over budget \$0.7M, and non-operating revenue over budget \$31.0M.
- ▶ Ownership expenses were under budget \$(6.1)M, fuel expenses under budget \$(15.9)M, purchased power under budget \$(85.9)M, O&M expenses under budget \$(1.8)M, and the 2023 margin is a favorable variance of \$21.6M.
- ▶ December demand sales were 9.0% lower than budget. Year-end demand sales were 2.5% higher than budget.
- ▶ December energy sales were 9.8% lower than budget. Year-end energy sales were 1.5% lower than budget.
- ▶ The PCA for December is a \$1.3M credit to members. The 2023 PCA is a \$35.4M credit to members.

Consent agenda

A number of items were approved on the consent agenda, including an updated revolving credit facility.

For more information about the February meeting of GRE's board of directors, contact Daniel Becchetti, communications and marketing manager, at 763-445-5706. The next meeting will be March 13-14.