

MLGW Power Supply Advisory Team (PSAT)

MLGW Committee

April 16, 2019



MLGW

Overview

- ▶ Numerous discussions and proposals/studies regarding power supply for MLGW
- ▶ Prior discussions with Mayor Strickland, MLGW Board and City Council have led to this opportunity.
- ▶ MLGW desires to ensure that we keep our customers needs at the center of all decisions.
- ▶ The ultimate decision is a very big deal...one that will have impacts for decades to come.
- ▶ Our efforts should be based on objective, industry-based study and evaluation.



Purpose of PSAT

- ▶ Provide input into MLGW's Integrated Resource Plan (IRP) process from collaborative, diverse points of view.
- ▶ Help us consider various factors necessary to reach an optimal solution from the perspective of our customers and our community in our recommendation regarding whether or not to continue to take wholesale power from TVA or pursue other options.
- ▶ Input will be used to facilitate the recommendation to MLGW's Board regarding optimal electricity resources for the next 20 years or more.
- ▶ The board's decision, should we elect to recommend a change in our power supply arrangement, will be sent to the City Council for final consideration and approval.



PSAT meeting information

- ▶ Meetings will be open to the public (limited seating).
- ▶ The team will meet up to seven (7) times throughout the remainder of 2019.
- ▶ Additional meetings will likely be held in 2020.
- ▶ Meetings will be facilitated by either MLGW or an outside consultant, depending on the focus of each meeting.
- ▶ The first three (3) meetings will focus on orientation and MLGW's current state of power supply and infrastructure.
- ▶ The consultant will facilitate the final four (4) meetings of 2019, focusing on the IRP review.



PSAT tentative meeting schedule

April 30th - 10:00 a.m. – 2:00 p.m.

- Orientation, member roles, MLGW mission, vision, values, structure
- Electric Supply and Integrated Resource Plan (IRP) overview

May 16th – 10:00 a.m. – 1:00 p.m.

- Feedback & review of previous meeting
- TVA current & future state (John Thomas, CFO TVA)

June 6th 10:00 a.m. – 2:00 p.m.

- Feedback & review of previous meeting
- Overview of power supply studies

July – TBD

- Feedback & review of previous meeting
- Consultant-facilitated IRP Discussions with Input

August – TBD

- Feedback & review of previous meeting
- Consultant-facilitated IRP Discussions with Input

September – TBD

- Feedback & review of previous meeting
- Consultant-facilitated IRP Discussions with Input

November – TBD

- Feedback & review of previous meeting
- Consultant-facilitated IRP Discussions with Input

2020 Meetings - TBD



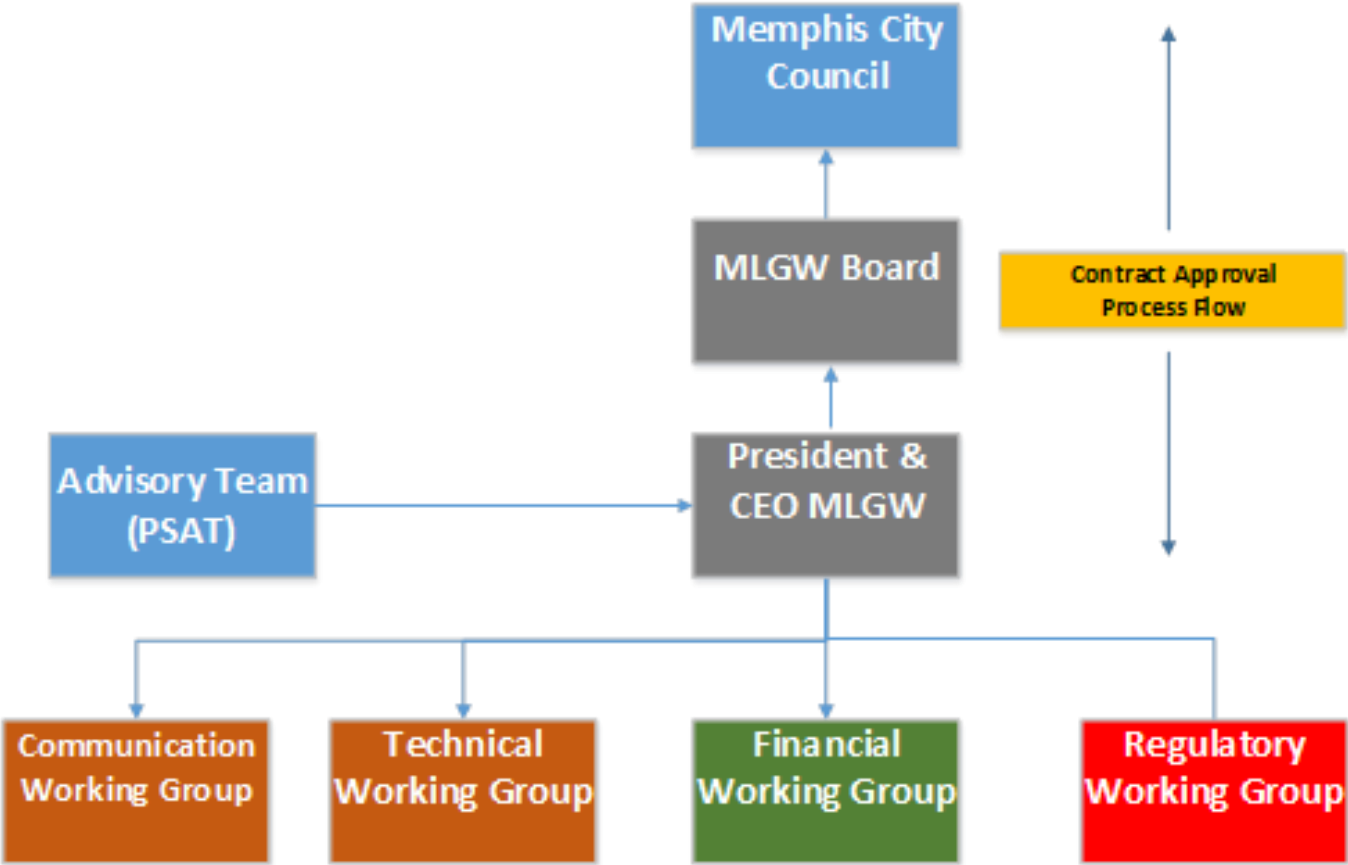
Some elements of the MLGW Integrated Resource Plan (IRP)

- ▶ A 20-year demand (MW) and energy (GWh) forecast based off historical load data as well as demographic and econometric data. (Think of it as a very detailed house or office building plan with final drawings and performance measurements.)
- ▶ Performance expectations for available generating technologies to be used in the supply options (capital costs, heat rates, fixed and variable maintenance costs, wind and solar profiles, etc.).
- ▶ Provide “planning grade” estimates for all supply options and develop cost and impact estimates of existing energy efficiency and demand-side programs and potential for additional and/or expanded energy efficiency and demand-side programs.
- ▶ Provide sensitivity and probabilistic analyses around key unknown input variables such as load, natural gas prices, cost of capital and potential carbon taxation for each supply option.

Some elements of the MLGW Integrated Resource Plan (IRP), cont'd...

- ▶ Provide a 20-year Present Value of Revenue Requirements (“PVRs”) for the cost of each supply option (including sensitivity and probabilistic analyses) to serve MLGW’s load and assist MLGW in evaluation of cost and risk for each supply option.
- ▶ Provide an analysis for the cost and risk for any supply option in which MLGW would act as its own Balancing Authority (BA), or Local Balancing Authority (LBA)...(i.e., MLGW would be responsible for controlling generation and transmission to match its load requirements).
- ▶ Provide a transmission analysis for the cost and risk for any supply option which may require new electric and/or gas transmission investments.
- ▶ Provide an assessment of MLGW’s current staffing, skillset, system technology upgrades and facilities with recommended changes based on Industry Best Practices required to meet increased responsibilities.

Structure of Power Supply Review



PSAT team members*

- ▶ **Harold Byrd** – Chairman of the Shelby County Chamber of Commerce Alliance and president of the Bank of Bartlett
- ▶ **Mark Halperin** – Executive Vice President, Boyle Investment Company
- ▶ **Sally Heinz** – President & CEO, Metropolitan Inter-Faith Agency
- ▶ **Jenn Hunsperger** – Assoc. Director of Energy, Praxair
- ▶ **Martavius Jones** – Memphis City Council
- ▶ **Eddie Jones** – Shelby County Commission
- ▶ **Dwain Kicklighter** – MLGW non-voting Board Member
- ▶ **Richard Kelley** – Vice President for Facilities, Methodist Hospital
- ▶ **Bo Mills** – Public Works Director, Germantown (Citizen's Advisory Council member)
- ▶ **Dennis Lynch** – Executive Director, Sierra Club
- ▶ **Deidre Malone** – President, NAACP, Memphis Branch
- ▶ **Doug McGowen** – Mayor's Designee, Chief Operating Officer, City of Memphis
- ▶ **Mike Pohlman** – MLGW Board Member
- ▶ **Josh Tulino** – VP & General Manager, Valero
- ▶ **Randy Richardson** – Executive Director, Memphis & Shelby County Port Commission
- ▶ **Beverly Robertson** – CEO, Memphis Chamber
- ▶ **Sandra Upchurch** – Energy Justice Manager, Southern Alliance for Clean Energy
- ▶ **Jim West** – MLGW VP & Chief Customer Officer
- ▶ **Linda Williams** – Neighborhood Advisory Council member
- ▶ **J. T. Young** – MLGW President & CEO (*Facilitator*)

*Working teams will also be engaged

Summary

- ▶ We are grateful for the willingness of these individuals to serve on this team.
- ▶ The team will provide input from diverse perspectives into MLGW's IRP process.
- ▶ The IRP process is deliberate by design and objective in nature.
- ▶ We must see the process to completion, regardless of any intermediate suggestions or offers along the way.
- ▶ The IRP process could take up to 12 months, though we will work to expedite as much as possible.
- ▶ Once the IRP process is complete, a final recommendation will be made to the MLGW Board and City Council (assuming a change in electricity supply is deemed appropriate).



Questions?



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SERVING YOU IS
WHAT WE DO