Green Invest Amendments
Resolution 1465
Green Invest Background

• TVA program designed to bring new, renewable sources of power generation to the Tennessee Valley

• KUB entered into a series of agreements in 2020 for the purchase of 502 MW of new solar to be developed over next several years

• Represents 20% of KUB’s annual electric power supply
<table>
<thead>
<tr>
<th>Solar Site</th>
<th>KUB Share MW</th>
<th>KUB Annual Output (MWH)</th>
<th>Contract Price ($/MWH)</th>
<th>Annual Cost</th>
<th>In-Service Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar - Golden Triangle (MS)</td>
<td>70</td>
<td>153,300</td>
<td>$1.25</td>
<td>$191,625</td>
<td>Q4 - 2022</td>
</tr>
<tr>
<td>Solar - Optimist (MS)</td>
<td>200</td>
<td>438,000</td>
<td>$1.25</td>
<td>$547,500</td>
<td>Q3 - 2023</td>
</tr>
<tr>
<td>Solar - Ridgely Farm (TN)</td>
<td>177</td>
<td>387,630</td>
<td>$1.88</td>
<td>$728,744</td>
<td>Q2 - 2023</td>
</tr>
<tr>
<td>Solar - Tullahoma (TN)</td>
<td>55</td>
<td>120,450</td>
<td>$1.25</td>
<td>$150,563</td>
<td>Q3 - 2023</td>
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<tr>
<td></td>
<td>502</td>
<td>1,099,380</td>
<td></td>
<td>$1,618,432</td>
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<tr>
<td>Weighted Cost per MWH</td>
<td></td>
<td></td>
<td></td>
<td>$1.47</td>
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</tr>
</tbody>
</table>
• Solar industry impacted by global events, policies, regulations, and other economic factors
• KUB’s solar projects experiencing price and schedule pressures
• Each developer has requested price and time concessions to original agreements
• Some initial price increases negotiated down
## Solar Purchases – Current Pricing/Schedule

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<tr>
<th>Solar Site</th>
<th>MW</th>
<th>Output (MWH)</th>
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<td>$3.23</td>
<td>$495,159</td>
<td>Q2 – 2024</td>
</tr>
<tr>
<td>Solar - Optimist (MS)</td>
<td>200</td>
<td>438,000</td>
<td>$5.02</td>
<td>$2,198,760</td>
<td>Q1 – 2025</td>
</tr>
<tr>
<td>Solar - Ridgely Farm (TN)</td>
<td>177</td>
<td>387,630</td>
<td>$21.88</td>
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<td>Q2 – 2024</td>
</tr>
<tr>
<td>Solar - Tullahoma (TN)</td>
<td>55</td>
<td>120,450</td>
<td>$3.18</td>
<td>$383,031</td>
<td>Q4 - 2024</td>
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<td>502</td>
<td>1,099,380</td>
<td></td>
<td>$11,558,294</td>
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</tr>
</tbody>
</table>

**Increased Annual Cost** $9,939,863

**Weighted Cost per MWH** $10.51
### Solar Purchases – Staff Recommendation

<table>
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<tr>
<th>Solar Site</th>
<th>KUB Share</th>
<th>KUB Annual</th>
<th>Contract Price</th>
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</tr>
<tr>
<td><strong>Solar - Ridgely Farm (TN)</strong></td>
<td>0</td>
<td>0</td>
<td>---</td>
<td>---</td>
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<td>$3.18</td>
<td>$383,031</td>
<td>Q4 - 2024</td>
</tr>
<tr>
<td><strong>Increased Annual Cost</strong></td>
<td>325</td>
<td>711,750</td>
<td></td>
<td>$1,458,518</td>
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</tr>
<tr>
<td><strong>Weighted Cost per MWH</strong></td>
<td></td>
<td></td>
<td></td>
<td>$4.32</td>
<td></td>
</tr>
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</table>
Proposed Green Invest Amendments

• Today’s amendments replace previously executed agreements for 270 MW of new solar.

• Reflect higher prices and extended in-service dates
  • Developer has locked-in significant portion of costs

• Provide protection for KUB
  • Higher percentage of liquidated damages
  • Potential for future savings associated with Inflation Reduction Act

• Anticipate amendment to replace previously executed agreement for 55 MW of new solar
Looking Forward

• Assess future opportunities for solar through Green Invest
• Explore options for use of 5% TVA contract flexibility
  • Permits KUB to contract for 80 MW of solar or other forms of renewable generation – replaces TVA power
  • Anticipate combination of on-system and off-system generation
• Community Solar project to come online this winter
Resolution 1465

• Authorizes execution of Green Invest amendments for the purchase of 270 MW of new solar

• Allows for non-substantive changes to amendments as approved by the President and CEO
October 20, 2022

Procurement Procedures Amendment

Resolution 1466
KUB Procurement Procedures

• Master document governing purchase of goods and services
• Reflect municipal purchasing requirements set forth in state law
• Provide for the establishment of Procurement Guidelines
• Adopted by Board in 2002
• Last amended in 2008
Proposed Changes

• Reflect change in state law raising purchasing limits for requiring competitive bidding and obtaining written quotes
• Authorize the President and CEO to amend Procedures in response to future changes in purchasing limits
  • Requires advance notice to the Board’s Audit and Finance Committee
• Housekeeping edits
## Proposed New Purchasing Limits

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Purchasing Limits</th>
<th>Proposed Purchasing Limits</th>
</tr>
</thead>
<tbody>
<tr>
<td>No competitive bidding required</td>
<td>$0 - $9,999.99</td>
<td>$0 - $19,999.99</td>
</tr>
<tr>
<td>Three written quotes when possible</td>
<td>$10,000 - $24,999.99</td>
<td>$20,000 - $49,999.99</td>
</tr>
<tr>
<td>Public advertisement and competitive bidding</td>
<td>$25,000 and above</td>
<td>$50,000 and above</td>
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Next Steps

- President and CEO to amend Procurement Guidelines
- Guidelines have lower limit for no competitive bidding

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<th>Category</th>
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<td>No competitive bidding required</td>
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<td>$0 - $14,999.99</td>
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<tr>
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- New limits effective January 1, 2023
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- New limits effective January 1, 2023
Resolution 1466

- Approves amended Procurement Procedures
- Authorizes the President and CEO to amend Procedures in response to any future changes in state law regarding purchasing limits related to competitive bidding
Community Advisory Panel - Background

• Established by the Board in October 2020
• Represents a cross section of KUB customer groups and stakeholders
• Purpose: “to enhance the ability of KUB to hear concerns about major policy areas from members of the community... and communicating information back to the groups they represent.”
Since January 2021...

- System overviews
- Facility tours
- Presentations and opportunities for input
  - Customer assistance programs
  - Fiber Broadband proposal
  - FY 22 Budget
  - Outage response
  - Rate design
Rate Design Discussion

• Began in October 2021
• Eight sessions
  • Rate design basics
  • KUB-specific rate decisions
  • Alternative approaches from Southern Alliance for Clean Energy and Sierra Club representatives
• October session
  • Facilitated discussion of proposed recommendations and members’ comments
  • Finalized report for Board consideration
Key Issues

- Basic service charge impacts on efficiency and low-income customers
- Assistance needs for emergency utility assistance and weatherization
- Energy efficiency programs, particularly for low-income customers
- Alternative rate designs, with tiered energy rates and fixed charges based on consumption levels
- Additional items discussed
  - Further analysis of rate design impacts on low-income customers
  - Need for discussion around non-residential rates
  - Understanding of how CAP feedback will be used by the Board
  - Zoning changes to increase density and lower infrastructure costs
What’s Next?

• November – discussion related to weatherization outreach
• December – no meeting
• 2023
  • CAP input on next topics
  • KUB input on timely input opportunities
  • Continued engagement with Board
Super Nova Star of Energy Efficiency Award

- Awarded by the Alliance to Save Energy to celebrate energy efficiency leadership
- Recognizes Knoxville partnerships to provide energy efficiency solutions for low-income customers
- Highlights impacts of weatherization programs, community workshops, and efficiency resources