

Winter Storm 2021 Financial Impact and Short-Term Funding

Presented at GEUS Public Hearing 3/11/21

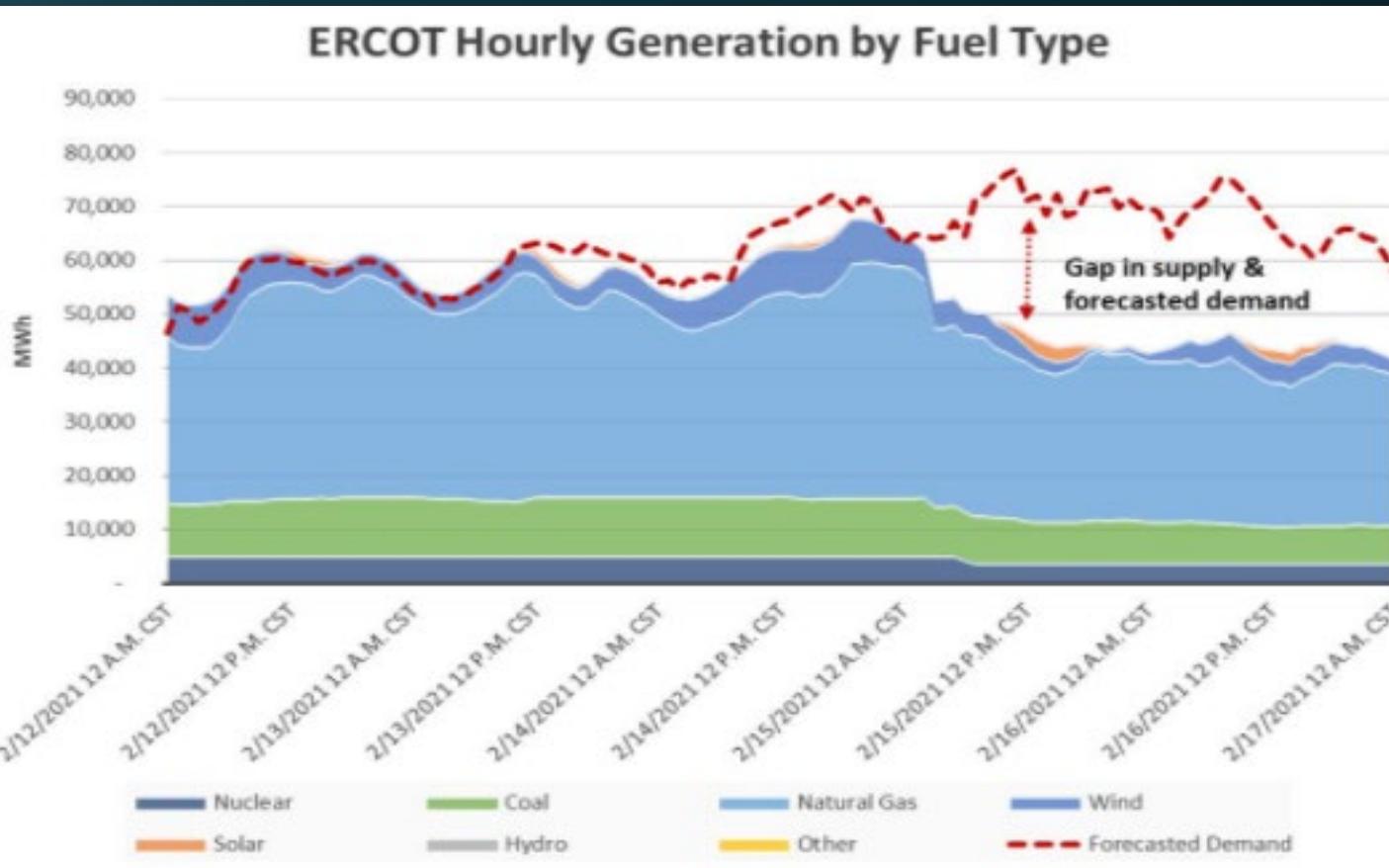


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WHAT HAPPENED?



Controlled outages implemented to prevent blackout

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- 48.6% of generation forced out at highest point
 - Estimated demand exceeded ERCOT's summer peak



WHAT HAPPENED?

2011 vs 2021

Comp.	2011	2021
Low Temp	13	-2
Hrs. @ or below freezing DFW	101	140
Generating units offline	193	356
Load Shed Duration	7.5	70.5
Max Load Shed	4,000	20,000
Estimated Peak load	59,000	76,819

Energy grid and market not designed for a crisis of this magnitude

Operationally
Financially





ERCOT MARKET/PUC ACTIONS AND RESULTS

ERCOT

Generation Shortages

- Generators paying exorbitant prices for natural gas
- Natural gas supply curtailed to many plants
- Wind turbines icing, solar output impaired
- Freezing equipment – electric and gas

PUC

- Issued emergency order on 2/15 setting ERCOT Market prices at \$9,000/MWh cap for the duration of EEA status- 85 Hours
- No price cap for Ancillary Services



ERCOT ENERGY MARKET IMPACTS

Prices spiked **10,000%** higher than same period in 2020



Energy capped at \$9,000 MWh
Ancillary services peaked at \$25,000+ MWh
Natural gas \$/mmbtu increased from
avg. \$3 to avg. \$200

- ERCOT market prices lead to huge increase in collateral requirements for participants – due same day to participate
- Timing between payments to ERCOT and from ERCOT



WHAT DID GEUS DO?



- Long-term diverse energy portfolio
- Operated local generating unit
- Secured fixed price power
- Had some exposure to ERCOT Market



ESTIMATED FINANCIAL IMPACT



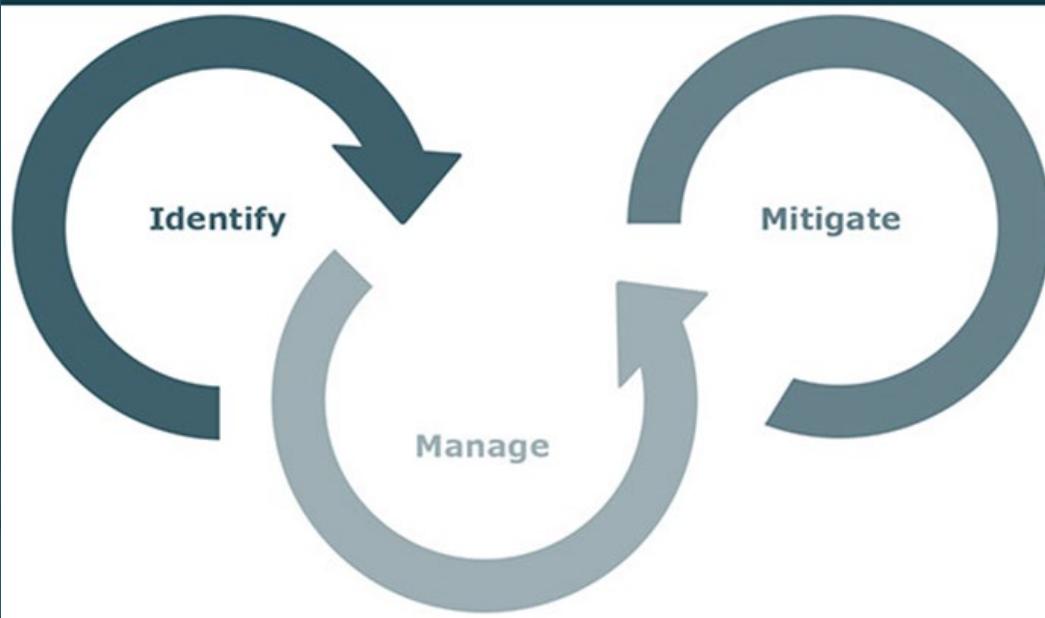
Average system-wide pricing
around the event relative to other
historical periods (in \$/MWh)

Date Range	Real-Time	Day-Ahead
2/14/21		
2/19/21	\$6,579.59	\$6,612.23
January '21	\$20.79	\$21.36
February '20	\$18.27	\$17.74

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- GEUS net energy (energy+ancillary services) cost for February \$19.3 million
 - GEUS average historical cost for February approx. \$1.3 million
 - Unpaid ERCOT energy bills \$3.08 billion



WHY DOES GEUS NEED FUNDING?



- Cash Flow
 - Known costs
 - Current energy costs
 - Uncertainties
 - ERCOT repricing
 - ERCOT uplift charges
 - ERCOT short payments
 - Storms and other unknowns
- Maintain Bond Ratings



GEUS PLAN

SHORT-TERM FUNDING – PROTECT CUSTOMER RATES

- Issue \$20 million short-term loan
 - Protect cash flow and bond ratings
- Revise financial strategy to repay loan quickly
 - Capital funding
 - Delay rate reduction
- Offset \$1.867 million in costs with fuel adjustment reserves
- Support long-term funding for ERCOT short-payments and uplift costs
- Seek and support winter storm energy cost reduction efforts – legal, regulatory and legislative



We are a public power community



*We work for our customer-owners
Not for profit*