

Winter Storm 2021 *Financial Impact and Short-Term Funding*

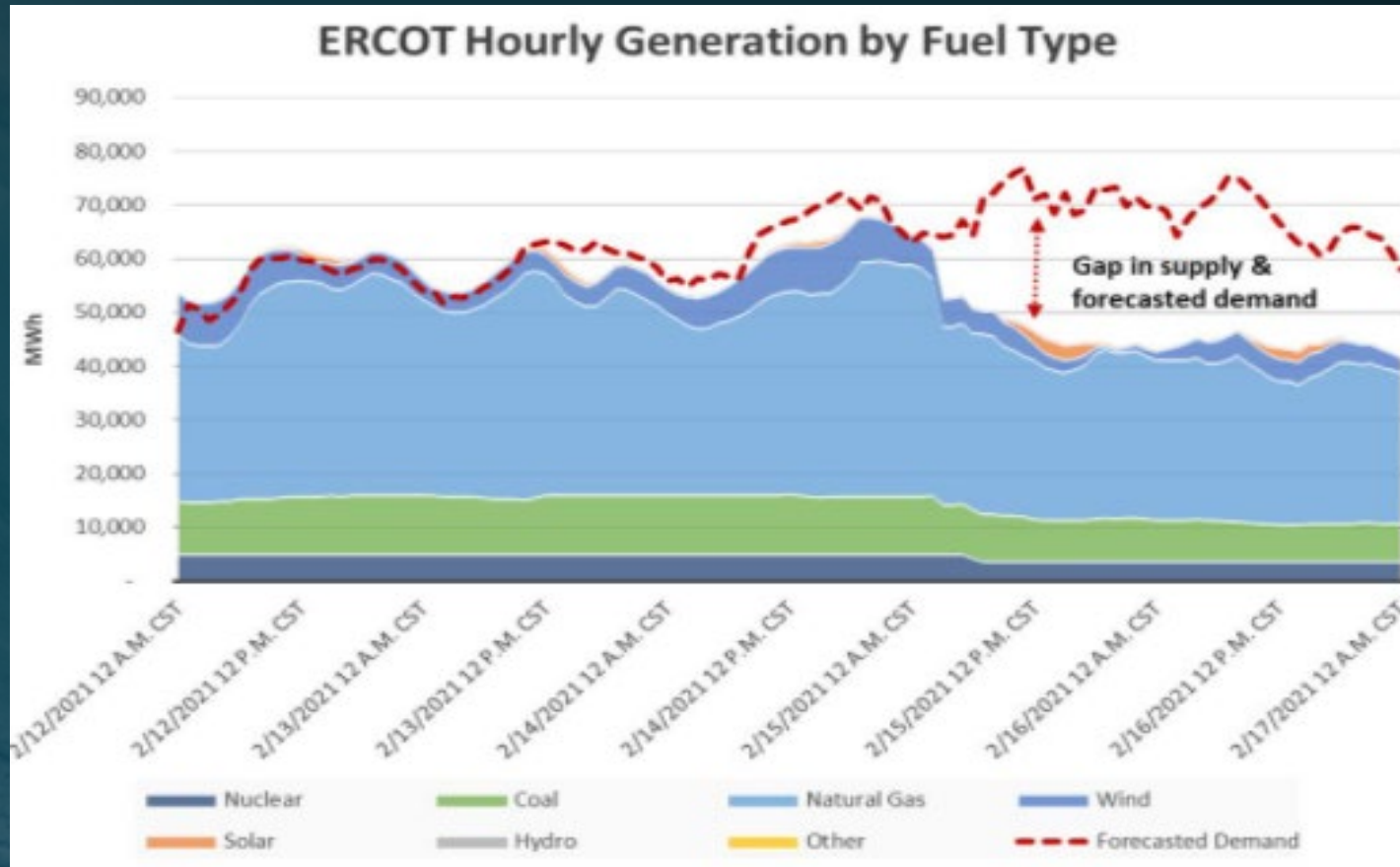
Presented at GEUS Public Hearing 3/11/21



Serving Greenville since 1891



WHAT HAPPENED?



Controlled outages implemented to prevent blackout

- 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

A vertical strip on the left side of the slide contains three images: wind turbines at the top, a blue industrial machine in the middle, and a large industrial building at the bottom.

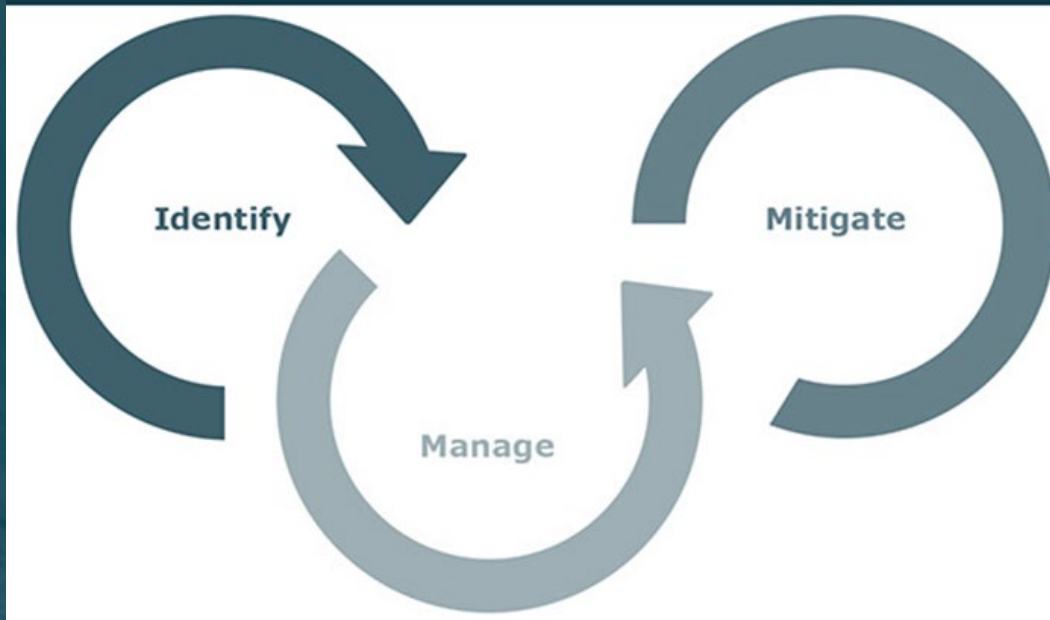
ESTIMATED FINANCIAL IMPACT

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

- 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***