

# Key Account Forum

Ryan Hentges

CEO

Minnesota Valley Electric Cooperative

June 18<sup>th</sup>, 2020

# Agenda

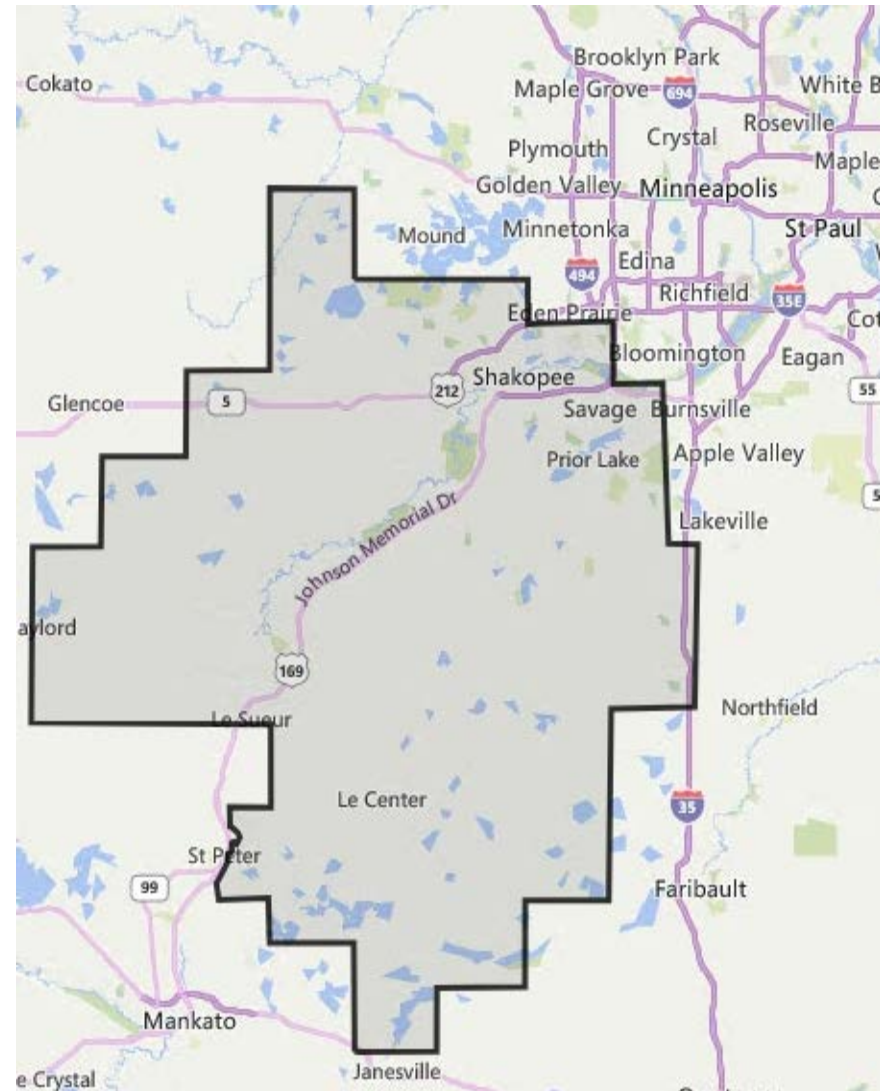
- MVEC Overview
- Evolution of Power Supply
  - Value of Generator Program
- View Towards the Future



Minnesota Valley Electric Cooperative

# MVEC Overview

- Electric Distribution Cooperative
- Serve 43,000 members
- 9 counties
- 100 employees
- \$90M annual revenue
- \$211M total plant investment
- Headquartered in Jordan
- Incorporated in 1937





# Cooperative Model

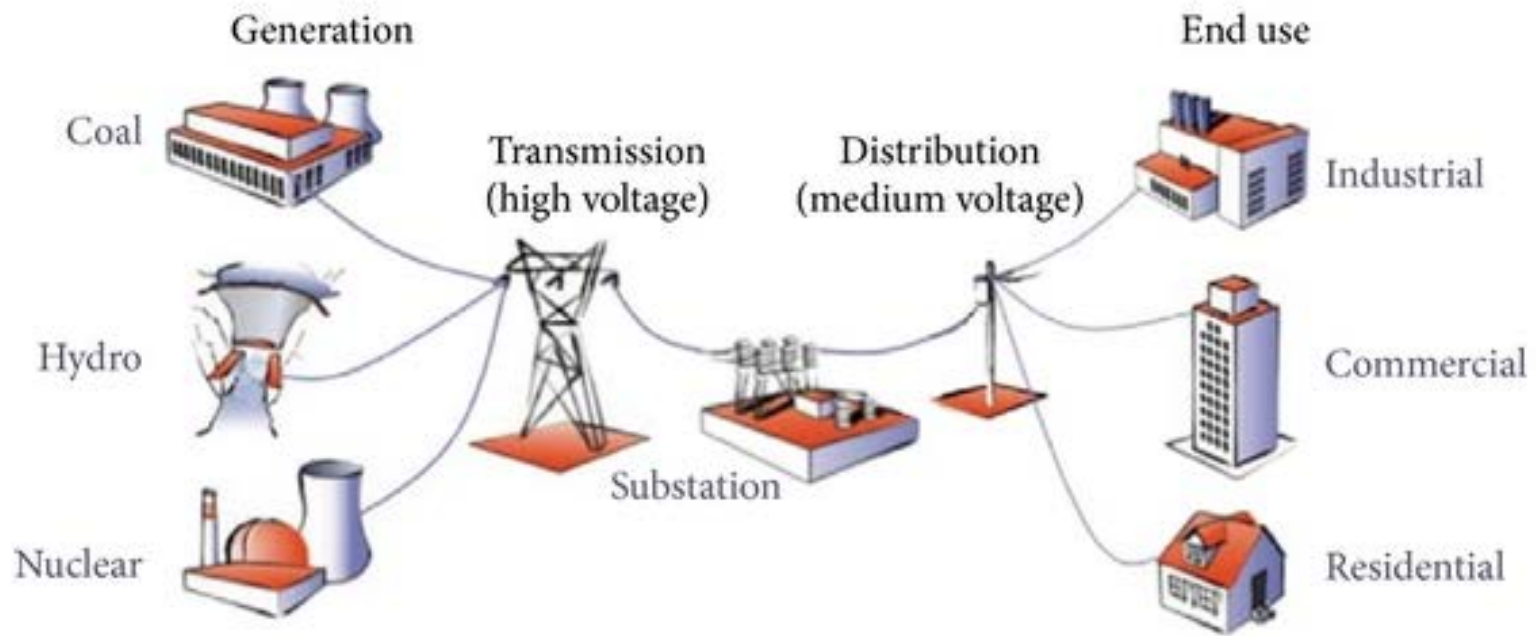
- **Our Vision:** To be a trusted energy partner loyal to the community - now and for future generations.
- **Our Mission:** To create exceptional member experiences, while safely providing reliable energy at cost



- Democratically elected Board of Directors
- Margins returned to members

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# Electrical System Description



# Fundamentals



- Safety
  - Employees and public
- Reliability
  - Investment in plant
    - \$15M in 2020
  - Tree trimming investment
    - \$2.4M in 2020



# Some Stats and Perspective

- Reliability
  - Compares favorably to Xcel Energy
- Rates
  - 10% below Xcel (on average)
  - Returned \$1,000,000 in bill credits in 2019
  - Returned \$1,700,000 in Capital Credits in 2019
- Member Satisfaction
  - MVEC received an ACSI score of 91. Comparatively, the Investor-Owned Utilities industry scored a 73 (2019 ACSI Report).



# Coronavirus Response

- Began physically distancing workforce on March 16<sup>th</sup>
  - Office staff telecommuting
  - Field staff staggered hours, drove separately
  - Closed lobby
- Financial Impact
  - Sales down, however, so are power costs. Margins are positive.
  - Accounts receivable (30/60/90) have increased. No structural issues.
- Operational Impact
  - Business as normal
  - No layoff/furloughs
- Targeting after labor day for return to office
  - Finishing Covid preparedness document
  - Developing telecommuting policy



# You Are Important to MVEC

- Commercial activity in our area is important
  - Brings careers and livelihoods
- We realize you are competing with others, and have budget pressures
  - Nationally and internationally
- Our goal is to enable you to compete
  - Safety
  - Reliability
  - Rates
  - Member Service



# Evolution of Power Generation

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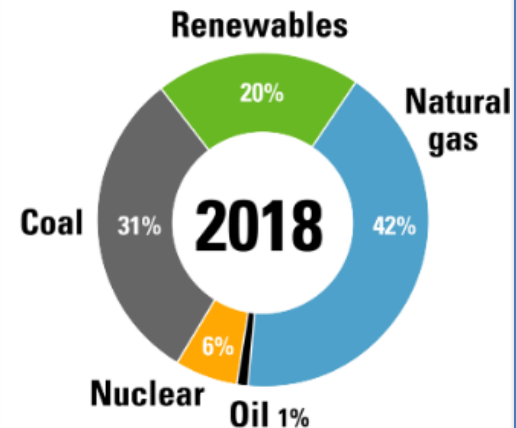
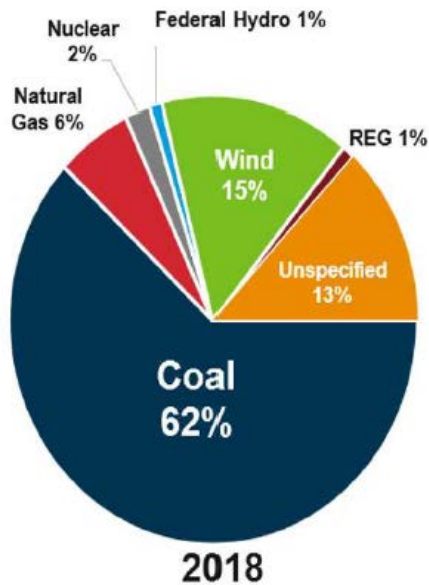
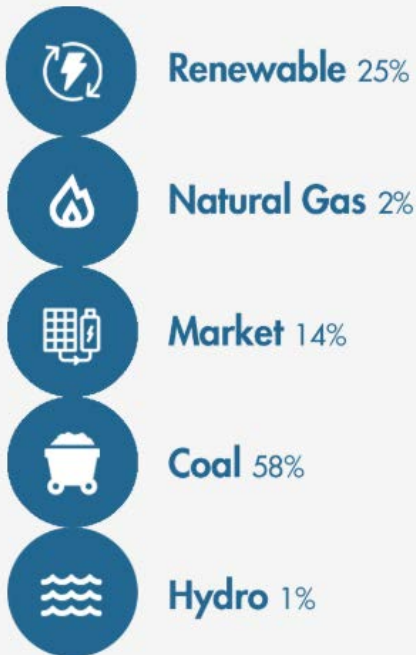


# Power Generation

- MVEC purchases electricity on your behalf from wholesale power suppliers
- Major component of bill
  - 70% + of your bill is wholesale power
- MVEC has a diversified power supply portfolio
  - Until 2006, MVEC had only one power supplier
  - Different organizations bring different perspectives, strategies and investments in generating technologies.



# Power Generation – 2018



# Issues Affecting Power Generation

- Natural Gas Prices
  - Lower natural gas prices have increased the amount of power generation from power plants fueled by natural gas.
- Renewables
  - Tax incentives and advances in technology have increased the cost competitiveness of renewables.
- Markets
  - Energy markets have enabled power suppliers to diversify their portfolios and manage capital investments.
- Legislation
  - Policies favoring carbon reduction
- Business Requirements
  - Google, Apple, Facebook, Target



# Impact of Issues

- Seeing movement away from coal based generation toward natural gas and renewables.
  - Xcel
  - Alliant Energy
  - Great River Energy
- Mid-Continent Independent System Operator (MISO) watches reliability across the grid
  - Ensures utilities have enough resources to meet energy demand.
- Electricity Map
  - <https://www.electricitymap.org/map>

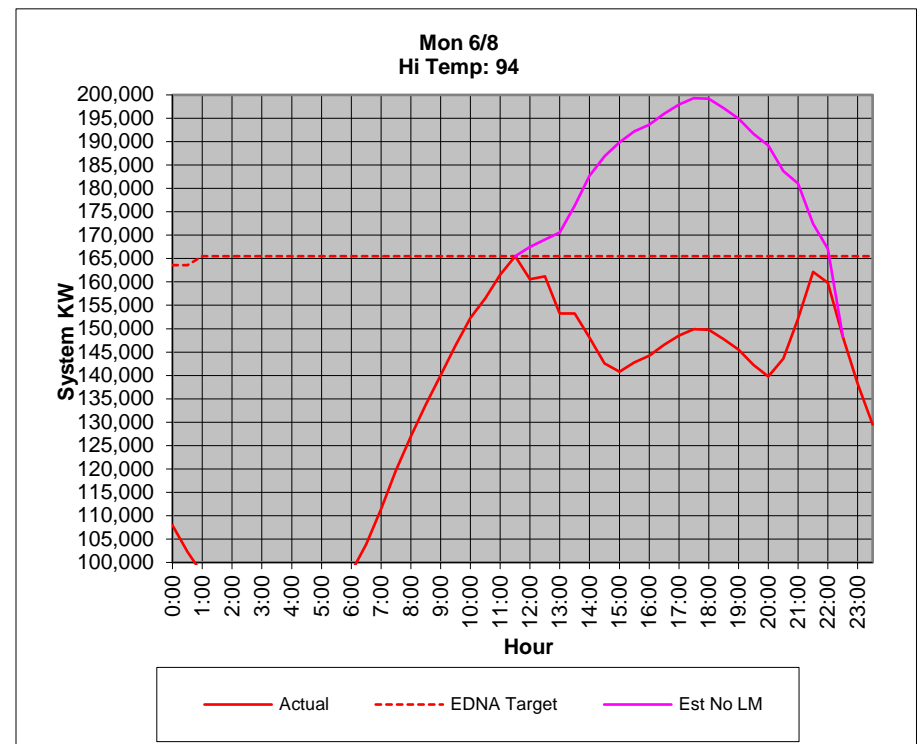
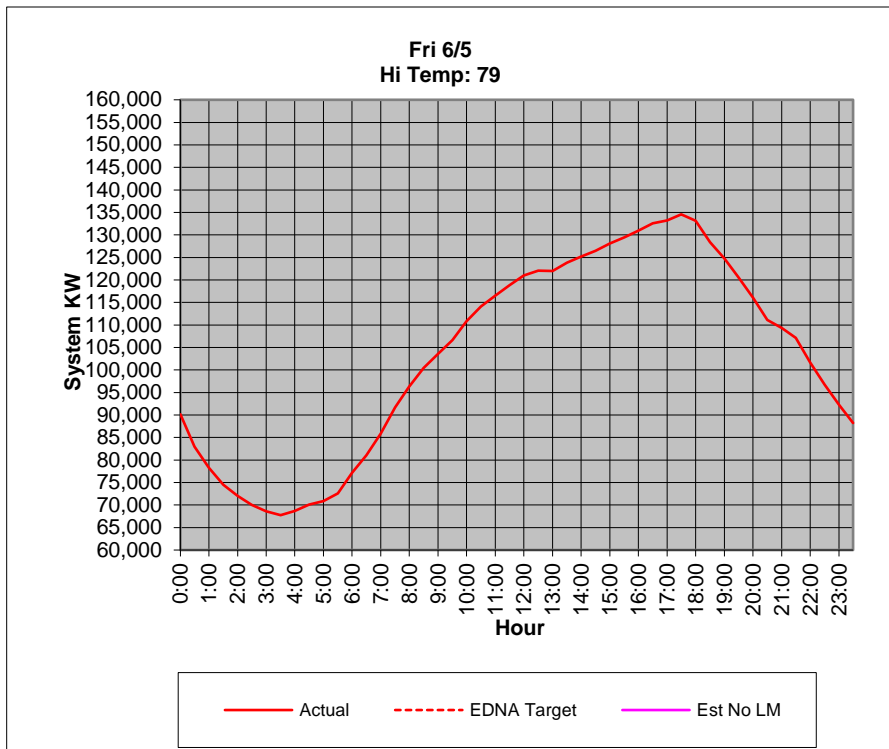


# How Our Members Help

- Load management is a key tool for managing power costs.
- Many of our commercial accounts participate in our on-site generation program
- In exchange for allowing us to “control” your generator during the year, you receive a lower rate.



# Graphical description of load management impact



# View Toward the Future

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# Power Generation Transition

- Continued transition from coal to other sources
  - Great River Energy
    - Coal Creek Station retirement
      - 1100MW coal plant
      - Replaced with combination of wind and market purchases.
      - This will increase the amount of renewable energy within MVEC's portfolio
      - It should also help manage costs, potentially even decreasing costs





# Investment in Transmission

- Potential for increased costs due to buildout of regional transmission lines
  - Necessary to bring renewables from country to load centers
- CapX 2050 Transmission Vision
  - Group of transmission owners developing view of what will be required.



# Renewables

- We have heard from our members that lower rates are more important than amount of renewables in our portfolio
  - Our portfolio continues to become more renewable
  - We offer options to members wishing to procure more of their energy from renewables
    - MVEC's GreenSource program
  - We look for your continued feedback



# Innovation

- Battery Storage
  - Large scale battery storage
- Electric Vehicles
  - Continued development of electric vehicles
- Time of Use Rates
  - New time differentiated rate options
  - Utilize smart technologies



# Safety, Reliability, Rates, Member Service

- MVEC is positioned well for the future
  - Strong reliability
    - Making investments in reliable infrastructure
  - Rate stability
    - Cooperative is financially stable
  - Member Service
    - We continue to value your feedback
- Power generation will continue to transition
  - We are closely monitoring and managing our power supply portfolio.
  - We are striving for a balanced approach.
- Thank you for being a member of MVEC
  - Your partnership is important to us

- Thank You
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