

**Knoxville Utilities Board
Board Meeting Minutes
Thursday, September 19, 2024 Noon**

Call to Order

The Knoxville Utilities Board met in regular session in the Larry A. Fleming Board Room at 445 S. Gay Street, on Thursday, September 19, 2024, pursuant to the public notice published in the January 6, 2024, edition of the *News Sentinel*. Vice Chair Ron Feinbaum called the meeting to order at 12:03 p.m.

Roll Call

Commissioners Present: Claudia Caballero, Ron Feinbaum, Cynthia Gibson, Kathy Hamilton, Celeste Herbert, and Dr. Craig Pickett, Jr

Commissioners Absent: Adrienne Simpson-Brown

Approval of Minutes

Upon a motion by Commissioner Gibson and a second by Commissioner Herbert, the August 15, 2024 Board meeting minutes were approved by a roll call vote. The following Commissioners voted "aye": Caballero, Feinbaum, Gibson, Hamilton, Herbert, and Pickett, Jr. No Commissioner voted "nay".

Old Business

None

New Business

Resolution 1496 – A Resolution Authorizing the Execution of an Expanded Flexibility Conversion Agreement with the Tennessee Valley Authority ("TVA") to convert 20 megawatts of Green Invest Renewable Energy to an Energy Resource under the TVA Power Supply Expanded Flexibility Program

President Gabriel Bolas recognized Erin Gill, Vice President of Sustainability & Government Relations, to review proposed Resolution 1496 which authorizes the execution of an Expanded Flexibility Conversion Agreement with TVA to convert 20 megawatts of Green Invest renewable energy to an energy resource under the Power Supply Flexibility Agreement with TVA.

September 19, 2024

Upon a motion by Commissioner Hamilton and a second by Commissioner Herbert, Resolution 1496 (*Attachment 1*) was adopted by a roll call vote on first and final reading. The following Commissioners voted "aye": Caballero, Feinbaum, Gibson, Hamilton, Herbert, and Pickett, Jr. No Commissioner voted "nay".

President's Report

Bond Sale Results and Gas Line of Credit

President Bolas recognized Brian Day, Manager of Accounting & Budget, to share results of the recent sale of \$111 million in bonds and the issuance of a revenue anticipation note (line of credit) for the gas division.

Minority, Women, and Small Business Programs

President Bolas advised Commissioners our value for diversity, equity, inclusion, and belonging for all is a key part of KUB's culture. With this, we strive for diversity in the various suppliers and vendors that serve KUB. A critical part of KUB's Procurement Program is the Minority Business Enterprise (MBE), Women-Owned Business Enterprise (WBE), and Small Business Enterprise (SBE) Programs. He recognized Marilee Metzger, a Business Analyst in KUB's Procurement Department, to provide an update on these programs.

Middlebrook Pike Booster Pump Station

President Bolas recognized Kurt Stafford, Vice President of Engineering, to provide an update on KUB's Middlebrook Pike Booster Pump Station project which is scheduled for completion in January 2025.

Recent Awards and Recognition

President Bolas updated the Board on two awards KUB recently received: Tennessee Municipal Electric Power Association's Community Service Award for the second time and Water Environment Federation's Water Heroes Award. KUB also received a third consecutive perfect score for the Tennessee Department of Environment and Conservation's Sanitary Survey.

September 19, 2024

Other Business

Commissioner Feinbaum announced the Nominating Committee received 16 applications for the Commissioner term beginning in January 2025. The next step is for the committee to conduct interviews and those are tentatively scheduled for September 23rd and October 15th. Pursuant to the City Charter, at least five candidates will be submitted to the Mayor, and we will nominate those candidates at next month's meeting.

Public Comment

None

Adjournment

There being nothing further to come before the Board, Vice Chair Feinbaum declared the Board meeting adjourned at 12:51 p.m.



Adrienne Simpson-Brown, Chair



Mark Walker, Board Secretary

Attachment 1	Recommendation Letter and Resolution 1496 – A Resolution Authorizing the Execution of an Expanded Flexibility Conversion Agreement with Tennessee Valley Authority (“TVA”) to convert 20 megawatts of Green Invest Renewable Energy to an Energy Resource under the TVA Power Supply Expanded Flexibility Program	Page(s) 13108 - 13114
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September 13, 2024

Knoxville Utilities Board
445 S. Gay Street
Knoxville, Tennessee 37902-1109

Commissioners:

The September 19 Board meeting agenda includes a single official action item, a resolution authorizing the execution of an agreement between KUB and TVA for the conversion of 20 megawatts of solar power from the Green Invest program to the Power Supply Expanded Flexibility program. An overview of the resolution is provided below.

Resolution 1496

As you will recall, at last month's Board meeting, staff provided a preview of planned projects under the Expanded Flexibility program, which allows KUB to self-supply 5% of its electric load from a variety of sources within the Tennessee Valley.

One such project is a "conversion" of 20 megawatts (MW) of solar power that KUB is currently contracted to purchase under TVA's Green Invest Program. This conversion from Green Invest to Expanded Flexibility is attractive because it allows KUB to purchase solar energy at a very competitive, relatively low price that will offset TVA's wholesale power rate. The power cost savings is estimated to be close to \$2 million annually.

The solar facility is in northern Mississippi and is expected to be on-line by the end of January 2025. Under TVA's Green Invest program, KUB is currently contracted to purchase 70 MW of solar generation from this site. The proposed agreement will reduce the Green Invest volume to 50 MW and attribute the remaining 20 MW to KUB's Expanded Flexibility allocation.

Resolution 1496 authorizes the President and CEO to execute the Expanded Flexibility Conversion Agreement. I recommend its approval on first and final reading.

Respectfully submitted,

A handwritten signature in black ink that reads "Gabriel Bolas".

Gabriel J. Bolas, II
President and Chief Executive Officer

RESOLUTION NO. 1496

A Resolution Authorizing the Execution of an Expanded Flexibility Conversion Agreement with the Tennessee Valley Authority (“TVA”) to convert 20 megawatts of Green Invest Renewable Energy to an Energy Resource under the TVA Power Supply Expanded Flexibility Program

Whereas, Tennessee Valley Authority (“TVA”) and Knoxville Utilities Board (“KUB”) have a long-standing relationship as seller and buyer of electric power, under which KUB purchases its electric power requirements from TVA pursuant to Power Contract TV-75110A; and

Whereas, KUB has executed a Power Supply Flexibility Agreement (“Flexibility Agreement”) with TVA that gives KUB the flexibility to generate up to 5% of electric energy by deploying energy resources, including but not limited to solar; and

Whereas, KUB’s Board of Commissioners (“Board”) has previously authorized KUB’s participation in TVA’s Green Invest Program to enable the purchase of 325 megawatts (“MW”) of new solar in the Tennessee Valley on behalf of KUB customers; and

Whereas, TVA has approved KUB’s request to convert 20 MW of a contracted-for Green Invest Renewable Energy Facility known as Golden Triangle I (“the Facility”) to serve as an eligible Energy Resource under the Flexibility Agreement; and

Whereas, under the proposed agreement, TVA will deliver to KUB renewable energy from the Facility and will provide KUB with a Net Flexibility Credit to offset a portion of KUB’s monthly wholesale power bill; and

Whereas, expected renewable energy output from the Facility and the resulting Net Flexibility Credit will result in cost savings to KUB; and

Whereas, KUB staff have thoroughly reviewed the Expanded Flexibility Conversion Agreement and have determined that its execution is in the best interests of KUB and its customers.

Now, Therefore, Be It Hereby Resolved by the Board of Commissioners of the Knoxville Utilities Board:

Section 1. The President and Chief Executive Officer is hereby authorized to execute the Expanded Flexibility Conversion Agreement and related documents in substantially the form attached hereto and incorporated as Exhibit “A” and is further authorized to approve any minor changes or revisions to said documents as are in the best interest of KUB.

Section 2. The President and Chief Executive Officer is further authorized and empowered generally to take such actions and to authorize such other persons to take such actions as may be necessary, proper, or convenient to carry into effect this Resolution and to carry out the terms of the executed agreement.

Section 3. That this Resolution shall take effect from and after its passage.

Ron Feinbaum/s
Ron Feinbaum, Vice Chair

Mark Walker/s
Mark Walker, Board Secretary

APPROVED ON 1st
& FINAL READING: 9-19-24
EFFECTIVE DATE: 9-19-24
MINUTE BOOK 48 PAGE 13109-13114

EXPANDED FLEXIBILITY CONVERSION AGREEMENT

TV-75110A, Supp. No. ____

This Expanded Flexibility Conversion Agreement ("**Agreement**") is between KNOXVILLE UTILITIES BOARD (Acting for and on behalf of the City of Knoxville, Tennessee) ("**Distributor**"), a Tennessee municipal corporation, and TENNESSEE VALLEY AUTHORITY ("**TVA**"), a corporate agency and instrumentality of the United States of America, created and existing under and by virtue of the Tennessee Valley Authority Act of 1933, as amended. Distributor and TVA are sometimes referred to herein individually as a "Party" or collectively as the "Parties."

Distributor purchases its power requirements from TVA for resale under a rolling term contract number TV-75110A, effective July 1, 1988, as amended ("**Power Contract**").

The parties entered into a Long-Term Agreement, Supplement 114 to the Power Contract, effective March 12, 2020 ("**LTA**"), covering arrangements to increase the length and strength of the contractual relationship of the parties to help ensure the long-term success of the public power model.

The parties entered into a Green Invest Agreement, Supplement 115 to the Power Contract, effective March 12, 2020, as amended ("**GIA**"), to enter into one or more agreements to purchase renewable energy from new renewable generation sources or to construct such resources at the request of Distributor (each such agreement, a "**Tranche Amendment**").

The parties entered into Green Invest Tranche Amendment #6, Supplement 127 to the Power Contract, effective February 6, 2023 ("**Tranche Amendment #6**"), to purchase from TVA, on an as-generated basis, 35% of the Renewable Energy Credits ("**RECs**") derived from the MS Solar 5 Solar Project ("**Project**").

The parties entered into a Power Supply Expanded Flexibility Agreement, Supplement 130 to the Power Contract, effective September 29, 2023, as amended ("**Flex Agreement**"), to expand the opportunities under which Distributor may deploy energy resources to produce its own power and further strengthen the public power model.

Pursuant to subsection 10.3 of the Flex Agreement, Distributor has requested an exception to the requirements set forth in the Flex Agreement to allow Distributor to convert 20 MW of its contracted-for RECs under Tranche Amendment #6 into an Energy Resource under the Flex Agreement.

TVA has agreed to approve Distributor's request for an exception in accordance with the terms and conditions of this Agreement.

Therefore, the parties agree as follows:

SECTION 1 - DEFINITIONS

Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned to them in the Flex Agreement. In the event of any conflict between this Agreement and the Flex Agreement, the Flex Agreement governs.

"**Delivery Condition Precedent**" means the occurrence of Notice to Proceed under, and as defined in, the PPA.

"**Developer**" means TVA's counterparty under the PPA.

"**Energy Output**" means the amount of energy, generated by the Renewable Energy Facility and delivered to TVA under the PPA.

"**MW**" means megawatt.

"**MWh**" means megawatt/hour.

"**PPA**" means the power purchase agreement between TVA and MS Solar 5, LLC, Contract No. 5921777, effective December 19, 2019, pursuant to which TVA purchases the electricity output and all RECs associated therewith.

"**Product**" means RECs that are provided, or that are to be provided, by TVA to Distributor under this Agreement.

"**Renewable Energy Facility**" means the electric generation facility comprised of a solar photovoltaic system and a battery energy storage system, known as Golden Triangle I, located in Lowndes County, MS.

SECTION 2 - TRANCHE AMENDMENT MODIFICATION

Upon the Effective Date of this Agreement, the first section of Tranche Amendment #6 is hereby amended by removing and replacing the entirety of the section with the following:

Applicable Renewable Energy Facility	Distributor will purchase from TVA the Product derived from new renewable Generation on an as-generated basis contingent on the availability of the new renewable generation resource at MS Solar 5 Solar Project, accounting for 25% of that facility's total renewable generation, being obtained by TVA under a power purchase agreement, Contract Number 5921777 (" PPA "). Contract Output (MWac): <u>200 MW (of which 25% equals 50 MWac)</u> Location: <u>33.458 N, -88.628 W</u> Expected Delivery Point: <u>TVA's 161-kV Artesia Substation or alternative</u> Expected Initial Delivery Date: <u>January 31, 2025</u> Delivery Period (years): <u>20 years</u> TVA is excused from providing Product to Distributor under this Tranche Amendment if and to the extent that RECs are not generated by the Renewable Energy Facility and/or otherwise not delivered to TVA under the PPA.
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SECTION 3 - TERM AND TERMINATION

3.1 - Term

This Agreement begins on the Effective Date and, subject to any earlier termination of this Agreement pursuant to the terms herein, will remain effective until the earlier of (a) the expiration or termination of the PPA, (b) the termination of the Power Contract, or (c) the expiration or termination of the Flex Agreement.

3.2 - Termination

Either party may terminate this Agreement upon 90 days' prior written notice. For the avoidance of doubt, termination of this Agreement will not terminate the Power Contract or the Flex Agreement. If this Agreement is terminated pursuant to this section, the Parties' obligations under Tranche Amendment #6 shall be reinstated as they existed immediately prior to the Effective Date of this Agreement.

SECTION 4 - PRODUCT AND BILLING

4.1 - Product

- (a) TVA will deliver to Distributor the Product derived from the Renewable Energy Facility, as set forth below, on an as-generated basis contingent on availability accounting for 10% of that Renewable Energy Facility's total renewable generation.

Developer: MS Solar 5, LLC

PPA Contract Number: 5921777

Contract Output (MWac): 200 MW (of which 10% equals 20 MWac)

- (b) TVA will take such actions as are reasonably necessary to transfer the Product to Distributor in accordance with subsection 4.1(a). Distributor will manage, sell, transfer, and retire such Product in accordance with the terms of the Flex Agreement and the Program Guidelines.
- (c) TVA's obligations to supply Distributor with Product received under the PPA are conditioned on satisfaction of the Delivery Condition Precedent. TVA is excused from providing Product to Distributor under this Agreement if and to the extent that RECs are not generated by the Renewable Energy Facility and/or otherwise not delivered to TVA under the PPA.

4.2 - Net Flexibility Credit

- (a) For each hour that (a) TVA receives Energy Output under the PPA, or (b) the PPA is economically curtailed by TVA, TVA will provide Distributor with a Net Flexibility Credit on Distributor's monthly bill for firm power, calculated in accordance with the following formula:

$$\text{Net Flexibility Credit} = A - (B * 1.10)$$

Where:

A = current rate applicable to the monthly power bill in the Power Supply Expanded Flexibility Program Guidelines for the Flexibility Option Power Purchase Agreement plus the Standard Service Total Monthly Fuel Cost, as set forth in the fuel cost adjustment Statement of Amounts, for the corresponding billing month multiplied by the Energy Output provided during that hour.

B = the amount paid by TVA to Developer under the PPA for Energy Output provided during that hour.

- (b) The Distributor will begin to earn the Net Flexibility Credit in the billing month in which the Developer completes the Initial Delivery Date as defined under the PPA. The Net Flexibility Credit will be applied to the Distributor's monthly bill three months in arrears.

SECTION 5 - APPLICABLE FLEXIBILITY REQUIREMENTS

Solely for the purposes of this Agreement and Distributor's Enhanced Flexibility Volume Cap, TVA waives Distributor's obligations under the following provisions:

- (a) Sections 4 and 9 of the Flex Agreement,
(b) the Participation Requirements and Process Requirements in the Program Guidelines, and
(c) the Required Forms requirements in the Program Guidelines.

Except as otherwise waived by this section, Distributor will comply with all obligations set forth in the Flex Agreement, Program Guidelines, and the Power Contract. TVA's waiver of requirements as provided for in this section does not obligate TVA to grant any additional waivers or exceptions to Distributor with respect to the Flex Agreement, Program Guidelines, or Power Contract.

SECTION 6 - INCORPORATION BY REFERENCE

Sections 8, 10, and 11 of the Flex Agreement are hereby incorporated by reference.

With respect to Distributor's receipt of Product and the Net Flexibility Credit under Section 4 of this Agreement, subsection 5.1 and Sections 6 and 7 of the Flex Agreement are hereby incorporated by reference.

This Agreement is effective on the date of TVA's signature ("**Effective Date**").

KNOXVILLE UTILITIES BOARD
(Acting for and on behalf of the City of Knoxville,
Tennessee)

By _____

Title: _____

Date: _____

TENNESSEE VALLEY AUTHORITY

By _____

Director
Power Customer Contracts

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