



October 20, 2022

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

Solar Purchases – Original Pricing/Schedule

	KUB Share	KUB Annual	Contract Price		Contract
Solar Site	MW	Output (MWH)	(\$/MWH)	Annual Cost	In-Service Date
Solar - Golden Triangle (MS)	70	153,300	\$1.25	\$191,625	Q4 - 2022
Solar - Optimist (MS)	200	438,000	\$1.25	\$547,500	Q3 - 2023
Solar - Ridgely Farm (TN)	177	387,630	\$1.88	\$728,744	Q2 - 2023
Solar - Tullahoma (TN)	55	120,450	\$1.25	\$150,563	Q3 - 2023
	502	1,099,380		\$1,618,432	
Weighted Cost per MWH			\$1.47		

Solar Industry Changes Impact KUB Projects

- 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

	KUB Share	KUB Annual	Contract Price		Contract
Solar Site	MW	Output (MWH)	(\$/MWH)	Annual Cost	In-Service Date
Solar - Golden Triangle (MS)	70	153,300	\$3.23	\$495,159	Q2 – 2024
Solar - Optimist (MS)	200	438,000	\$5.02	\$2,198,760	Q1 – 2025
Solar - Ridgely Farm (TN)	177	387,630	\$21.88	\$8,481,344	Q2 – 2024
Solar - Tullahoma (TN)	55	120,450	\$3.18	\$383,031	Q4 - 2024
	502	1,099,380		\$11,558,294	
Increased Annual Cost				\$9,939,863	
Weighted Cost per MWH			\$10.51		

Solar Purchases – Staff Recommendation

	KUB Share	KUB Annual	Contract Price		Contract
Solar Site	MW	Output (MWH)	(\$/MWH)	Annual Cost	In-Service Date
Solar - Golden Triangle (MS)	70	153,300	\$3.23	\$495,159	Q2 – 2024
Solar - Optimist (MS)	200	438,000	\$5.02	\$2,198,760	Q1 – 2025
Solar - Ridgely Farm (TN)	0	0	---	---	---
Solar - Tullahoma (TN)	55	120,450	\$3.18	\$383,031	Q4 - 2024
	325	711,750		\$3,076,950	
Increased Annual Cost				\$1,458,518	
Weighted Cost per MWH			\$4.32		

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

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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

Category	Current Purchasing Limits	Proposed Purchasing Limits
No competitive bidding required	\$0 - \$9,999.99	\$0 - \$19,999.99
Three written quotes when possible	\$10,000 - \$24,999.99	\$20,000 - \$49,999.99
Public advertisement and competitive bidding	\$25,000 and above	\$50,000 and above

Next Steps

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

Category	Proposed Procurement Procedures Purchasing Limits	Proposed Procurement Guidelines Purchasing Limits
No competitive bidding required	\$0 - \$19,999.99	\$0 - \$14,999.99
Three written quotes when possible	\$20,000 - \$49,999.99	\$15,000 - \$49,999.99
Public advertisement and competitive bidding	\$50,000 and above	\$50,000 and above

- New limits effective January 1, 2023

Next Steps

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

Category	Proposed Procurement Procedures Purchasing Limits	Proposed Procurement Guidelines Purchasing Limits	Current Guideline Limits
No competitive bidding required	\$0 - \$19,999.99	\$0 - \$14,999.99	\$0 - \$4,999.99
Three written quotes when possible	\$20,000 - \$49,999.99	\$15,000 - \$49,999.99	\$5,000 - \$24,999.99
Public advertisement and competitive bidding	\$50,000 and above	\$50,000 and above	\$25,000 and above

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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

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Community Advisory Panel Update



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

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Stars of Energy Efficiency Award



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



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