

**AGENDA ITEM 9 – INFORMATION
ITEMS**

**d. Natural Gas Price Stability
Program**

**Executive Committee
March 21, 2024**



EC 9d – Natural Gas Price Stability Program

Executive Committee

March 21, 2024

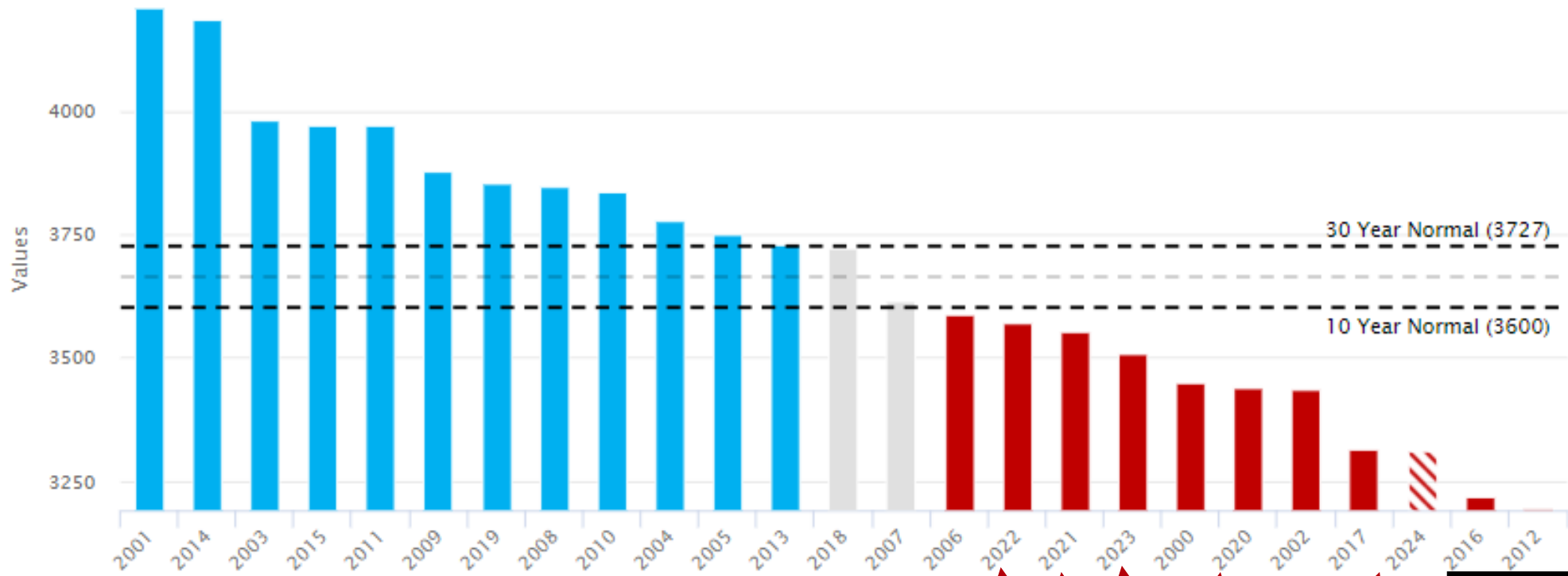
Programmatic Long Term Power Price Stability Effort

- **Goal to Manage Power Prices at or Below Acceptable Price Targets**
- **Quarterly Review and Alignment:**
 - Provide EC review of positions market dynamics on a quarterly basis
 - Review value of price stability actions taken
 - Actively align with EC's strategic rate goals
- **Target and Maximum Volume to Be Managed:**
 - Define maximum percentage to manage risk by period and avoid overexposure
 - Establish target percentage linked to market price/power rates
- **Tiered Certainty based on price mitigation:**
 - Target: Baseline of the established program
 - Over/Under Weight: Percentages of expected gas exposure fixed price

Winter Heating Degree Days Near All Time Lows

7 of last 10 years have been below 10 year normal

November - March North America (Lower-48) Natural Gas Weighted HDDs

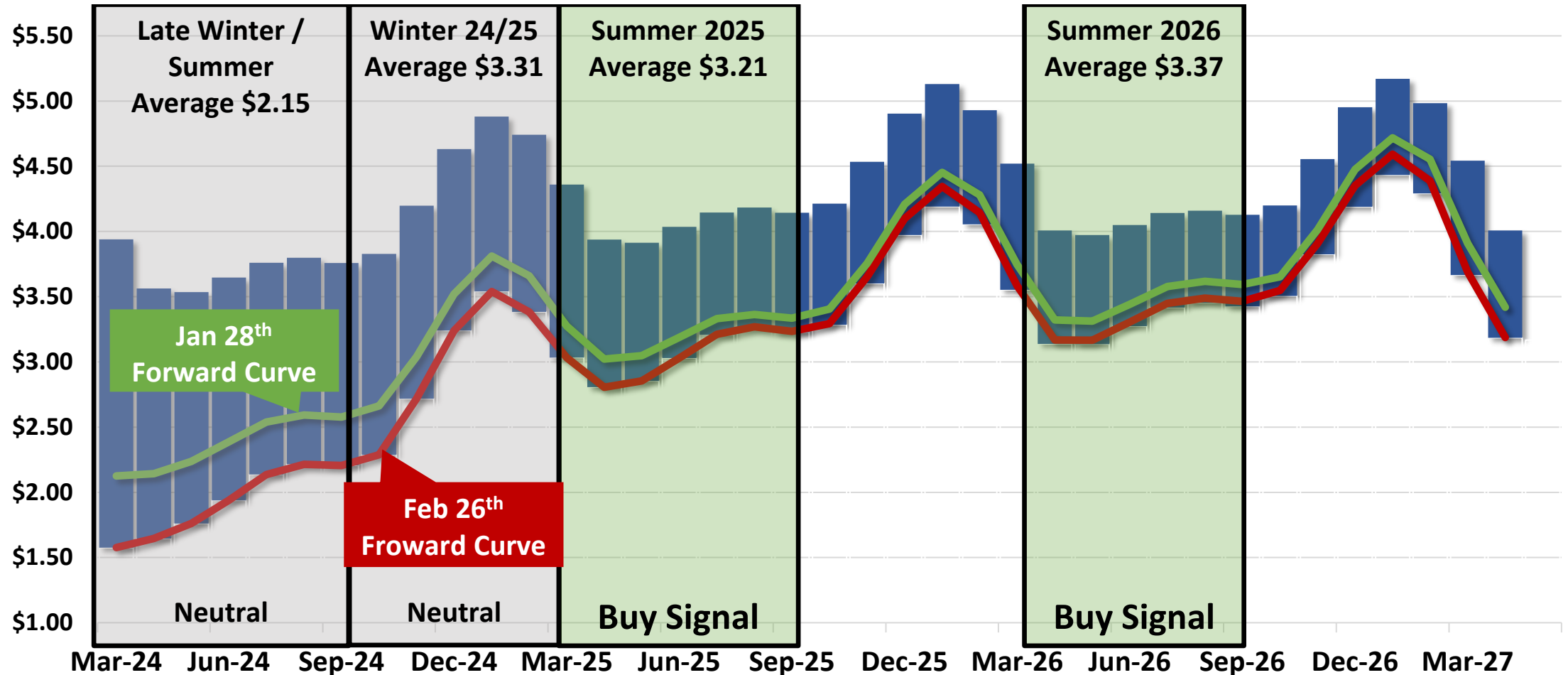


Last 5 Years



Forward Curve Continuing to Come Down

Better Buying Opportunities Than 30 Days Ago



Prices Fell 43% Through First 60 Days of 2024

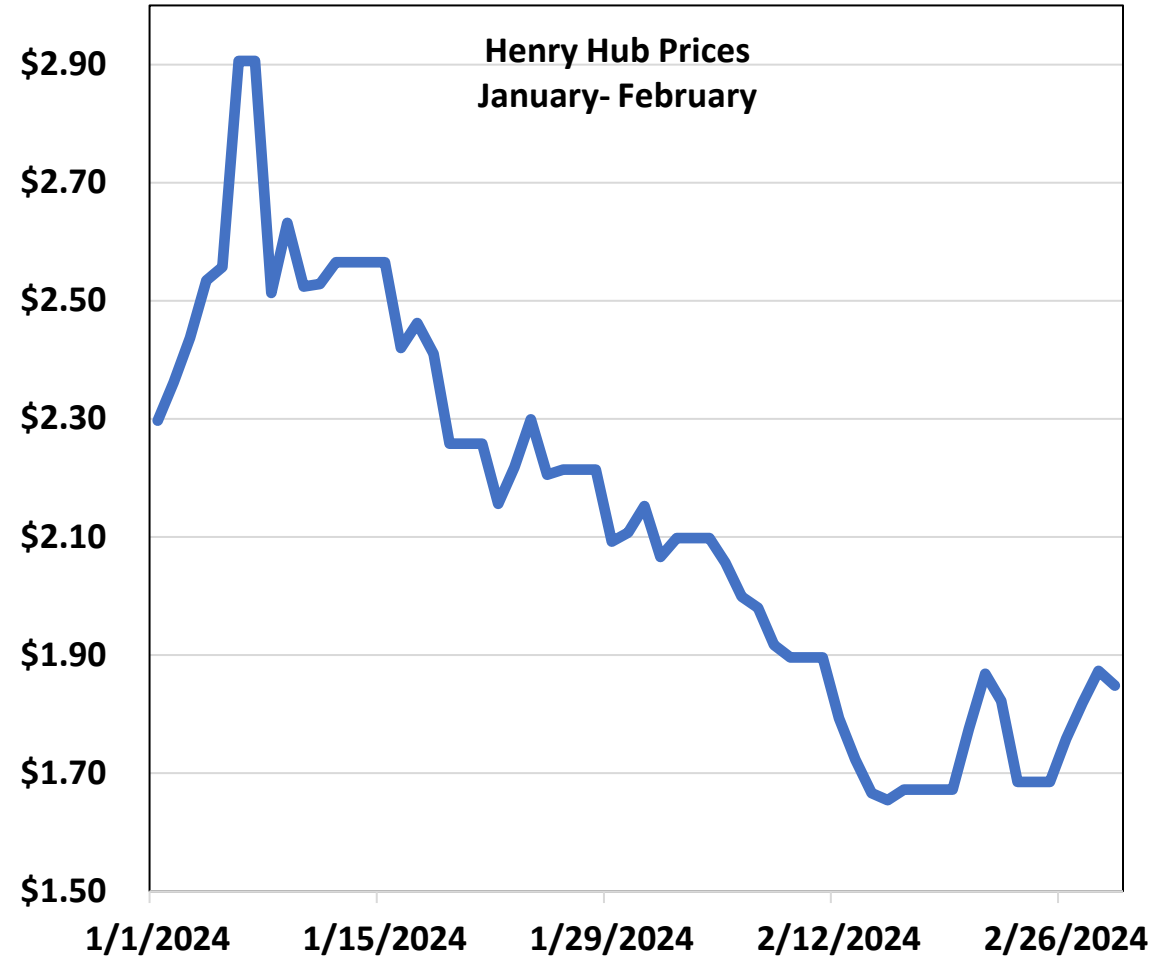
Lower prices resulted in lower rates, despite higher margin calls

- Intra-Month Price Changes

- January: \$(0.82)
- February: \$(0.45)

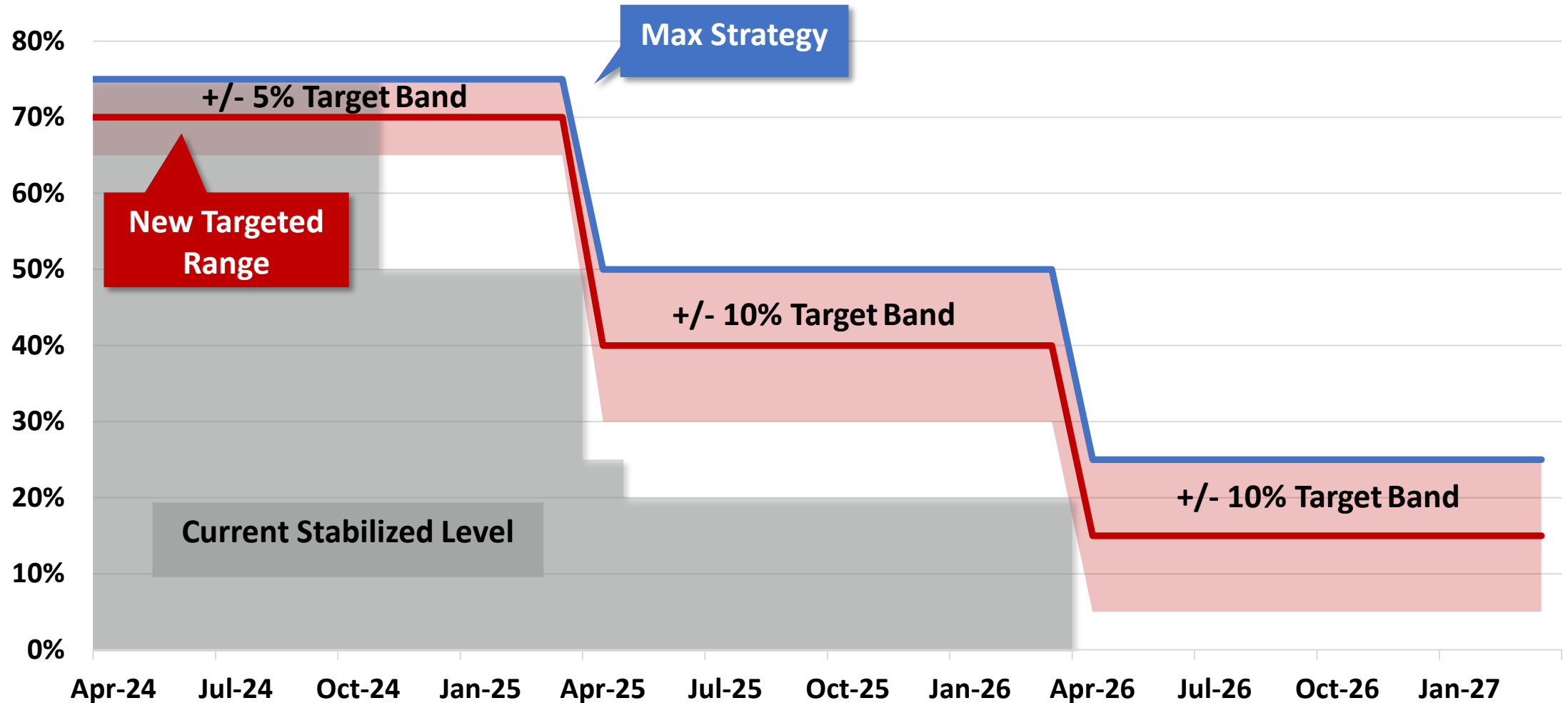
- Monthly Total Margin

- January: \$3M
- February: \$2.5M



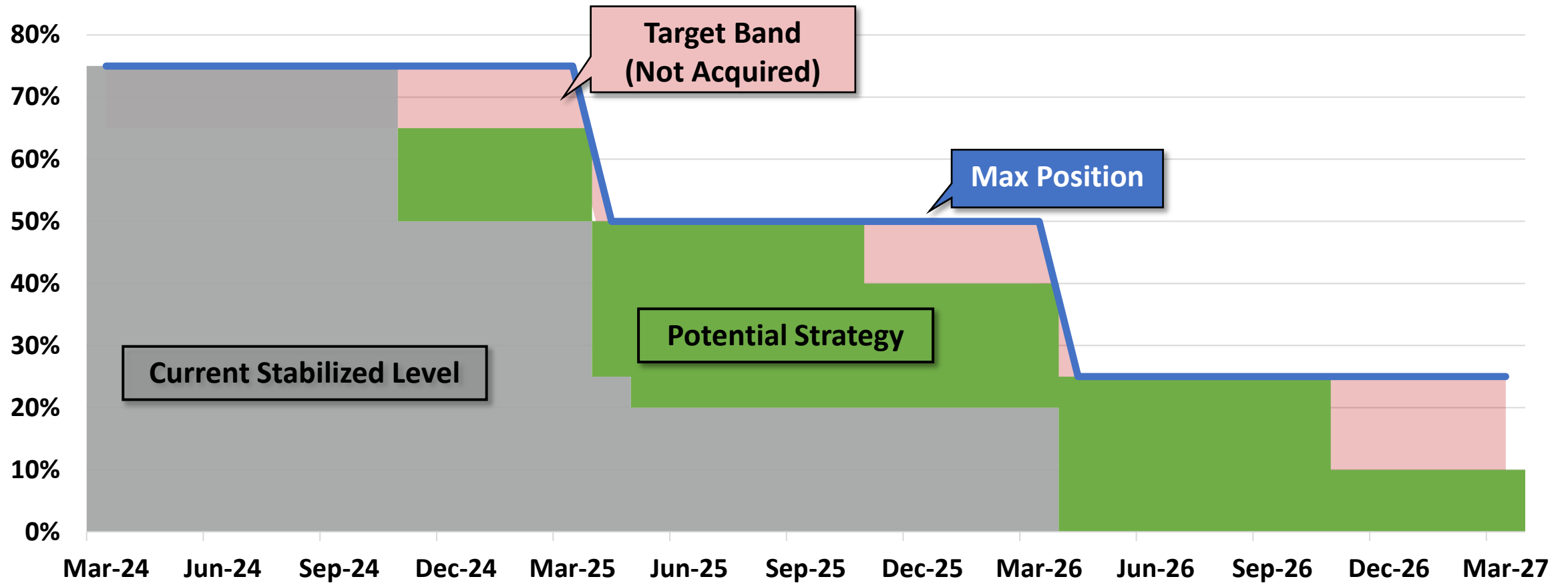
Proposed Option With +/-10% of Target For Out Years

More Flexibility to Build Stability in Out Years and More Opportunistic



Potential Strategy for Program

Winter months strategy could be different



Rate Projections At Various Gas Prices for FY24 - 25

\$70/MWh Power Cost in 2019 Equivalent to \$80/MWh Today

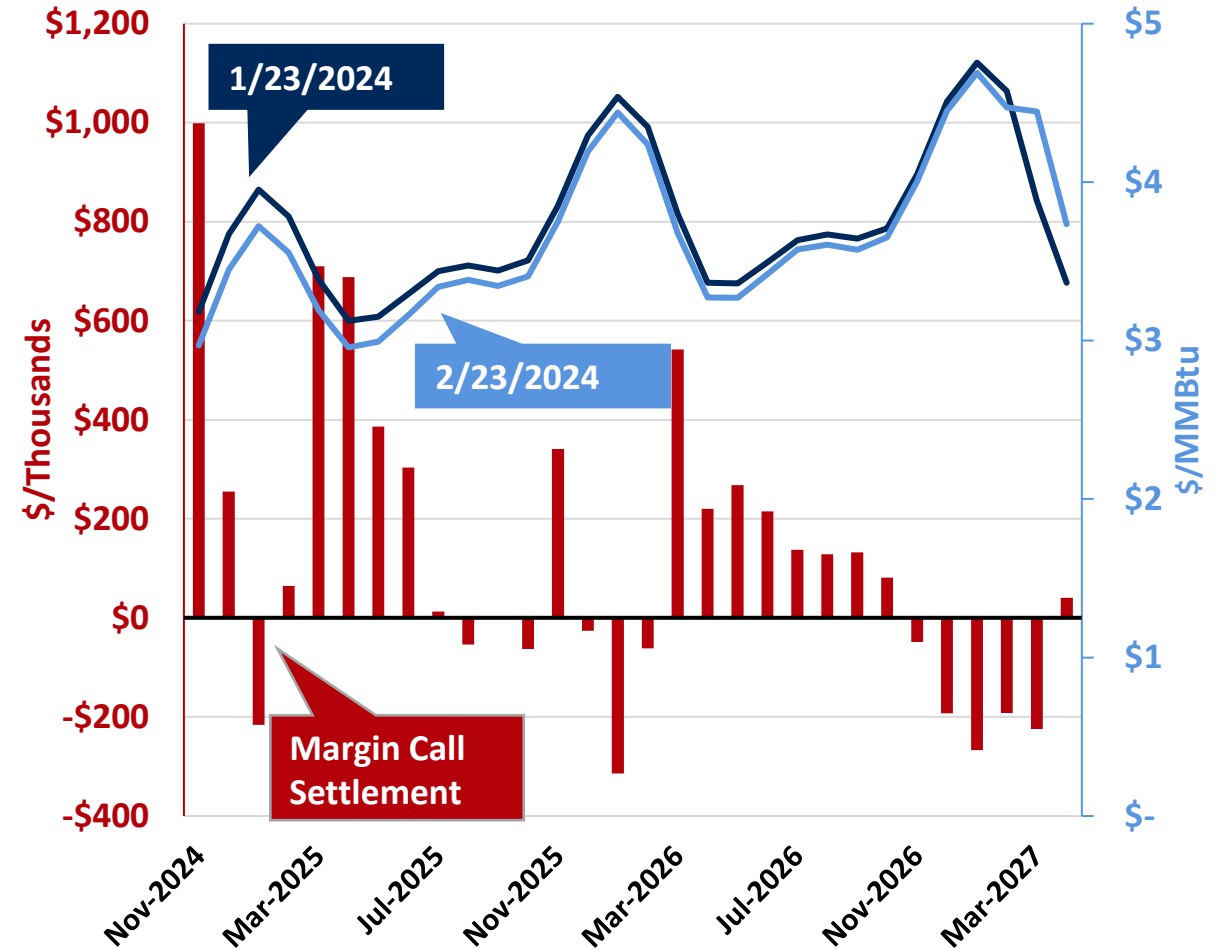
Gas Price (\$/MMBtu)	Rate (\$/MWh)
\$2.00	\$71
\$3.00	\$76
\$4.00	\$82
\$5.00	\$88

Less Than \$4M Margin w/ ~18% Near Term Price Drop

Assuming Portfolio At Potential Target Percentages

	Nov 24 - Mar 24	Apr 25 - Oct 25	Nov 25 - Mar 26	Apr 26 - Mar 27
Purchase Price	\$3.24	\$3.17	\$3.97	\$3.77
30-Days ago Drop in Price	\$(0.60)	\$(0.25)	\$(0.10)	\$(0.02)
New Price (2/23/2024)	\$2.64	\$2.92	\$3.87	\$3.75
Total Margin Cost	\$1,812,000	\$1,277,000	\$481,000	\$296,000

Total Program Margin:
\$3,866,000



Future Rate Projections Targets with 2% Escalation

Seasonal Pricing Targeting Rates

Summer Date Ranges	Target Gas Price (\$/MMBtu)	Target Rate (\$/MWh)
Apr 24 – Oct 24	N/A (75% Fixed)	
April 25 - Oct 25	\$3.33	\$73.30
April 26 - Oct 26	\$3.50	\$76.40

Winter Date Ranges	Target Gas Price (\$/MMBtu)	Target Rate (\$/MWh)
Nov 24 - Mar 25	\$2.77	\$82.37
Nov 25 - Mar 26	\$3.65	\$88.70
Nov 26 - Mar 27	\$3.75	\$89.60

Fiscal Year	Target Rate (\$/MWh)
2024	\$80.00
2025	\$81.00
2026	\$83.00

Setting Achievable Targets for Long-Term Rate Stability

Summer '25 Currently Beating Targets

