

**SOUTHERN MINNESOTA MUNICIPAL POWER AGENCY**  
**Minutes of the Board of Directors' Meeting**  
**July 10, 2024**

President Reimers called the meeting to order at 9:00 a.m. at the Waseca Public Safety Center in Waseca, Minnesota.

Mr. Sonnenberg, Waseca City Manager-Utilities & Public Works Director, welcomed the members to Waseca. Mr. Sonnenberg extended appreciation to SMMPA for all they have done for Waseca.

**Board Members Present:**

President Bruce A. Reimers, New Prague; Vice President Peter T. Moulton, Saint Peter; Secretary Roger E. Warehime, Owatonna; Treasurer James R. Bakken, Preston; Mark E. Nibaur, Austin; T. Scott Jensen, Lake City; and Timothy M. McCollough, Rochester.

**Others Present:**

David P. Geschwind, Executive Director & CEO; Alex Bumgardner, Austin; Jerry M. Mausbach, Blooming Prairie; Miles Heide, Julie Zarling, Fairmont; Christian Fenstermacher, Owatonna; Keith R. Butcher, Princeton; Chris Rolli, Spring Valley; Carl C. Sonnenberg, Waseca; Craig Anderson, Wells; Beth A. Fondell, Naomi A. Goll, Joseph A. Hoffman, Seth T. Koneczny; John P. O'Neil, and Jeremy B. Sutton of the Agency staff.

**Others Present Via Conference Call:**

Shane Steele, Grand Marais; Mike Geers, Litchfield; and Jason Halvorson, Redwood Falls.

**#1 Agenda Approval:**

Mr. Warehime moved to approve the agenda, seconded by Mr. Jensen, passed upon a unanimous vote of the board members present.

**#2 Consent Agenda:**

Mr. McCollough moved to approve the consent agenda, seconded by Mr. Bakken, passed upon a unanimous vote of the board members present.

APPROVED the June 13, 2024 board meeting minutes.

**#3 2024 Load Forecast-O'Neil:**

Mr. O'Neil reported on the 2024 load forecast.

The load forecast was developed by Mr. Jonathan Nunes of nFront Consulting Services. Mr. Nunes has been working with SMMPA staff to develop the forecast since 2010.

Discussion.

The updated member forecasts will be sent to each member.

#### **#4 Litchfield Transmission Expansion and Voltage Conversion-Koneczny:**

Mr. Koneczny reported on the Litchfield transmission expansion and voltage conversion.

In 2022, Great River Energy (GRE) approached SMMPA to discuss transmission studies that identified a growing number of transmission constraints around Litchfield. The study identified rebuilding large sections of 69 kV transmission lines in the region and upgrading to a 115 kV voltage standard.

Discussion.

SMMPA owns transmission lines serving Litchfield that connect to GRE's transmission system.

#### **Cost and Timing**

- Project is currently scheduled for completion in spring 2030, depending on planning and transformer lead times.
- Total system projected costs estimated at \$80-90 million (in the GRE transmission pricing zone).
- SMMPA's portion estimated at \$30-35 million.
- GRE, SMMPA, and Missouri River Energy Services/Hutchinson are planning one permit application.
- Permit application is being prepared by GRE.
- Total permit costs expected to be \$1.2 million with SMMPA's portion being approximately \$200,000.
- Project will be included in SMMPA's 2025 budget and, if approved, brought back to the SMMPA Board in early 2025 for final approval.

#### **Physical Security Workshop**

SMMPA will not pursue hosting a physical security training workshop since the American Public Power Association and Minnesota Municipal Utilities Association have offered physical security training.

#### **#5 New Quick Start Generation-Sutton:**

Mr. Sutton reported on the new quick start generation.

On April 30, 2024, the Quick Start Working Group met to review contract language including renewal language after the 20-year term, and contingency dollars. The discussion was to have the Agency take on project cost contingency of 15% over DGR's estimated engine package cost of \$330,345 (equipment scope and price estimate).

Discussion.

There was board consensus to move forward with 15% contingency on the engine cost and to

draft language allowing for mutually beneficial contract extensions for consideration.

This topic will be presented as an action item at the September board meeting.

After a short break, the board reconvened at 10:25 a.m.

#### **#6 SMMPA Dispatchable Generation-Sutton:**

Mr. Sutton reported on the dispatchable generation project status.

Proposals were received from equipment vendors: General Electric, MAN Energy Solutions, Mitsubishi Power, Solar Turbines – *A Caterpillar Company*, and Wartsila. A summary of the bids was reviewed.

Discussion.

There was board consensus to move forward with deeper investigation into Solar Titan 130 and 250 Gas Turbines, allowing for permitting activities within authorized budget amounts already approved by the board.

#### **#7 2024 Integrated Resource Plan Preferred Plan-Sutton:**

Mr. Sutton reported on the 2024 Integrated Resource Plan (IRP). He provided background information, reviewed assumptions, and discussed the preferred plan development process.

The last IRP was filed with the Minnesota Public Utilities Commission on November 30, 2021.

Discussion.

#### **Preferred Plan Recommendation**

- Stay on SMMPA 2.0 path for IRP preferred plan.
- Decision to execute renewable project contracts will be determined in 2027.
  - SMMPA Board can decide at that time the best course of action.
  - Pricing will be more certain.
  - Agency will continue to explore projects.
  - MN carbon-free rule clarifications.
- File by December 1, 2024.

Agency staff was asked to follow up at a future board meeting with additional detail on several future resource plans involving different amounts of renewable carbon-free generation.

President Reimers appreciated the Agency staff efforts on the IRP.

#### **#8 Austin Power Sales Contract Extension-Geschwind:**

Mr. Geschwind reported on the Austin Power Sales Contract (PSC) extension.

On July 1, 2024, the Austin City Council Work Session was held and the Austin City Council

approved including the Austin PSC Extension as an action item at the Austin City Council meeting on July 15, 2024.

Austin intends to leave the 70 MW Contract Rate of Delivery (CROD) in effect for now. The Badger Coulee Transmission Project Agreement between the Agency and Austin would not go into effect in 2030 if the PSC is extended. Austin's participation in that transmission project would continue indirectly through the Agency as is the case today for all SMMPA members.

The SMMPA Board Resolution provided in the board book authorizes the Agency to execute a PSC extension amendment with the City of Austin provided that the amendment is also executed and delivered by Austin by September 1, 2024.

Discussion.

Mr. Nibaur reported that Austin Utilities worked with the 1898 & Co. in an extensive study. After reviewing the study and the wholesale power agency bids, SMMPA ranked well and the Austin Utilities board supported extending the PSC with SMMPA. Mr. Nibaur also extended appreciation to the SMMPA membership.

Mr. Warehime moved to approve the Resolution of the Board of Directors of SMMPA approving and ratifying the execution of the amendment extending Austin's Power Sales Contract until April 1, 2050, seconded by Mr. Moulton, passed upon a unanimous vote of the board members present. (Attachment A.)

#### **Government Affairs/Member Services Report-Hoffman:**

Mr. Hoffman summarized the government affairs/member services report detailed in the board book.

#### **NINJIO Cybersecurity Awareness Training Update**

SMMPA has been offering the NINJIO cybersecurity awareness training courses to the members. Members interested in receiving a detailed activity summary for their community were asked to contact Mr. Hoffman.

#### **Economic Development Credit**

The Economic Development Credit Program application was approved for a new Princeton customer. This is the third credit application received and approved by the Agency.

#### **SMMPA/Eaton User Group Meeting**

Eaton contacted SMMPA to determine interest in forming an Eaton User Group for members. Eaton staff would present on a variety of topics at an annual one-day meeting. Seven SMMPA members currently have Eaton metering systems.

#### **MN 40101(d) Grants**

The Minnesota Department of Commerce is seeking proposals from utilities for the 40101(d) Strengthening the Reliability and Resiliency of Minnesota's Electrical Grid. Grant awards are up to \$2 million per applicant with \$12 million in total funds available. The Agency anticipates submitting an application for a battery storage project that would be in Grand Marais. The

Agency will use Frontier Energy to write the application. Applications are due August 26, 2024. An email will be sent to the members asking if they are interested including eligible projects in a larger consortium application. Members may also apply on their own.

### **Operations Report-Sutton:**

Mr. Sutton reported:

#### **MISO FERC Filing**

FERC accepted MISO's proposed tariff revisions to implement the Reliability Based Demand Curve.

#### **EPA Good Neighbor Ruling**

The U.S. Supreme Court issued a stay of the Good Neighbor Federal Implementation Plan (FIP). The FIP has already been stayed by the Eighth Circuit Court through the Minnesota Good Neighbor Coalition. The Minnesota coalition will submit a short notice of supplemental authority to the Eighth Circuit. EPA continues to monitor.

#### **Market Price Update**

A graph of recent natural gas and on-peak electricity prices was discussed.

### **Financial Report May 2024-Fondell:**

Ms. Fondell summarized Agency financial results through May as provided in the board book materials.

### **President's Report:**

There was no report.

### **Executive Director & CEO's Report:**

Mr. Geschwind reported:

- **Sherco 3:** Sherco 3 has been offline since July 8, 2024 due to turbine vibration issues and it is anticipated to be back online July 11, 2024.
- **MMUA's Mutual Aid Disaster Response Program:** SMMPA received a letter from MMUA that since SMMPA is an affiliate member of MMUA, SMMPA is eligible to participate and join the Mutual Aid Program by signing a Mutual Aid Agreement. Having a Mutual Aid Agreement on file can help ensure eligibility for federal funds in the event of a qualified emergency. The Agency will investigate this.
- **APPA National Conference:** The APPA National Conference was held June 9-12, 2024 in San Diego, California. Conference topics included hydrogen generation, small nuclear reactors, and discussions on residential demand billing.

**Member Forum:**

None.

**Other Business:**

There was no other business.

**Adjourn:**

A motion to adjourn the meeting was made by Mr. Nibaur, seconded by Mr. Jensen, passed upon a unanimous vote of the board members present.

The meeting was adjourned at 12:19 p.m.

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Secretary