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Electronews

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CEO MESSAGE

Power Supply Strategy Balances Minimizing Energy Costs, Managing Risks

One hundred-plus degree days have arrived, sweltering days that make Winter Storm Uri seem like a distant ice age. For approximately one week in February, the weather pattern brought prolonged frigid temperatures to the central U.S. extending north to south.

The cold weather caused high electric demand, high natural gas demand, a reduced natural gas supply (wells and pipelines experienced freezing issues); increased generator outages on fossil-fuel units (also due to freezing problems), and increased wind generator outages (due to icing and low temperature cut offs). Low wind output and transmission outages also contributed to a widespread strain on the electric system across the Midwest, sometimes to the point that there was not enough energy in the region to supply the demand. As a result, electric utilities were directed by the Southwest Power Pool (SPP), the regional transmission organization that balances electric supply across a 14-state region, to interrupt electricity service for a specified time.

In the sweltering heat of summer, you might be wondering why Storm Uri is still a topic of conversation. For electric utilities, meeting electricity demand is always at the forefront of operational strategies but can be especially

challenging during the winter and summer months when weather patterns can bring extreme temperatures. While Storm

Uri was a unique weather event — one that we are hoping not to ever see or experience again — electric utilities across the nation continue to debrief the event to shore up contingency plans.

Electric utilities are designed, built, and operated to support a range of demands in a cost-effective manner. These estimated demand ranges include predicted peak demands, but sometimes, like in February, events can occur beyond predicted peaks and generation resources do not always perform as planned.

Victory Electric's wholesale generation and transmission supplier, Sunflower Electric Power Corporation, takes strategic steps to meet not only the typical energy demand of electricity consumers served by its seven member distribution utilities, but also the energy demand in energy-peaking situations,



Shane Laws

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Power Supply Strategy *Continued from page 16A* ▶

such as very hot summer days or cold winter conditions. Balancing cost and reliability for typical energy demand and predicted peaks is challenging, and doing it for situations beyond predicted peaks, such as Storm Uri, is even more challenging.

So, what does Sunflower do to prepare for energy-demand challenges? The electric industry is very complex, one that cannot be summed up in a few bullet points, but below are some of the strategies implemented so that Sunflower can serve Victory Electric and its other members with reliable energy at the lowest possible cost:

- ▶ Regular testing conducted on all electric generating units to assess their operating status.
- ▶ Planned maintenance outages conducted in the spring or fall when energy-peaking days are less likely to occur.
- ▶ A fuel-diverse generation fleet comprising natural gas, coal, wind, solar and hydro allows Sunflower to capitalize on fuel resources that are in the best interest of its members at a given time.
- ▶ A fuel-diverse generation fleet serves as a hedge against the rising prices of a particular fuel resource. Coal prices are very stable compared to the volatility of natural gas pricing and is an effective hedge against market energy prices, which are usually correlated to the price of natural gas. Sunflower's coal-based unit helped offset astronomically high natural gas prices during Storm Uri.
- ▶ A technology-diverse, owned-generation fleet — comprising a steam coal unit, steam natural gas units, internal combustion natural gas units, and reciprocating internal combustion engine (RICE) units — allows for an operating strategy that can react to changing weather patterns, energy demand, and price fluctuation. For example, Sunflower's quick-start RICE units are often used to back up fluctuating intermittent, non-dispatchable renewable resources (wind and solar), and its natural gas steam units are designed to operate in a more consistent, stable manner.
- ▶ Contracts for coal and natural gas are strategically entered to obtain fuel at optimal prices. This involves constant evaluation of Sunflower's current contracts and forecasting how much will be needed to meet consumer demand. Both overestimating and underestimating fuel needs have inherent risks, such as cost impacts and fuel accessibility.



Sunflower Electric Power Corporation, Victory Electric's wholesale generation and transmission supplier, takes strategic steps to meet not only the typical energy demand of consumers served by its seven-member distribution utilities but also the energy demand in energy-peaking situations, such as very hot summer days or cold winter conditions.

- ▶ While coal is stored on-site, ample natural gas storage facilities are expensive alternatives Sunflower has explored but, to this point, have proven to be cost-prohibitive. Fixed-price gas contracts that could be used to protect against price volatility are also problematic due to the low utilization and fluctuating dispatch of Sunflower's gas-fired generation assets.
- ▶ Sunflower has power purchase agreements that allow access to wind and solar resources without the burden of ownership and maintenance.

Sunflower is a member of the SPP. Every day, 24-7, the SPP oversees, manages, and balances the dispatch of the energy in its service territory. Sunflower is in constant communication with SPP regarding the dispatch of our generation units, the market price of energy, transmission availability, and calls for public conservation when necessary. SPP staff and membership continue to debrief Storm Uri to determine possible changes that could improve energy supply in such extreme and rare events while still balancing affordability.

Meeting power supply needs is a continuous balance between minimizing energy costs and managing risks. If a system is built virtually indestructible, it would increase everyday prices in anticipation of a catastrophic event that may never occur. Therefore, Sunflower has chosen to employ various strategies to manage energy-demand risks while keeping costs as affordable as possible.

THANKS, SHANE

Tips for an Energy-Efficient School Year

Electronics are important to today's students. They use them for education, entertainment, and daily living. Energy efficient electronics can help students reduce energy use and save money.

"Students can learn an important lesson in energy efficiency by using the right electronics," says Molly Hall, executive director of the Energy Education Council. "Students build habits in school. It is an excellent time to make efficiency a habit."

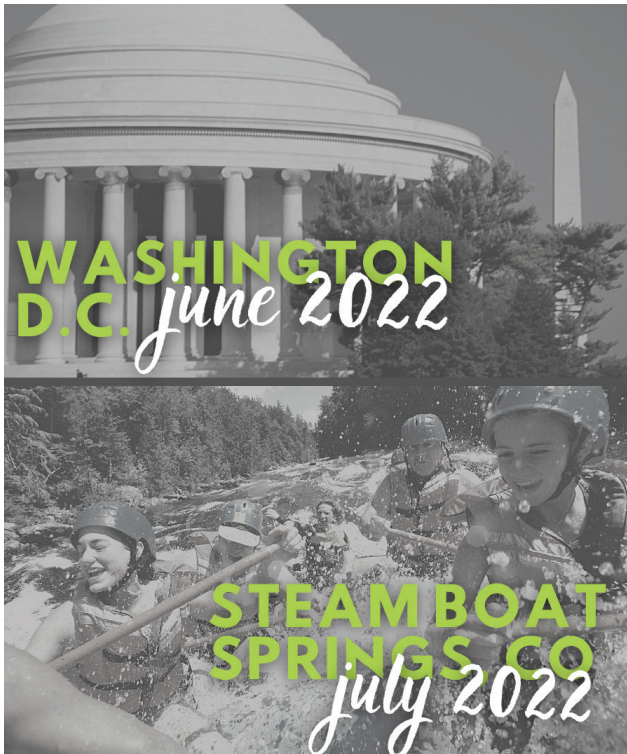
The Energy Education Council recommends you consider some of the following electronics to kick your school year off with an efficient start:

- ▶ **SMART POWER STRIPS** – These power strips are controlled by a primary electronic device, such as a computer, and all peripheral electronics are controlled by the primary. For example, if you plugged a computer in and then plugged a printer in, the smart strip would shut off power to both the computer and printer when the computer was off.
- ▶ **ENERGY STAR PRODUCTS** – Many students purchase computers, stereo systems, and TVs for their dorms. Look for the blue Energy Star label on electronics. Energy Star products can use 30% less energy than comparable non-Energy Star products.
- ▶ **BATTERY CHARGER** – Remotes, calculators, and other gadgets require batteries. A rechargeable battery set is an efficient way to avoid the hassles of running out of

batteries. Also, it helps keep batteries out of landfills. When it comes time to dispose of batteries, be sure to look for a local battery recycling program in your community.

- ▶ **SOLAR CHARGER** – Solar chargers are a convenient option for students on the go. Simply leave these chargers in a sunny window area, and after a few hours, they are ready to travel and charge cellphones, tablets, MP3 players, and other devices.
- ▶ **LED/CFLS** – Traditional incandescent lightbulbs can use 75% more energy than CFL or LED lightbulbs, and you pay for every extra bit of energy incandescent bulbs use. Not only are CFLs and LEDs more efficient, but they can also last at least six years.
- ▶ **COMPACT REFRIGERATOR** – If you plan on taking a refrigerator to school, look for an Energy Star qualified model and consider a compact or micro-refrigerator. If you have a roommate, plan on sharing the fridge for increased efficiency.
- ▶ **DRYING RACK** – A collapsible drying rack can save students' quarters and hassle. Instead of waiting in the laundry room while their clothes dry, students can dry clothes on a rack in the convenience of their own room or apartment.

For more energy efficiency information for homeowners and apartment renters, visit victoryelectric.net.



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Preparing for the Future

Goddard earns Certified Loss Control Professional certificate

MIKEY GODDARD, Victory Electric's vice president of safety, recently completed an intensive electric utility safety and loss control accreditation program. The Certified Loss Control Program (CLCP) is a series of workshops offered by the National Rural Electric Cooperative Association in conjunction with the National Utility Training and Safety Education Association.

The CLCP program is designed to instruct participants in many areas related to electric utility industry safety and requires participants join four, weeklong sessions designed to challenge and educate participants in new, innovative safety techniques; attend a 30-hour OSHA course; and submit a meticulous final project. Workshops are specifically designed to enhance the participant's skills in subjects such as emergency procedures, disaster recovery, environmental responsibilities, hazard and job analysis, hazard assessment, accident prevention, accident investigation and accident analysis. In addition, CLCP professionals must attend courses every year to maintain their certification and to stay informed of changes in the industry.

Goddard is one of only a few electric utility professionals in the country who received the certification this year. He was presented with his CLCP certificate at Victory Electric's June board meeting. He joins the ranks of 26 other Kansas electric cooperative employees who completed the certification process and earned their CLCP.

According to the Occupational Safety and Health Administration (OSHA), nearly 4 million injuries occur annually in the workplace. One of the goals of a CLCP professional is to help ensure a safe work environment for utility workers and the public in general. Avoiding workplace accidents avoids downtime and can ultimately lead to lower utility rates.

"Safety is a part of every decision, every job and every meeting," Goddard said. "Being a former lineman, I feel a deep sense of responsibility to create the safest work environment possible for



Mikey Goddard, vice president of safety, completed the Certified Loss Control and Safety program through a series of workshops that challenge and educate participants on electric utility safety.

our crews out in the field and at the office, and to ensure the safety of our employees and members is a top priority. Victory Electric has built an excellent safety program, and I am excited to put the new skills and principles I learned to work to reach even higher levels of safety."

Goddard began his career as a lineman working for J&J Powerline Contractors where he had the opportunity to work with numerous electric cooperatives, municipals, and investor-owned utilities, as well as several wind farms, across Kansas, Oklahoma, Texas and New Mexico. Shortly after starting at Victory Electric in 2004, he earned his journeyman lineman certification and worked as a lineman and crew chief before transitioning to the safety role in 2016. He is married to his wife, Traci, and has three children, Madison, Amity and Bane.

He believes "the biggest benefit of working safely is going home to those we love ... every day, every night and after every storm."