

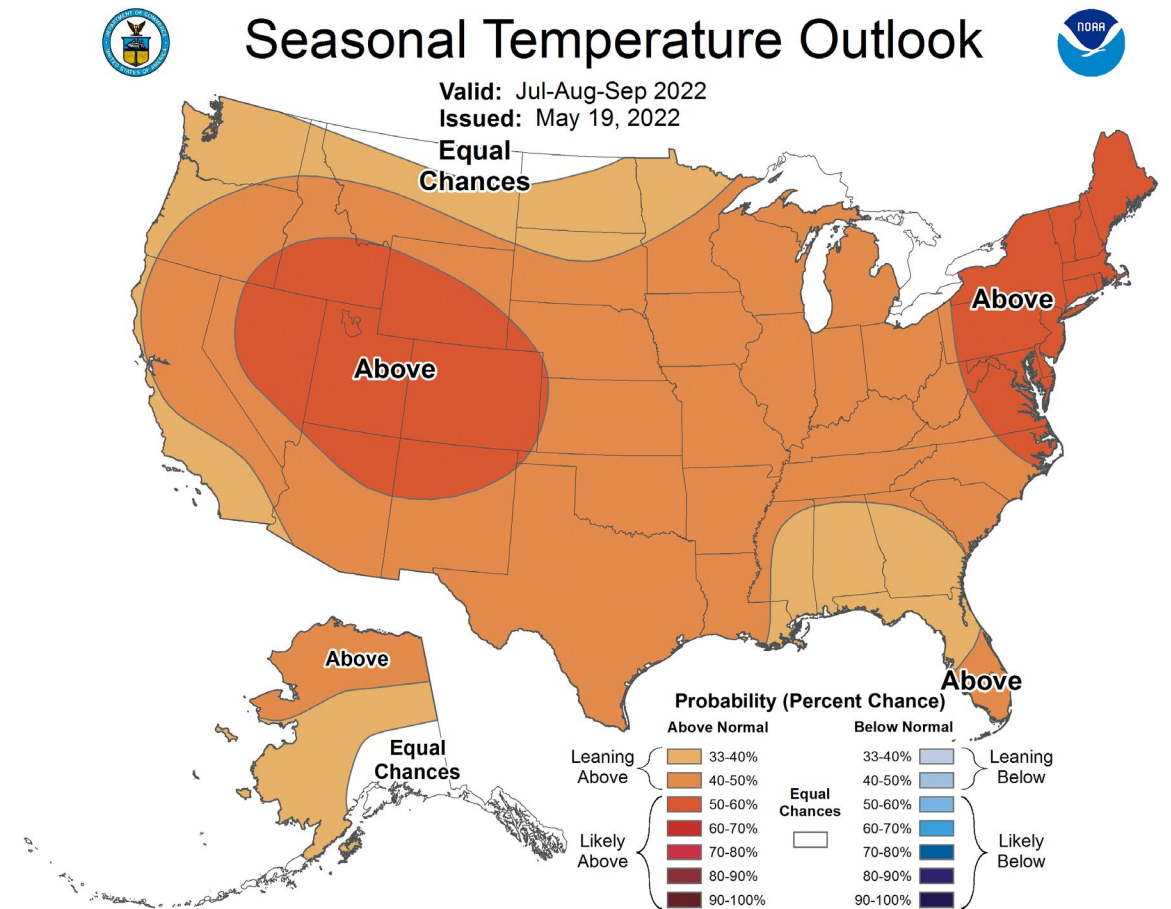
2022 Summer Peak Power Demand- Briefing of Planned Activities

Why are we providing this update?

- Power Operations wanted to take opportunity to share its planning for Quarter 3 2022
- The past two years have had some had some pretty extraordinary pricing and supply issues.
- LAC has seen prices as high as \$1,695.00/MWh
- Supply Issues plagued the Western Interconnect. Many Balancing Areas declared Energy Emergencies
- LAC is committed to ensuring adequate supply and limiting cost exposure as much as possible

Q3 Weather Forecast

- Widespread heat simultaneously throughout the Western interconnect is the greatest threat
- Other major issues LAC is monitoring:
 - Generation Availability
 - Duck Curve Ramping Capabilities
 - Bilateral Trading Availability



Thermal Units

- San Juan:
 - 2020 – Was in Forced Outage during the major heat event.
 - 2021 – Operated as expected
 - 2022 – Expect normal Operations with adjustments for poorer coal quality
- LRS:
 - 2020 – One Unit was Offline due to Forced outage
 - 2021 – Was Derated due to Tube Leak issues
 - 2022 – Expect normal Operations
- Laboratory Combustion Turbine
 - 2020 – Unit was Offline for upgrades
 - 2021 – Unit Performed according to plan
 - 2022 – Currently Undergoing Maintenance, Staff anticipates its availability during peak load

Hydro Units

- WAPA AHP- DOE & LAC
 - Allocations remain the same
 - Different structure due to drought. Allocations are made up of Hydro Generation and Market Energy
- El Vado
 - Is now shut down for the Dam Restoration Project
- Abiquiu
 - We are expecting roughly the same output from Abiquiu as last year

Load Vs. Generation: August Forecast

- August Anticipated Average Load 80 MW
 - San Juan – 36MW
 - LRS – 10MW
 - WAPA AHP – 10MW (Possibly reduced)
 - Abiquiu – 4 MW
 - El Vado – 0 MW
 - LANL CT – 21 MW (May need contingency)
 - UNIPER – 15 MW Firm
- Total Supply 96 MW
- Peak anticipated to be around 93MW

Purchased Power

- We are currently projecting an over supply for the Los Alamos Power Pool
 - We plan to help supply Sandia/Kirtland, while still maintaining the Pool's reliability
 - Plan B in the event of De-Rate or Curtailment will be to use our relationships to gain access to the CAISO Day Ahead Market
- LAC will still have to Purchase for Sandia/Kirtland. Below are the options for meeting load.
 - Buy months in advance for set block
 - Purchase Call Options
 - Rely on shorter term purchases including real-time

Purchased Power Cont.

- Months in Advance:
 - Pros – Secure Firm energy early
 - Cons – Highly reliant on the futures pricing which are very high due to previous years' occurrence
 - If Purchased Energy would cost \$230HL and \$115LL, we would pay these prices for a block of energy and the block would have to accommodate our load
 - Before San Juan was extended, LAC failed to secure a PPA for Q3 2022
- Call Options:
 - Pros-Secures Firm Capacity to be called upon if needed
 - Cons-Current pricing for Call options are very high. Strike pricing is even higher. Very expensive insurance for this time period
 - Could not find a fixed price Call option for this period due to risk
- Short-Term Purchases:
 - Pros – Allows for better pricing should the summer weather be better than anticipated. Allows flexibility of purchases that can be more tailored to load
 - Cons – Bilateral liquidity problems, prices can be higher if generation sources are scarce or load is higher than expected
 - We anticipate costs will be less than the \$230/\$115 for most of the month

In Conclusion

- We have chosen to pursue short-term purchases at this point
 - We are going to utilize WAPA Replacement Power, Day ahead Purchasing, and real-time purchasing
 - We believe we can help Sandia/Kirtland Reliably for both parties
- Diligence of our reserve margin and sales is as of equal importance as our purchasing strategy.