

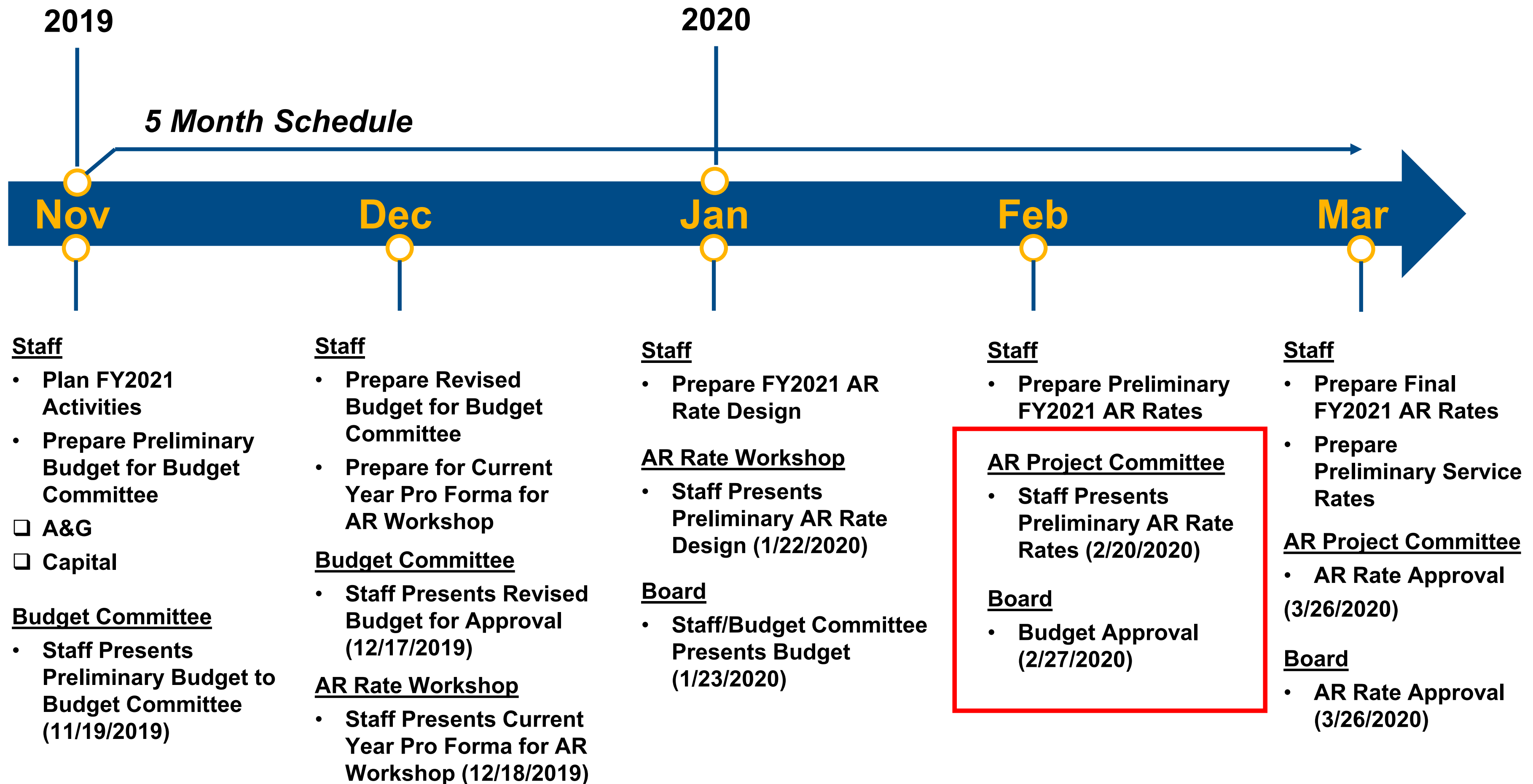


President & CEO Update

Doug Buresh

February 27, 2020

FY2021 Budget and AR Rate Process



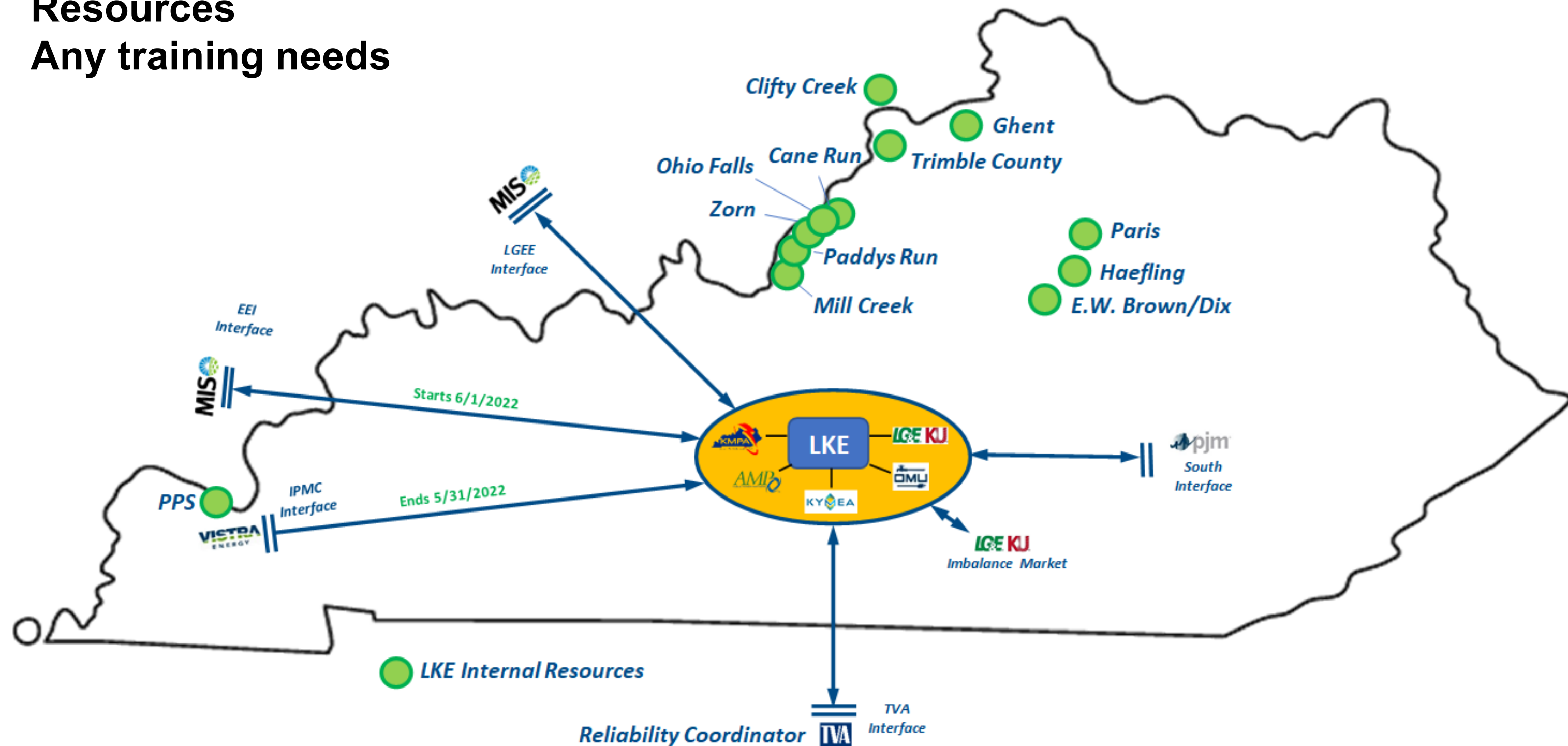
Note: Staff will begin calculation of Service Rates in March.

System Reliability

Capacity Load Shed Table Top Exercise

Objectives of Exercise

1. Effectiveness of plans
2. Level of Operation
3. Ability to provide timely and accurate information
4. Resources
5. Any training needs



Rob Leesman and Doug Buresh participated in Table Top Exercise

Kentucky Chamber Energy Conference

Conference Keynote Speakers

- **Dan Brouillette, Secretary, U.S. Department of Energy**
- **Neil Chatterjee, Chairman, Federal Energy Regulatory Commission**

Conference Topics

- **The Future of Fossil Fuels and Kentucky's Economy**
- **Siting Solar Project in Kentucky**
- **Use Energy Star Portfolio Manager to Monitor Energy Use and Boost Profits**
- **If 100% Renewables is Not a Realistic Option...What is?**
- **Working Groups that Work: A discussion of Government-Stakeholder Cooperation**
- **The Future of Energy in Kentucky**
- **Regulatory Update: Where We Stand on ACE, CCR, ELGs, and WOTUS**
- **Inside the Public Service Commission (PSC)**

Ron Herd and Doug Buresh attended Energy Conference

KYMEA Enterprise-Wide Risk Management Policy

Discussion

Board Actions

- **ERM Policy Approval – 3/28/2019**
- **Trading Authority Procedures – 4/24/2019**
- **Credit Policy – 5/23/2019**

Staff Activities

- **Working on KYMEA Hedge Plan.**
- **The purpose of the plan is to develop guidelines for disciplined hedging of forward power supply portfolio components (dollar cost averaging, etc.).**
- **The Plan will adhere to the Position Report as approved by the Board under the Trading Authority Procedures.**
- **Initial plan should be ready for BROCC meeting discussion on March 26th.**

Paris Winter Capacity Test

Winter Generator Testing

Purpose: Demonstrate net generation capacity and deliverability to load.

- **Test conducted 2/19/2020 – 2/20/2020**
- **Duration of 2 hours**
- **Winter season of December, January, February**
- **Ambient temperature at or below 35° F (temperature adjusted if greater than 35° F)**

Industry News – MISO 30 Minute Reserve Product

Discussion

With increasing intermittent generation (wind and solar) and the decreasing dispatchable generation (coal), MISO is concerned about having enough available reserves to meet local, sub-regional and market-wide needs.

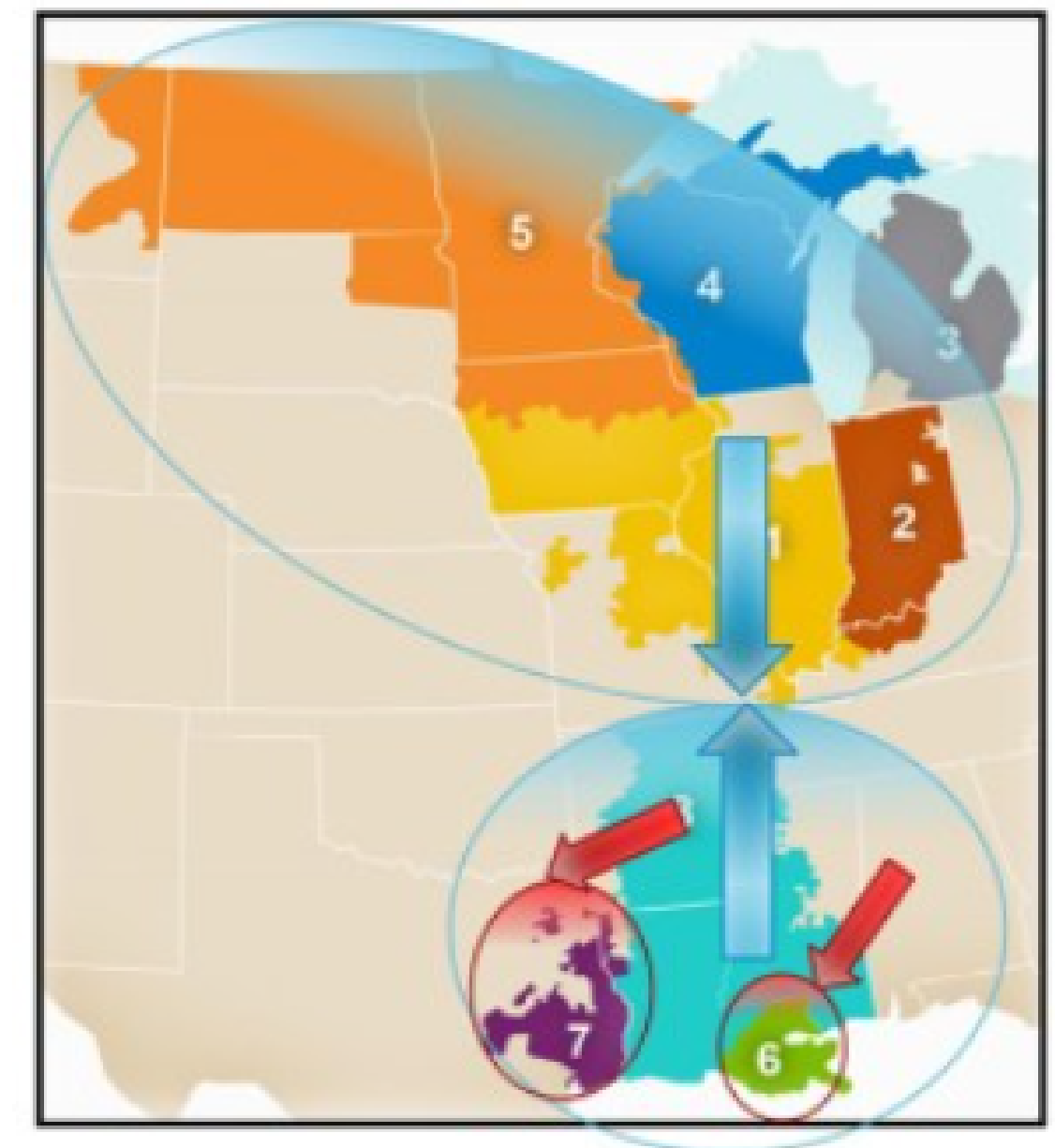
The intent of the MISO 30 Minute Reserve Product is to provide a market-based solution to ensure resources are available to meet the load needs.

MISO is developing the software for use in late 2021.

The reserves will be furnished by either online or offline resources capable of being deployed within 30 minutes to meet local, sub-regional and market-wide needs.

The RTO expects the new market product will reduce revenue sufficiency guarantee (RSG) make-whole payments, lessen out-of-market commitments, make market prices more transparent and provide pricing signals that incentivize a greater number of fast-start resources that can meet voltage and local reliability requirements more cheaply. Using the reserves, MISO estimates net production cost benefits of \$5 million annually and a \$1.6 million reduction in RSG make-whole payments paid in MISO South. (See “MISO Preps Tariff for Short-term Reserves,” *MISO Market Subcommittee Briefs*: Oct. 10, 2019.)

FERC approved MISO’s plan for implementing the reserve product on Jan. 31 (ER20-42).



MISO regions requiring short term reserves are indicated with red arrows. | MISO