



NMPP **MEAN** **NPGA** **RCE**

Annual Report

2022-2023



NMPP

MEAN

NPGA

ACE

Member Driven

Service Driven

Economic Value Driven

Values Driven

Staff Driven

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From the Executive Director...

Fiscal year 2022-23 marked another productive year for the four organizations of NMPP Energy.

As the energy industry continues to evolve on many fronts, the organizations of NMPP Energy spent the year turning challenges into future opportunities in their respective businesses.

Below are just some of the accomplishments from the year:

- MEAN earned final approval of its Integrated Resource Plan (IRP) from the Western Area Power Administration, capping a multi-year collaborative process. The IRP serves as a planning document regarding MEAN's future power resources, energy efficiency efforts and other components to ensure adequate, affordable and reliable electric supply for MEAN participants.
- MEAN's electric rates for 2023-24 remained stable, marking the sixth year out of the last seven that MEAN has either lowered or had no rate increase to its energy rates or fixed cost recovery charge.
- The MEAN Board of Directors approved a new Green Energy Program, which streamlines and modernizes MEAN's renewable energy resource portfolio and rate structure.
- NPGA renewed three-year gas supply agreements with Wetmore and Havensville in Kansas and Keyes, Okla.
- The NPGA Board held a strategic planning session focused on hedging policy strategies, prepaid natural gas agreements, value-added services and utility staff retention.
- ACE celebrated its 25th anniversary as a natural gas supplier in the Nebraska Choice Gas program.
- The ACE Board of Directors approved a \$200,000 revenue distribution, bringing the total overall revenue returned to its Nebraska member communities to more than \$3.5 million since its formation.
- NMPP Energy launched its grant opportunities initiative with the goal of providing resources to assist member communities with federal and state grant funding opportunities.
- NMPP Energy's Operations Application earned a national award. The App, developed in-house, streamlines communication from member utilities during emergencies regarding mutual aid, utility outages and unit generation notifications.

These are just a few of the many accomplishments throughout the year of the NMPP Energy organizations. These successes and many others, of which some are highlighted in this Annual Report, are only possible through the dedication and hard work of internal staff, board and committee members and staff of the municipalities we serve.

One of the cornerstones of NMPP Energy's culture is being member driven. With everything we do, we strive to ensure it's in the best interest of our members. To that end, I'm extremely proud of what the NMPP Energy organizations have accomplished over the past fiscal year.

Thank you for taking the time to read NMPP Energy 2022-2023 Annual Report. I look forward to building upon the successes of our organizations in the future.



Robert 2. Poehling
Robert Poehling
Executive Director,
NMPP Energy

The Nebraska Municipal Power Pool is the utility-related services organization of NMPP Energy and provides utility-related services to nearly 190 member communities across Colorado, Iowa, Kansas, Nebraska, North Dakota and Wyoming.

NMPP Board of Director Officers for 2022-23

President: Mike Palmer, electric superintendent, Sidney, Neb.

Vice President: Darrel Wenzel, chief executive officer, Waverly (Iowa) Utilities

Secretary/Treasurer: Bill Hinton, electric superintendent, Kimball, Neb.

Utility training sessions

NMPP held utility training sessions for member utilities in September of 2022 and spring of 2023 in three locations across Nebraska. The sessions focused on a variety of topics including CT metering, material shortages, group purchasing and equipment safety.

PowerManager software

A two-day PowerManager training workshop was held at NMPP Energy. The workshop included 90 participants representing 54 communities and covered a variety of topics.

Overall, PowerManager software was used by more than 180 users with the majority of users participating in PowerManager's Value Support Plan that ensures the latest version of software modules and top customer service.

NMPP and its software partner Salt Creek Software worked through the process of finding a suitable third party to purchase PowerManager to ensure computer software users continue to receive software solutions and services in the future. An agreement to sell PowerManager was reached in April 2023.



New Champion businesses

The NMPP Board of Director's approved two Champion businesses: Cross Canyon Engineering and RVW, Inc. The program included 30 businesses during the year that supported NMPP Energy's organizations to provide products and services to member communities.

Regulatory reporting assistance

NMPP continued assisting members regarding federal and state regulatory emissions report filings. These reports include U.S. Energy Information Administration Forms 860, 861 and 923 report filings as well as various Nebraska Department of Environment and Energy filings.

Grants opportunities initiative

A new grants opportunities initiative was launched to assist member communities with federal and state grant funding opportunities. A webpage was developed on the NMPP Energy website to share resources and information pertaining to federal and state grant opportunities.

This is an ongoing initiative to serve NMPP member communities. Staff is monitoring opportunities and partnering with national and state organizations to evaluate potential grants to communicate with members.

Operations app wins national award

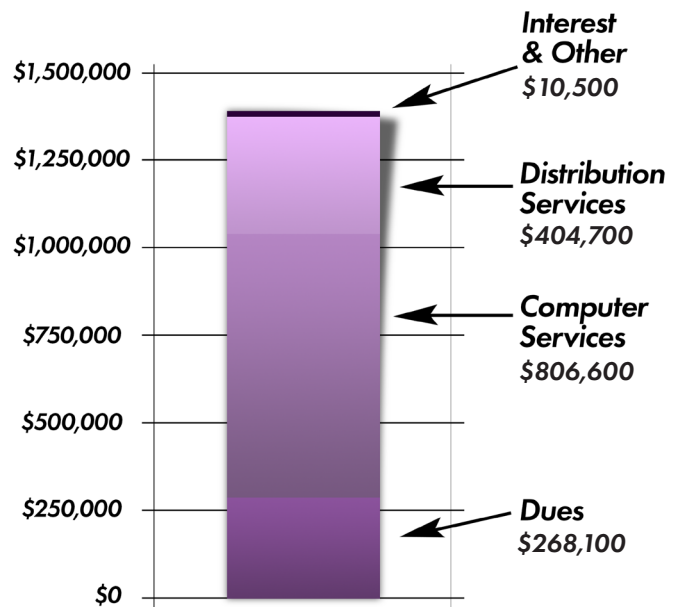
NMPP received a national award for the development of the NMPP Energy Operations Application. CompTIA, the nonprofit association for the information technology industry and workforce, and the Public Technology Institute (PTI) announced the award at its national Tech Talk event in the summer.

The app, developed in-house by NMPP's Digital Solutions Group with collaboration from other team members, streamlines communications from participating member electric and natural gas utilities to staff during emergencies such as mutual aid, utility outages and generation notifications.



NMPP Revenue Sources

Total: \$1,489,900



**Detailed information regarding NMPP's revenue sources is included in NMPP's Audited Financial Statements (www.NMPPEnergy.org/about/financial-information).*

Regional Partnerships

NMPP continued its participation in the Nebraska Energy Efficiency Partnership group (NEEP). The group, which includes utility representatives from across the region, meets regularly to share activities and best practices regarding energy efficiency efforts.

Staff also actively collaborated with several regional/national organizations including the Midwest Utilities Group, Colorado Municipal League, Iowa Association of Municipal Utilities, League of Nebraska Municipalities, Colorado Association of Municipal Utilities and American Public Power Association.

Annual Typical Bill Survey

NMPP continued providing its annual Typical Bill Survey to participating regional utilities. It was the 39th year NMPP has conducted the survey in-house. The survey includes electric, water and wastewater retail rates. There were nearly 100 utilities that participated in the survey.



Municipal **Energy** Agency of Nebraska

The Municipal Energy Agency of Nebraska provides wholesale power supply to 62 participating communities in Colorado, Iowa, Nebraska and Wyoming.

MEAN Board of Director Officers for 2022-23

Chair: Tom Goulette, city administrator/utility superintendent, West Point, Neb.

Vice Chair: Tom Ourada, city administrator, Crete, Neb.

Secretary/Treasurer: Darrel Wenzel, chief executive officer, Waverly (Iowa) Utilities

Wholesale rates remain stable

The MEAN Board of Directors in January 2023 approved no rate adjustment as part of its total revenue requirement for the 2023-24 fiscal year.

The main components in MEAN's rate structure for collecting revenue include MEAN's energy rates and the fixed cost recovery charge.

It marked the sixth year out of the last seven that MEAN has either lowered or had no rate increase to its energy rates and fixed cost recovery charge.

Board approves Green Energy Program

The MEAN Board of Directors approved a new Green Energy Program, which streamlines and modernizes MEAN's renewable energy resource portfolio and rate structure.

The program for MEAN long-term power supply participants consolidates MEAN's previous separate renewable energy resource "pools" for wind and landfill gas generated energy into the green energy program and establishes a green energy rate for subscribing wholesale power supply participants. The establishment of the Green Energy Program will also facilitate the addition of new renewable energy resources in the future.

MEAN's current renewable energy resources under the new program include wind, landfill gas and hydropower generation facilities. The majority of MEAN's wholesale power supply participants receive renewable energy, including federal hydropower allocations from the Western Area Power Administration.



Integrated Resource Plan receives federal approval

The Western Area Power Administration (WAPA) approved MEAN's 2022 Integrated Resource Plan (IRP), which is submitted to WAPA every five years on behalf of its member utilities as required by WAPA to qualify for full federal low-cost hydro allocations.

The IRP serves as a planning document regarding future power resources, energy conservation and efficiency efforts and many other components to ensure adequate, reliable and economical electric supply for MEAN member utilities. The non-binding document serves as a fluid "road map" to guide the MEAN Board of Directors in their decision making regarding power resources.

The approval of MEAN's IRP was the culmination of a two-year collaborative process. The IRP's analysis prioritizes future resource portfolios that:

- Achieves a low 15-year revenue requirement;
- Offers progress toward MEAN's 2050 Carbon Neutral Vision by lowering carbon intensity over time;
- Maintains operational flexibility to respond to market changes, and presents potential for local benefit.

The MEAN Board of Director's preferred generation resource portfolios include hydro, wind generation with battery storage, solar generation with battery storage, landfill gas and natural gas combined cycle with carbon capture and sequestration technology.

The IRP is another step in the direction of MEAN's 2050 Carbon Neutral Vision, which was adopted by the Board in 2020. MEAN's 2050 Carbon Neutral Vision includes replacing CO2 emitting resources with carbon-free resources as existing contracts expire or resources reach the end of their operational life.

Board approves contract with Wray, Colo.

The MEAN Board of Directors approved a 10-year power supply contract with the City of Wray, Colo. The new contract takes effect in July 2023. The City of Wray, which has a peak electric load of six megawatts, has been a MEAN power supply participant since 2013.

Work continues on modernizing Service Schedule M contract

MEAN's Governance Review Committee and Board of Directors continued discussions throughout the year regarding modernizing MEAN's Total Power Requirements Power Purchase Agreement, known as Service Schedule M (SSM).

The Governance Review Committee is leading efforts to update the SSM, which is more than 40 years old. The goal is to bring the SSM contract more in line with today's standards, taking into account industry changes and MEAN's policies and procedures.

MEAN considers SPP RTO West expansion

MEAN is among several regional utilities considering participation in Southwest Power Pool's potential expansion of its Regional Transmission Organization (RTO) into the U.S. Western Interconnect. MEAN is currently a member of SPP's Western Energy Imbalance Service.

SPP is a not-for-profit corporation mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure and competitive wholesale electricity prices on behalf of its members.



Assisting members with securing federal hydropower

MEAN assisted two of its wholesale power supply participants in gaining approval to receive federal hydropower allocations from the Western Area Power Administration (WAPA).

The Nebraska villages of Paxton and Trenton were approved to receive at-cost federal hydropower from WAPA's Loveland Area Projects starting October 2024. The majority of MEAN's wholesale power supply participants receive hydropower allocations through WAPA. These allocations are an economical and carbon-free resource of energy.

Generation workshop

A two-day electric generation workshop was held in Kearney, Neb., geared toward member power plant operators, maintenance personnel and utility superintendents.

Local generators earn high marks for reliability

MEAN completed its annual reliability testing of local generators with member participants' generators earning high marks for reliability. Staff tested 60 generation units in 19 communities with 59 of those passing on the initial test for more than a 98 percent pass rate.

These local units serve as part of MEAN's energy capacity portfolio and serve as backup electric generation for the respective communities that have committed total capacity and energy output of their units to MEAN.

Energy Efficiency Programs

The MEAN Board continued to provide a suite of energy efficiency programs for residential utility customers of wholesale power participants. The programs provide cash incentives for energy efficiency upgrades. The four residential programs provide incentives for:

- Attic insulation
- Smart thermostat
- Cooling system tune-up
- High efficiency Heat Pump

MEAN also continued its LED lighting program for commercial customers.



Strategic planning session

The MEAN Executive Committee held a two-day strategic planning session in February to develop potential goals and strategies regarding current and potential services to members. Topics also included power supply, member relations, advocacy efforts and workforce issues.



Facilitating local community solar projects

MEAN continued to facilitate several projects on behalf of interested communities to obtain energy from solar photovoltaic (PV) installations to be built in their respective communities. The projects are an effort by MEAN to bring economically priced solar energy to interested MEAN participant communities.

The projects allow each participating community to purchase up to five percent of their electric generation through renewable solar generation, which maintains compliance within MEAN's Renewable Distributed Generation Policy.

MEAN issued a Request for Proposal (RFP) for the joint projects and ultimately awarded the contract to Sandhills Energy LLC. Sandhills Energy is working on signing power purchase agreements with participating communities and intends to have each community project online within one year of signing an agreement.

Originally starting in 2019, the RFP expanded from the initial scope from 10 to 16 communities including: Alliance, Ansley, Crete, Gering, Imperial, Pender, Sidney, and Stuart in Nebraska; Delta, Fort Morgan, Yuma, and Wray in Colorado; and Denver, Indianola, Sergeant Bluff and Waverly in Iowa. These projects will total approximately 25 megawatts of solar generation.

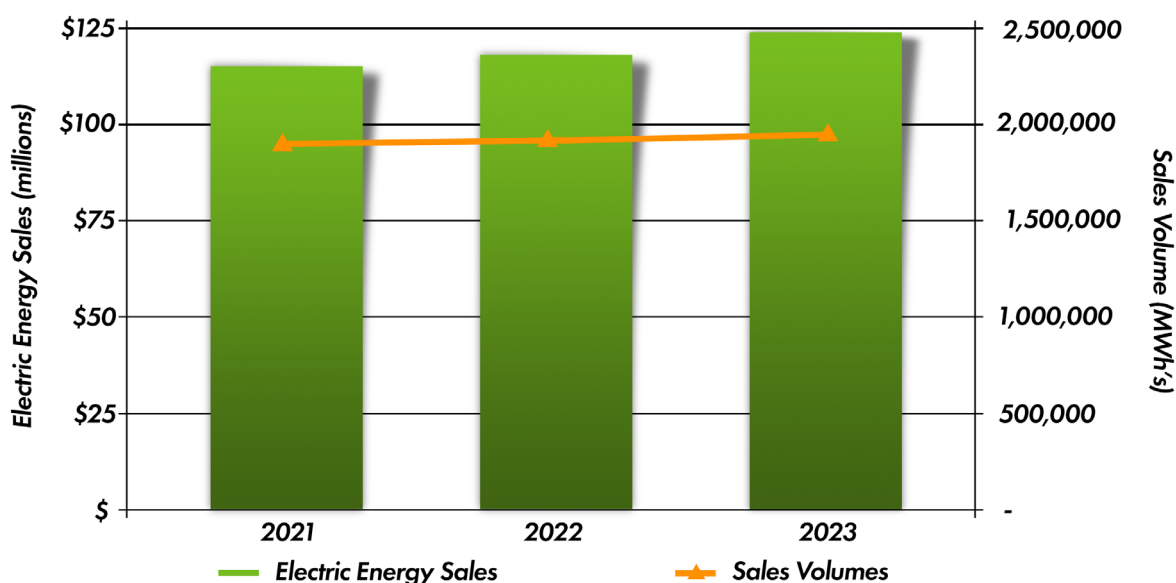
Additionally, MEAN entered into agreements with Sandhills Energy and the communities of Alliance, Gering, Sidney in Nebraska, Yuma, Colo., and Torrington, Wyo., to host solar projects that MEAN would receive the generated output through purchase power agreements. MEAN planned to add approximately 21 megawatts in solar resources located throughout these communities by the end of 2023.



Assisting with workforce challenges

Continuing its efforts to help address the ongoing workforce challenge of small municipal utilities, MEAN facilitated work-sharing projects with neighboring utilities. As part of this initiative, MEAN also facilitates third-party utility contractors to assist with member utility projects.

Electric Energy Sales



*Detailed information regarding MEAN's sales volumes and operating revenues is included in MEAN's Audited Financial Statements. (www.nmppenergy.org/about/financial-information).

The National Public Gas Agency provides wholesale natural gas supply to 13 member communities in Colorado, Kansas and Nebraska and five customer communities in Colorado, Kansas, Oklahoma and Wyoming.

NPGA Board of Director Officers for 2022-23

Chair: Chris Anderson, city administrator, Central City, Neb.

Vice Chair: Bob Lockmon, utility superintendent, Stuart, Neb.

Secretary/Treasurer: Randy Woldt, city administrator, Wisner, Neb.

NPGA workshop focuses on grant opportunities

NPGA held a workshop for its member communities that focused on funding opportunities available through the Pipeline and Hazardous Materials Safety Administration (PHMSA) grant program for publicly-owned gas utilities.

The grant program is made available through the federal Infrastructure Investment and Jobs Act which was signed into law in 2021. The workshop was led by Campos EPC, an engineering and utility consulting firm and an associate member of the American Public Gas Association.

Asset Management Arrangements result in savings

NPGA continued to find value using Asset Management Arrangements (AMA) on Southern Star and Northern Natural Gas pipelines to reduce costs for NPGA members served on those pipelines.

An AMA extracts value from capacity rights on interstate pipelines. Under an AMA, unused capacity is marketed and sold, creating value back to the NPGA members served by that pipeline.



Renewed gas supply agreements

NPGA renewed gas supply agreements with wholesale natural gas customer communities Wetmore and Havensville in Kansas and Keyes, Okla. Each gas supply agreement is for a three-year term and became effective in April 2023.

Volatility in regional basis pricing

Along with volatility in the overall natural gas market, there was increased disparity between benchmark NYMEX pricing and regional pipeline price points during winter. This price disparity, known as “basis differential”, may increase or decrease the overall price for natural gas for communities served by regional pipelines.

Pipeline rate case advocacy

NPGA continued its advocacy efforts on behalf of its members in multiple pipeline rate cases with the goal of minimizing impacts to NPGA members.

Staff participated in a shipper's group for negotiation efforts pertaining to the Northern Natural Gas pipeline rate case. A settlement was reached in principle after discussions.

A rate case on the Tallgrass Interstate Gas Transmission pipeline is anticipated sometime in the last half of 2023.

Hedging program helps mitigate volatile year in market

The U.S. natural gas market was marked by significant volatility, especially during the winter months, impacting utilities and natural gas consumers. The spot market price for natural gas peaked at more than \$9 per MMBtu and fluctuated between \$5-7 during months heading into winter.

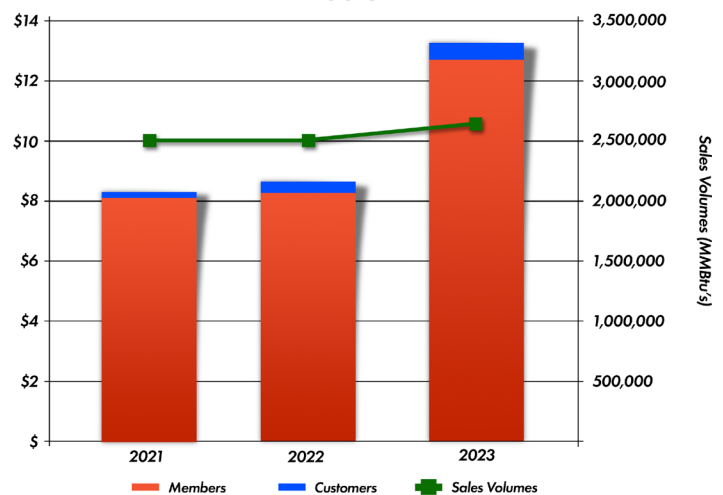
NPGA uses a diverse portfolio of gas supply to mitigate market price spikes. Through NPGA's board-directed hedging program, a portion of members' anticipated use is hedged more than a year in advance, which serves to level the cost of gas, mitigates forward-exposure risk and provides savings to members during times of a rising spot market.



Board members meet in Colorado

NPGA held its summer board meeting in Fort Morgan, Colo. The Board typically holds its meetings at the NMPP Energy building in Lincoln, Neb., but decided to hold a meeting in Fort Morgan, a NPGA member community, to minimize travel for those that typically have the longest distance to travel.

Gas Supply



*Detailed information regarding NPGA's sales volumes and operating revenues is included in NPGA's Audited Financial Statements (www.nmppenergy.org/about/financial-information).

Strategic planning session

The NPGA Board of Directors held a strategic planning session in the fall as part of its Board of Directors meeting focusing on the overall natural gas outlook, hedging policy strategies, prepaid natural gas agreements, storage funding, value-added services, grant assistance and utility staff retention.

Market trends and significant events

The beginning of fiscal 2022-23 saw market prices continue to climb, with NYMEX first of month prices peaking in September 2022 at \$9.34 MMBtu. The climb in pricing was precipitated by U.S. storage levels falling far below the 5-year average by the end of the gas withdrawal season (March 2022) along with European gas supply in doubt due in part to Russia's invasion of Ukraine as many countries looked for alternatives to Russian gas supply.

Supply/demand factors continued to put pressure on gas prices throughout a hot and dry summer. However, by the end of the summer, pricing started to reverse course as production increased and demand decreased. The gas supply balance in the U.S. was aided by an outage of the Freeport Liquid Natural Gas facility which kept 2 Bcf of potential exports available from June through December for domestic use and injection into storage.

A mild winter in the U.S. and Europe further helped to shore up storage and gas prices reversed course. NYMEX prices fell rather quickly, ending the fiscal year at \$2.46 per MMBtu for March 2023.



Public Alliance for **Community** Energy

The Public Alliance for Community Energy (ACE) is the community-owned retail natural gas supplier in the Nebraska Choice Gas program. Formed in 1998, ACE's membership includes 75 member communities and one public power district in Nebraska.

ACE Board of Director Officers for 2022-23

Chair: Andrew Devine, city administrator, Albion, Neb.

Vice Chair: Jeremy Tarr, city administrator, Plainview, Neb.

Secretary/Treasurer: Mike Palmer, electric superintendent, Sidney, Neb.

ACE Celebrates 25 years of supporting Nebraska Communities

ACE celebrated its 25th anniversary of supporting Nebraska communities and participating as a natural gas supplier in the Nebraska Choice Gas program.

ACE was formed by a group of Nebraska communities that had a desire to benefit local communities by providing competition regarding natural gas rates in the Nebraska Choice Gas program—a mission ACE still carries out.

In addition to providing competitive rates and local control to Nebraskans in the Choice Gas program, ACE continues to serve as an advocate on behalf of Choice Gas customers. Through the years ACE has advocated for all Choice Gas customers through active participation at Choice Gas program meetings and workshops and providing program feedback with the goal of program improvement for Choice Gas customers.

Competition Remained High During Selection Period

Competition among suppliers continued to be extremely fierce with seven natural gas suppliers participating during the selection period for the June 1, 2022 to May 31, 2023 Program Year. ACE captured 12,700 selections for a 16 percent market share of total Choice Gas customers. ACE's market share was the third highest among the seven suppliers.

Overall, the Choice Gas program continued the trend of having an increased number of natural gas suppliers and fewer overall customer accounts. There were 80,400 total customer accounts and seven competing gas suppliers in 2022.



ACE Projects of the Year

ACE awarded two Project of the Year Awards during the year to ACE member communities that used its respective ACE funds for community improvement.

Communities submitted project nominations and winners were determined through voting on ACE's Facebook page. The awards were presented in two population categories: Under 1,000 and 1,000 and above. The winners were:

- City of Sidney, Neb., (1,000 and above) for its Legion Park Project.
- City of Blue Hill, Neb., (Under 1,000) for its Infill Lot Workforce House Project.

Each winner received a plaque and \$200 to be used toward future community betterment projects.

Board continues weighing ACE's role in Choice Gas program

Based on a strategic planning session held by the ACE Executive Committee in 2021, the ACE Board of Directors continued to monitor the current environment of the Choice Gas program and ACE's role in the program.

Strong grassroots marketing

ACE member communities continued their strong grassroots marketing effort to share the benefits of choosing ACE as a natural gas supplier. In-house marketing efforts included newspaper advertising, a social media campaign on multiple platforms, letters/post cards, customized emails, signage and promotional items.

Several Community Power Projects were held by ACE member communities to help educate Choice Gas customers about ACE and its role in the Choice Gas program. Projects included a community meal, radio talk show, coffee talks/open houses, and event booth.

Supporting communities through community clean-up program

ACE supported 14 community clean-up events in member communities. Through the program, ACE provides equipment, safety vests and a financial donation to volunteer groups for their efforts in keeping their community clean.

STILL In It For You!



More than \$3.5 Million in in Total Revenue Returned to Communities Since 1999

aceenergy.org

Revenue Distribution Tops \$3.5 Million

The ACE Board of Directors in January approved a revenue distribution of \$200,000 to ACE member communities. Through the revenue return program, the ACE Board may vote to return revenue to its member communities. Since forming, ACE has returned more than \$3.5 million back to its Nebraska member communities.

These funds are used in various ways to benefit each ACE member community, including helping fund recreational trails, community swimming pools and park improvements.



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