

Power Risk Management Committee Resolution Updates



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Why We Are Here Today

- District's operating environment has changed since the last update of the Power Risk Management Committee (PRMC) resolution
- Retail load growth and changes in the District's portfolio mix have occurred
- Introduce new proposed committee membership and updated PRMC charter to be included in updated resolution

History of PRMC

- Originally formed by resolution in 1998 with six voting members
- Various versions of committee since original resolution (2002, 2004, 2007, 2008, 2011)
- Purpose of committee was to establish additional procedures, guidelines and safeguards regarding energy and capacity sales and purchases
- 2004 resolution introduced concept of General Manager having ultimate authority on all committee decisions

Operating Environment Changes

- The way the District transacts has changed
- Potential for significant retail load growth has increased resulting in the need for a new perspective and a holistic view
- Updated Long-Term Marketing Strategy and portfolio mix supports evolution of the PRMC

PRMC Membership

- 2011 resolution includes the following as voting members:

CFO/CRO, General Counsel, Managing Director – Energy Resources, Managing Director – G&T, Managing Director – District Services

- Updated proposed voting members per resolution to be presented for approval:

CFO/CRO, General Counsel, Managing Director – Energy Resources, Managing Director – G&T, Managing Director – Customer Utilities

PRMC Charter

- Original Charter has remained in place since the first PRMC resolution in 1998
 - Focused on credit/contract related items
- Updated Charter per resolution to be presented for approval:

“The PRMC is authorized and directed to adopt policies and procedures to limit risk exposure associated with power transactions including but not limited to, approving hedging strategies, portfolio mix, trading and position limits, counterparty credit limits and new product types.”

Next Steps

- Presentation of the updated PRMC resolution at the September 19th Board meeting
- Questions?