

# **Energy Resources Quarterly Board Update 2023 Q1**

May 22, 2023

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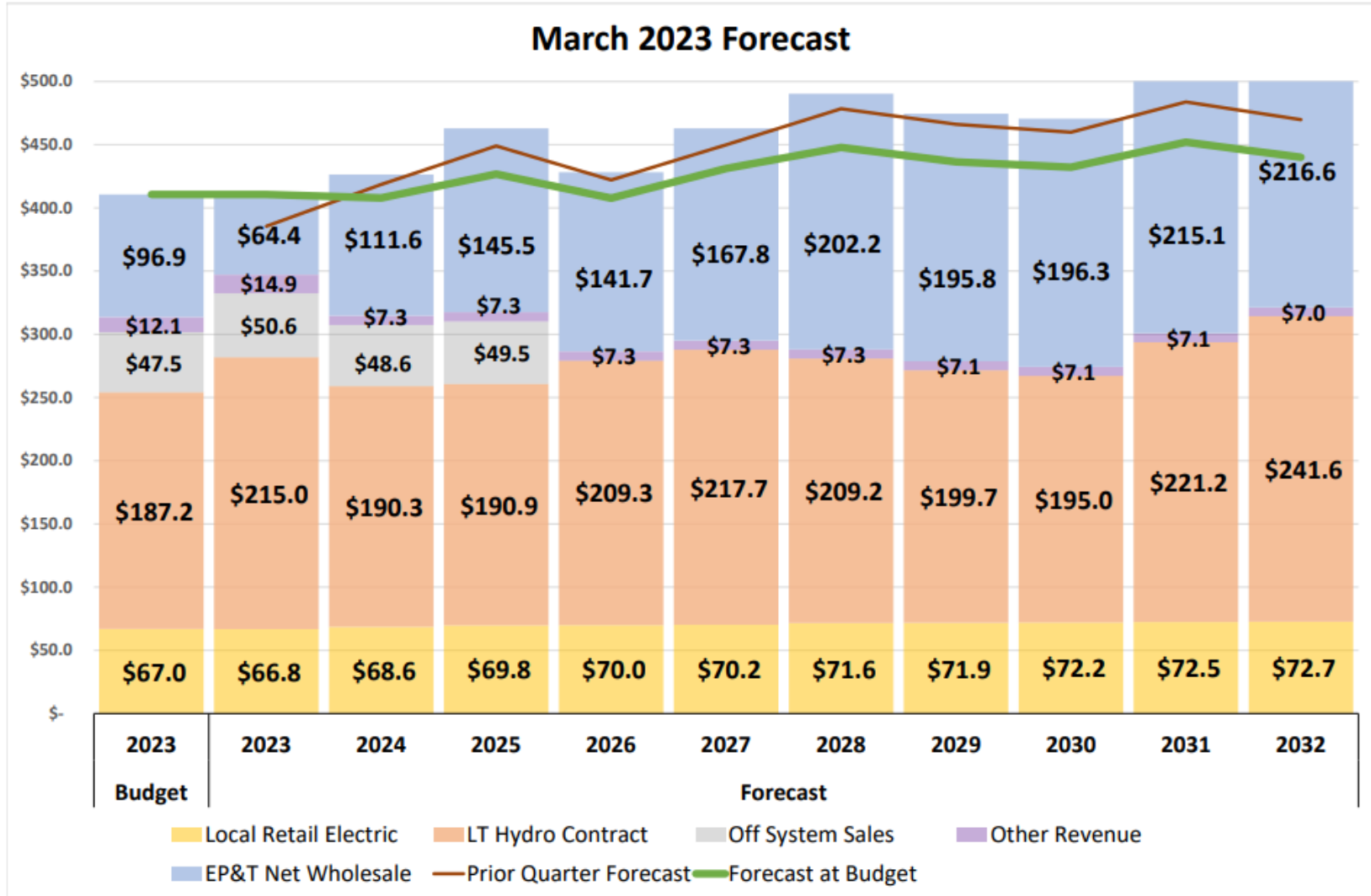
# Why We're Here

- Wholesale and energy-related revenue update
- Western power markets update
- Operations and planning
  - Portfolio overview
  - Pricing update

# Key points

- **Below average water year in 2023**
  - NWR and other Energy-Related Revenue projected to be \$161M (\$4M better than budget)
  - Higher wholesale electricity prices, lower generation (below average water), and higher electric loads
- **Climate Commitment Act (CCA)**
  - First auction held
  - Allowance prices
  - Chelan received “no cost” allowances
- **Day-Ahead market Initiatives**
  - SPP Markets+ meetings have begun for Phase 1 development (32 participants)
  - Draft CAISO EDAM language released

# Electric Revenues Forecast - \$ Millions



Other Revenue includes Real Time, LT Contract admin fees, frequency response and load shedding, renewables, and scheduling. Actual results are preliminary unaudited figures.

# 2023 NWR and Other Energy-Related Revenue

(amounts in millions)					
	Budget		Forecast [1]		Variance
<b>EP&amp;T Net Wholesale Revenue (NWR)</b>					
Energy Sales/Purchases	\$	83.7	\$	51.1	\$ (32.6)
Specified Source Premium	\$	13.3	\$	11.0	\$ (2.3)
Renewables - Bundled	\$	-	\$	2.3	\$ 2.3
NWR Sub-total [2]	\$	96.9	\$	64.4	\$ (32.6)
<b>Off System Sales</b>					
Off System end use sales	\$	47.5	\$	50.6	\$ 3.1
<b>Other Energy-Related Revenue</b>					
LT Power Contract- Retained Surplus	\$	-	\$	30.9	\$ 30.9
LT Power Contract- Admin Fees	\$	3.4	\$	3.4	\$ -
Frequency Response & Load Shedding	\$	1.2	\$	1.2	\$ -
Other [3]	\$	0.4	\$	0.4	\$ -
Renewables - Unbundled	\$	0.1	\$	0.8	\$ 0.7
Real-Time Revenue	\$	7.0	\$	9.1	\$ 2.1
Other Energy-Related Sub-total	\$	12.1	\$	45.8	\$ 33.7
<b>NWR and Other Energy-Related Revenue</b>	<b>\$</b>	<b>156.5</b>	<b>\$</b>	<b>160.7</b>	<b>\$ 4.2</b>

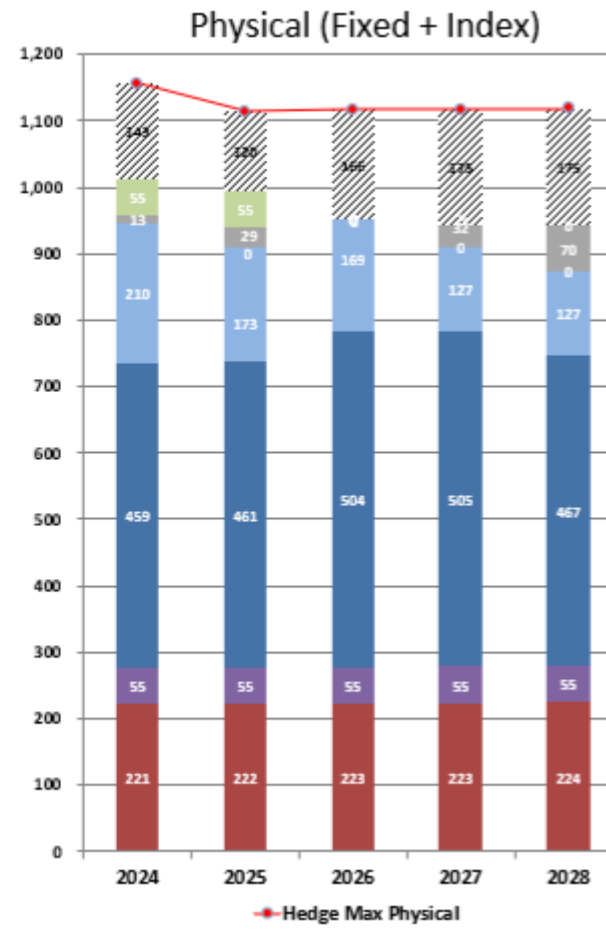
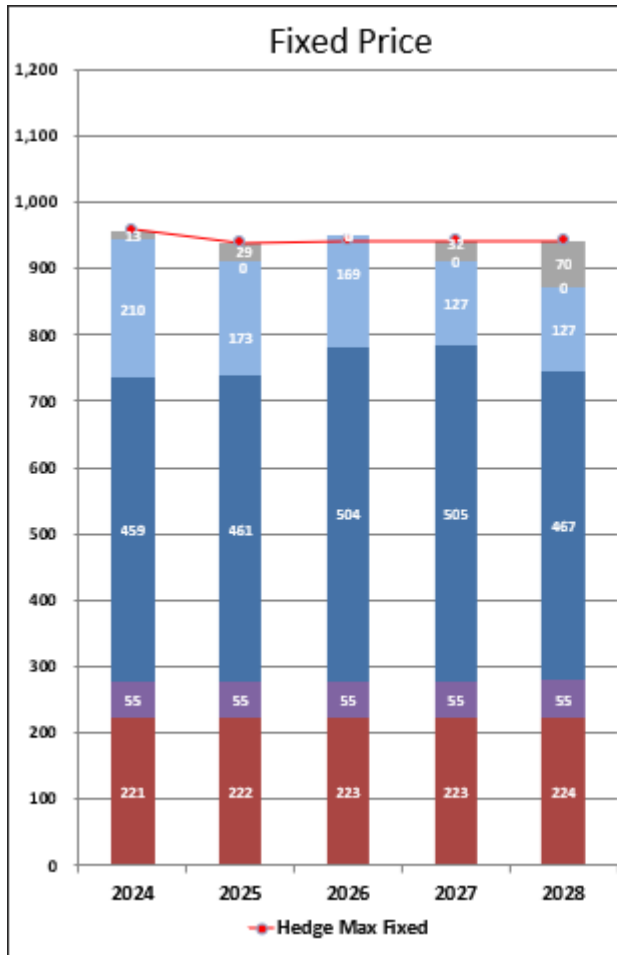
[1] 2023 forecast based Jan - Mar Actual and Apr - Dec estimates (4/6/23 NWR forecast)

[2] NWR includes PWX specified source sale/full requirements purchase and transmission pass through costs

[3] Other includes scheduling & admin fees and the sale of reserves

# District's energy commitments

(Average MW)

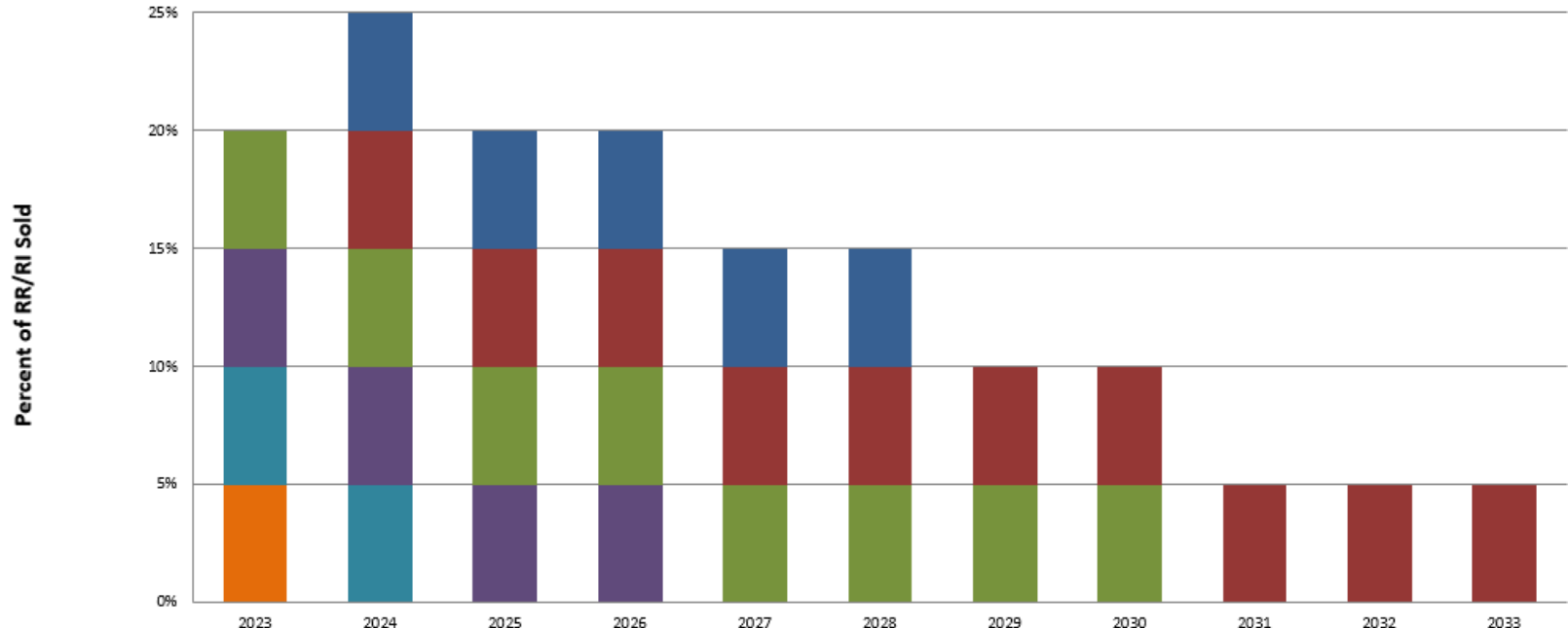


Note: The graphs represent the limits contained in resolution 20-14439 approved by the Board on March 23, 2020.

\*Hedge Max Fixed = stress water generation

\*\*Hedge Max Physical = stress water generation + 175 aMW

# Fixed Price Slice Contracts



	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
■ Slice Product 38		5.0%	5.0%	5.0%	5.0%	5.0%					
■ Long Term Slice 2 - Avista		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
■ Long Term Slice - Avista	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%			
■ Slice Product 35 - Puget Sound Energy	5.0%	5.0%	5.0%	5.0%							
■ Slice Product 34 - Powerex	5.0%	5.0%									
■ Slice Product 30 - Avangrid	5.0%										

# Changes in the western power market

## Western Resource Adequacy Program (WRAP)

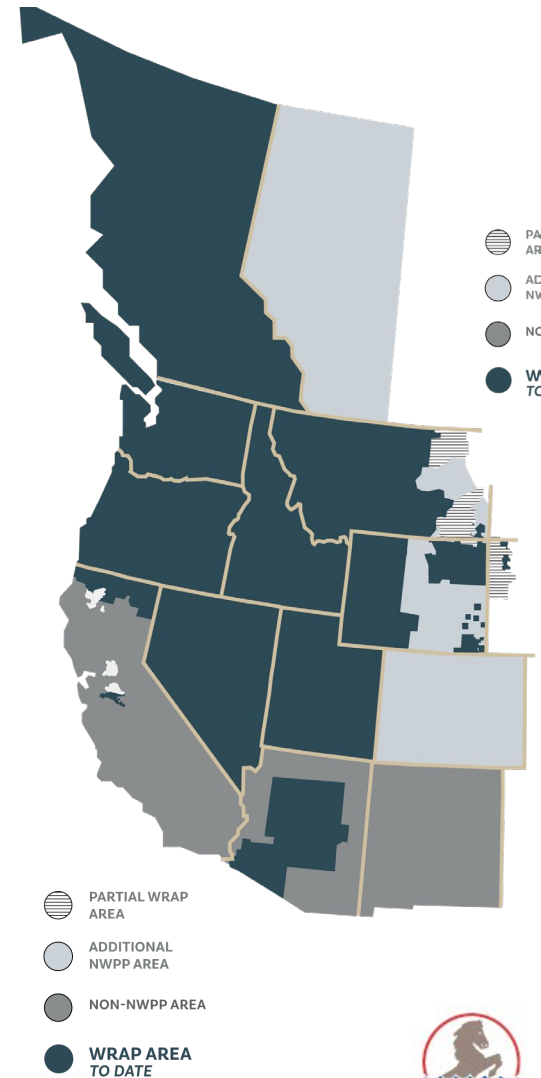
- First binding season may move to summer 2026 due to lack of participant interest in summer 2025, Chelan has already moved to summer 2026

## Climate Commitment Act (CCA)

- First auction held on 2/28/2023, all allowances were sold at \$48.50/metric ton of CO2e resulting in ~\$300M in revenue to Department of Ecology
- Next auction scheduled for 5/31/2023
- Allowances currently trading \$60-\$70/metric ton of CO2e in secondary market
- Chelan received 226,451 vintage 2023 “no cost” allowances on 4/25

## Short term markets (within hour → real-time → day ahead)

- SPP Markets+ meetings have begun for Phase 1 development (32 participants)
- Draft CAISO EDAM language released

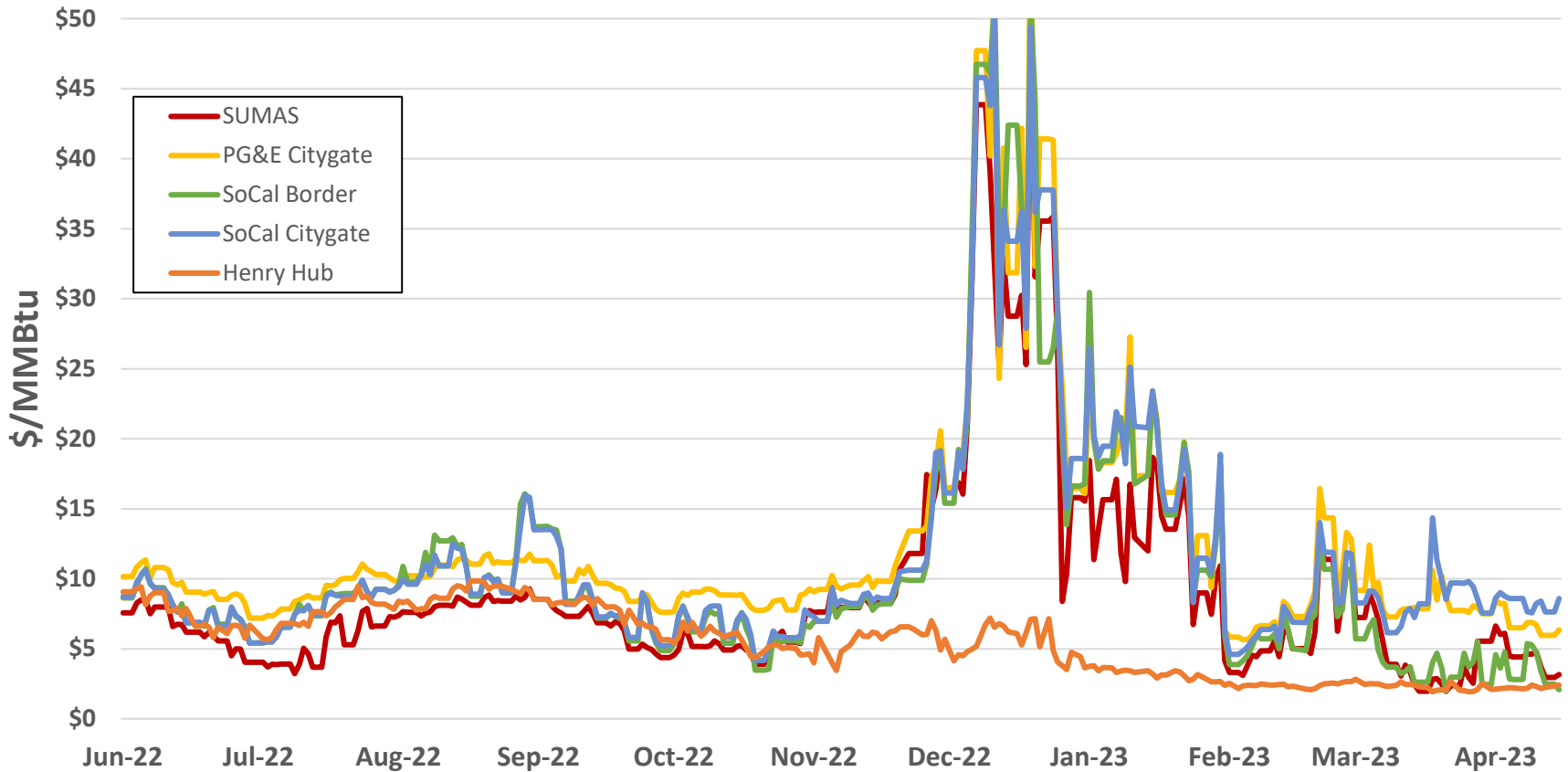




# Daily Natural Gas Prices

Jun 2022 – Apr 2023

Select Western Natural Gas Hubs  
Spot Prices



# May 2023 Henry Hub natural gas

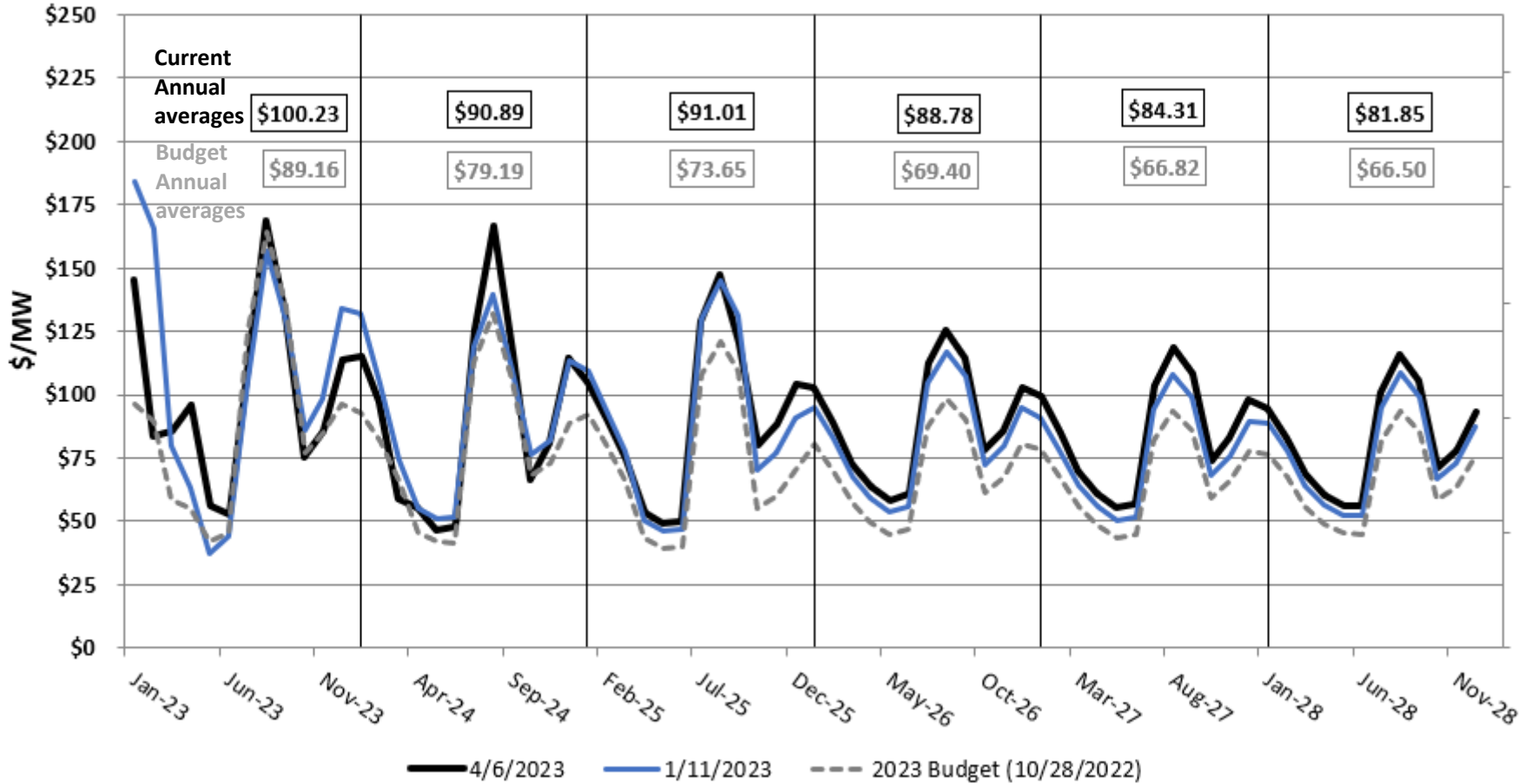


# Mar 2023 Henry Hub natural gas (price history since 2002)

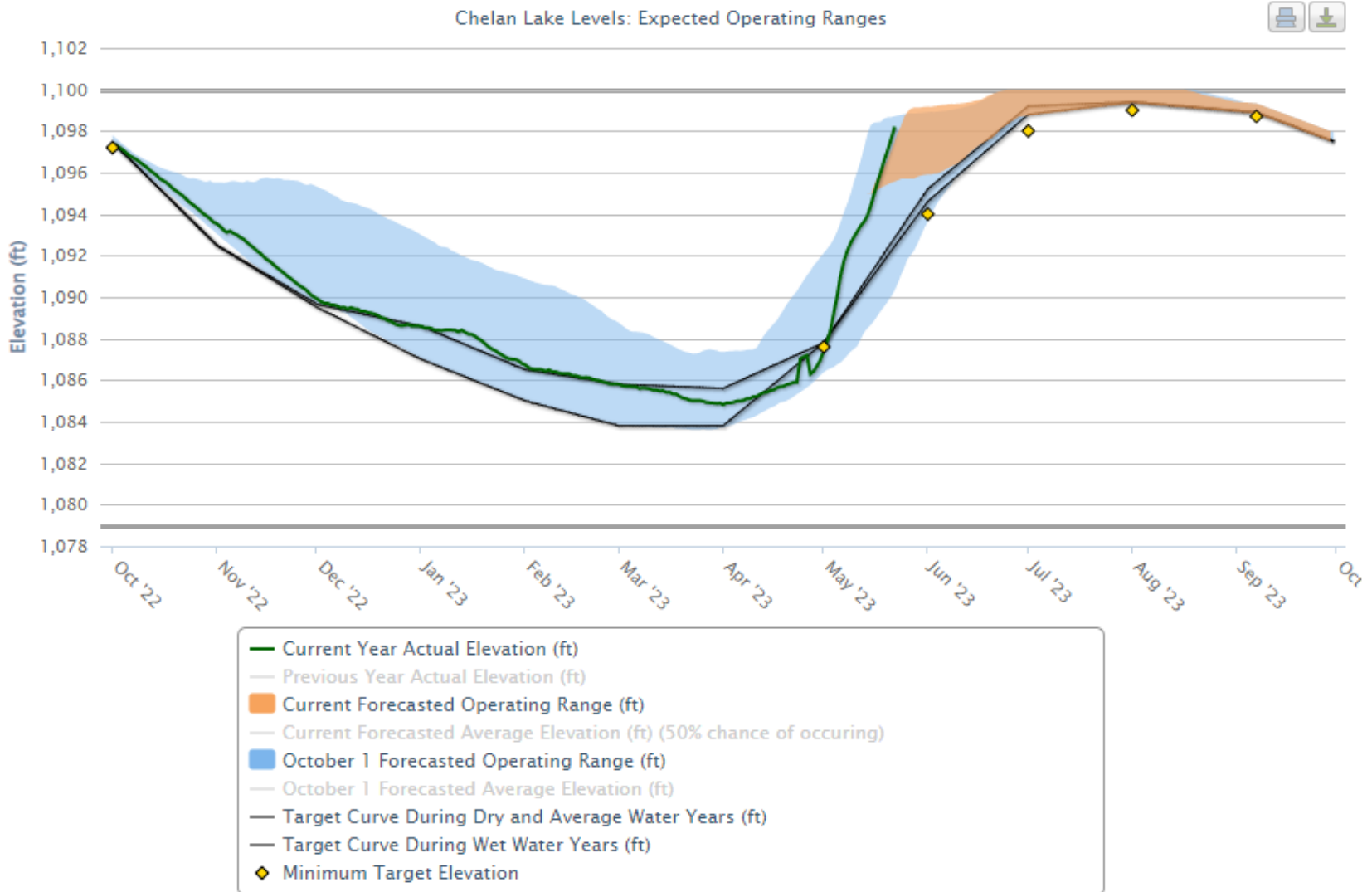


# Mid-C forward price curve

MIDC Flat Forward Price Curve  
(ICE DA index prices for previous months)



# Lake Chelan level webpage



# Summary

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# Questions?

# U. S. Seasonal Outlooks

April - June 2023

The seasonal outlooks combine the effects of long-term trends, soil moisture, and, when appropriate, ENSO.

