

**CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA**

OPERATIONS COMMITTEE MEETING

AGENDA

Bettina Chastain, Chair

Harold Hollis
Mark Wiggin
Erin Whitney
Rachel Morse

July 14, 2021

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER (4:00 p.m.)
 - A. Roll Call
- II. APPROVAL OF THE AGENDA*
- III. APPROVAL OF THE MINUTES*
 - A. May 12, 2021 (Abruzzino)
- IV. PERSONS TO BE HEARD
 - A. Member Comments
- V. NEW BUSINESS* (scheduled) (4:05 p.m.)
 - A. Election of Operations Committee Vice Chair* (Committee) (4:05 p.m.)
 - B. Review of Board Policy 206 – Statement of Functions of the Operations Committee* (Committee) (4:10 p.m.)
 - C. Update on Railbelt Reliability Council (Hickey) (4:15 p.m.)
- VI. EXECUTIVE SESSION* (scheduled) (4:25 p.m.)
 - A. Battery Energy Storage System (4:25 p.m.)
 - B. 2022 Wholesale Power Contract for Seward Electric System (4:45 p.m.)
 - C. Beluga River Unit Update (5:00 p.m.)
 - D. Cyber Security Update (5:15 p.m.)
 - E. Labor Update (5:35 p.m.)
- VII. NEW BUSINESS* (continued) (6:00 p.m.)
 - A. Battery Energy Storage System* (Hickey) (6:00 p.m.)
 - B. 2022 Wholesale Power Contract for Seward Electric System** (Clarkson/Hickey/Miller) (6:05 p.m.)
- VIII. DIRECTOR COMMENTS (6:10 p.m.)
- IX. ADJOURNMENT* (6:20 p.m.)

* Denotes Action Items

** Denotes Possible Action Items

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

May 12, 2021
Wednesday
4:00 p.m.

OPERATIONS COMMITTEE MEETING

Recording Secretary: Jody Abruzzino

I. CALL TO ORDER

Chair Parks called the Operations Committee meeting to order at 4:03 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Stuart Parks, Chair
Harold Hollis, Vice Chair (*via teleconference*)
Rachel Morse, Director
Mark Wiggin, Director
Bettina Chastain, Director (*via teleconference*)

Board Members Present:

Sam Cason, Director
James Henderson, Director

Guests and Staff Attendance

Present:

Lee Thibert	Brian Hickey	Mark Fouts
Arthur Miller	Matt Clarkson	Tom Walsh, PRA
Kate Ayers	Scarlett Masten	

Via Teleconference:

Connie Owens	Julie Hasquet	Tyler Andrews
Arden Quezon	Sherri Highers	Mike Miller
Andrew Laughlin	Bill Murray	Laurel Foster
Chantelle Lewis-Boutte		

II. APPROVAL OF THE AGENDA

Director Wiggin moved and Director Morse seconded the motion to approve the agenda. The motion passed unanimously.

III. APPROVAL OF THE MINUTES

Director Wiggin moved and Director Morse seconded the motion to approve the April 14, 2021, Operations Committee Meeting minutes. The motion passed unanimously.

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None.

V. NEW BUSINESS

- A. *UHF Land Mobile Radio System Replacement Phase II Contract Authorization (Johnson/Hickey)*

Bill Murray, Manager, Telecommunications and Brian Hickey, Chief Operating Officer (COO) discussed the UHF Land Mobile Radio System Replacement Phase II Contract Authorization and responded to questions from the Board.

Director Morse moved and Director Hollis seconded the motion that the Operations Committee recommends the Board of Directors approve the resolution authorizing the Chief Executive Officer to execute an increase to the services contract with RACOM to replace Chugach's UHF Land Mobile Radio System in the amount of \$428,075.07 for a new Contract NTE amount of \$1,882,208.23. The motion passed unanimously.

- B. *Daves Creek 352 Reliability Improvements-Phase I Project Authorization (Laughlin/Hickey)*

Andrew Laughlin, VP, Engineering and Brian Hickey, COO and Lee Thibert, Chief Executive Officer (CEO) discussed the Daves Creek 352 Reliability Improvements-Phase I Project Authorization and responded to questions from the Board.

Director Wiggin moved and Director Morse seconded the motion that the Board of Directors authorize the Chief Executive Officer to proceed with the Daves Creek 352 Reliability Improvements Phase I project at an estimated total cost of \$1,600,000. The motion passed unanimously.

- C. *Key Member and Sustainability Program (Ayers/Miller)*

Kate Ayers, Manager, Key Accounts and Sustainability and Arthur Miller, Executive VP, Regulatory and External Affairs discussed the Key Member and Sustainability Program and responded to questions from the Board.

VI. EXECUTIVE SESSION

- A. *Beluga River Unit (BRU) Development Planning*
- B. *May 1, 2021-April 30, 2022 Chief Executive Officer Project Specific Initiatives and Priority Area Goals*
- C. *Succession Plan & Policies*

At 4:44 p.m., Director Morse moved, and Director Wiggin seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1), (2), (3) and (4) the Board of Directors' Operations Committee go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion; 3) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and 4) discuss personnel matters. The motion passed unanimously.

The meeting reconvened in open session at 7:38 p.m.

VII. NEW BUSINESS

A. Beluga River Unit (BRU) Development Planning (Fouts)

Director Wiggin moved and Director Morse seconded the motion that the Operations Committee recommends the Board of Directors approve the proposed agreement as discussed in executive session. The motion passed unanimously.

B. May 1, 2021-April 30, 2022 Chief Executive Officer Project Specific Initiatives and Priority Area Goals (Committee)

Director Morse moved and Director Hollis seconded the motion that the Operations Committee recommends the Board of Directors approve the May 1, 2021 - April 30, 2022 Chief Executive Officer Project Specific Initiatives and Priority Area Goals as discussed in executive session. The motion passed unanimously.

VIII. DIRECTOR COMMENTS

Comments were made at this time.

IX. ADJOURNMENT

At 7:49 p.m., Director Morse moved and Director Wiggin seconded the motion to adjourn. The motion passed unanimously.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

July 14, 2021

ACTION REQUIRED

AGENDA ITEM NO. V.A.

<u> </u>	Information Only
<u> X </u>	Motion
<u> </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

Election of Operations Committee Vice Chair

DISCUSSION

Board Policy 206, Statement of Functions of the Operations Committee, Section III. C. states “The Board Chair shall appoint the Committee Chair as well as the Directors to serve on the Committee. The Committee shall elect from its membership a Vice Chair.”

The Vice Chair acts during the absence of the Committee Chair. The term of the Vice Chair is from her or his election by the Committee and until a new Committee is appointed by the Board Chair or unless the Vice Chair is otherwise removed. Director Bettina Chastain is the Chair of the Operations Committee and the other members of the Committee are Directors Mark Wiggin, Harold Hollis, Rachel Morse, and Erin Whitney.

MOTION

Move that the Operations Committee elect Director_____ as the Vice Chair of the Operations Committee.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

July 14, 2021

ACTION REQUIRED

AGENDA ITEM NO. V.B.

☐ **Information Only**
☒ **Motion**
☐ **Resolution**
☐ **Executive Session**
☐ **Other**

TOPIC

Board Policy 206 – Statement of Functions of the Operations Committee

DISCUSSION

Staff and the Board of Directors (Board) are charged with reviewing and updating, as necessary, all Board Policies on a routine basis. Staff has undertaken a review of the above referenced Policy and is recommending updates to clarify and provide language regarding the Committee's duties as it relates to the annual performance evaluation of the Chief Executive Officer.

MOTION

Move that the Operations Committee recommends the Board of Directors approve revisions to Board Policy 206 – Statement of Functions of the Operations Committee, as discussed and shown in the attached draft policy.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 206

STATEMENT OF FUNCTIONS OF THE OPERATIONS COMMITTEE

I. OBJECTIVE

To state the functions of the Operations Committee. The purpose of ~~this~~ the Operations Committee shall be to study, examine and report on matters assigned to it by the Board of Directors.

II. DUTIES AND RESPONSIBILITIES

~~The Operations Committee of the Association Board of Directors:~~

- A. ~~Upon request, Annually conduct the performance evaluation for the Chief Executive Officer and provide a written report to the Board of Directors detailing the results of such evaluation on or before the first Board meeting in April as required by makes recommendations to the Board regarding Section II.C. of~~ Board Policy 103.
- B. Reviews such other matters as may be specifically assigned to it by the Board.

III. COMMITTEE ORGANIZATION

- A. The Committee shall be comprised of five Board members.
- B. A quorum of the Committee shall consist of three members.
- C. The Board Chair shall appoint the Committee Chair as well as the Directors to serve on the Committee. The Committee shall elect from its membership a Vice Chair.
- D. The Committee shall meet as needed. The Committee Chair shall convene all meetings of the Committee. In his or her absence, the Committee Vice Chair shall convene meetings. The Committee Chair or a quorum of the Committee may call a special meeting of the Committee.
- E. The Committee Chair may appoint sub-committees from the Committee's membership to study specific areas. Written statements of the functions of such sub-committees should be prepared and reviewed periodically.

Date Approved: ~~May 25~~ July, 2021 ~~16~~

Henderson

Attested: _____

~~Bruce M. Dougherty~~ James

Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 206

STATEMENT OF FUNCTIONS OF THE OPERATIONS COMMITTEE

I. OBJECTIVE

To state the functions of the Operations Committee. The purpose of the Operations Committee shall be to study, examine and report on matters assigned to it by the Board of Directors.

II. DUTIES AND RESPONSIBILITIES

- A. Annually conduct the performance evaluation for the Chief Executive Officer and provide a written report to the Board of Directors detailing the results of such evaluation on or before the first Board meeting in April as required by Board Policy 103.
- B. Reviews such other matters as may be specifically assigned to it by the Board.

III. COMMITTEE ORGANIZATION

- A. The Committee shall be comprised of five Board members.
- B. A quorum of the Committee shall consist of three members.
- C. The Board Chair shall appoint the Committee Chair as well as the Directors to serve on the Committee. The Committee shall elect from its membership a Vice Chair.
- D. The Committee shall meet as needed. The Committee Chair shall convene all meetings of the Committee. In his or her absence, the Committee Vice Chair shall convene meetings. The Committee Chair or a quorum of the Committee may call a special meeting of the Committee.
- E. The Committee Chair may appoint sub-committees from the Committee's membership to study specific areas. Written statements of the functions of such sub-committees should be prepared and reviewed periodically.

Date Approved: July __, 2021

Attested: _____
James Henderson
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

July 14, 2021

ACTION REQUIRED

AGENDA ITEM NO. VII.A.

☐ **Information Only**
☒ **Motion**
☐ **Resolution**
☐ **Executive Session**
☐ **Other**

TOPIC

Battery Energy Storage System – Project Authorization

DISCUSSION

The Battery Energy Storage System is primarily identified as a reliability project, focused on improving the primary frequency response on the Railbelt Transmission System. Further detailed analysis of the project identified an estimated \$96M savings associated with avoided outages, fuel and O&M costs, and greenhouse gas emission reduction.

The project evaluated the installation of 70MW battery with a two-hour duration, adding a total capacity of 140MWh to the system. Located just south of Electron Drive at the Chugach Campus, the battery system will tie into International Substation and will be referred to as the International Battery System. The battery yard will consist of 30 to 40 large battery packs mounted on shallow foundation concrete pads, each feeding through a 480V to 35kV step-up transformer into the Power Distribution Center (PDC). From the PDC, two 35kV circuits running north from the yard, will tie into two separate busses at the 35kV switchgear at International Substation. The project will also include a looped fiber optic system for communication.

The total project cost is estimated at \$60,000,000. It is anticipated that \$8M of the project costs will be charged to the project in 2021, \$25M in 2022, and \$27M in 2023.

MOTION

Move that the Operations Committee recommend the Board of Directors authorize the Chief Executive Officer to proceed with the Battery Energy Storage System project at an estimated total cost of \$60,000,000 with an estimated final completion date of July 2023.

Chugach Project Authorization

Project Name: Battery Energy Storage System

Project Category:

Safety		Incremental Load Growth		New Service		R&R T&D	
Agency Mandated		Reliability	X	Operating Efficiency	X	R&R Generation	

Accountabilities & Approvals

Signatures

Date

Board of Directors: James Henderson, Secretary

_____/____/____

CEO: Lee Thibert, CEO

_____/____/____

Executive Sponsor: Brian Hickey, COO

_____/____/____

Sponsor: Andrew Laughlin, VP. Engineering

_____/____/____

Project Manager: Shelly Schmitt, Sr. Project Manager

_____/____/____

Purpose and Need:

The Battery Energy Storage System is primarily identified as a reliability project, focused on improving the primary frequency response on the Railbelt Transmission System. Further detailed analysis of the project identified an estimated \$96M savings associated with avoided outages, fuel and O&M costs, and greenhouse gas emission reduction.

Project Description:

This project will install approximately 70MW of batteries with a two-hour rating, adding a total capacity of 140MWh to the system. Located just south of Electron Drive at the Chugach Campus, the battery system will tie into International Substation and will be referred to as the International Battery System. The battery yard will consist of 30 to 40 large battery packs mounted on shallow foundation concrete pads, each feeding through a 480V to 35kV step-up transformer into the Power Distribution Center (PDC). From the PDC, two 35kV circuits running north from the yard, will tie into two separate busses at the 35kV switchgear at International Substation. The project will also include a looped fiber optic system for redundancy.

Approval Amount: \$ 60,000,000

Budget ID: 12.1027 Grid Scale BESS in CIP @ \$ 7,539,673 for 2021

Budget ID: 12.1027 Grid Scale BESS in CIP @ \$25,012,772 for 2022 planned

Budget ID: 12.1027 Grid Scale BESS in CIP @ \$27,296,564 for 2023 planned

	Labor	Contract	Materials	Total
Forecast	\$1M	\$12.5M	\$46.5M	\$60M

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

July 14, 2021

ACTION REQUIRED

AGENDA ITEM NO. VII.B.

<u> </u>	Information Only
<u> X </u>	Motion
<u> X </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

2022 Wholesale Power Contract between Chugach Electric Association, Inc. and the City of Seward d/b/a Seward Electric System

DISCUSSION

Chugach Electric Association, Inc. (Chugach) provides generation and transmission service to Seward Electric System under an interruptible wholesale power sales agreement titled, “2006 Agreement for the Sale and Purchase of Electric Power and Energy between Chugach Electric Association, Inc. and the City of Seward”, with amendments one and two (“2006 Agreement”). The 2006 Agreement expires on December 31, 2021.

Chugach and Seward Electric System have negotiated an updated agreement titled, “2022 Wholesale Power Contract between Chugach Electric Association, Inc. and the City of Seward d/b/a Seward Electric System” (“2022 Agreement”). The 2022 Agreement provides for an initial 3-year term, with two subsequent 3-year automatic extensions unless terminated by Chugach or Seward Electric System.

The 2022 Agreement is an extension of the 2006 Agreement, with continuation of generation interruptibility if power supplies are not available from the Chugach system. Additionally, in recognition of Seward’s capacity from the Fort Raymond Power Plant, no generation reserves are assigned to Seward. The 2022 Agreement provides significant opportunity for mutual benefit in key areas of operations, including employee training, electric vehicle charging infrastructure, renewable generation, dispatch and engineering services, cyber security, and Advanced Metering Infrastructure.

Based on current rates, the 2022 Agreement provides \$2.3 million in base rate fixed-cost contribution to the Chugach system. Although there is no impact on the amount of fuel and purchased power costs assigned to Seward, the 2022 Agreement simplifies fuel and purchased power cost recovery processes such that these costs are recovered by Chugach through fuel and purchased power rates rather than through a specified dollar amount. The 2022 Agreement also provides for the optionality of Seward Electric System to purchase natural gas to meet all or portions of the energy requirements and to meet a portion of its power supply needs through economy energy purchases subject to Chugach approval based on operational or economic conditions.

If approved, Chugach will submit the 2022 Agreement to the Regulatory Commission of Alaska for approval.

MOTION

Move that the Chugach Board Operations Committee recommend to the Board of Directors to authorize the Chief Executive Officer to execute the 2022 Wholesale Power Contract between Chugach Electric Association, Inc. and the City of Seward d/b/a Seward Electric System and to submit the agreement to the Regulatory Commission of Alaska for approval.