



Meeting Date: April 4, 2016

Consent Docket Item: 2-c

Report No.: SUA-16-20

Department: Electric Utility

Subject: Grand River Dam Authority (GRDA) Purchase Power and Sale Agreement – Exhibit F-2 Amendment

Budget Impact: No additional appropriations are necessary for this action.

Prior Council Action or Part of an Approved Project: Yes

Related Items: [GRDA Contract Recommendation SUA-13-30](#)

[Enable Natural Gas Intrastate Transportation Service Agreement SUA-15-55](#)

Alternatives:

- 1) Approve the Exhibit F-2 amendment.
- 2) Do not approve Exhibit F-2 amendment and direct staff to use the existing Exhibit F-2. It is important that the indexes used to offer the resources into the market to calculate the energy payment and to purchase natural gas are the same. Selecting this alternative would result in an energy payment from GRDA that would be less than the actual production cost.

Recommendation: It is recommended that the Trustees approve the amendment to Exhibit F-2 of the GRDA Purchase Power and Sale Agreement

Prepared by: Loren Smith, G & T Division Manager

Background Information:

On August 5, 2013 the Trustees approved the GRDA Purchase Power and Sale Agreement. This agreement is for the purchase of wholesale power from GRDA and includes Exhibit F-2, which is the Capacity Purchase Agreement (CPA) for the new Stillwater Energy Center (SEC). The CPA defines the terms at which GRDA will purchase the capacity and energy from the SEC. The SEC will use natural gas as its fuel source. Among other things the CPA specifies which natural gas indexes will be used to calculate

the energy payment and is also used to determine at what cost the energy will be offered into the market.

On November 2, 2015, the Trustees approved the Intrastate Firm and Interruptible Transportation Service Agreement with Enable Oklahoma Intrastate Transmission. Among other things the agreement defines which indexes will be used when purchasing natural gas from Enable.

The amendment to the GRDA contract is necessary to ensure that the natural gas index used to calculate the energy payment in the CPA agreement is consistent with the SUA's natural gas supply agreement with Enable.