

DRAFT
Tennessee Valley Authority
Integrated Resource Plan Stakeholder Review Group
Working Session

MEETING MINUTES

May 13, 2010
Knoxville, Tennessee

Members present:

Randy McAdams, Facilitator, ScottMadden
David Reister
Lance Brown, Partnership for Affordable Clean Energy
Dana Christensen, Oak Ridge National Laboratories
Stephen Smith, Southern Alliance for Clean Energy
Louise Gorenflo, Sierra Club
Jack Simmons, Tennessee Valley Public Power Association
Richard Holland, Tennessee Paper Council
Hank List, Commonwealth of Kentucky
David McKinney, Tennessee Wildlife Resource Agency
Lloyd Webb, Tennessee Valley Industrial Committee

Members absent:

Jan Simek, The University of Tennessee
George Kitchen, Joe Wheeler Electric Membership Corporation
Jerry Paul, Howard Baker Center for Public Policy
Ryan Gooch, The State of Tennessee
Patrick Sullivan, The State of Mississippi

Guests:

Steve Adams, Tennessee Valley Public Power Association
Sam Gomberg, Southern Alliance for Clean Energy

TVA:

Gary Brinkworth, Susan Curtis, Randy Johnson, Van Wardlaw, Kim Greene, Joe Hoagland, Andrew Kosnaski, Chuck Nicholson, B.J. Gatten, Larry Cole, Greg Signer, Jill Glenn, Beth Yetter, Alisha Mulkey, Trudi Pullin, and Russell Dotson.

- I. Randy McAdams, ScottMadden, opened the meeting by welcoming the Stakeholder Review Group (SRG) and thanking them for their participation. Randy introduced Andrew Kosnaski, TVA's Vice President, System Planning; and noted that Patrick Sullivan, State of Mississippi, Haley Barbour's office, is a new member of the SRG.

The intent of the meeting agenda today is to provide the SRG with an update on TVA's Generation Partners program, a review of the Integrated Resource Plan (IRP) planning strategies, and a preview of evaluation metrics. There will be confidential

slides and those SRG members who have chosen not to sign a confidentiality agreement will be asked to leave the room during that portion of the presentations. Randy noted that there's a lot of time on the agenda for open discussion, and input from the SRG and action items will be captured.

Randy reiterated that the purpose of the SRG is to provide TVA with in-depth discussions, serve as a source of information from a professional review group, build efficiency into the study process, and to validate the various steps of the IRP process. The types of meetings the SRG has agreed to are working sessions, like today's meeting; workshops, to provide in-depth information on specific topics and voted on by a majority of the SRG; and public comment sessions. There is a public comment session tonight at 6:00 p.m. An SRG member asked if the SRG is serving its purpose, and Randy responded that viewpoints and perspectives are being sent to upper level TVA management, and that the purposes are being fulfilled.

The six fundamental steps in developing an IRP are: scope, to develop inputs and framework - where we are now, to analyze and evaluate the initial results, to incorporate input, and then identify preferred plan.

Van Wardlaw provided an update on the status of current events at TVA: He mentioned there's a lot of dialogue about Bellefonte Nuclear Plant and said that TVA is keeping that option open, but that the TVA Board hasn't approved the project. The August critical milestone folks have been referring to is that the Board will review and approve the 2011 budget in the August Board meeting, and there will likely be some level of funding in the budget to keep the Bellefonte option open. The Southeast Alliance for Clean Energy will provide the SRG with information about the AP 1000 nuclear units.

- II. Susan Curtis, Senior Manager, Generation Partners. Susan provided a review of TVA's Generation Partners program, which was launched in 2003 as an alternative to net metering. Any residential, commercial, or industrial customer who is served by a participating distributor is eligible. The pricing structure is above consumer's retail electricity rate, including the fuel cost adjustment. Generation Partners has experienced a rapid growth due to high consumer interest and federal and state incentives available. A total of 98 power distributors offer Generation Partners in conjunction with education for their customers. A question was asked if TVA has worked with mortgage companies to finance solar installations and property appraisals. It was requested that TVA provide the SRG with a list of power distributors who provided dedicated staff to work with their customers on Generation Partners. A request was made to provide an overview of the finances of GPS and how much of an investment TVA will make toward that program. Benchmarking penetration is an action item as it related to energy efficiency and GPS. It was also requested that links between energy efficiency and GP be discussed. It was also suggested that GP staff look into innovative funding such as PACE (Property Assessed Clean Energy) bonds.
- III. Review of IRP planning strategies - Gary Brinkworth. Senior Manager, Resource Planning. Gary updated the SRG on the IRP planning strategies which consist of multiple resource portfolios, incorporating sensitivities and uncertainties, and identifying risk exposure for future plans. He discussed the role of modeling in the decision process and the benefits of scenarios planning. Scenarios provide a

foundation to consider various supply and demand options to enable further decision making. Scenarios are composed of uncertainties including greenhouse gas requirements, total load and change in load shape, commodity prices, renewable energy standards, and financing and construction costs. Developing an IRP combines public input, prior TVA work, and direction from TVA, market trends, and external research. Planning strategies evaluate attributes such as energy efficiency/demand response, renewables, fossil asset strategy, energy storage, gas-fired supply, nuclear expansion, coal technology, market, and transmission. All of these evaluations coincide with TVA's annual planning process.

Detailed descriptions of attributes include:

- A - limited change in current resource portfolio
- B - baseline plan resource portfolio
- C - diversity focused resource portfolio
- D - nuclear focused resource portfolio
- E - EEDR and renewables focused resource portfolio

An action item from the discussion is to provide the components of a renewable portfolio strategy and the costs that go in to the model. Additional action items include providing market price assumptions for renewable power used in the model for purchase agreements, providing costs associated with carbon capture, and providing capacity value of PPA schedules in the model. More detailed information on possible fossil retirements and a general overview of the TVA fossil fleet was also requested.

- IV. Evaluation of Metrics - Gary Brinkworth. The next SRG working session will discuss metrics in more detail. A scorecard will be applied to evaluate the results of resource plan modeling. The scorecard is intended to summarize the analysis into a clear picture, solicit input from internal and external stakeholders on prioritizing key metrics, demonstrate the changes in results based on different scorecard priority, and facilitate a discussion of trade-offs between key metrics. The scorecard will illustrate the relative positive attributes of planning strategies across many plausible futures. Planning strategies reflect potential TVA resource portfolio approaches, and scenarios describe potential outcomes of factors external to TVA. The June 29 SRG working session will discuss the evaluation criteria selected. The SRG requested that TVA discuss potential benchmarks to consider in evaluation of portfolios using metrics.
- V. Uranium and Coal Price Forecast. This information is confidential and was displayed during the working session to those SRG members who signed a confidentiality agreement.
- VI. Wrap-Up - Randy McAdams thanked everyone for their interest and input on strategies and metrics. The action items will be summarized and distributed to the group. Three general requests are to have more input of analysis and modeling process, and future agendas regarding transmission and fossil areas.

As a reminder, there is a public briefing tonight at 6:00 p.m. The next IRP meetings are scheduled for June 29 in Nashville and August 12 in Chattanooga.

The meeting was adjourned.