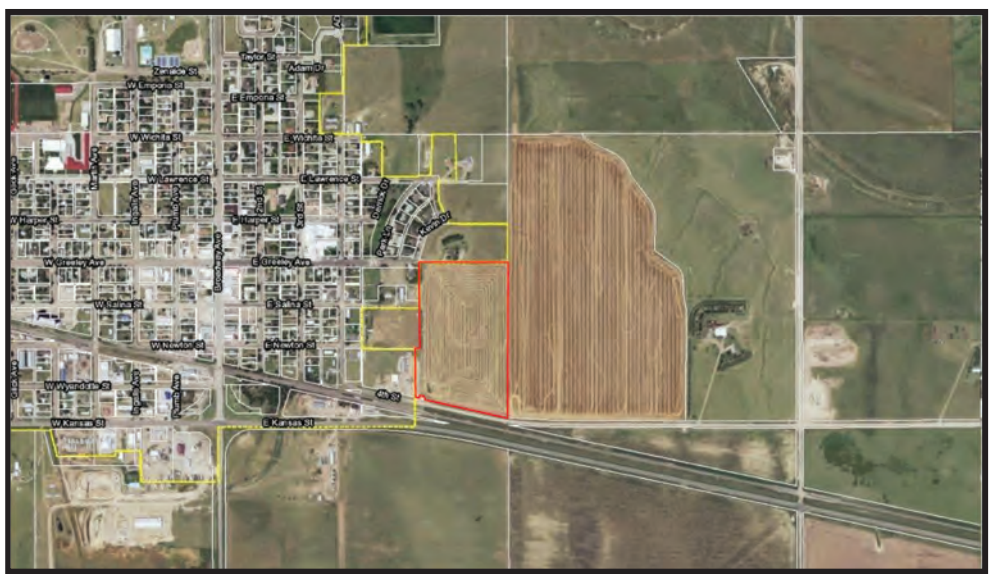
THE SUNFLOWER ELECTRIC POWER CORPORATION
A Touchstone Energy® Cooperative
THE CURRENT
Fall 2021
For Our Member Systems, Employees and Friends

Unified Greeley County completes Sunflower's site certification

Ready for development, ready for growth

Unified Greeley County completed the site certification process for a light industrial property in Tribune, Kan. In conjunction with Greeley County Community Development, Unified Greeley County submitted the necessary information to qualify it for certification through Sunflower's Certified Sites Program.

"We're excited to have Unified Greeley County's first certified site through the Sunflower Certified Sites Program. This 24-acre tract of land is conveniently located adjacent to the city of Tribune and provides an excellent opportunity for development," said Christy Hopkins, director for Greeley County Community Development. "Unified Greeley County welcomes development and has ample space to facilitate growth."



Unified Greeley County is the second organization to complete the certification process for industrial development through Sunflower's program. Earlier this year, Dodge City's 245-acre Business Park was certified, bringing Sunflower's total certified acreage to 270.

"The addition of this tract of land to Sunflower's inventory of certified sites highlights the diversity of sites that can qualify for certification," said Nikki Pfannenstiel, Sunflower's manager of member services. "Prospects for growth come in all shapes and sizes, and completing due diligence on these sites in advance adds a competitive edge to a community's effort to respond to potential opportunities."

Sunflower developed a certified sites program to create greater awareness of industrial opportunities within our members' service territories spanning central and western Kansas. A benefit of the Sunflower Certified Sites Program includes an independent third-party review of the site's potential.

"Communities that take an active role in increasing the quality of their site inventory will be more prepared for new opportunities. It has been a pleasure working with Greeley County and the Sunflower team as they work to refine the Sunflower Certified Site Program. Bringing the engineering and technical review to the process helps communities identify the potential these sites possess," said Chad Sayre, vice president at Allstate Consultants, who performed the independent review.

LOIS: putting available sites, buildings on the map

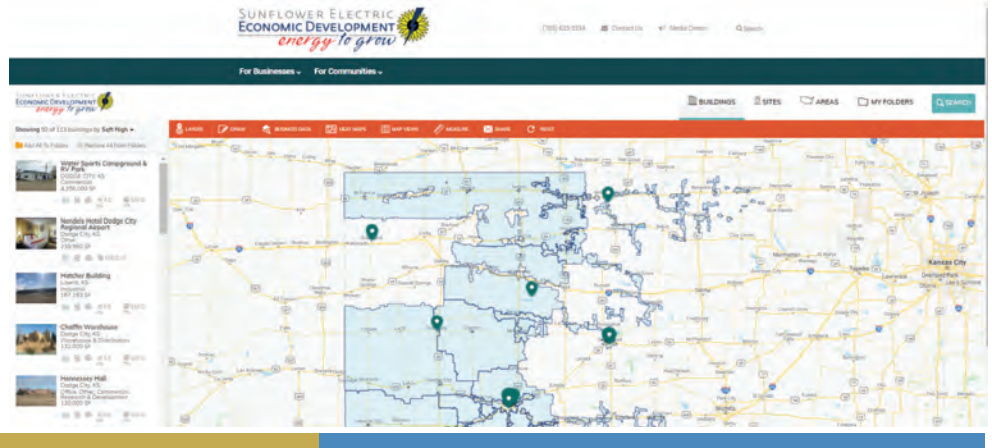
Sunflower's economic development arm, Sunflower Electric Economic Development, is committed to working with our members' communities to promote the availability of sites and buildings. We often refer to this is as an economic development inventory. Just as retail stores need inventory on their shelves, in the economic development world the availability of sites and buildings is considered a community's inventory.

Location One Information Systems, commonly referred to as LOIS, is a premiere, cloud-based GIS platform that showcases the availability of sites and/or buildings for sale, rent, or lease. Economic development professionals across the United States use LOIS to bring awareness to a community's inventory, and the LOIS platform is widely used among site selectors and real estate consultants.

The interactive nature of the LOIS platform allows business consultants and site selectors to conduct initial location searches for potential business development ventures. This is often the first step in the site selection process when communities may not even be aware an opportunity is on the horizon. Communities may have inventory suitable for the development opportunities but may get overlooked if they do not have properties listed on LOIS.

The Sunflower Electric Economic Development team has purchased a license for LOIS to ensure properties within Sunflower's members' service territories are listed. Sunflower will also support our members' communities with adding their identified properties to LOIS.

If your community is interested, please contact your local electric cooperative and request assistance.



THIS ISSUE

Learning from winter 2021, preparing for winter 2022

Sunflower purchases hedging products to protect against extreme energy market spikes

It was Winston Churchill who said, "The farther back we can look, the farther forward we are likely to see." In February 2021, the central part of the U.S.—from the northern border down into Texas—experienced frigid temperatures for an unusual amount of time. Among other challenges, a lack of natural gas supply during this period of high demand resulted in extremely high prices for natural gas during the event. Because natural gas is used to generate electricity, market prices for electric energy also rose to historic highs.

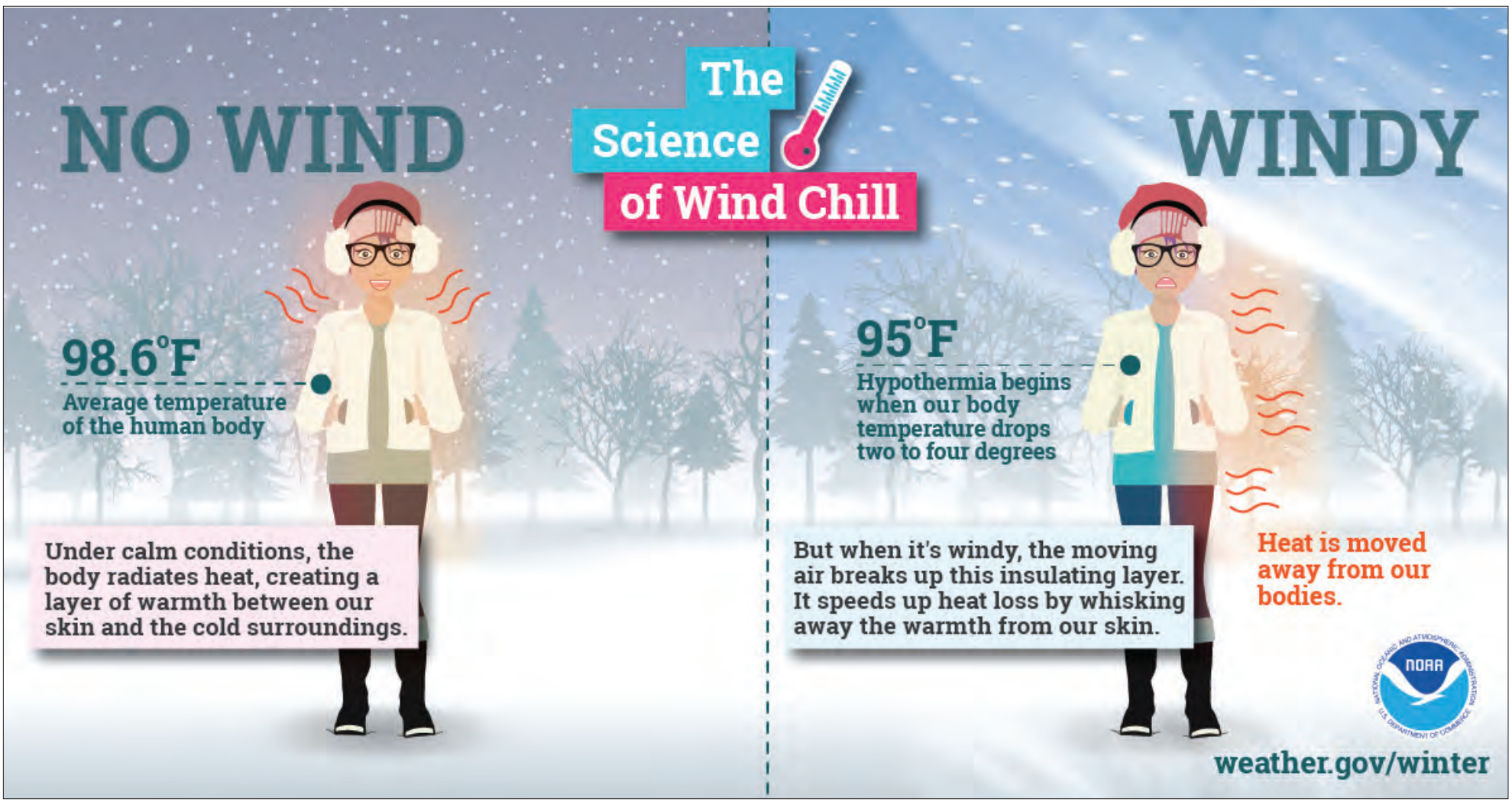
Storm Uri was an historic event, but since it did occur, we would be foolish to think it could never happen again. In fact, there are indicators we could be heading towards higher energy prices in 2022. After the extremely high prices last February, natural gas prices recovered to $2.60/MMBtu in March 2021 but have doubled since then. Current natural gas price projections for January and February 2022 are approximately $6.00/MMBtu. The increase in natural gas prices led to a corresponding increase in market energy prices. In May, projected market electric prices for January and February 2022 (7x24 average) were $29.50/MWh. Current projections for the same time period are $55.50/MWh. If these prices play out, the Energy Cost Adjustment (ECA) paid by electric consumers will increase even without a weather event.

Sunflower's existing generation resources—dispatchable capacity from the Holcomb unit, plus fixed-price Power Purchase Agreements—will continue to insulate our members when energy prices rise. In late September, the Sunflower Board approved additional hedging strategies. A fixed price 150 MW energy block was purchased to cover the portion of member load above Holcomb's dispatchable capability. Additionally, a financial natural gas swap was purchased to lock in the price of natural gas for the quantity of natural gas expected to be consumed by Sunflower's gas-fired units.

Sunflower is projecting the January and February ECA to be approximately $0.006/kWh higher than previously projected due to several factors: the increase in projected market energy prices, the mitigating impact of Sunflower's current hedge policy, and the additional mitigation of the fixed energy block and the financial gas hedge. Monthly ECAs during the remaining months of 2022 are also projected to be higher than previously projected due to the expected long-term duration of the increased natural gas prices.

When utilities develop strategies to hedge against the market price of energy, the concept is similar to purchasing an insurance policy. The more you're willing to spend on an insurance premium, the more protection you will get. The additional hedging products Sunflower purchased for January and February 2022 will reduce the risk of high market energy price spikes (insurance protection), but it will also add cost if market energy prices don't spike (insurance premium).

"Nobody can predict what will happen this winter, but Sunflower has taken additional reasonable steps to protect against market energy price blowouts like we experienced last February," said Stuart Lowry, president and CEO of Sunflower.



Our Mission:

To provide reliable, long-term power supply and transmission services to our members and the people they serve at the lowest possible cost consistent with sound business and cooperative principles.

Coordination of power takes

THE POWER OF COOPERATION

With the simple flip of a switch, power flows across central and western Kansas and provides the energy to power our communities and sustain our economy. The action of providing energy to homes and businesses may seem simple and uncomplicated, but behind the scenes, it requires much cooperation and collaboration among the regional transmission organization (RTO), generation and transmission utilities (G&Ts), and local electric distribution utilities to build, operate, and maintain the electric infrastructure system while implementing procedures and preventative measures to ensure the resiliency and reliability of the electric grid.

Team Effort

The primary focus of local electric cooperatives is to improve the lives of their members by investing in infrastructure and other areas that ensure quality service leading to quality of life. Local cooperatives aren't alone in their commitment to provide members with safe, reliable electricity at affordable rates. The local distribution utility, the G&T, and the RTO each plays a key role.

Air Traffic Controllers

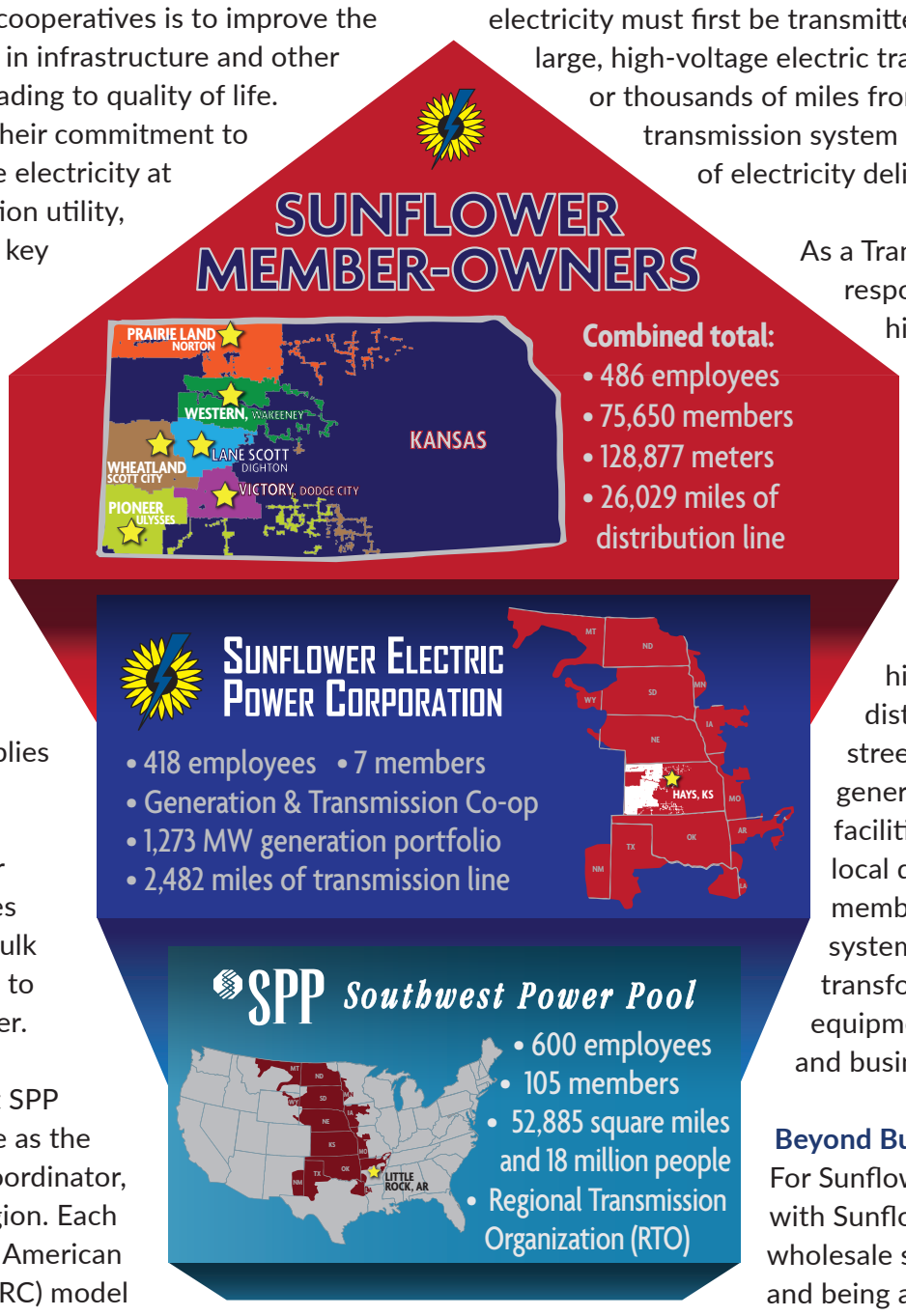
For perspective, think of the electric grid like the nation's travel and transportation system. Starting with the "air traffic controllers" of the electric system, RTOs like the Southwest Power Pool (SPP) are independent organizations mandated by the Federal Energy Regulatory Commission to ensure reliable supplies of power, adequate transmission infrastructure, and competitive wholesale electricity prices. Like air traffic controllers do not own planes or airports, RTOs do not own the bulk electric grid, but they do oversee it to ensure the delivery of reliable power.

Some of the primary functions that SPP provides as the RTO include its role as the Transmission Planner, Reliability Coordinator, and Balancing Authority for the region. Each is specifically defined by the North American Electric Reliability Corporation (NERC) model for protecting the Bulk Electric System. As the Transmission Planner, SPP provides independent regional planning that identifies transmission projects and upgrades required to meet power delivery requirements economically and reliably. SPP also acts as the reliability coordinator with overall responsibility for real-time monitoring of power flow and voltage, minute-by-minute, across more than 70,000 miles of high-voltage transmission lines in the 14-state region. Transmission Operators, such as Sunflower, monitor and operate specific sections of the bulk electric system, but the SPP has overall responsibility for ensuring reliability across its entire footprint. SPP also acts as the balancing authority for the region with responsibility for ensuring there is adequate generation at all times to meet electric demand. To ensure sufficient power is available to meet this demand for electricity, SPP coordinates with Generation Operators, like Sunflower, to commit and dispatch generation assets.

SPP also manages the Integrated Marketplace (IM), the region's wholesale energy market where its members buy energy required to meet consumer demand from the market and sell energy from their generation assets to the market. The IM is an integrated system of complex tools and processes designed to maximize efficiency by dispatching cost-effective power generation and transmission resources to meet electric demand while simultaneously protecting grid reliability and relieving transmission congestion. Each day, Sunflower buys and sells power in the IM to meet the load demand of our seven member-owners.

Interstate Highways

Before local utilities can deliver power to homes and businesses, bulk electricity must first be transmitted long distances over a system of large, high-voltage electric transmission lines that span hundreds or thousands of miles from power generation facilities. This transmission system is the "interstate highway" of electricity delivery.



As a Transmission Owner, Sunflower is responsible for operating and maintaining high-voltage transmission lines and other infrastructure responsible for transmitting power to our local distribution utilities that serve thousands of people across central and western Kansas.

City Streets

If transmission is the interstate highway of the grid, electric distribution lines equate to its city streets. Once power is transmitted from generation facilities across transmission facilities to a distribution delivery point, local distribution utilities—like Sunflower's member distribution utilities—use their systems of substations, distribution lines, transformers, tap lines, meters and other equipment to deliver power directly to homes and businesses.

Beyond Buying and Selling Electricity

For Sunflower's member-owners, a relationship with Sunflower means more than having a wholesale supplier for energy. Working together and being a part of a larger network presents opportunities to pool resources for the overall good of each member-owner and its member-consumers. Sunflower helps provide valuable services to our member-owners that may not have the flexibility or budget to hire in-house specialists to address specialized services and projects. Sunflower offers support in areas such as engineering, long-range planning, distribution planning, safety training, construction work plans, 34.5 kV monitoring, system control, legal assistance, load forecasting, compliance, contract management/ negotiations, communications, federal and state legislative engagement, rate design, and economic development.

The next time you flip a switch, remember there is a whole team working together to keep the electric system humming reliably, ensuring utility resiliency during outages, and most importantly, keeping the cost of power as low as possible for those at the end of the line.

celebrating co-ops

. . . energy done right

The cooperative difference.

Electric co-ops are local energy and technology partners. Consumer-owned and not for profit, they are shaped by the specific needs of the communities they serve. This local, member-driven structure is one reason why cooperatives enjoy the highest consumer-satisfaction scores within the electric industry, according to J.D. Power and Associates and the American Customer Satisfaction Index.

- Electric cooperatives are built by and belong to the communities they serve. They are led by members from the community and uniquely suited to meet local needs.

- Co-ops earned the highest average score and had 5 of the top 7 satisfaction scores among all types of electric utilities in the J.D. Power and Associates 2020 Utility Customer Satisfaction Study.

- Electric cooperatives, on average score higher than all other electric companies, according to the 2021 American Customer Satisfaction Index.

Source: NRECA

We've got jobs. Come join our mission.

Co-op Careers

The electric industry employs approximately **70,000** people in the United States

- Accountant
- Administrative assistant
- Architect
- Building and grounds coordinator
- Coal handler
- Compliance
- Computers
- Control room operator
- System operator
- Custodian
- Database coordinator
- Economic development
- Electrician
- Engineer
- Environmental specialist
- Equipment operator
- Graphic designer
- Human resources
- Laboratory technician
- Lawyer
- Line worker
- Lubrication specialist
- Maintenance planner
- Manager
- Mechanic
- Photographer
- Power market analyst
- Power plant operator
- Power supply analyst
- Production supervisor
- Public relations
- Purchasing agent
- Regulatory specialist
- Safety technician
- Security officer
- Simulator instructor
- Supervisor
- Supply chain coordinator
- Telecommunications
- Videographer
- Warehouse worker
- Welder
- Writer

Our Members

Lane-Scott Electric Cooperative, A Touchstone Energy® Cooperative
Prairie Land Electric Cooperative, Inc., A Touchstone Energy® Cooperative
The Victory Electric Cooperative Assoc. Inc., A Touchstone Energy® Cooperative
Western Cooperative Electric, A Touchstone Energy® Cooperative
Wheatland Electric, Delivering Energy for Life, A Touchstone Energy® Cooperative
pioneer electric cooperative, inc., A Touchstone Energy® Cooperative
SouthernPioneer Electric Company, A Not-For-Profit Utility

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corporatecommunications@sunflower.net
PO Box 1020
Hays, KS 67601