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Northwest **Power** and **Conservation** Council

March 5, 2019

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Jim Yost
Idaho

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MEMORANDUM

TO: Council Members

FROM: Ben Kujala

SUBJECT: Presentation by Roger Gray, CEO, PNGC Power

BACKGROUND:

Presenter: Roger Gray, CEO, PNGC Power

Summary: Mr. Gray joined PNGC as CEO in January of 2019. He will discuss PNGC's business, current opportunities and challenges, and his view of the power industry.

Background: Attached is the news release from when he was hired and the January PNGC newsletter with a column by Roger Gray and other background information.

More Info: <http://www.pngc.com/>



FOR IMMEDIATE RELEASE

For More Information Contact:

Roman Gillen, PNGC Power Board Chairman, 541-929-8500

PNGC Power Selects New CEO

Portland, Oregon – November 19, 2018 – PNGC Power has selected Roger Gray as its new CEO.

“PNGC is pleased to welcome Roger Gray as our new CEO,” said Roman Gillen, PNGC Power Board Chair. “Roger comes to PNGC with extensive experience in the power industry, and he’s a highly regarded leader in Northwest public power. His unique insight and guidance will be invaluable to both PNGC and the entire public power community as we all prepare for a myriad of industry challenges and opportunities in the next few years.”

Gray has extensive experience in the electric, water, and telecommunications industry. Currently, Gray is the Chief Executive Officer for Northwest Requirements Utilities (NRU), which serves 54 consumer or publicly owned utilities in seven western states. He also serves as the Chief Executive Officer of NRU Consulting Services, LLC (a subsidiary of NRU), and serves in consulting capacity as Executive Director of Northwest Energy Management Services (NEMS), Northwest Intergovernmental Energy Supply (NIES), and Northwest Energy Supply Cooperatives (NESC).

Prior to NRU, Gray was the General Manager/CEO at Eugene Water and Electric Board. And prior to that Gray worked for Pacific Gas and Electric Company, Los Angeles Department of Water and Power, Southern California Edison Company, Bechtel, IP Networks, and his own consulting business.

Regionally, Gray has served on numerous boards and committees, including Public Power Council (PPC), Northwest RiverPartners, PNUCC, and the Oregon Governor’s 10 year Energy Plan taskforce.

“I look forward to working with my new team at PNGC Power, and to help them meet the opportunities and challenges that our cooperatives face in a changing industry,” said Gray. He went on, “While I will miss my NRU members and co-workers, I know that the strong relationships between PNGC, NRU, BPA and other regional organizations remain essential to our mutual success. Regardless of where we work, our relationships endure.”

Gray has degrees in Electrical Engineering-Power Systems and Computer Science from the University of California at Berkeley. He and his wife, Susan, enjoy kayaking and other outdoor activities and spending time with family, friends, and volunteering in the community.

Gray will start with PNGC Power in early January 2019. Greg Delwiche, PNGC's Interim CEO, will remain through the end of this year.

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About PNGC Power

PNGC Power is a Portland-based electric generation and transmission (G&T) cooperative owned by 15 Northwest electric distribution cooperative utilities with service territory in seven western states (Oregon, Washington, Idaho, Montana, Utah, Nevada and Wyoming). The cooperative creates value for its member systems by providing power supply, transmission and other management services. PNGC Power is an aggregator of geographically diverse loads in the region and became the first electric cooperative in the country to receive a power marketing license from the Federal Energy Regulatory Commission. More information about PNGC Power can be found at www.pngcpower.com.

PNGC Power Pulse

January 2019

Inside This Issue

- 1 Message from the New CEO
- 2 New Board Members
- 2 PNGC Peak
- 2 Mid-C Pricing
- 3 BPA Happenings
- 3 Upcoming PNGC Events

Message from the New CEO

Abraham Lincoln said, *"A compass, I learnt when I was surveying, it'll point you True North from where you are standing, but it's got no advice about the swamps and deserts and chasms you'll encounter along the way. If in pursuit of your destination you plunge ahead heedless of obstacles and achieve nothing more than to sink in a swamp, what's the use of knowing True North."* I love Lincoln's metaphor because it reminds us that vision about our destination without judgment and wisdom about how to reach that destination is not enough.

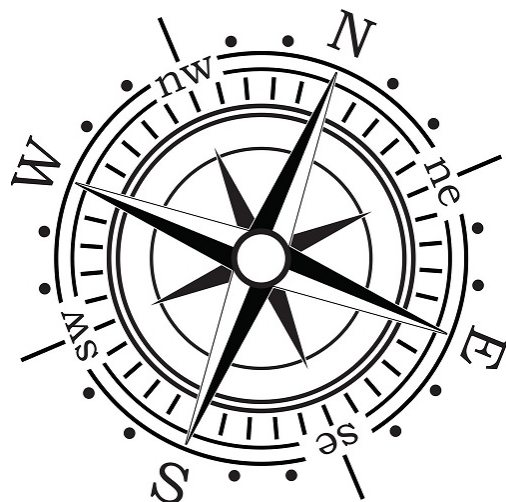
Our purpose at PNGC Power is to help our Members find and reach their True North for power supply needs while avoiding the swamps and deserts along the way. The power supply industry landscape continues to change and the horizon is not always clear. Certainly, the past few decades indicate that the road can be difficult with unforeseen twists and changing rules.

However, after approaching nearly two score of experience in this industry, I have come to appreciate that we cannot predict the future and that flexibility and adaptability are essential strategies. In order to be successful we will rely on our rock-solid foundation built on the Cooperative Principles that have served us well. And we'll use the knowledge, judgement, and expertise of the PNGC Board and staff to navigate our way forward.

PNGC Power's mission remains the same as it always has: to meet the collective power supply and transmission needs of its Members that we are privileged to serve. A significant part of our foundation today is built upon our BPA contract, and we will work diligently to preserve the benefits of the carbon-free federal hydropower system. However, we need to position ourselves for additional options for power supply and resources—in a future that promises to include more innovation and transforming ideas about energy—so that we can meet the changing needs of our Members in a landscape that continues to evolve.

We have our compass in hand. We're mindful of the obstacles that may be in our path, and we know we have the ability to overcome them and move into the future. Now, on to True North!

-Roger Gray
President & CEO, PNGC Power



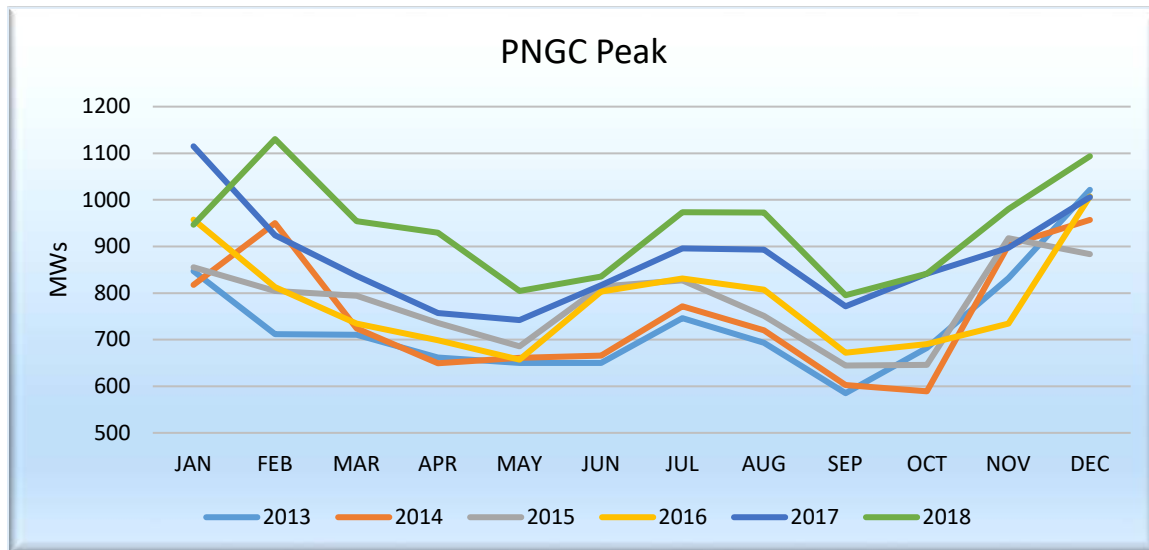
New Board Members

2018 brought some retirements, and 2019 brought some new Board Members to the PNGC Power Board. In January, Brent Bischoff replaced Roger Meader as the General Manager of Coos-Curry Electric, and Greg Gardner took over for Joe Jarvis at Blachly-Lane Electric.

In February, the Board will welcome Debi Wilson, who is taking over as Acting General Manager at Lane Electric.

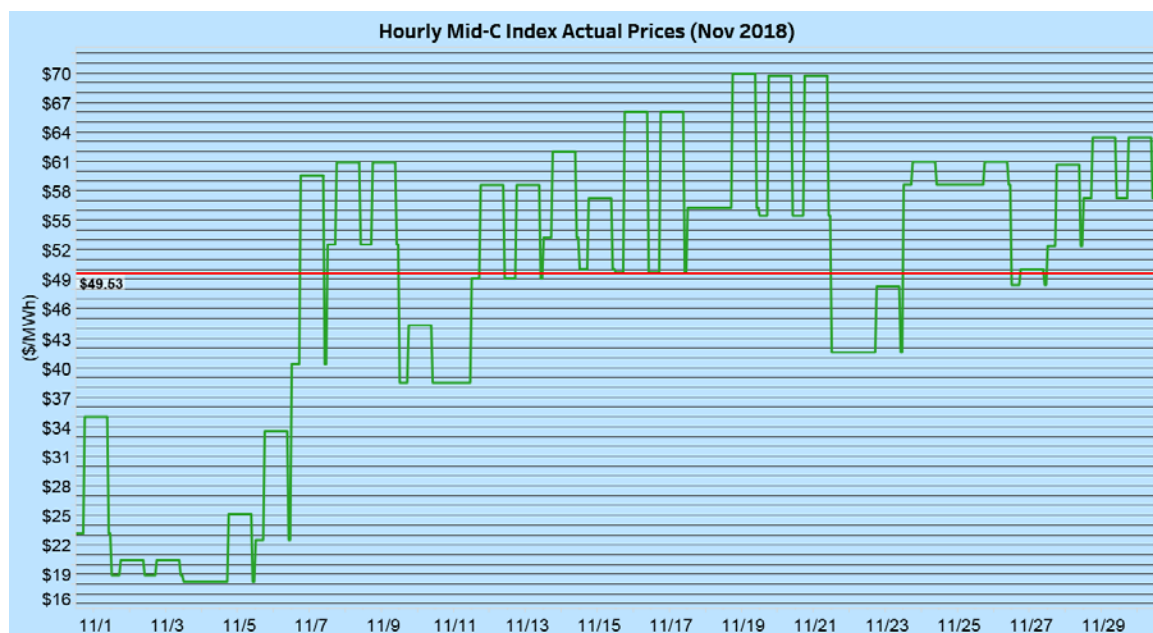
PNGC Peak

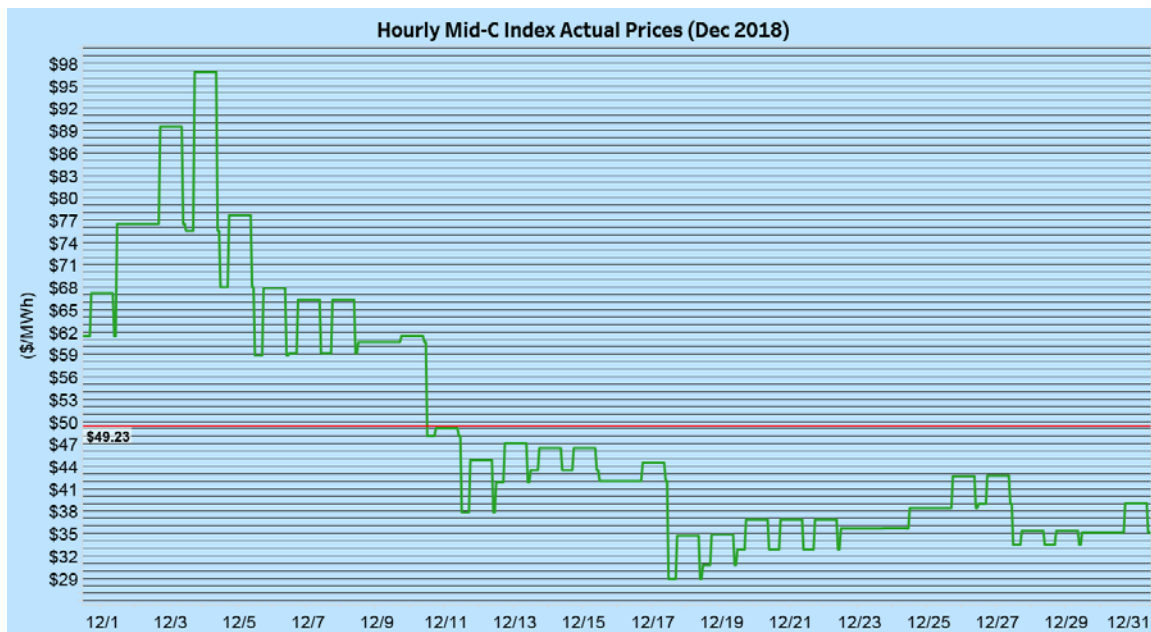
The graph below shows PNGC Peak for the past 5 years



Mid-C Pricing

The graph below shows Mid-C Pricing for the months of November and December 2018





BPA Happenings

Jan. 24	Energy Efficiency 2020-21 Implementation Plan Workshop
Jan 31.	Proposed TC-20 Settlement Update
March 1	BP-20 Rate Case Participant Comment Period Ends

Upcoming PNGC Events

Jan. 23	Utility Sounding Board Meeting at PNGC Power
Feb. 5	PNGC Board Meeting
Feb. 19	Low Income Working Group Meeting at PNGC Power



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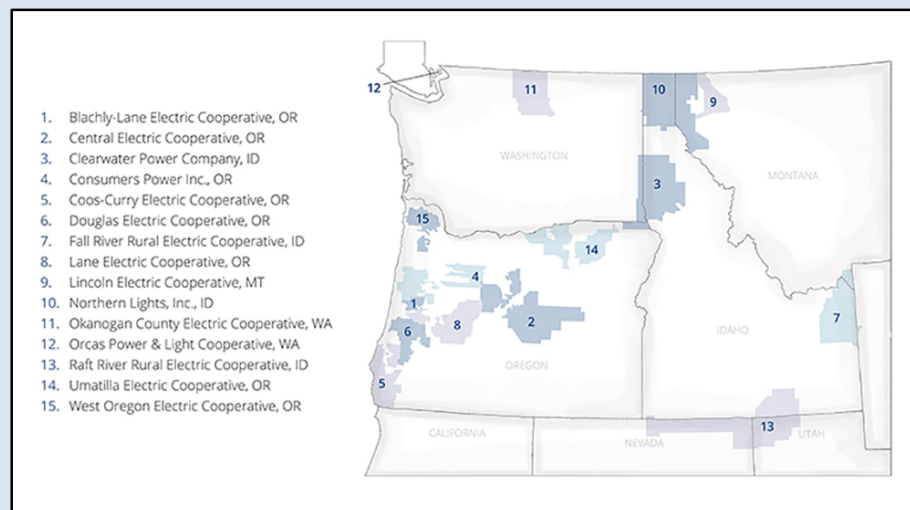


Power Market Challenges and Opportunities

NW Council
Roger Gray, PNGC
March 12, 2019

PNGC

- Members: 15 Electric Cooperatives in 7 States (OR, WA, ID, MT, WY, NV, UT)
 - 200,000 customers
- PNGC is a G&T Cooperative with a single BPA Power Contract: Joint Operating Entity
 - About 1400 MW Peak Load
 - BPA Tier 1 516 aMW (about 7.5% of BPA Tier 1 system)
- Members range from little/no growth and 100% BPA power to major growth where BPA is only a part of the supply



Topics Covered Today

- BPA Competitiveness
- Resource Planning and Operational Challenges
 - In General
 - Roles of Energy Efficiency, DR/DM, Renewable power, DER, storage, etc.
 - Resource Adequacy and Reliability
 - Implications of departure of coal, loss of hydropower, increased variable generation and possibly less natural gas generation.
 - Policy goals and legislative requirements
 - Markets and organization
- Week of February 25th and weekend of March 2nd and 3rd
 - Supply issues
 - Transmission issues
 - Prices through the roof (anomaly or new normal?)
 - Reliability issue, price issue or both?
- Challenges of Figuring this Out
 - Planning versus operational perspective
 - Models (gross or macro supply, transmission (unconstrained, constrained, other)
 - Institutional
 - Political

Questions