FLEXPOWER BUNDLE UPDATE

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Informational Update
OBJECTIVES & TAKEAWAYS

• PROVIDE OUTLOOK OF OUR CAPACITY NEEDS OVER THE NEXT DECADE

• PROVIDE OVERVIEW OF OUR PROCESS TO EVALUATE THE ADDITION OF MORE RENEWABLES TO OUR PORTFOLIO

• PROVIDE LOOK AHEAD & NEXT STEPS
AGENDA

• OVERVIEW OF GENERATION ASSETS: CAPACITY & AGE
• COMPARE OUR TOTAL CAPACITY WITH LOAD FORECAST OVER THE NEXT 10 YEARS, WITH & WITHOUT FLEXPOWER BUNDLE
• OPTIMIZING OUR RESOURCES TO MEET PEAK DEMAND
• PROCESS FOR EXPLORING OUR OPTIONS
• LOOK AHEAD & NEXT STEPS
OUR PLANTS ARE AGING

Almost 30% of our capacity comes from plants that are 40+ years old

Our team does a great job keeping our plants running. Reliability of our plants continues to be a top priority.
Aging units comprise our entire reserve margin & are needed to meet our load requirements.
FLEXIBLE PATH IN ACTION
FLEXPOWER BUNDLE

We are going through a process to evaluate adding more renewables

Our approach will:
• Align with our Flexible Path Strategy
• Consider options available to ensure reliability, resiliency & affordability
• Include firming capacity like storage & gas-fired generation
• Strengthen reliability for aging assets
Intermittent solar & wind need to be firmed up with conventional power sources to provide around-the-clock reliability.
Only a portion of renewable capacity is available to meet summer & winter peak
Using a Request For Proposal (RFP) process we will:

• Explore current pricing for solar & storage
• Identify market availability & timeline
• Evaluate & recommend viable candidates

The team expects hundreds of submissions for this offer.
Explore options with qualified companies that currently provide reliable & efficient power in the ERCOT market

• We will consider:
  • Our seasonal & hourly needs to firm our existing & any new renewable resources
  • Pricing available for power purchased
  • Asset performance history
  • Location of resource to mitigate exposure to congestion
  • Availability & timing
NEXT STEPS & LOOK AHEAD

We will continue to provide updates along the way

2019

2020

Complete Initial Customer Feedback & Engagement

Release Solar + Battery Request for Proposals

Receive Solar + Battery Proposals, Evaluate & recommend

Execute FlexPower Bundle

Explore Gas Firming Capacity Options

We are here
As we work through the FlexPower Bundle, we will ensure that we keep our value pillars at the forefront.

WE HAVE A BALANCED APPROACH
THESE CONSIDERATIONS ARE IMPORTANT
Thank You
Appendix
## BUNDLED APPROACH TO ADD FUTURE PEAK CAPACITY

### SOURCES OF GENERATION

<table>
<thead>
<tr>
<th>BENEFITS</th>
<th>SOLAR</th>
<th>STORAGE</th>
<th>GAS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Aligns with our load</td>
<td>• Great back-up source of power</td>
<td>• Abundant supply</td>
</tr>
<tr>
<td></td>
<td>• Costs continue to decrease</td>
<td>• Reduces need for increased peak generation capacity</td>
<td>• Consistently dependable source of energy</td>
</tr>
<tr>
<td></td>
<td>• Zero emission source</td>
<td>• Zero emission source</td>
<td>• Affordable</td>
</tr>
<tr>
<td></td>
<td>• Low maintenance</td>
<td>• Improving technologies</td>
<td>• Mature technology</td>
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<tr>
<td></td>
<td>• Improving technologies</td>
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<td></td>
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<tr>
<td>CHALLENGES</td>
<td>• Weather &amp; time dependent resource</td>
<td>• Expensive</td>
<td>• Carbon-emitting</td>
</tr>
<tr>
<td></td>
<td>• Requires back-up generation</td>
<td>• Shorter lifespan than other sources</td>
<td>• Higher maintenance costs</td>
</tr>
<tr>
<td></td>
<td>• Uses a lot of real estate</td>
<td>• Unknown environmental impacts</td>
<td>• Forced outage risk</td>
</tr>
<tr>
<td></td>
<td>• Unknown environmental impacts</td>
<td>• Immature technology</td>
<td>• Useful life may extend beyond market value</td>
</tr>
</tbody>
</table>

While there is no perfect solution, each technology has its benefits. More value is created through bundling.