



## Member Information Committee Update

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Dear MIC Member,

With 2009 well underway, I would like to take the time to share some exciting changes that are taking place at GVEC. Already this year, wind turbine pilot projects have launched at the Ag Heritage Museum and our new Seguin office, there has been a revision to our Residential Renewable Generating Tariff, and we have made significant progress towards the opening of our new Seguin Office Complex. Along with providing more insight into these changes, I would also like to give you an update on our continued efforts with wholesale power contracts and the latest developments in the Texas Legislature.

**Revision to GVEC's Residential Renewable Generating Tariff** - The GVEC Board of Directors recently approved a revision to the Cooperative's Residential Renewable Generating Tariff regarding the price GVEC will pay for power produced by a GVEC member. Under the previous tariff, GVEC purchased all of the power generated by a member at the utility's average wholesale power rate, and in turn, the member would pay GVEC for all power consumed at the location at the stated retail rate. The revision to the tariff now allows the member to consume all of the power produced at his/her location and then sell the excess back to GVEC, therefore giving the member the benefit of offsetting their own usage at the retail rate and reaping the benefit of being paid for any excess which may have been produced. This change is beneficial to the membership and is just another example of our efforts to encourage our members to take advantage of clean, renewable energy.

**Wind Turbine Pilot Project** – The installation of the wind turbine at the Texas Agricultural Education and Heritage Center in Geronimo is nearing completion. The turbine has been put in place and the last phase includes setting a meter to measure the generation output which should be completed within the next week. In addition to this project, we are also collecting data from the same type of turbine located at the new GVEC Seguin Office Complex. Our goal is to use the data collected from these projects in order to help us fully understand the benefits, challenges and costs associated with this technology so that we may provide members with realistic information and sound advice regarding residential wind generation in our area.

**New Seguin Location** - We are excited to announce the new Seguin Office Complex will be opening at the end of March. We are thankful to have this new facility up and running to better accommodate the membership in the Guadalupe County area. With the announcement of the Caterpillar, Inc. facility locating in Seguin and the anticipated spinoff businesses we expect to locate as a result, coupled with the continued development of Guadalupe County, we remain assured this new office was a smart investment for the Cooperative. You can look forward to receiving an invitation to the Grand Opening Ceremony which will be held in May.

**Wholesale Power Contracts** - As you may recall, GVEC has been focused for several years now on aggressively managing wholesale power purchases and contracts. Due to the deregulation of the wholesale power market in Texas in 1995, electric utilities now have the choice to purchase power from any generating facility in the State. Thus far, GVEC has been restricted from taking full advantage of the competitive market due to an all requirements contract that was put in place long before the deregulation of the market. Fortunately, this contract has served us well and we have enjoyed very competitively priced power to date. However, in the future, GVEC has the right to put contracts in place with multiple suppliers and with varying terms as opposed to our long-term all-requirements contract currently in place.

Our current all-requirements contract with the Lower Colorado River Authority (LCRA) is set to renew for an additional 25 years in 2016. However, the contract provides a notice provision in 2011 that allows the Cooperative the opportunity to give notice to the LCRA if it does not wish to renew and therefore terminate the relationship in 2016. As a result of this option, GVEC has been intensely studying the market and talking with alternate suppliers over the last several years to get a feel for the options available so that the Board will be fully prepared to make a decision when the time arises.

In addition to the 2011 notice provision, the contract with the LCRA includes an additional provision that gives the Cooperative the option to limit, or “cap”, the amount of power it purchases from the LCRA if the LCRA constructs or contracts for additional base load generation. On June 6, 2008, the LCRA made the decision to acquire an additional 200 megawatts of base load generation capacity from Sandy Creek Energy Associates. The Sandy Creek Facility is a 900 megawatt pulverized coal power plant located near Waco, TX. The decision by the LCRA triggered the capping contract provision. After careful and very thorough consideration by our staff and the Board of Directors, the decision was made at the February Board Meeting to not cap the amount of power we purchase from the LCRA under the current market conditions. This decision was made in the best interest of the GVEC membership based on market data available to us at the present time. We will continue to focus on this issue and remain steadfast in our responsibility to provide reliable, affordable power to our membership.

**Texas Legislative Session** - The 81<sup>st</sup> Texas Legislature is currently in session where legislation has been proposed to modify the governance and transparency of Electric Cooperatives. Senator Troy Fraser and Representative Patrick Rose have filed SB 921 and HB 1390, both containing numerous provisions objectionable to Cooperatives. Altogether, the legislation is clearly flawed and not in the best interests of cooperatives and our members. We are working diligently along with representatives from cooperatives across Texas to inform legislators of our opposition on the bill in its current state. We hope our efforts will result in a final bill that is reasonable and does not negatively impact the fundamental purpose behind the Electric Cooperative.

In closing, I look forward to speaking with you all at the upcoming Spring MIC meeting in April. Registration will begin at 6:30 p.m. and dinner will be served at 7:00 p.m., with the meeting to follow. I hope that you will reserve the following day to attend the meeting:

- Districts 2, 7, 8 & 9 will meet on Tuesday, April 7<sup>th</sup> at St. Paul Evangelical Church in Cibolo.
- Districts 1, 10 & 11 will meet on Thursday, April 9<sup>th</sup> at the Yoakum Community Center in Yoakum.
- Districts 3, 4, 5 & 6 will meet on Tuesday, April 14<sup>th</sup> at the Silver Center in Seguin.

It is through the support of this committee, that GVEC is able to educate and communicate cooperative initiatives, accomplishments and challenges to our members. I appreciate your service on this committee and the insight you provide to GVEC concerning member needs. I look forward to seeing you next month. Until then, I am available any time for you to call, email or write.

Respectfully,

*Darren Schauer*

General Manager  
And Chief Executive Officer