Hello, customers and teammates!

It’s Vice President of Energy Production Mick Spencer with a summary of Board proceedings while President and CEO Tom Kent attends a Large Public Power Council Cyber Task Force Meeting this week.

Planting season is upon us. Trees and plants are budding, and you can spot new beginnings and growth everywhere you look. NPPD is experiencing seasonal changes too. Spring outages are underway at several NPPD generation facilities, and Chief Audit and Ethics Officer Conrad Saltzgaber will transition to a new position as vice president of corporate strategy and innovation on May 1. Please congratulate Conrad if you see him and expect him at our May Executive Webinar.

NPPD’s Board of Directors will see two new governor-appointed members join its forces within the next month or so. This is due to the resignation of Charlie Kennedy in Subdivision 5, whose decision to prioritize his health we fully respect. And, we continue to mourn the loss of Fred Christensen, who we recognized with a moment of silence at last week’s Board meeting. Fred served Subdivision 11 well with great thought and purpose; and we will miss him.

Updates are given throughout the year on various Board-appointed strategic directives. This month, we reviewed those pertaining to safety and carbon emissions reductions.

First, safety. Reducing our number of safety incidences to zero and sending our teammates home safe and whole at the end of every day is our ultimate goal, and SD-02 guides us in making year-over-year improvements to accomplish this. Doing so successfully involves attention to our overall safety culture and the mindset of teammates, both of which are regularly measured in the DuPont survey teammates recently completed. DuPont looks at the best of the best in our industry to provide data points we can compare ourselves against in our journey from an independent safety culture – which values one’s individual safety – to an interdependent safety culture which values safeguarding ourselves *and* others. As we dig into survey feedback, we’ll use it to drive positive change, improvements and corrective actions to ensure safety is engrained into our every thought and behavior.

Meanwhile, SD-05 relates to decarbonization efforts as NPPD transitions toward net-zero carbon emissions by 2050 using proven and reliable generation until practical and viable technology is available to help us further achieve this goal. Though assumptions to calculate NPPD’s yearly carbon intensity and carbon emission totals are complex, the trend in 2022 revealed an uptick in both due to the refueling outage at Cooper Nuclear Station and a significant increase in load from the previous year. Other trends influencing this uptick included decreased hydropower generation due to low water levels and increased energy market reliance on carbon-based energy.

When looking at the percent reduction from 2005, NPPD’s carbon intensity, measured in pounds per megawatt-hour, was reduced by 32% for NPPD’s share, which is primarily generation from owned and purchased resources, and by 41% for NPPD native load, which is NPPD’s share minus generation from excess market sales in the Southwest Power Pool. Meanwhile, carbon emissions, measured in short tons, was reduced by 8% for NPPD’s share and 26% for NPPD’s native load.

As we update our Integrated Resource Plan this year, we will consider these trends to ensure we are developing the right generation mix to sustainably reduce our carbon emissions and intensity levels without compromising affordability and reliability.

Just a quick note on 2016 Wholesale Power Contract requirements. Prior to May 1 each year, NPPD sends an email to wholesale customers reviewing specific contract details. Some of the information shared includes NPPD’s 2022 production surplus amount, a summary of special power products, details on production debt that is maturing after the termination of the Wholesale Power Contract, and a schedule for reserves we’re collecting in various categories, such as Other Post-Employment Benefits, decommissioning reserve for CNS and non-nuclear power plants, and nuclear fuel disposal.

If you have an interest in reviewing these requirements in further detail, please review the related Board presentation on *nppd.com*.

Now I’d like to provide a few updates on ongoing or future projects occurring at our generation facilities. First, NPPD is currently completing a pre-front-end engineering design, or pre-FEED, study at Gerald Gentleman Station for a carbon capture demonstration project. Because a full FEED study is quite costly, we are performing this initial work to prove the project’s feasibility before moving forward. Preliminary results will be shared at the May Board meeting. If positive, NPPD will seek funding in June for the full FEED study, as well as submit our application to the Department of Energy for a Funding Opportunity Announcement.

Among others, capital projects approved at the Board meeting include the upgrade of control systems at Beatrice Power Station, installation of environmental fish return pumps at Cooper Nuclear Station, a rebuild of an induced draft fan rotor at Gerald Gentleman Station, and diesel generator rental for Zone 5 this summer at Ainsworth and Ainsworth Wind Farm.

Financially, the month of March came in with a preliminary $6.9 million surplus and a year-to-date surplus of $10.3 million.

I wish each of you a happy and productive spring season. Until next time, take care of each other, stay healthy, and stay safe.

Mick