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# 2024 Wholesale Rate Update

NPPD Board of Directors Meeting  
August 2023

Todd Swartz, Director of Pricing, Rates &  
Wholesale Billing



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# Objectives

- Share final recommendations for proposed changes to 2024 wholesale rates and rate schedules

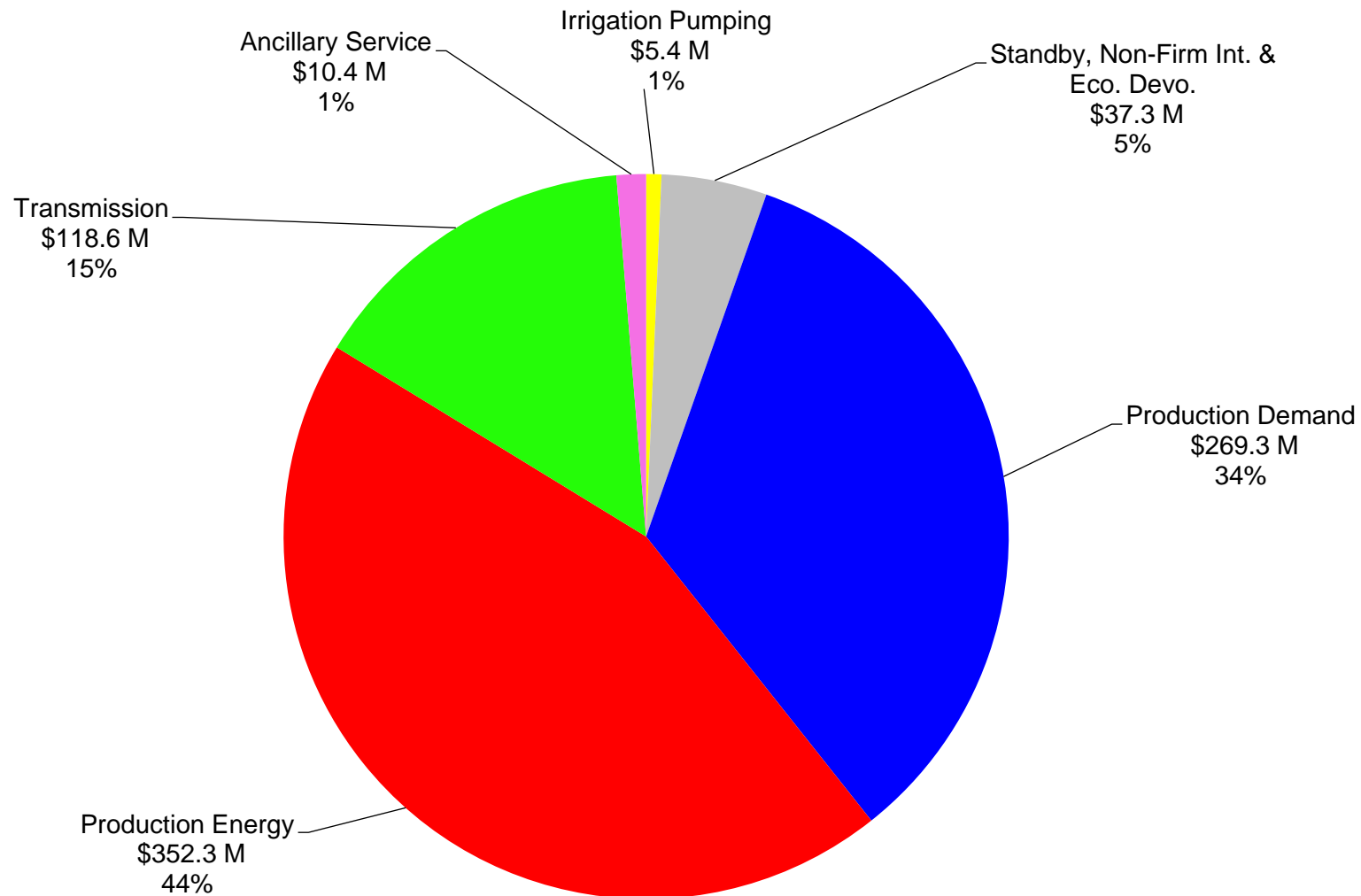
# Proposed 2024 General Firm Power Service (GFPS) Wholesale Rates

- Transmission: no changes in rates
- Production: no change in overall base rates; there will be proposed changes in individual demand/energy rates as a result of the Rate Study
  - One-year refund of remaining funds in production Rate Stabilization Account (RSA) in excess of the 10% accumulation limit
    - \$56.8 million returned to the customers through a Production Cost Adjustment (PCA) Rate
    - 2024 PCA Factor =  $\$(0.004369)/\text{kWh}$
    - Applies to bills for Jan. – Dec. 2024 service
    - January 2024 service billings will include an additional PCA credit for the remaining 2023 PCA in effect from Feb. 2023 – Jan. 2024.

# Proposed 2024 GFPS Wholesale Rates (cont'd)

- Wholesale:
  - 7<sup>th</sup> year in a row of no overall wholesale base rate increase
  - 6<sup>th</sup> year in a row of a PCA refund
    - 2019: \$26.8 million
    - 2020: \$46.1 million
    - 2021: \$73.2 million
    - 2022: \$74.2 million
    - 2023: \$33.9 million
    - 2024: \$56.8 million (proposed)
- Individual customer percent impacts will vary depending on customer usage characteristics

# Forecasted 2024 Wholesale GFPS Revenue Requirements (\$793.3M)



# Proposed 2024 GFPS Rates

	2023 Current Rates <hr/> (A)	2024 Proposed Rates <hr/> (B)	% Increase/ (Decrease) <hr/> (C)
Irrigation Pumping			
Demand (\$/kW)	\$ 9.17	\$ 9.17	0.0%
Energy (\$/kWh)	\$ 0.0159	\$ 0.0159	0.0%
Ancillary Services (\$/kW & kWh)			
Reg. Up/Down, Spin. & Supl. Res.	\$ 0.00036	\$ 0.00044	22.2%
Reactive Supply	\$ 0.16	\$ 0.16	0.0%
Transmission (\$/kW)			
Line	\$ 3.88	\$ 3.88	0.0%
Substation	\$ 0.52	\$ 0.52	0.0%

# Proposed 2024 GFPS Production Demand and Energy Rates

	2023 Current Rates <u>(A)</u>	2024 Proposed Rates <u>(B)</u>	% Increase/ (Decrease) <u>(C)</u>	
<b>Production Demand</b>				
Blend				
Summer	\$ 14.15	\$ 13.31	(5.9%)	} Demand = -2.6%
Winter	\$ 11.69	\$ 11.73	0.3%	
Gen Station				} Summer = -5.9%
Summer	\$ 14.42	\$ 13.58	(5.8%)	
Winter	\$ 12.25	\$ 12.18	(0.6%)	Winter = 0.3%
<b>Production Energy</b>				
Blend				
Summer On-Peak	\$ 0.03372	\$ 0.03561	5.6%	} Seasonal Recovery: Summer = 40.6%
Summer Off-Peak	\$ 0.01928	\$ 0.01917	(0.6%)	
Winter On-Peak	\$ 0.03160	\$ 0.03283	3.9%	} Winter = 59.4%
Winter Off-Peak	\$ 0.02316	\$ 0.02239	(3.3%)	
Gen Station				
Summer On-Peak	\$ 0.03384	\$ 0.03567	5.4%	} Energy = 1.7%
Summer Off-Peak	\$ 0.01940	\$ 0.01923	(0.9%)	
Winter On-Peak	\$ 0.03175	\$ 0.03290	3.6%	} Summer = 3.1%
Winter Off-Peak	\$ 0.02331	\$ 0.02246	(3.6%)	
				Winter = 0.9%

# Customer Impacts Based on Proposed Rates

- Utilizing each 2016 Wholesale Power Contract customer's 2022 actual billing units:
  - Average annual base rate increase = 0.0%
    - Summer = (1.0%)
    - Winter = 0.7%
  - Largest customer annual base rate increase = 0.2%
  - Largest customer annual base rate decrease = (0.6%)
  - Above amounts exclude the impact of the one-year refund via a PCA
    - Including increase in PCA credit, average annual decrease = (2.8%)



# Proposed Changes to 2024 GFPS Rate Schedule

- Revise applicable rates
- Clarify NPPD's right to claim the capacity of QLG that is used to offset GFPS production billing units for SPP Resource Adequacy (RA) purposes
  - Since NPPD compensates customer for the capacity (through providing the bill offset), it can't be sold to another entity and used for RA purposes
  - Customer to assist NPPD with accrediting the generator and meeting SPP testing requirements
- Clarify the determination of summer production demand billing units when an end-use customer ceases taking interruptible service
  - Only the customer's Firm Demand will be utilized in the calculation

# Proposed Changes to 2024 GFPS Rate Schedule (cont'd)

- Raise the per-customer-site limit for qualifying customer distributed generation that can offset GFPS production billing units from 25 kW to 100 kW
  - NPPD continues to receive requests from major agriculture stakeholders and some customers to allow installation of larger renewable generators under a more favorable financial arrangement
    - Current options are to count toward wholesale customer's QLG allowances for offsetting GFPS billing units or a Simultaneous Buy/Sell arrangement
  - Current 25 kW threshold established in 2020 (reduced from 2,000 kW) to limit potential cost shifts
    - Cost shift is the difference between the wholesale customer's GFPS bill savings and NPPD's cost savings due to purchasing less energy from the SPP market
    - At wholesale, range of annual cost shifts can be \$0 to \$70,000/MW of solar generation capacity
    - Amount varies year-to-year based on performance and location of solar generator, coincidence of the generator output with the wholesale customer's monthly GFPS billing demands, and SPP hourly market energy prices
    - Approx. 113 MW of solar at \$70,000/MW equates to 1 % wholesale rate increase

# Proposed Changes to 2024 Wholesale Rate Schedules

Rate Schedule	Description	Proposed Changes for 2024
<b>1 GFPS</b>	<b>General Firm Power Service</b>	See Previous Slides
2 Supplement No. 1	Demand Waiver Program	None
3 Special Power Product No. 2	Simultaneous Buy/Sell	None
4 Special Power Product No. 3	Energy Curtailment Program	None
5 Special Power Product No. 5	Standby Service	None
6 Special Power Product No. 6	Economic Development Rate	To be determined later this year and handled through separate proposal
<b>7 Special Power Product No. 8</b>	<b>Interruptible Rate</b>	<b>Modify metering reqts to require real-time load data at customer's expense</b>
<b>8 Special Power Product No. 9</b>	<b>Market-Based Rate</b>	<b>Raise Production Demand rate from \$12.75 to \$13.00/kW</b>
<b>9 Special Power Product No. 10</b>	<b>Interruptible Market-Based Rate</b>	<b>Raise Firm Demand rate from \$15.00 to \$15.50/kW; modify metering reqts to require real-time load data at customer's expense</b>
<b>10 Special Power Product No. 11*</b>	<b>Demand Response Resource Rate</b>	<b>Modify metering reqts to require use of NPPD equipment, with NPPD to pay up to \$10,000/customer for metering/communication equipment</b>
11 PCA	Production Cost Adjustment	None
<b>12 T-2</b>	<b>Transmission Service</b>	<b>Revise applicable rates</b>

\* Proposed changes to SPP No. 11 to be addressed apart from GFPS Rate Study, with proposed effective date of November 1, 2023.

Special Power Product No. 4 and No. 7 are no longer in effect.

# Schedule for Wholesale Rates

- July 13 – Board discussion
- July 20 – Discussion at wholesale Rate Review Committee meeting
- August 10 – Board discussion
- Late August:
  - Issue GFPS Rate Study and T-2 Rate Study with proposed rates to Wholesale and T-2 Customers, respectively
  - Issue proposed Demand Response Resource (DRR) Rate Schedule
- Late September – Hearing requests due
- October 11 or 12 – Rate hearing (if requested)
- October 12 – Board consideration of proposed DRR Rate Schedule
  - Proposed effective date of November 1, 2023
- November 9 – Board consideration of proposed GFPS rates
  - Proposed effective date of January 1, 2024



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## Questions

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