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Proposed Wholesale Economic Development Rate for 2024



NPPD Board of Directors Meeting
President's Report
December 14, 2023

Todd Swartz – Director of Pricing, Rates, & Wholesale Billing



Objective

- Seek approval for revised Economic Development Rate (EDR) Schedule (Special Power Product No. 6)
 - Proposed effective date January 1, 2024

Background

- Available to wholesale customers for use with their qualifying end-use customers
 - Closed to new customers since 2021 when NPPD forecasted that its surplus production capacity was fully utilized
- Allows for a discounted production rate for up to 5 years
 - Flat, year-round energy rate replaces the General Firm Power Service (GFPS) production demand & energy rates
- Requires “Initial Production Energy Rate” to be calculated every year, and be at least 110% of forecasted Incremental Production Cost (IPC)
 - NPPD’s IPC is the Southwest Power Pool (SPP) energy market price

Rate Review and Proposed Rate Change

- For 2024, NPPD's forecasted incremental production costs have increased slightly from last year due to forecasted higher SPP market prices
 - Minimum rate = 110% of IPC = \$31.69/MWh
- Proposal is to increase the initial production energy rate from \$30.75/MWh to \$31.69/MWh effective January 1, 2024
 - 3.1% increase in production portion of the bill for existing customers on this rate

Schedule

- October 12 – Proposed changes presented to Board
- October 19 – Discussion at wholesale Rate Review Committee meeting
- October 23 – Proposed revised EDR Schedule issued to wholesale customers
 - Customers given 30 days to request a rate hearing
- December 14 - Board consideration of proposed Rate Schedule
- January 1, 2024 – Proposed effective date



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Questions

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