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# Wholesale Rate Update for 2025

NPPD Board of Directors Meeting  
August 8, 2024

Todd Swartz, Director of Pricing, Rates &  
Wholesale Billing



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# Objectives

- Share results of wholesale rate study
- Share recommendations for proposed changes to 2025 wholesale rates and rate schedules
  - Proposed effective date for all rate schedules is January 1, 2025

# Wholesale Rate Schedules

<u>Rate Schedule</u>	<u>Description</u>
1 GFPS*	General Firm Power Service
2 Supplement No. 1	Demand Waiver Program
3 Special Power Product No. 2	Simultaneous Buy/Sell
4 Special Power Product No. 3	Energy Curtailment Program
5 Special Power Product No. 5	Standby Service
6 Special Power Product No. 6	Economic Development Rate
7 Special Power Product No. 8	Interruptible Rate
8 Special Power Product No. 9	Market-Based Rate
9 Special Power Product No. 10	Interruptible Market-Based Rate
10 Special Power Product No. 11	Demand Response Resource Rate
11 PCA	Production Cost Adjustment
12 T-2	Transmission Service

\*GFPS applies to customers that have signed the 2016 Wholesale Power Contract (22 Rurals, 1 Electric Membership Corporation, 36 Municipalities), and the NPPD Retail Division

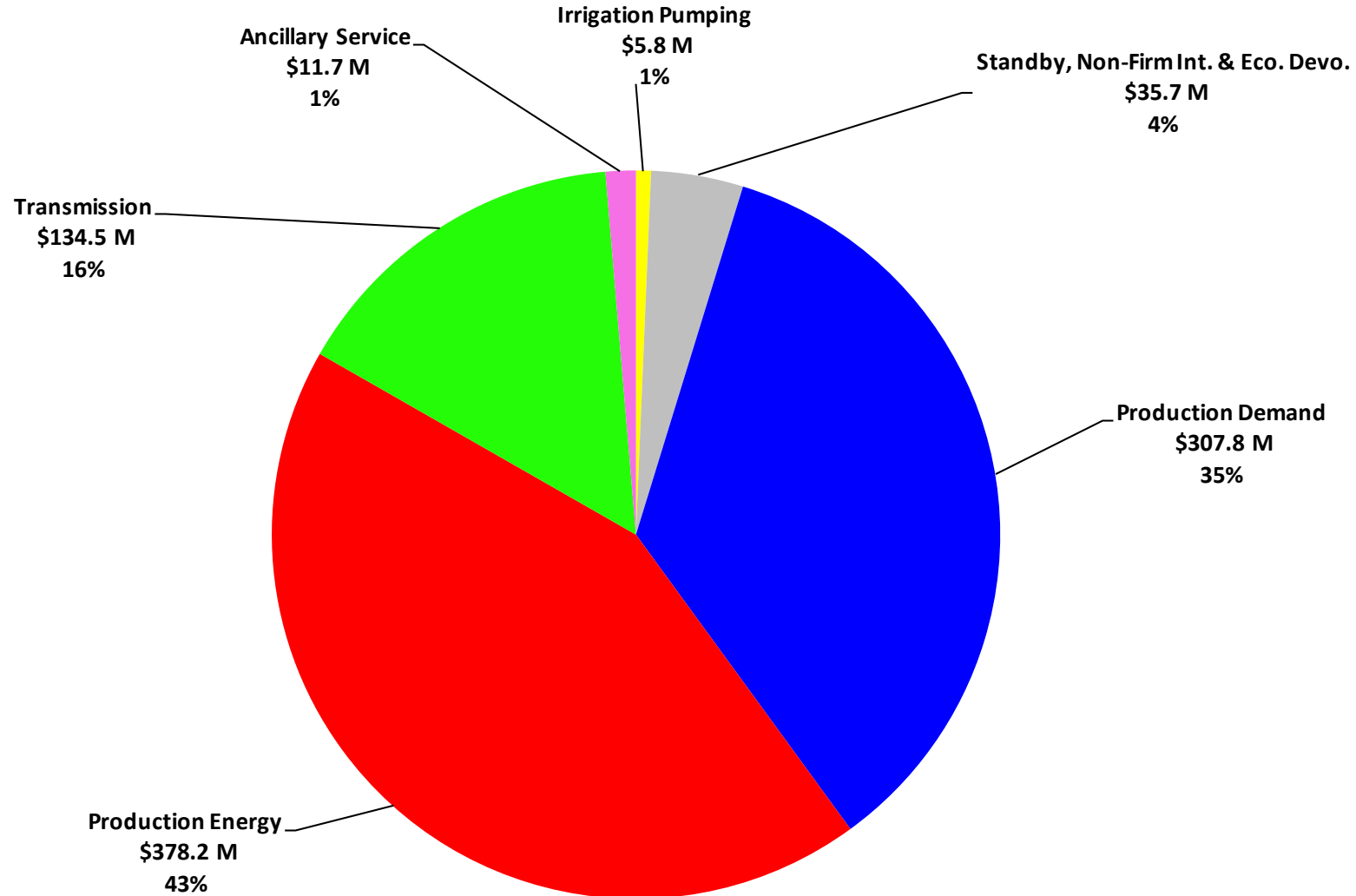
# Proposed 2025 General Firm Power Service (GFPS) Wholesale Rates

- 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
    - \$53.0 million returned to the customers through a Production Cost Adjustment (PCA) Rate
    - 2025 PCA Factor =  $\$(0.003694)/\text{kWh}$
    - Applies to bills for Jan. - Dec. 2025 service

# Proposed 2025 GFPS Wholesale Rates (cont'd)

- Wholesale:
  - 8<sup>th</sup> year in a row of no overall wholesale base rate increase
  - 7<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
    - 2025: \$53.0 million (proposed)
- Individual customer percent impacts will vary depending on customer usage characteristics

# Forecasted 2025 Wholesale GFPS Revenue Requirements (\$873.7M)



# Irrigation Pumping Rates

- Product only available to wholesale customers with a Western Area Power Administration (WAPA) irrigation pumping allocation per contract (originated back in the 1950's)
  - Consists of approximately 99 MW of WAPA power
  - Demand and energy amounts are allocated to customers in months of April through October (typical irrigation months)
  - 30 wholesale customers receive an allocation
- NPPD's Irrigation Pumping rates in the GFPS Rate Schedule are set to recover the costs NPPD incurs for this WAPA power

# Proposed 2025 GFPS Irrigation Pumping Rates

	2024 Current Rates <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (A)	2025 Proposed Rates <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (B)	% Increase/ (Decrease) <hr style="width: 100%; border: 0.5px solid black; margin: 0;"/> (C)
Irrigation Pumping			
Demand (\$/kW)	\$ 9.17	\$ 9.92	8.2%
Energy (\$/kWh)	\$ 0.0159	\$ 0.0172	8.2%

- Reflects expected WAPA rate increase for 2025
- No change in individual customers’ total kW demand or kWh energy allocations for 2025



# Proposed 2025 GFPS Transmission and Ancillary Service Rates

- Same as proposed rates for NPPD's Transmission Service (T-2) Rate Schedule

	2024 Current Rates <hr style="width: 100%; margin: 0;"/> (A)	2025 Proposed Rates <hr style="width: 100%; margin: 0;"/> (B)	% Increase/ (Decrease) <hr style="width: 100%; margin: 0;"/> (C)
Transmission (\$/kW)			
Line	\$ 3.88	\$ 3.88	0.0%
Substation	\$ 0.52	\$ 0.52	0.0%
Ancillary Services (\$/kW & kWh)			
Reg. Up/Down, Spin. & Supl. Res.	\$ 0.00044	\$ 0.00045	2.3%
Reactive Supply	\$ 0.16	\$ 0.16	0.0%

# Production Demand and Energy Rates

- Cost allocation methodologies impact the rate design and cost recovery for each of the following:
  - Demand vs. Energy
  - Summer (4 months) vs. Winter (8 months)
  - On-peak vs. Off-peak (for energy)
- Allocation factors have been updated with latest historical load and cost information

# Proposed 2025 GFPS Production Demand and Energy Rates

	2024 Current Rates <u>(A)</u>	2025 Proposed Rates <u>(B)</u>	% Increase/ (Decrease) <u>(C)</u>			
<b>Production Demand</b>						
Blend						
Summer	\$ 13.31	\$ 14.46	8.6%	} Demand =	3.7%	
Winter	\$ 11.73	\$ 11.71	(0.2%)		Summer =	8.7%
Gen Station					Winter =	-0.2%
Summer	\$ 13.58	\$ 14.89	9.6%			
Winter	\$ 12.18	\$ 12.07	(0.9%)			
<b>Production Energy</b>						
Blend						
Summer On-Peak	\$ 0.03561	\$ 0.03655	2.6%	} Seasonal Recovery:	Summer =	41.9%
Summer Off-Peak	\$ 0.01917	\$ 0.01811	(5.5%)		Winter =	58.1%
Winter On-Peak	\$ 0.03283	\$ 0.03228	(1.7%)			
Winter Off-Peak	\$ 0.02239	\$ 0.02046	(8.6%)		Energy =	-3.0%
Gen Station						
Summer On-Peak	\$ 0.03567	\$ 0.03644	2.2%	} Summer =	-0.5%	
Summer Off-Peak	\$ 0.01923	\$ 0.01800	(6.4%)		Winter =	-4.5%
Winter On-Peak	\$ 0.03290	\$ 0.03216	(2.2%)			
Winter Off-Peak	\$ 0.02246	\$ 0.02034	(9.4%)			

# Customer Impacts Based on Proposed Rates

- Utilizing each 2016 Wholesale Power Contract customer's 2023 actual billing units:
  - Average annual base rate increase = 0.0%
    - Summer = 3.6%
    - Winter = (2.1)%
  - Largest customer annual base rate increase = 1.4%
  - Largest customer annual base rate decrease = (0.9%)
  - Above amounts exclude the impact of the one-year refund via a PCA
    - Including decrease in PCA credit, average annual bill increase = 1.2%

# Proposed Changes to 2025 GFPS Rate Schedule

- Revise applicable rates
- Clarify NPPD's ability to claim the capacity of customer generation in certain situations
- Add an option to address customer concerns with the existing Simultaneous Buy/Sell (SBS) arrangement for end-use customer distributed generation in certain situations
  - Currently under the SBS, NPPD purchases and takes title to the generator's output and pays the customer at NPPD's avoided costs
    - This payment methodology eliminates cost shifts to other customers
  - Some end-use customers have indicated this process may not allow them to take credit for their on-site renewable generation and lower their carbon intensity score
  - The new option would result in the same billing to the customer (i.e., compensation for the generator output at NPPD's avoided costs), however NPPD would no longer purchase or take title to the energy

# Proposed Changes to 2025 Wholesale Rate Schedules

Rate Schedule	Description	Proposed Changes for 2025
<b>1 GFPS</b>	<b>General Firm Power Service</b>	See previous slide
2 Supplement No. 1	Demand Waiver Program	None
<b>3 Special Power Product No. 2</b>	<b>Simultaneous Buy/Sell</b>	Clarify provisions for NPPD purchasing the accredited capacity of customer's generation; require real-time metering at customer's expense for generators $\geq 500$ kW; add provisions for the proportional sharing of metering costs between NPPD/customer when a single generator is utilized as QLG for offsets with a portion also taking service under this rate schedule
4 Special Power Product No. 3	Energy Curtailment Program	None
<b>5 Special Power Product No. 5</b>	<b>Standby Service</b>	Change the minimum size from 25 kW to 100 kW; clarify the determination of any surplus accredited capacity to be purchased by NPPD; add power factor adjustment provisions; require real-time metering at customer's expense for generators $\geq 500$ kW
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>	Raise monthly Non-Firm Demand Rate from \$0.50 to \$1.00/kW; add power factor adjustment provisions
<b>8 Special Power Product No. 9</b>	<b>Market-Based Rate</b>	Lower monthly Production Demand rate from \$13.00 to \$12.00/kW; require real-time metering at customer's expense
<b>9 Special Power Product No. 10</b>	<b>Interruptible Market-Based Rate</b>	Lower monthly Firm Contract Demand rate from \$15.50 to \$13.75/kW; raise monthly Non-Firm Demand Rate from \$0.50 to \$1.00/kW; add power factor adjustment provisions
10 Special Power Product No. 11	Demand Response Resource Rate	None
11 PCA	Production Cost Adjustment	None
<b>12 T-2</b>	<b>Transmission Service</b>	Revise certain Ancillary Service rates

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

# Schedule for Wholesale Rates

- July 8 – Results of GFPS Rate Study and summary information shared with Board electronically
- July 18 – Discussion at Wholesale Rate Review Committee meeting
- August 8 – Board discussion
- Late August – Issue GFPS Rate Study and T-2 Rate Study with proposed rates to Wholesale and T-2 Customers, respectively
- Late September – Hearing requests due
- October – Rate hearing (if requested)
- November 14 – Board consideration of proposed rates
- January 1, 2025 – Proposed effective date



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## Questions

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