



2024 Capital Budget Amendment

THE
POWER OF
PEOPLE

NPPD Board Meeting – Budget Committee
February 08, 2024

Laura Kapustka – Executive VP and CFO
Mick Spencer – Executive VP and COO



Objective

- Summarize expected load growth and recommended solutions to meet capacity requirements for such growth
- Review proposed changes to the 2024 Capital Budget
- Request Board approval of the Resolution for the 2024 Capital Budget Amendment

Expected Load Growth

- Current expected new load through 2027 is approximately 841 MW
- Primarily a combination of agriculture/ag-industrial, and crypto currency mining businesses
- Majority located in wholesale customers' service territories
- Dynamic situation

Region	Summer 2026	Summer 2027	Total
Western			
Wholesale	0	27	27
NPPD Retail	0	0	0
Mid-Plains			
Wholesale	3	0	3
NPPD Retail	6	0	6
Central			
Wholesale	168	242	410
NPPD Retail	0	0	0
Northeast			
Wholesale	105	0	105
NPPD Retail	10	0	10
Southeast			
Wholesale	6	253	259
NPPD Retail	21	0	21
Metro			
Wholesale	0	0	0
NPPD Retail	0	0	0
OVERALL TOTAL			841

Additional Generating Capacity Needed

- Load growth forecast combined with changes in SPP resource adequacy requirements cause a projected need for additional generating capacity starting in 2026
 - Approx 150 MW in 2026
 - Additional 600 MW in 2027 and beyond
- Additional capacity in 2026 to be provided by
 - Short-term and long-term capacity purchases
 - Installation of battery storage at AWEF using surplus SPP generator interconnection capacity
- Additional capacity in 2027 to be provided by new thermal units – CTs and RICE.
 - SPP generator interconnection study applications have been submitted for these units.

Risks Related to Generating Capacity Additions

Efforts of this magnitude have risks which must be managed, and which can impact implementation plans, including:

- SPP generator interconnect process
- Changes in SPP resource adequacy requirements
- Negotiation of vendor contracts
- Supply chain impacts on ordering required equipment
- Changes in load growth forecasts
- Economic changes and financing options
- Environmental permitting
- Nebraska Power Review Board approval
- NRC approval for subsequent license extension
- Contract labor availability and quality
- Fuel supply issues

Initial Implementation Plan

1. To meet summer 2026 commercial operation, commence AWEF battery energy storage project in 2024
2. To meet summer 2027 commercial operation, commence procurement of long-lead time components for RICE and CT facilities in 2024
 - Engines
 - Turbines
 - Generator step-up transformers
3. Components for remainder of RICE and CT facilities projects will be added to the 2025 capital budget
 - Budget estimates for the additional components still under development
4. Many subsequent required actions remain including, but not limited to, environmental permitting, and Nebraska Power Review Board approval

New Generation Portfolio to Meet the Generating Capacity Needs of the Expected New Load

Table below summarizes key components of the new generation asset portfolio:

	Net Capacity	Estimated Project Totals (\$Millions)			Dates	
		2024 Capital Budget Amendment	2025 Capital Budget (Preliminary)	Estimated Capital Project Totals	Project Start	Project In Service
AWEF BESS	50 MW	\$ 117.8	\$ 0	\$ 117.8	Feb 2024	Jun 2026
RICE Facility (12 X 18 MW)	216 MW	\$ 230.0	\$ 559.1	\$ 789.1	Jun 2024	Jun 2027
CT Facility (2 X 210 MW)	420 MW	\$ 224.0	\$ 496.4	\$ 720.4	Jun 2024	Jun 2027
	686 MW	\$ 571.8	\$ 1,055.5	\$ 1,627.3		

- Projects will be funded with tax-exempt financing
 - Includes interest during construction charges using a rate of 4.0%

CNS Subsequent License Renewal Project

- Total Project Costs = \$114.8 million (preliminary)
- 2024 Budget Amendment Amount = \$56.4 million
 - Includes NRC, environmental, legal and other fees as well as internal and contract labor associated with license extension
- Future Budget Amount = \$58.4 million (preliminary)
 - Includes equipment modification projects that increase the reliability of the plant (Ex: Retubing the condenser)
- Project will be funded with tax-exempt financing
 - Includes interest during construction charges using a rate of 4.0%
- Project Start = February 2024
- Subsequent License Begins = January 2034

Proposal to Increase the 2024 Board Approved Capital Budget by \$628.2 Million to Support New Generation Timelines & CNS License Renewal

	Amount (\$Millions)
1 Current 2024 Board Approved Capital Budget	\$ 234.7
Capital Project Additions:	
2 Ainsworth Wind Energy Facility Battery Energy Storage System	117.8
3 Reciprocating Internal Combustion Engines & Generator Step-up Transformers*	230.0
4 Combustion Turbines & Generator Step-Up Transformers*	224.0
5 CNS Subsequent License Renewal Project*	56.4
6 Total Capital Project Additions	<u>\$ 628.2</u>
7 2024 Amended Capital Budget	<u><u>\$ 862.9</u></u>

These projects will be debt financed as expenses are incurred (will not all occur in 2024)

* Represents a portion of the total capital project. The remainder of the capital project will be included in the 2025 capital budget.

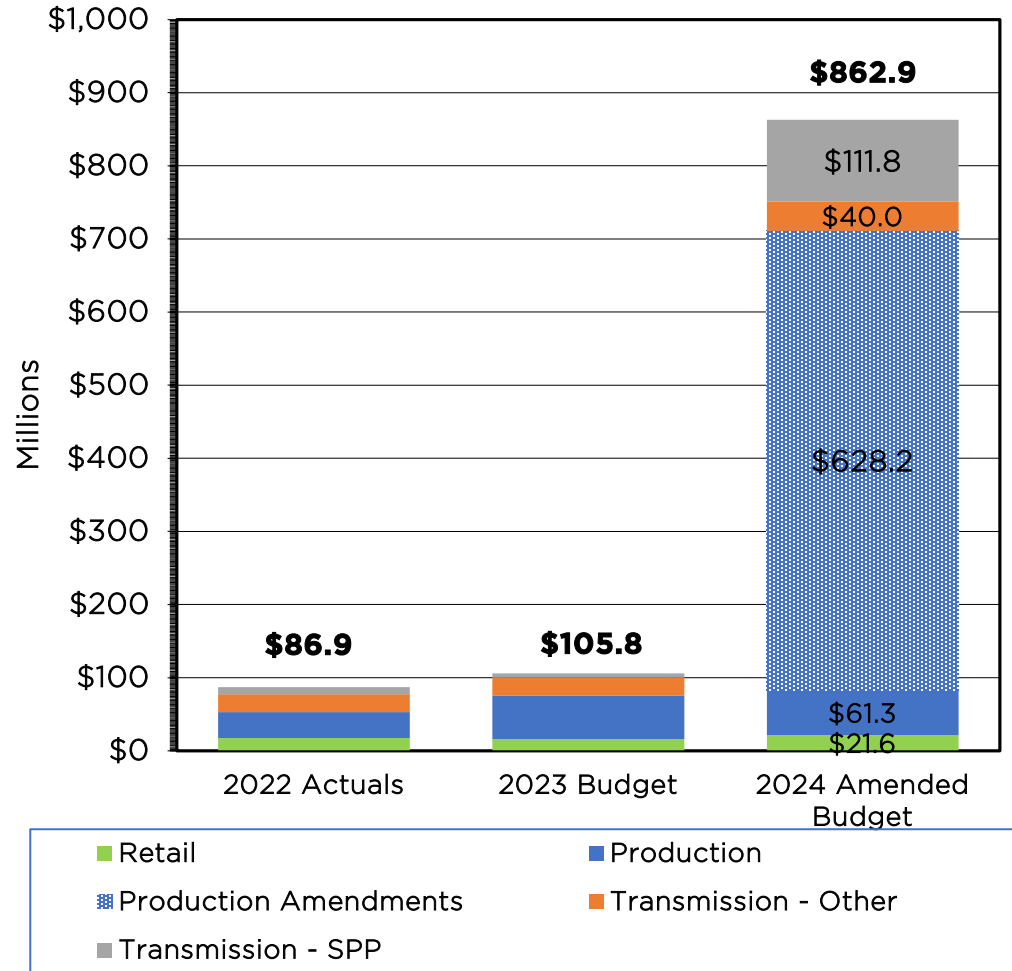
2024 Amended Capital Budget as compared to prior years

Amendments to the Board Approved Budget are needed to:

- Authorize management to begin work on the projects
- Meet new generation timelines
- Execute purchase agreements to order long lead-time materials*
- Pay invoices associated with project work
- Support issuance of debt for capital improvements**

*Agreements >\$500K will require Board Approval

** Future Bond Issuances will require Board Approval



RESOLUTION
OF
NEBRASKA PUBLIC POWER DISTRICT

No. 24-XX

Adopted: February XX, 2024

WHEREAS, this Board of Directors, pursuant to Board Resolution No. 23-56 adopted on November 9, 2023, approved the 2024 Capital Budget in the amount of \$234,685,829, and

WHEREAS, the management and staff of the District are requesting that the approved 2024 Capital Budget be amended to include an increase to support the new generation timelines and CNS subsequent license extension, and

WHEREAS, the projects to be added to the 2024 Capital Budget include:

- \$117,806,000 for Ainsworth Wind Energy Facility Battery Energy Storage System and
- \$230,031,346 for Reciprocating Internal Combustion Engines and Generator Step-up Transformers, and
- \$223,990,508 for Combustion Turbines and Generator Step-up Transformers, and
- \$56,350,000 for Cooper Nuclear Station Subsequent License Renewal Application and Implementation, and

WHEREAS, said 2024 Capital Budget would be increased by \$628,177,854 to an approved level of \$862,863,683.

WHEREAS, the District reasonably expects to reimburse itself for all, or a portion of the 2024 Capital Budget with tax-exempt obligations to be issued in the future; and

WHEREAS, the Internal Revenue Code and applicable regulations require the District to take this action for expenditures in the 2024 Capital Budget to be reimbursed with proceeds of tax-exempt debt.

NOW, THEREFORE, BE IT RESOLVED that:

1. The 2024 Capital Budget as amended be hereby approved.
2. The statements contained in this Resolution with respect to the reimbursement of the expenditures are intended to be statements of official intent as required by, and in compliance with Treasury Regulation Section 1.150-2
3. The maximum principal amount of tax-exempt obligations expected to be issued for the projects in the 2024 amended capital budget is \$900 million.
4. The District reasonably expects to reimburse itself for expenditures related to the 2024 Amended Capital Budget, as described in this Resolution, with the proceeds of tax-exempt debt to be issued after the date hereof, but this Resolution does not constitute a binding obligation with respect to the issuance of such tax-exempt debt.
5. This resolution shall take effect immediately.

Understanding the Resolution

- Formally approves the amendment to the 2024 Capital Budget
- Gives the District authority to issue tax-exempt debt for capital projects in the amended 2024 budget

Recommendation to Approve Resolution for 2024 Capital Budget Amendment

- Management recommends increasing the 2024 Capital Budget by \$628.2 million to a total approved level of \$862.9 million.
 - Monthly reporting versus budget will be provided as projects are initiated



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Questions

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