



Generation Security Deposit Policy

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NPPD Board of Directors Meeting
President's Report
May 2024

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Executive VP & Chief Operating Officer



Nebraska Public Power District

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Background

- Significant financial commitment required to add new generating resources for capacity and/or energy
- Possible speculative projects on prospective new load lists – shopping different states or locations in the state
- Generation security deposit – confirm commitment of end-use customers to project and location

Basis

- SPP GI study process FS payments selected to form basis for Generation Security Deposit
- Process requires FS payments at three milestones:
 - Application Filing: FS 1, \$4,000/MW
 - Decision Point 1: FS 2, \$4,000/MW minimum
 - Decision Point 2: FS 3, 20% allocated upgrade costs less (FS 1 + FS 2)
- No minimum for FS 3, but reasonable to expect amount will be at least \$4,000/MW
- Total FS \geq \$12,000/MW

Generation Security Deposit

- Total \$12,000 security deposit made in two parts:
 - First deposit \$8,000/MW due in conjunction with end-use customer submitting New Load Queue application
 - Second deposit \$4,000/MW due after completion of all transmission studies for new load and end-use customer has executed a TFCA if applicable
- May be forfeited if end-use customer terminates their project prior to commissioning
- Form of security and return schedule are yet to be determined

Controls

- Generation Security Deposit Policy – sets security deposit amount, approved by Board (like TSEP)
- Generation Security Deposit Agreement – establishes terms with individual end-use customer (like TFCA)

TFCA – Transmission Facility Construction Agreement TSEP – Transmission Standard Extension Policy

Next Steps

- Work with small customer group to finalize Generation Security Deposit Policy recommendations
- Discuss at the May customer meeting
- Generation Security Deposit Policy for Board consideration in June



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Questions

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