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Offering New Wholesale Power Contract (WPC) Options

NPPD Board of Directors Meeting
Customer and Corporate Services Committee
February 2025

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Nebraska Public Power District

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Today's presentation will cover:

- Journey thus far
- Guiding principles
- Focus of Small Contract Group (SCG) discussions
- Redline highlight comparison
- Next steps
- Board resolution

Journey Thus Far

- **Kicked off need for new WPC in August 2023**
 - ✓ Driven by load growth, financing and building new generation, investments into existing generation and years left on current 2016 WPC (expires at the end of 2035)
- **Visited each wholesale customer through beginning of 2024** (Account Manager, VP or CEO)
 - ✓ Guiding principles
 - ✓ Opportunities for improvement (concept papers)
- **Held 11 Small Contract Group meetings** (representing ~90% of wholesale load – excluding retail)
 - ✓ Provide updates at monthly PRAB/RRC Customer meetings

Guiding Principles

- Viewed through a lens of how the contract impacts end-use customers
- Provides the financial security needed to stabilize the cost of electricity and manage risks appropriately for NPPD's customers
- Contract length that supports cycles of building and financing
- Allows customers to change their relationship with the District, as long as others are not disadvantaged
- Promotes the unique benefits of an all-Public Power State
- Framework that adapts to statutory, regulatory, and technology changes

Focus of SCG Meetings – Concept Papers

- **Term and Exit Fee Provision** – allows for optimal financing of new and existing generation
 - ✓ Length allows for alignment of debt service and those who are using the assets
 - ✓ Example: 30 years of debt service for an asset with a 40-year life
 - ✓ Allows for customers to change their relationship with NPPD and not harm remaining customers
- **Enhanced Qualifying Local Generation** – allows for greater self supply via renewables and battery energy storage
- **Customer Committee** – provides enhanced opportunity for customer engagement and input with the decisions makers of NPPD – the Board
- **Production Cash Reserve** – approach to establish reserve fund (for short-term unplanned events) using modeling and potentially rates to fund rather than rely solely on surplus years like today’s Rate Stabilization Account.
 - ✓ *Not moving forward.*

Redline Highlight Comparison

2026 New WPC

- Terminates in 2065
- Exit Fee provision
- Enhanced Qualified Local Generation
- Customer Committee
- Ability to change the relationship (leave NPPD) for any reason
 - Requires a 36-month notice
 - Exit Fee manages risk of stranded costs for remaining customers. Components include share of:
 - Outstanding production debt
 - Generation PPAs/Contracts
 - Rate Stabilization Account

2016 Extension WPC

- Extends 30 years (past 2035)
- Terminates in 2065
- Can only change the relationship (leave NPPD) when the 45th CFC position is exceeded
 - Is a gradual reduction requiring 5 years above the 45th percentile, plus a 1-year notice
 - No Exit Fee - leaves stranded costs for remaining customers

Next Steps

- Continue to work with the Small Contract Group to negotiate and shape the 2026 New Wholesale Power Contract
 - Three meetings currently scheduled through May
 - Focus – Redline discussion
- Continue to share updates at customer meetings
- Develop material for customer/board/council visits and discussion of the “why” and the two contract options.
 - Seek feedback
 - Answer questions
- Provide updates to the NPPD Board of Directors

Board Resolution / Recommendation

- Authorize management to continue negotiations and offer 2026 New Wholesale Power Contract, terms and conditions, with a contract termination date of December 31, 2065; and
- Authorize management to offer Extension of 2016 Wholesale Power Contract to December 31, 2065, which Extension option would Expire December 31, 2025



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Questions

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