Synopsis of state legislation of interest
May 30, 2019
Sandra Hagen Solin
2019 Legislative Session
The Legislative Agenda
HB 1261 | Climate Action Plan To Reduce Pollution

- Featured Climate Proposal
- AQCC Oversight/Rule Making
- Statewide goal to reduce GHG emissions
  - 26% by 2025
  - 50% by 2030
  - 90% by 2050
- Permits, rather than requires, utilities to submit a clean energy plan to the AQCC
  - Must commit to an 80% reduction in GHG by 2030
- Assumes PUC review, approval of utility Resource Plan
- Applicability across industries; unclear demands upon utility sector
  - Exempts Pueblo’s EVRAZ
Affect upon Platte River

HB 1261
Climate Action Plan To Reduce Pollution
SB 96 | Collect Long-term Climate Change Data

- Requires the AQCC to collect GHG data from GHG emitting entities
- AQCC Report on Data and projections of future emissions
- Propose Draft Rule by July 1, 2020 to address emissions
Affect upon Platte River

SB 96
Collect Long-term Climate Change Data
Climate Change Legislation

SB 236 | PUC Reauthorization +
- Sunset PUC
- Xcel Clean Energy Plan
- Securitization
Climate Change Legislation

SB 236 | PUC Sunset

- Requires jurisdictional utilities to make distribution system plan filings
- Subjects Tri-State resource plans to PUC oversight
- Requires PUC to use “Social Cost of Carbon” price of $46/ton of CO2 when conducting a resource plan cost/benefit analysis
- Establishes the “Colorado Transmission Coordination Act”
  - By 2020, PUC to investigate the costs and benefits of all Colorado utilities participating in a Regional Transmission Market, an Energy Imbalance Market, Power Pools, or using Joint Tariffs
  - By Dec 2021, directs the PUC to direct an electric utility to participate in one of these market designs if the PUC finds that such participation is “in the public interest.”
Affect upon Platte River

SB 236

PUC Sunset
SB 236 | Xcel Clean Energy Plan

- Reduce carbon dioxide emissions 80% below its 2005 levels by 2030
- Permits Xcel to recover costs through rate riders
- Establishes a 1.5% annual retail rate impact cap
Affect upon Platte River

SB 236
Xcel Clean Energy Plan
Climate Change Legislation

SB 236 | Securitization

- Bonding Authority to Accelerate Coal Plan Retirements
  - Any utility may apply to PUC for financing order authorizing the utility to issue low-cost Colorado energy impact assistance bonds to fund accelerated retirement of coal plans
Affect upon Platte River

SB 236
Securitization
HB 1314 | Just Transition

- Creates the Just Transition Office in the Department of Labor and Employment
- Benefits awarded to coal transition workers
- Grants awarded to eligible entities in coal transition communities
• Regulatory Hearings
  • AQCC Hearings
    • HB 1261 Implementation
    • Non-Attainment Classification
  • COGCC Hearings

• Transportation Legislation Review Committee
  • RTO
  • Electric Vehicles
2019 Interim - Relationships

- Representative Chris Hansen (D-Denver)
- Senator Mike Foote (D-Lafayette)
- Representative Jeni Arndt (D-Fort Collins)
- Representative Hugh McKean (R-Loveland)
- Senator Joann Ginal (D-Fort Collins)
- Representative Perry Buck (R-Windsor)
- Representative Jonathan Singer (D-Longmont)
- Representative Sonya Jaquez Lewis (D-Longmont)
Landscape in 2020 Session
Board of directors

May 30, 2019
2020 proposed wholesale rates

May 30, 2019
Rates timeline

2016
Rates background information

2017
Rate tariff reference document
Rates work session

2/2018
Rate strategy and rate
design study kickoff

8/2018
Rate setting policy
adopted

4/2019
Proposed rate structure
& preliminary charges

5/2019
Proposed charges
Adjustment to April preliminary rates

• Net impact 0.4 percent decrease in the average rate from April
• Metering change
  • Approximate 0.4 percent increase in the metered wholesale energy delivered to the owner communities
  • A corresponding 0.4 percent wholesale rate reduction to maintain revenue neutrality
• Model correction
  • No impact to the revenue requirement or the average wholesale rate
  • Correction was identified and adjusted to properly reflect dispatchable generation
## 2020 proposed monthly charges

<table>
<thead>
<tr>
<th>2020 proposed monthly charge</th>
<th>Recovery method</th>
<th>Period</th>
<th>Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Owner charge</strong></td>
<td>Per percent owner community energy</td>
<td>Year-round</td>
<td>$9,979</td>
</tr>
<tr>
<td><strong>Demand charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transmission</td>
<td>Per kW owner community system member demand (non-coincident peak) or minimum</td>
<td>Year-round</td>
<td>$5.74</td>
</tr>
<tr>
<td>Generation</td>
<td>Per kW System Coincident Peak or minimum</td>
<td>Summer</td>
<td>$6.24</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-summer</td>
<td>$4.35</td>
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<tr>
<td><strong>Energy charges</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dispatchable fixed</td>
<td>Per kWh for all energy supplied</td>
<td>Year-round</td>
<td>$0.01544</td>
</tr>
<tr>
<td>Dispatchable variable</td>
<td>Per kWh for dispatchable energy supplied</td>
<td>Year-round</td>
<td>$0.01779</td>
</tr>
<tr>
<td>Intermittent variable</td>
<td>Per kWh for intermittent energy supplied</td>
<td>Year-round</td>
<td>$0.04122</td>
</tr>
<tr>
<td>Tariff 7 legacy</td>
<td>Per kWh for tariff 7 committed energy supplied</td>
<td>Year-round</td>
<td>$0.04279</td>
</tr>
<tr>
<td><strong>Power factor</strong></td>
<td>Per reactive kilowatt-ampere of such excess</td>
<td>Year-round</td>
<td>$0.3600</td>
</tr>
</tbody>
</table>
Rate setting accomplishments

Rate setting goals accomplished

- Improve value added of Platte River in support of owner communities
- Offer a desirable portfolio of services and rates that meet owner communities’ needs
- Better align wholesale pricing signals with cost of service and owner community retail pricing signals
- Send pricing signals that result in system benefits

Additional accomplishments

- Increased rate transparency
- Flexibility to meet owner needs and wants
- Improve cost of service rate setting methodologies
Communications plan

- Rates information available in early June on prpa.org
  - Wholesale rates overview
  - Rates philosophy
  - Wholesale rate structure at a glance
    - Summary of speaking points for interactions with the public
  - Frequently asked questions
  - Other materials as they become available
- Customer support for owner communities
## Rates schedule

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>May</td>
<td>Jun – Sep</td>
</tr>
<tr>
<td>Follow up and owner community</td>
<td></td>
<td></td>
</tr>
<tr>
<td>support as needed</td>
<td></td>
<td></td>
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<tr>
<td>2020 proposed wholesale rates</td>
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<tr>
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<td></td>
</tr>
<tr>
<td>Redraft tariff language, revised</td>
<td></td>
<td></td>
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<tr>
<td>entire tariff book</td>
<td></td>
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<tr>
<td>2020 tariffs adopted by the BOD</td>
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<tr>
<td>2020 tariffs effective</td>
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</tbody>
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Questions
HQ campus

May 30, 2019
Agenda

• Project status update
  • Outbuildings
  • Headquarters

• Energy Engagement Center
  • Exterior design status update

• Questions
Outbuildings completion
Headquarters status update
Energy Engagement Center
FLOOR PLAN

AUDITORIUM SEATING
350 PEOPLE SEATED
(MAXIMUM SEATING CAPACITY)

AUDITORIUM SEATING
260 PEOPLE SEATED
(GENEROUS SPACING)

ROUND TABLES
180 PEOPLE SEATED

REC.TABLES
FORWARD
180 PEOPLE SEATED

BOARD AND TRAINING ROOM / INNOVATION CENTER PLAN CONCEPT

1/16"=1'-0"

4/28/2019
EAST ELEVATION (opportunity for building identity)

IRON SPOT BRICK, WITH BLOND BRICK PANELS
A look ahead

- Headquarters construction (June – August)
  - Insulation, drywall, paint
  - Mechanical, electrical systems testing
  - Brick exterior
  - Window frames and glazing

- Energy Engagement Center
  - Schematic design package
    - Platte River review and pricing exercise
  - Design development
    - Late August package to be released for review and pricing

- Board presentation update at August, 2019 meeting
Questions
60 MW wind option update
May 30, 2019
Background

- Roundhouse wind power purchase agreement (PPA) includes an option to purchase an additional 75 MW, for a total of up to 225 MW of wind
- Option must be exercised prior to July 1, 2019
- 12 MW of Silver Sage wind was sold to another utility
- Replaced with 15 MW of additional Roundhouse wind (annual savings of $800,000)
- Platte River has already committed to purchase at least 165 MW of wind under the Roundhouse wind PPA
Current system changes necessary to support additional renewables

- Decrease minimum operating output level of Platte River’s Rawhide Unit 1:
  - Current minimum operating limit for Rawhide Unit 1 is 140 MW
- Sell baseload energy from Platte River coal units (Craig 1, Craig 2 and Rawhide Unit 1) to another utility
Status of changes necessary to support additional renewables

• In late April and early May, Rawhide Unit 1 was successfully operated at a lower operating minimum:
  • Expect to decrease minimum operating limit from 140 MW to 100 MW
  • Operations may need to limit ramping during a day or week to control emissions

• Sold 24/7 baseload energy to other utilities:
  • 25 MW 1-hour firm energy from Jan. 1, 2020, through Dec. 31, 2022 (completed)
  • 50 MW 1-hour firm energy from Sep. 1, 2019, through May 31, 2024 (pending)
Must sell energy for various additional wind purchase amounts

Rawhide minimum 100 MW
Baseload sale 75 MW

(Additional wind above 165 MW)

% carbon-free

<table>
<thead>
<tr>
<th>MWh</th>
<th>Wind 0 MW</th>
<th>Wind 30 MW</th>
<th>Wind 60 MW</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>30,000</td>
<td>90,000</td>
<td>150,000</td>
</tr>
<tr>
<td>30,000</td>
<td></td>
<td>60,000</td>
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<td>60,000</td>
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<tr>
<td>90,000</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>120,000</td>
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</tr>
<tr>
<td>150,000</td>
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<td></td>
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<tr>
<td>180,000</td>
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</tr>
<tr>
<td>210,000</td>
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<td></td>
</tr>
<tr>
<td>240,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>270,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>300,000</td>
<td></td>
<td></td>
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</tbody>
</table>

Must sell energy
Platte River carbon-free (%)
# Must sell energy comparison

<table>
<thead>
<tr>
<th></th>
<th>Annual output (MWh)</th>
<th>Must sell energy (MWh)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial 165 MW</td>
<td>631,609</td>
<td>36,621</td>
<td>5.8%</td>
</tr>
<tr>
<td>Next 30 MW</td>
<td>114,838</td>
<td>41,555</td>
<td>36.2%</td>
</tr>
<tr>
<td>Next 30 MW</td>
<td>114,838</td>
<td>57,409</td>
<td>50.0%</td>
</tr>
</tbody>
</table>
Benefits/risks of additional wind

Benefits

• Platte River may never get another opportunity to purchase wind at this price without production tax credits (PTCs)
• A future wind project may result in project risks and/or costs
• No incremental transmission or interconnection costs

Risks

• Additional wind purchases above 165 MW will significantly increase Platte River’s must sell energy
• Wind output is inversely correlated to Platte River’s load
• If no opportunity to sell energy is available, wind energy curtailments would cost approximately $50/MWh
Recommendation

- Platte River should only pursue additional wind under the Roundhouse wind PPA if Platte River can sell the incremental output to another utility for ten years of the 21.5-year term.
- Platte River should continue to review options to accommodate more renewables, including adding additional solar.
Questions
# April operational results

<table>
<thead>
<tr>
<th>Category</th>
<th>April variance</th>
<th>YTD variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal demand</td>
<td>(7.4%)</td>
<td>(3.8%)</td>
</tr>
<tr>
<td>Municipal energy</td>
<td>(6.4%)</td>
<td>(2.3%)</td>
</tr>
<tr>
<td>Baseload generation</td>
<td>(7.3%)</td>
<td>(3.0%)</td>
</tr>
<tr>
<td>Wind generation</td>
<td>(8.5%)</td>
<td>(13.1%)</td>
</tr>
<tr>
<td>Solar generation</td>
<td>(17.5%)</td>
<td>(5.6%)</td>
</tr>
<tr>
<td>Surplus sales volume</td>
<td>6.6%</td>
<td>20.2%</td>
</tr>
<tr>
<td>Surplus sales price</td>
<td>18.7%</td>
<td>38.7%</td>
</tr>
<tr>
<td>Dispatch cost</td>
<td>(4.0%)</td>
<td>(4.7%)</td>
</tr>
</tbody>
</table>

**Variance key:** Favorable: ● >2% | Near budget: ◆ +/- 2% | Unfavorable: ■ <-2%
Board of directors

May 30, 2019
## Financial summary

<table>
<thead>
<tr>
<th>Category</th>
<th>April variance from budget ($ in millions)</th>
<th>Year to date variance from budget ($ in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>$0.7</td>
<td>$7.2</td>
</tr>
<tr>
<td>Fixed obligation charge coverage</td>
<td>.40x</td>
<td>1.07x</td>
</tr>
<tr>
<td>Revenues</td>
<td>($0.6)</td>
<td>$3.1</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>$1.2</td>
<td>$3.7</td>
</tr>
<tr>
<td>Capital additions</td>
<td>$1.5</td>
<td>$3.6</td>
</tr>
</tbody>
</table>

> 2% ● Favorable  | 2% to -2% ◆ At or near budget  | < -2% ■ Unfavorable
Board of directors

May 30, 2019