

# Power Supply RFP Economic Evaluation

for Independence Power & Light



May 13, 2019



# Energy Master Plan Summary

## Section 1.2 of Energy Master Plan Report:

- ▶ IPL should consider the retirement of the Blue Valley units as soon as practical.
- ▶ IPL should begin the process for conducting a power supply request for proposal.
- ▶ The RFP should focus on low cost capacity resources, not necessarily energy resources. IPL will need capacity to meet resource adequacy requirements if Blue Valley is retired; however, IPL receives adequate energy from existing long-term contracts.
- ▶ Use results of power supply RFP to compare against additional Dogwood Energy Facility investment.

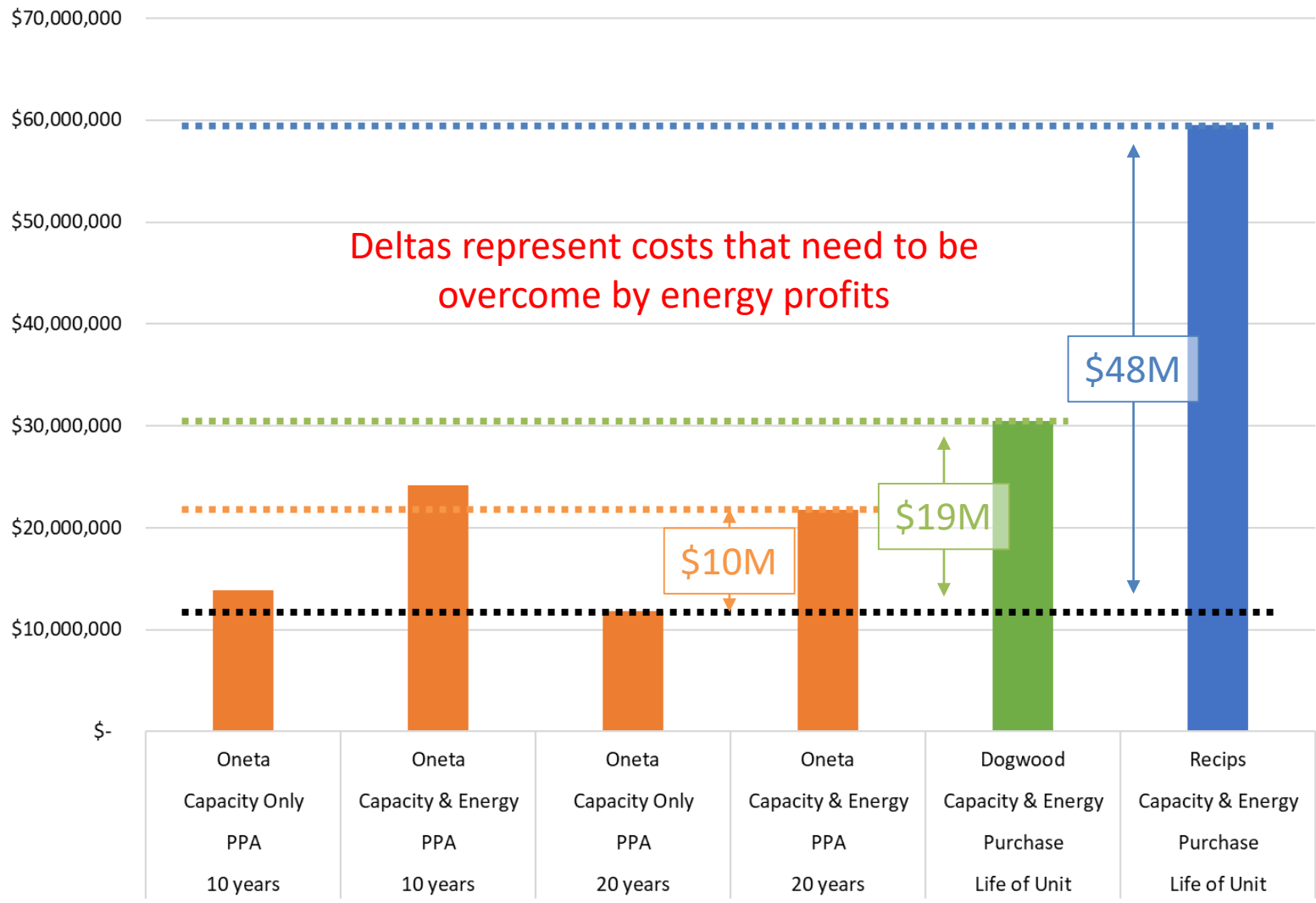
# RFP Economic Evaluation Updates

# Updates

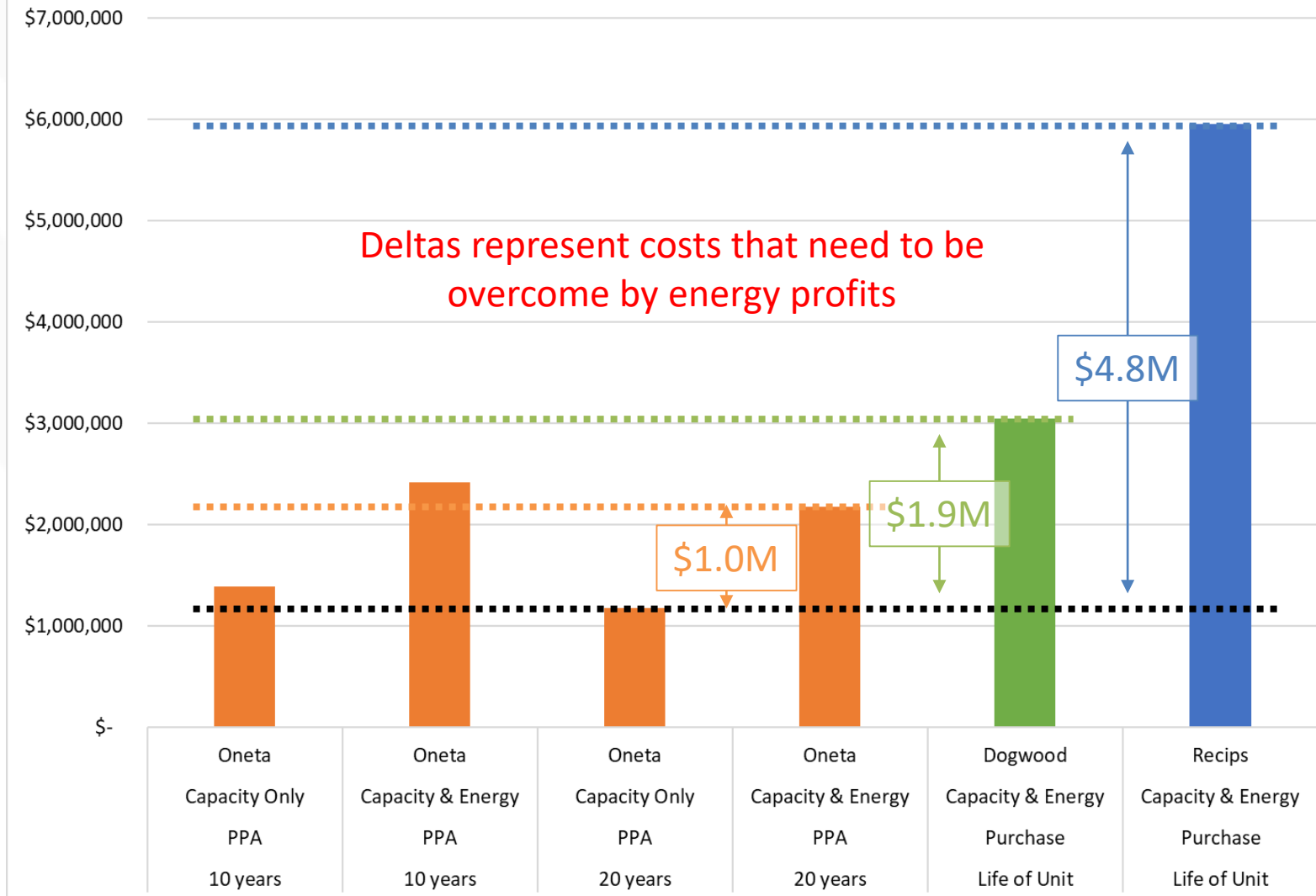
- ▶ Interest rate
  - Reduced from 5% → 3.25%
  - 5% was carried over from Energy Master Plan
  - No guarantee that IPL can get 3.25%
- ▶ Dogwood purchase price
  - Reduced from \$525/kW → \$475/kW per revised best and final offer
- ▶ Added 54 MW reciprocating engine cost comparison
- ▶ Profitability of energy adjusted by applying 9.08% gross receipts tax
- ▶ All Oneta and Dogwood projections reflect **46 MW** of accredited SPP capacity

# 10-Year Proposal Economic Projections

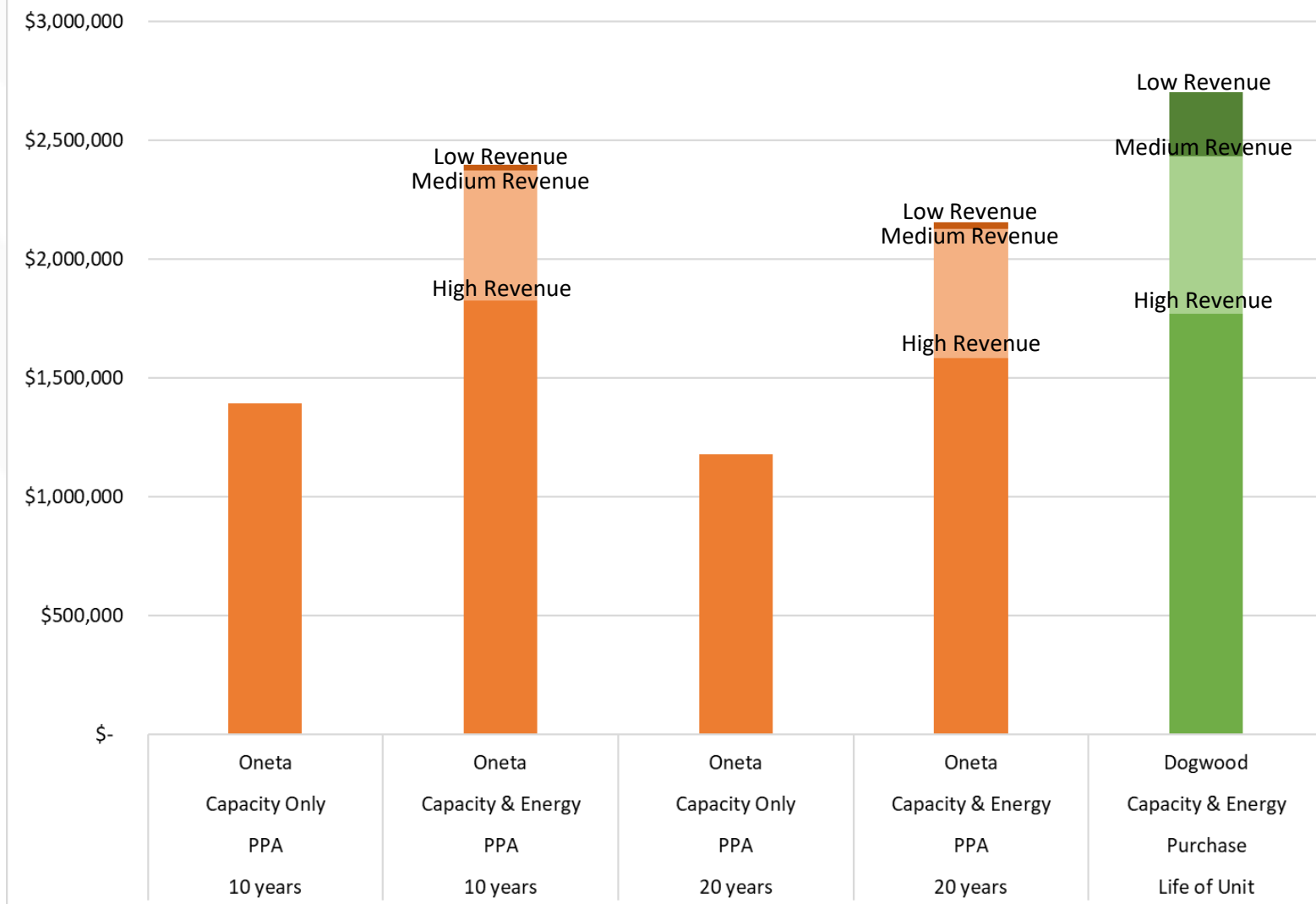
# 10-Year Total Fixed Costs (2020-2029)



## 10-Year Average Annual Fixed Costs (2020-2029)



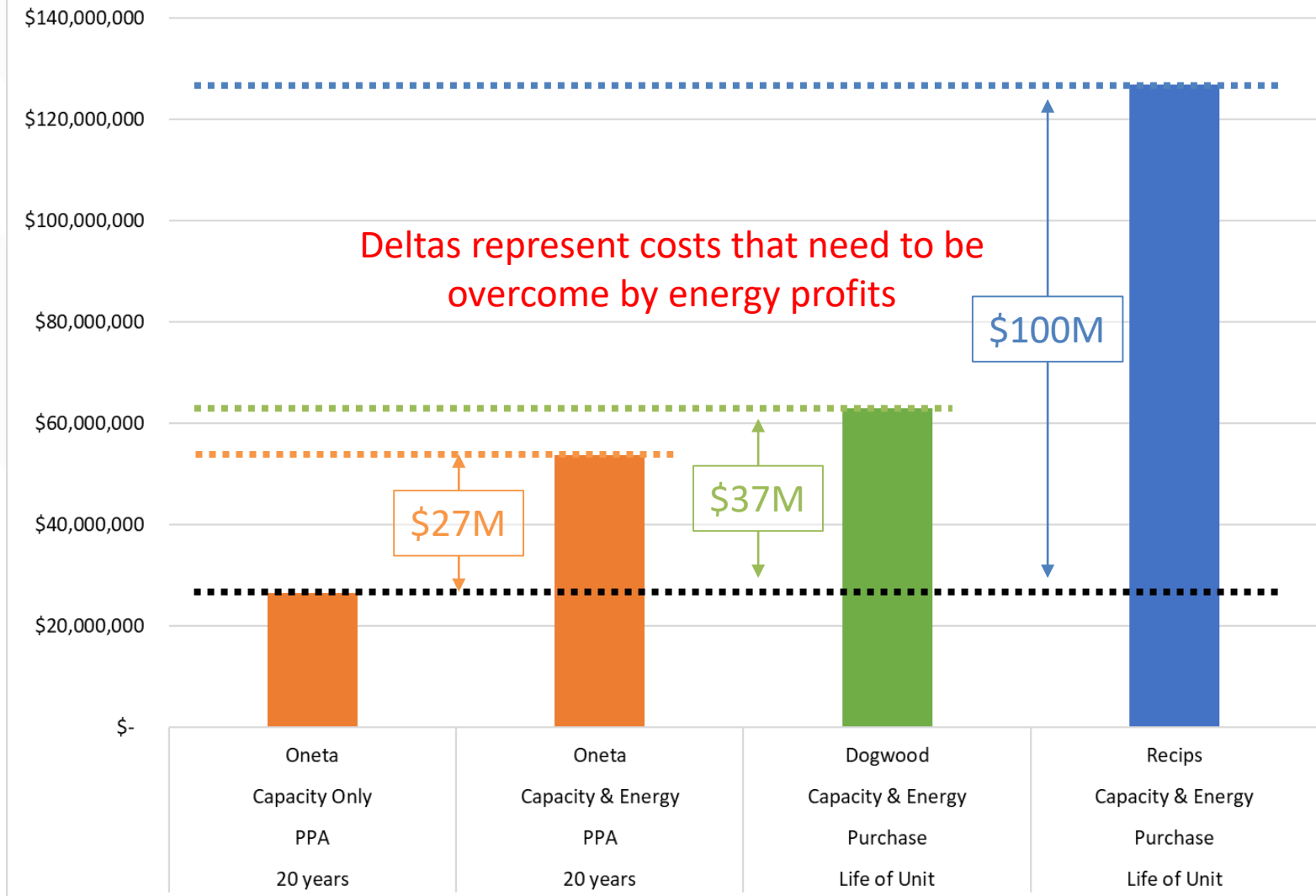
## 10-Year Average Annual Costs (2020-2029)



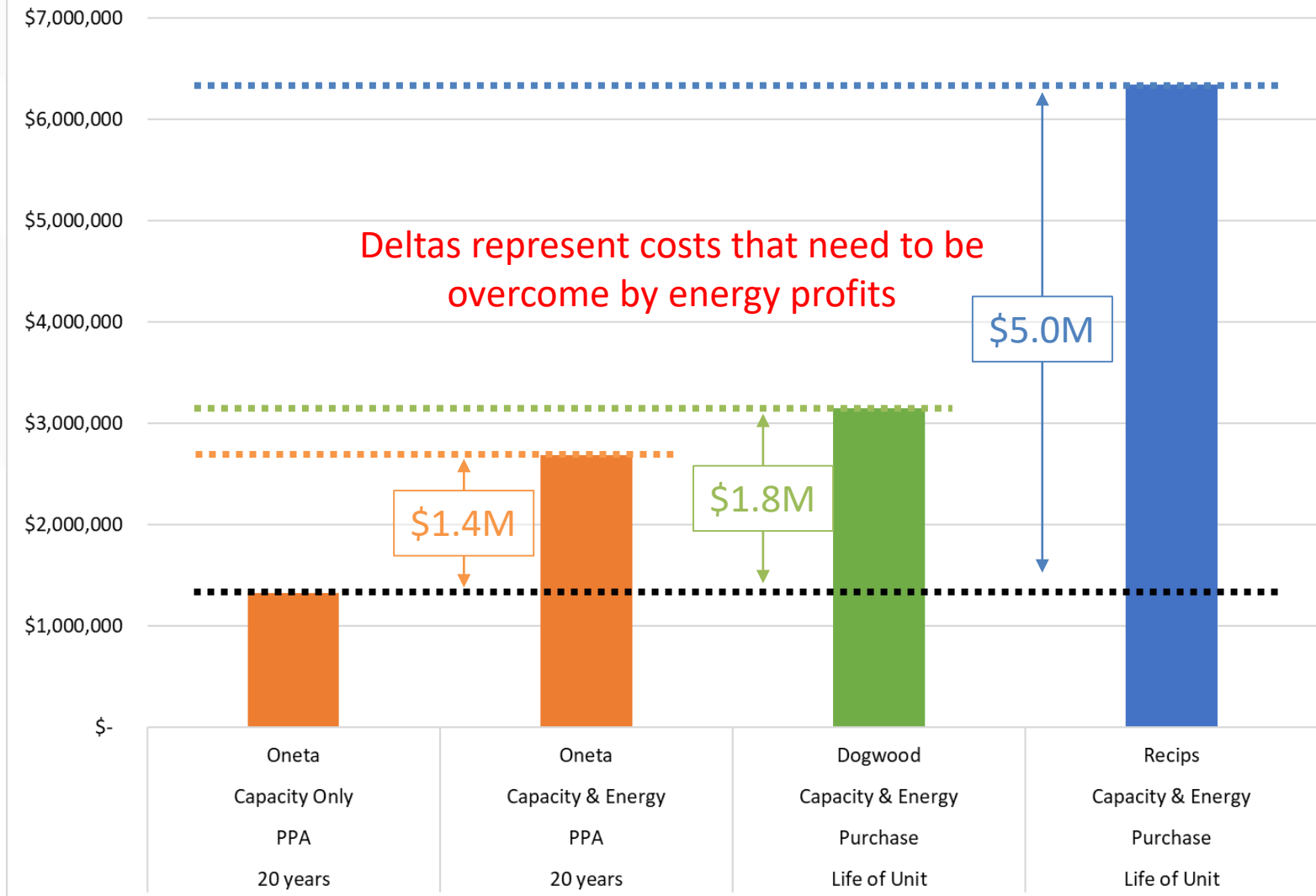


# 20-Year Proposal Economic Projections

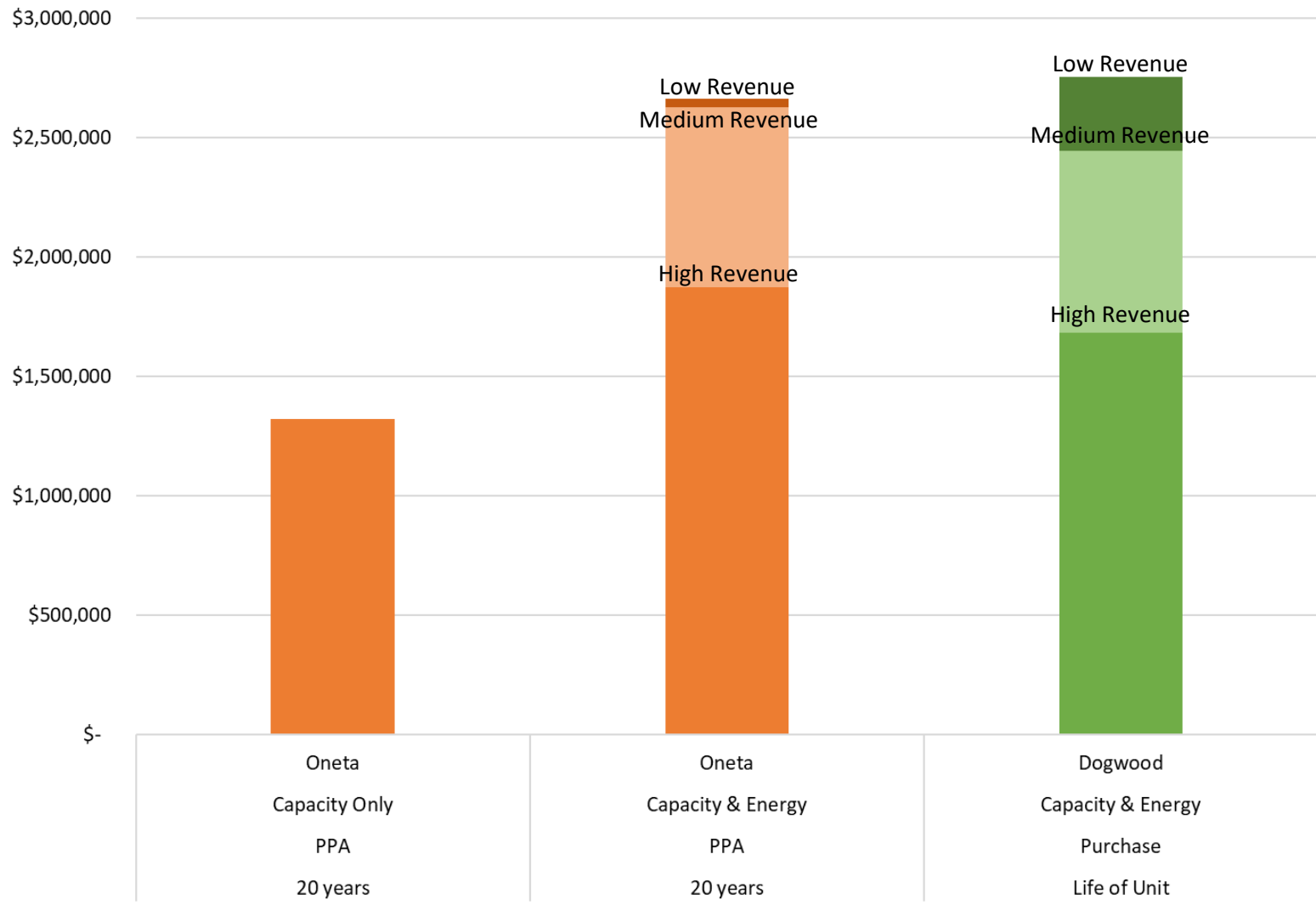
## 20-Year Total Fixed Costs (2020-2039)



## 20-Year Average Annual Fixed Costs (2020-2039)



## 20-Year Average Annual Costs (2020-2039)



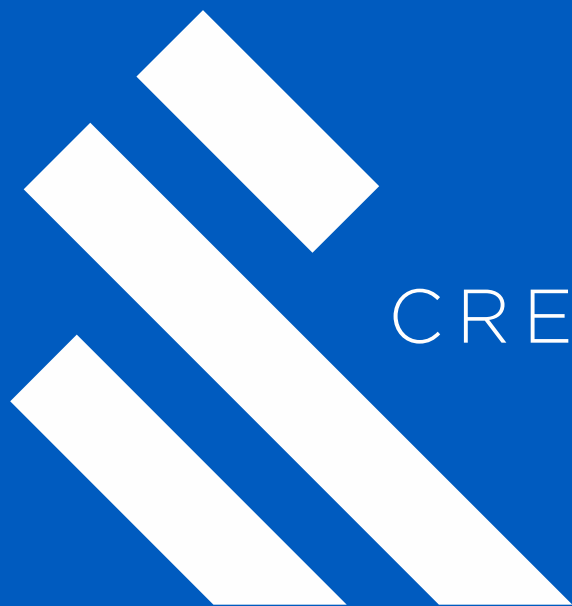
# Conclusions

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- ▶ Oneta and Dogwood have lower projected costs than new reciprocating engines
- ▶ Oneta capacity only offers have the lowest projected costs
- ▶ As highlighted in the Energy Master Plan, IPL needs capacity to meet SPP resource adequacy requirements
- ▶ IPL Staff and PUAB have recommended capacity only offers from Oneta due to lowest projected costs and least amount of risk

# QUESTIONS





CREATE AMAZING.