OVERVIEW

• At the November 17th Rate Advisory Committee meeting, Charles Rivers Associates (CRA) provided an in-depth review of the generation portfolio modeling results (including the primary financial take-aways).

• We also provided a supplemental financial data pack that underpinned the affordability portion of the scorecard in CRA’s presentation; the data pack included cost data (i.e., revenue requirements) and bill impact calculations.

• As a helpful visualization, we have graphically illustrated key financial observations from the supplemental financial data pack (i.e., this is not new data).

• The implications of these financial views are consistent with the take-aways from CRA’s presentation last month.
All portfolios have similar cost structure through 2026.

Early Spruce capacity retirement increases cost by $200-$800M per year in 2030 (P3, P5, P6 & P7).

P2 & P9 have similar total cost profiles in the reference scenario.

P1 & P4 have low variable fossil fuel costs that offset higher fixed capacity cost.

This data is the basis for the “PV of Revenue Requirements” included in the Affordability section of the scorecard.
In some years, the most expensive portfolios are forecasted to cost ~$800M per year more than the least expensive portfolios.
COST DRIVERS

NON-FUEL VS. FUEL REVENUE REQUIREMENTS

Portfolios that provide fixed cost savings have significant variable fuel costs, and this creates uncertainty and risk.

Reference Scenario

Pass-through Costs by Year
(Fuel, PPAs, etc. - Recovered Through Fuel Adjustment)

Non-fuel Costs by Year
(Recovered Through Base Rates)

The fixed cost investment to own generation capacity is relatively low (P1, P2, & P4).

Fuel costs are much higher than non-fuel costs & bring significant uncertainty.
COST UNCERTAINTY & RISK
IMPACT OF EXTREME WEATHER ON TOTAL COST

Extreme weather can create billions in additional cost in a single year.

Owning capacity is a hedge against extreme weather...

...purchasing energy from the market can be very expensive.

Revenue Requirements ($ Billion)

High: ~$3.3B
Low: ~$1.7B

Extreme Weather Sensitivity
Appendix
All portfolios are forecasted to be cheaper in a Carbon Based Economy, but portfolios with gas capacity see bigger cost reductions.

Portfolios with gas capacity benefit from lower gas prices in the Carbon Based Economy scenario.
The cost differential between portfolios decreases in a Net Zero Economy; early retirement of Spruce (P6 & P7) is comparatively less expensive.
In the volatile market, higher prices for fuel, renewables, and new technologies disproportionately impact some portfolios.