



EC 9c– Natural Gas/Power Price Stability Program What-If Scenarios

Executive Committee
February 15, 2024

\$70/MWh Cost Target in 2019 Does Not Consider Inflation

- EC set \$70/MWh cost goal in 2019
- Inflation from 2019 through 2023 was ~22% (CPI)
- \$70 in 2019 equivalent to \$85 today
- ARP seeing significant increases in O&M and transmission costs
- With inflation, \$70/MWh no longer a realistic target
- Wholesale power costs in the \$77 – 82/MWh range competitive

Proposed Max Mitigation Position

Conservative Percentages

- **Long-Term Vision:**

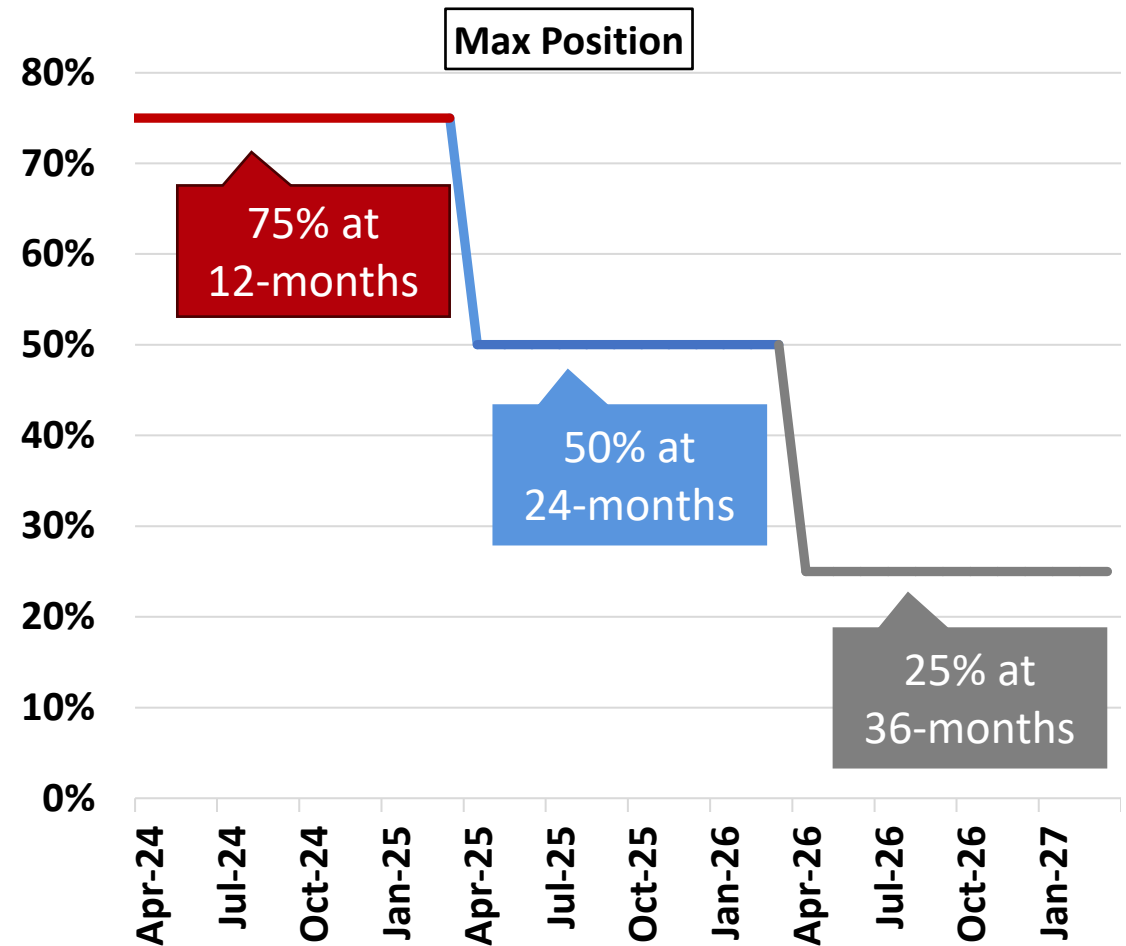
- Plan strategically with a focus on a 3-year horizon for robust long-term planning.

- **Structured Cycles:**

- Implement rolling 12-month cycles for agile and focused management

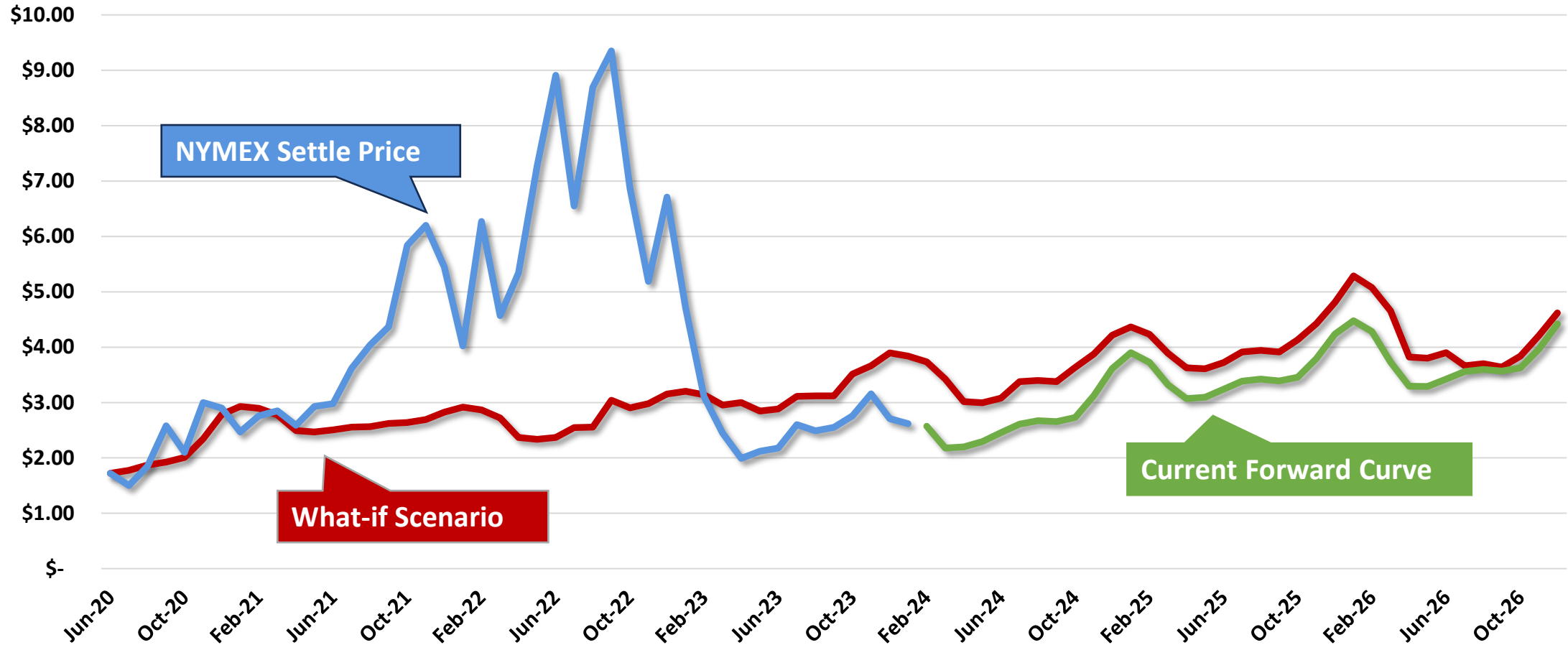
- **Controlled Implementation:**

- Each tier considered the maximum mitigated



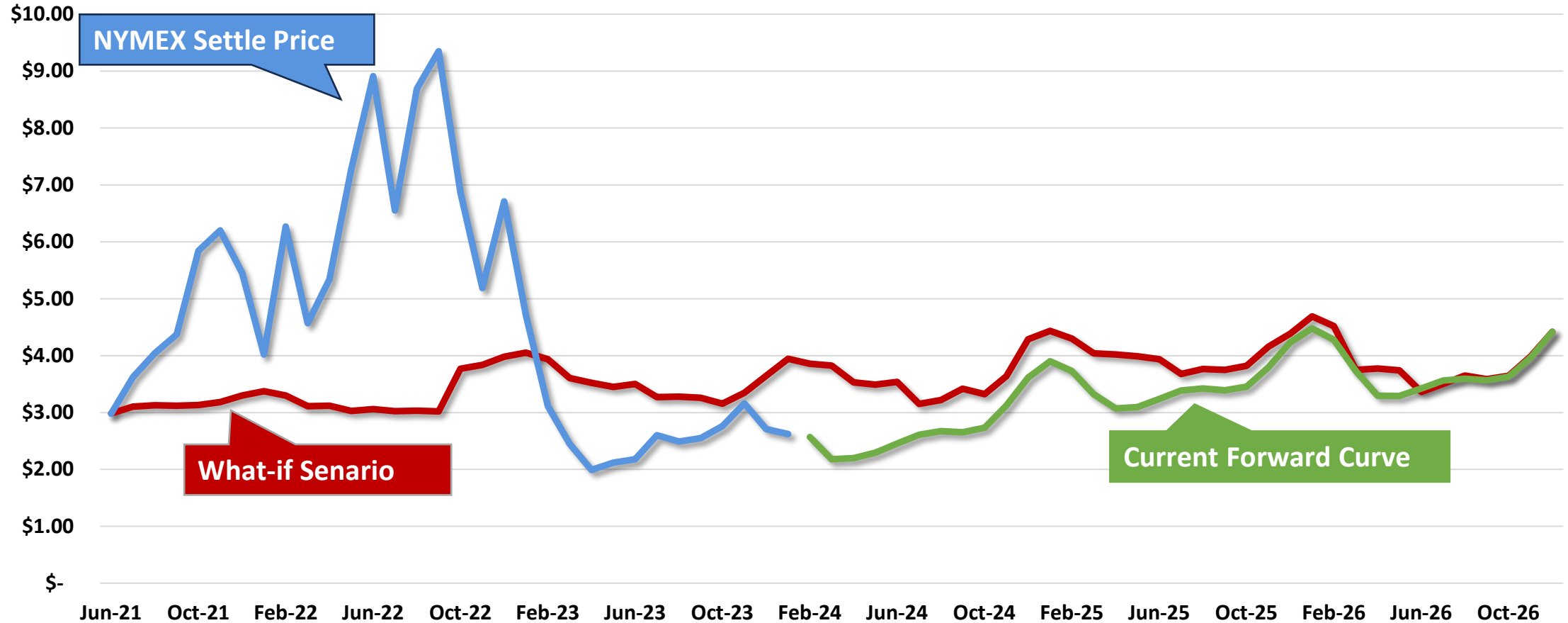
Results of “What-if” Price Stability After Budget Approved

Program Started June 2020 Shows Savings of \$87 Million



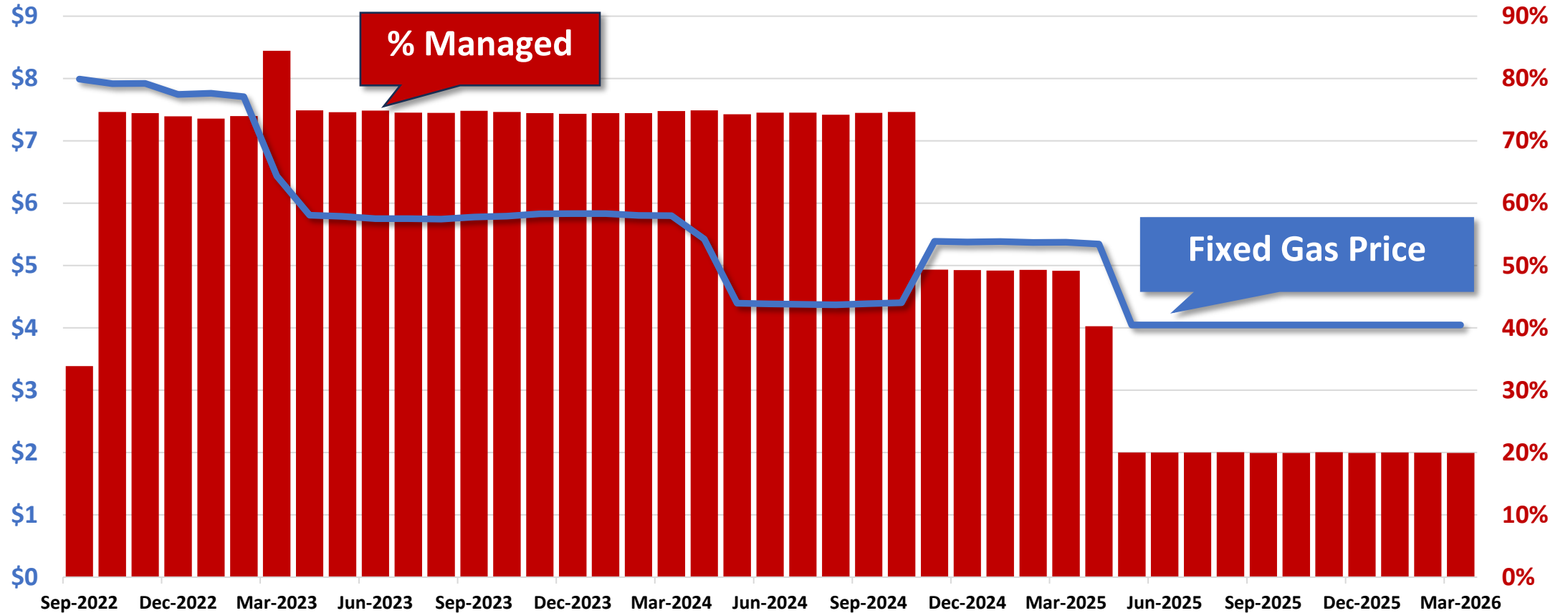
Results of “What-if” Price Stability After Budget Approved

Program Started June 2021 Shows Savings of \$55 Million



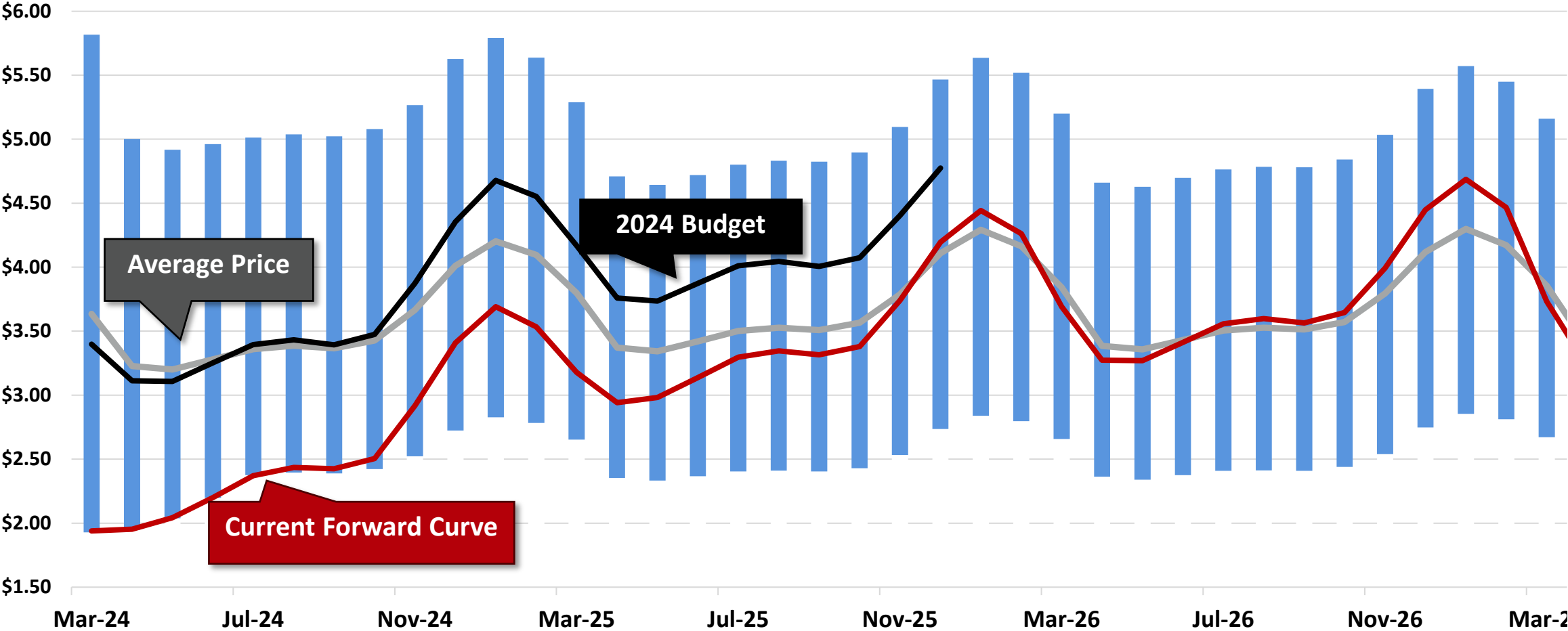
Gas Price Stability Program to date

Premium of \$74M Has Already Been Paid



Short-term Oversupply Drops Prices to Trading Lows

FY 2025 Price Premium Remains



Future Rate Projections

Seasonal overview of pricing affecting rates

Summer Date Ranges	Current / Target Gas Price (\$/MMBtu)	Rate (\$/MWh)
Apr 24 – Oct 24	N/A > 75% Fixed	
April 25 - Oct 25	\$3.20 / \$3.33	\$78.40
April 26 - Oct 26	\$3.48 / \$3.56	\$76.90

Winter Date Ranges	Current / Target Gas Price (\$/MMBtu)	Rate (\$/MWh)
Nov 24 - Mar 25	\$3.35 / \$2.77	\$82.37
Nov 25 - Mar 26	\$4.07 / \$3.04	\$85.00
Nov 26 - Mar 27	\$4.27 / \$2.80	\$85.00

Target Achievable For Next Summer

Long-Term Market Pricing In LNG Risks

