

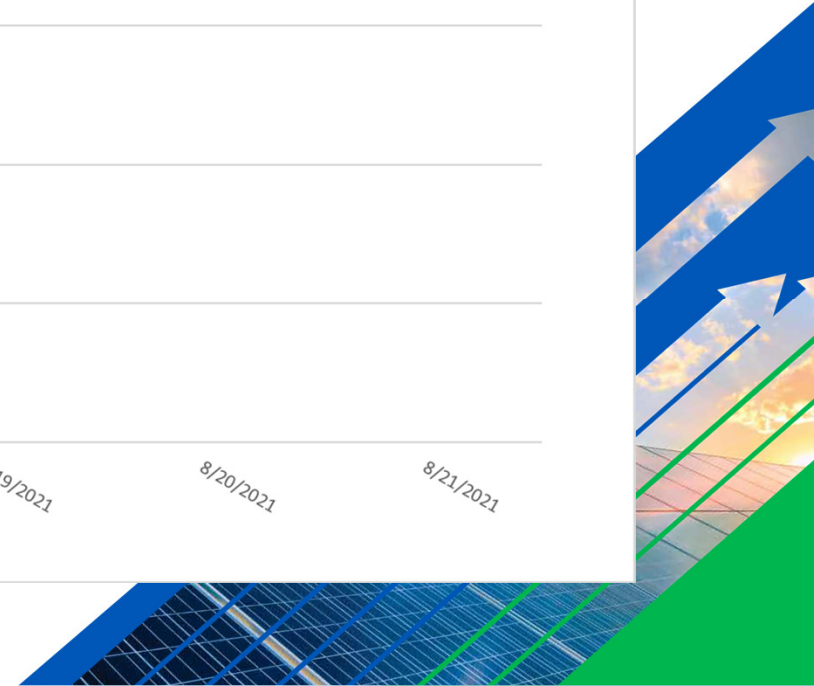
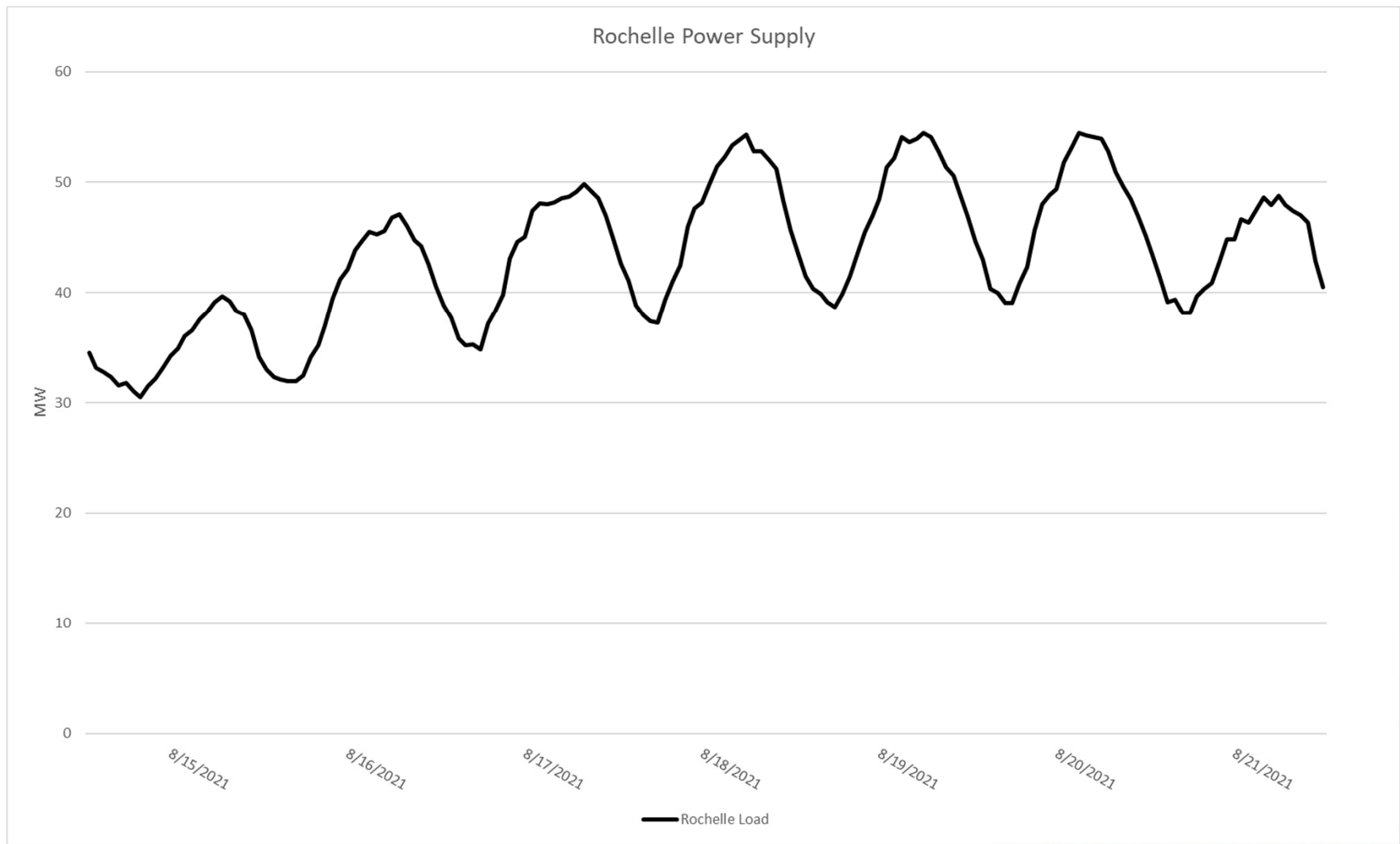
WHOLESALE POWER SUPPLY

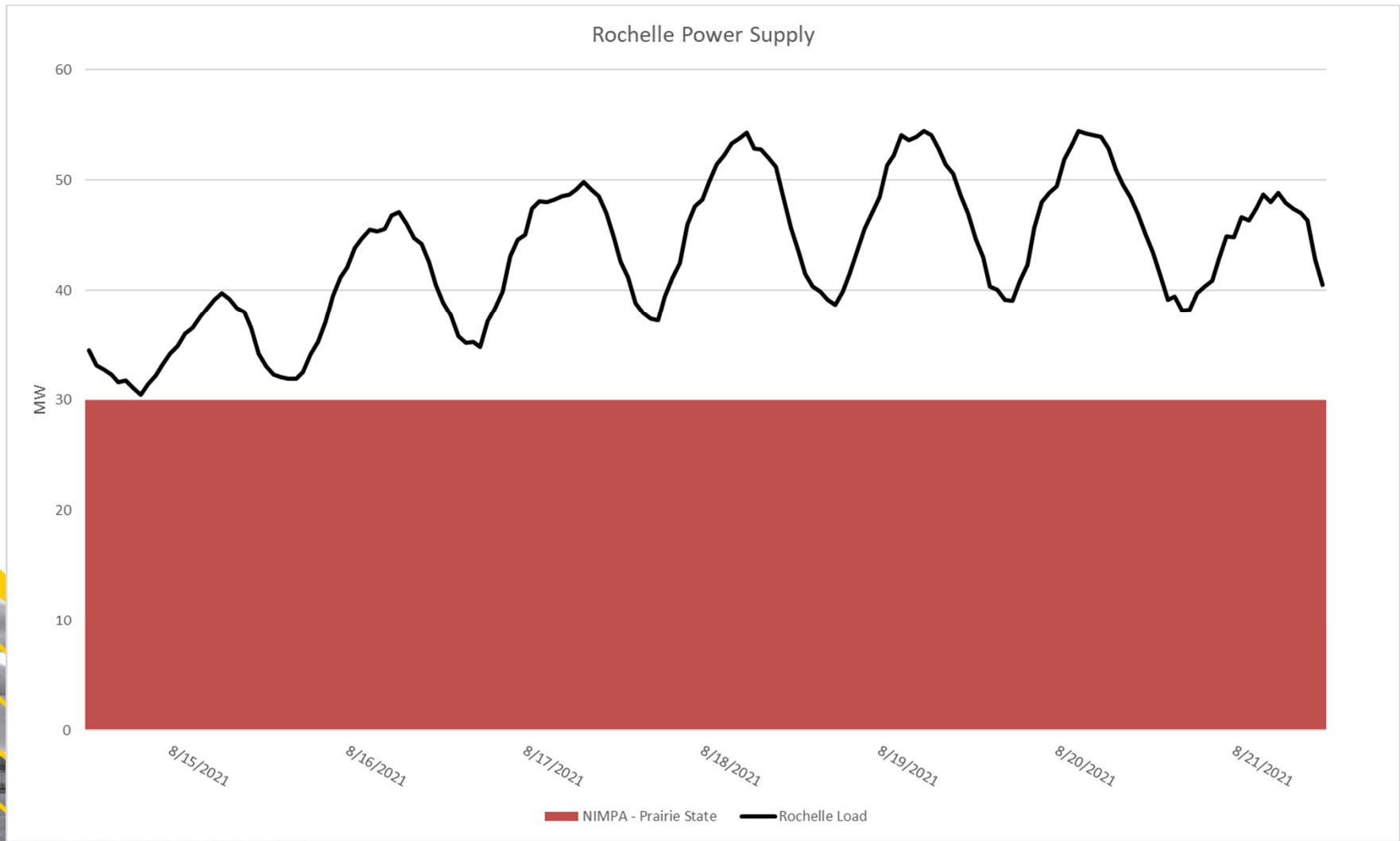
Rochelle City Council

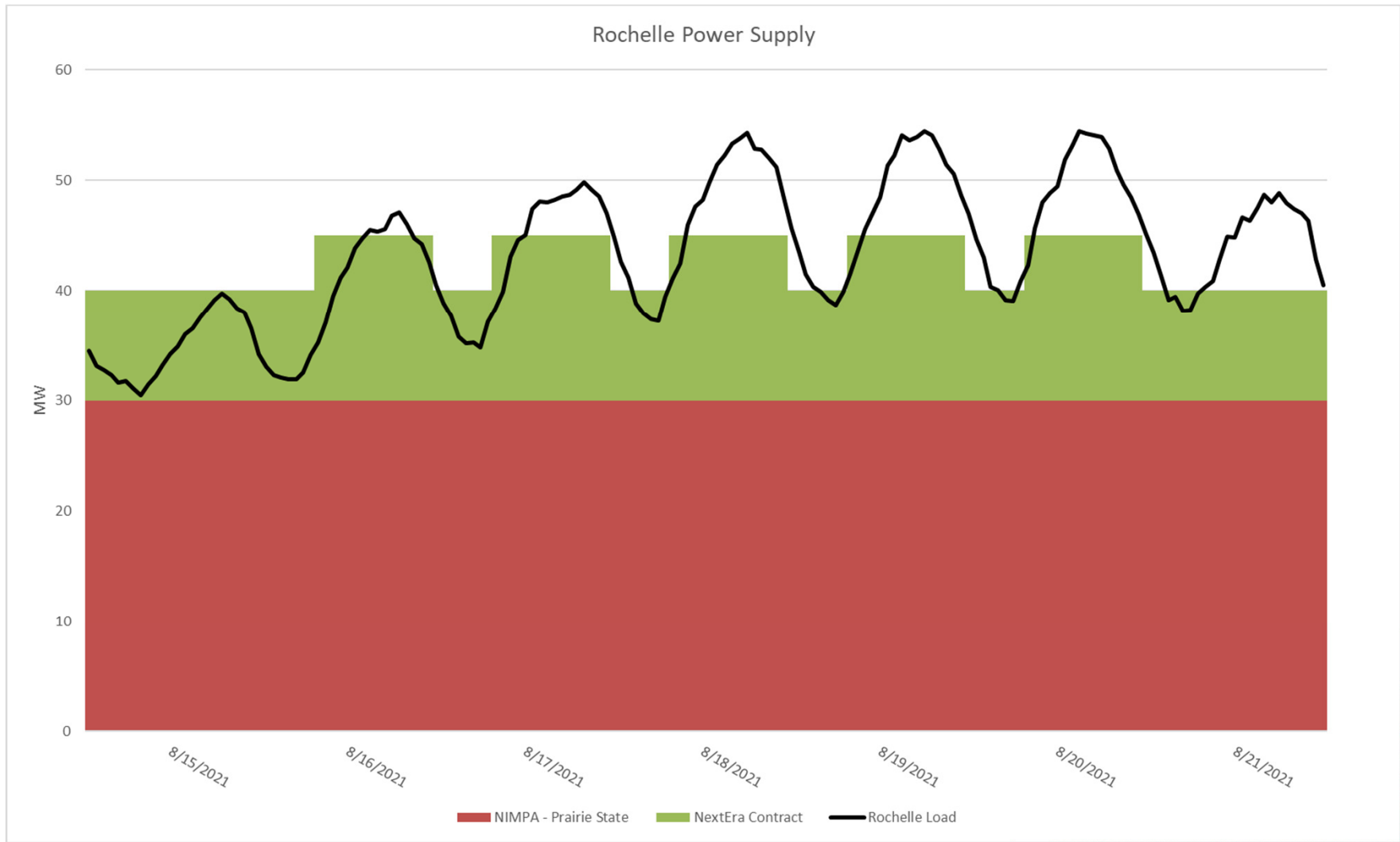


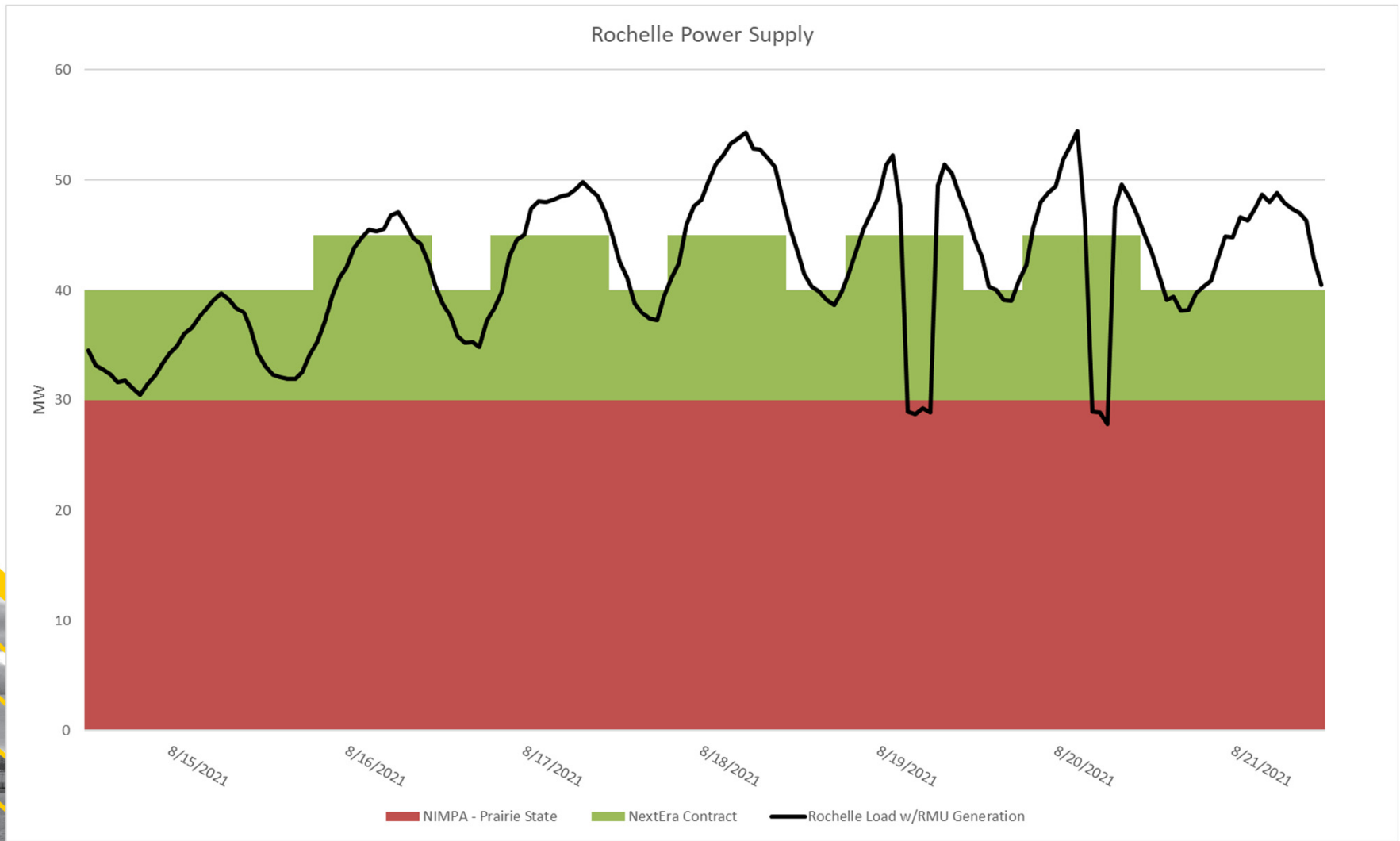
POWER SUPPLY SUMMARY

- The goal is to try to balance the supply and demand
- Demand is the total electricity consumed by the City of Rochelle
- Supply is a mix of different resources
 - Prairie State Baseload supplied by NIMPA
 - NextEra Contract Purchase
 - RMU Generation
- All differences between the supply and wholesale load are trued up with spot market purchases or sales.



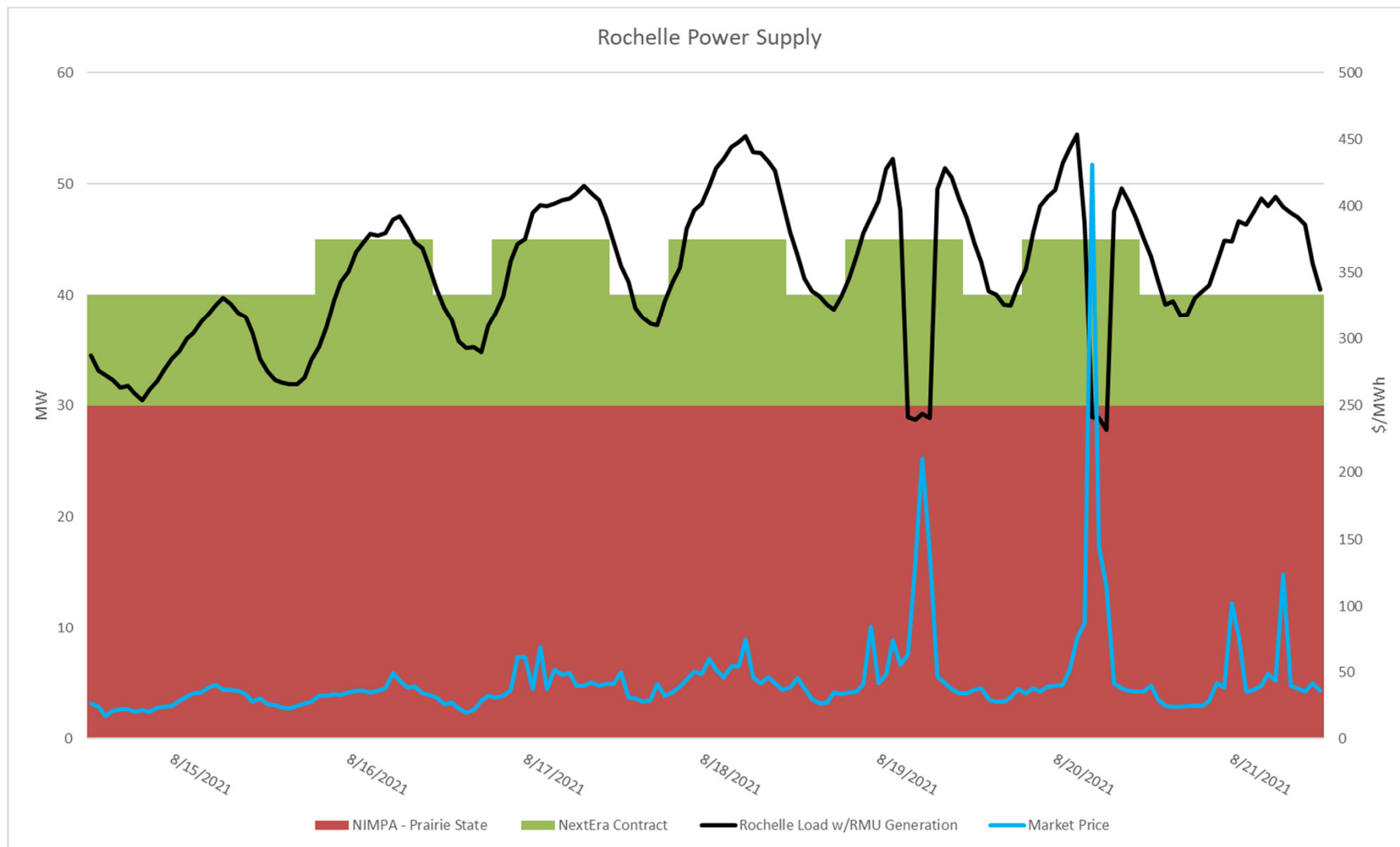






WHOLESALE MARKET - PJM

- All of Rochelle's wholesale power supply is settled through the energy market (PJM)
 - Load payments are offset by supply revenue
 - Power prices are based on hourly supply & demand
- Rochelle pays PJM for every MWh consumed
- Most of Rochelle's supply receives revenue directly from PJM
 - NIMPA Baseload Power & NextEra Contract receive direct payment
 - RMU Generation is a reduction of load
- When load is balanced with supply, Rochelle is hedged from PJM spot market price volatility.



PEAK DAY DEMAND CHARGES

- The wholesale market also has demand charges to recover infrastructure costs (fixed costs).
 - Wholesale market demand charges use annual rates and annual peak demand.
 - Funds are used to maintain the reliability of “the Grid”
 - Pay for the bulk transmission system
 - Pay generators based on reliability
- Rochelle’s annual peak demand obligation is determined by the observed load during Top 10 system peak days.
- Any load reduction during the peak days, including operating the RMU Generation, can lower the annual demand obligation and provide savings.

PEAK DAY DEMAND CHARGES

- Realized reduced demand charges from RMU Generation running during system peak days:
 - Cal 2018: \$3,100,000
 - Cal 2019: \$3,300,000
 - Cal 2020: \$2,900,000
 - Cal 2021: \$2,800,000
 - Differences caused by varying market rates year-to-year
 - Values do not include fuel and operating costs.



POWER SUPPLY CONSIDERATIONS

- The goal is to match supply and demand to remain neutral to spot market price volatility.
- Any differences between supply and demand will receive the spot market price.
 - Depending on market conditions, this could be above or below the cost of service/resource.
- Good planning requires different types of resources.
 - Baseload vs Peaking vs Intermittent

