

# Prairie State Update City of Hudson Council Meeting

June 8, 2021



# Agenda

- Introduction
  - Pam Sullivan, COO
  - Rachel Gerrick, Sr. VP General Counsel
  - Scott Kiesewetter, Sr. VP Generation & Transmission Operations
  - Adam Ward, Sr. VP Member Services & External Affairs
- About AMP
- Prairie State Project Update
- Hudson Power Supply

# About AMP

- AMP formed as a nonprofit corporation in 1971
  - Hudson became member in 1972
- Owned by 135 members including 134 municipal electric communities in Ohio, Pennsylvania, Michigan, Virginia, Kentucky, West Virginia, Indiana and the Delaware Municipal Electric Corporation (DEMEC)
- Governance by a Board of Trustees consisting of 21 member representatives, which meets monthly
- Project Based Organization
  - Own and/or operate generating facilities on behalf of membership
  - Each Member's governing body makes decision on participation in projects and services

# About AMP

- Project Participants meet yearly, at a minimum, during Annual Conference
- Each Project has a Participants Committee that is elected among the Participants
  - Meets quarterly
  - Both decision-making and advisory roles
- AMP Board Committees address each Project and other areas
  - Non-Board Members are welcome to participate in Committees
  - Hudson is represented in AFEC, AMPGS, Combustion Turbine, Hydro Power, Power Supply and Generation, Prairie State and Transmission/RTO Committees

## About AMP and Hudson

- AMP offers strength in numbers and economies of scale for services, advocacy and power supply
- Advocacy and engagement
  - Federal and state elected officials
  - Agencies that regulate AMP and member owned generation assets
  - Coordination with similar partner organizations across the country
- Hudson participates in Mutual Aid, lineworker training, OSHA and general safety training, and EcoSmart Choice program
- Power Supply

# Prairie State Overview





# Prairie State

- 1582 MW Mine Mouth Coal Fired plant (two units) located in Southern Illinois (MISO)
  - Includes 30 years of coal reserves on-site
- Unit 1
  - Commercial operation June 2012
- Unit 2
  - Commercial operation November 2012
- AMP is one (1) of nine (9) public power owners of the facility (over 2.5 million families)
- AMP's participation = 368 MW
  - 68 AMP Member Participants
  - Hudson's participation = 9.952 MW



# Prairie State Legal Structure/Governance

- Prairie State Energy Campus is managed by Prairie State Management Committee
- Each owner has primary representatives on the
  - Management Committee (Pam Sullivan)
  - Engineering & Operations Committee (Scott Kiesewetter)
  - Finance Committee (Marcy Steckman)
  - External Affairs (Adam Ward)



# Prairie State Project Power Sales Contract

- Hudson City Council approved participation via Ordinance 07-114
- Hudson City Solicitor provided an opinion regarding the Contract on April 2, 2008
- All AMP Prairie State Participants executed identical “take or pay” contracts (allows for lowest cost financing)
- Participants subscribed to fixed shares of the output of the Project
  - Hudson’s share is 9,952 kW (out of 368,000 kW total)
- Contract term continues through December 31, 2057, and thereafter until all Bonds are repaid and a super-majority of Participants vote to terminate

# Prairie State Project Power Sales Contract

- All Participants receive their shares of Projects at the PJM/MISO transmission border at the same (“postage stamp”) rate
- Project Costs are O&M Expense to the Participants
- Participants pledge rates to cover costs

# Prairie State Participants Committee

- A committee of Participants have both decision-making and advisory roles
- Participants elect members of Committee for three year terms
  - Hudson is currently a member of the Participants Committee
- Weighted voting according to % Share
- Committee annually elects Chair and Vice-Chair

# Prairie State Overview

- Permitted in 2012 during the Obama-Biden Administration
- State-of-the-art supercritical power plant
- Comprehensive air pollution control equipment considered Best Available Control Technology

Equipment	Pollutant Controlled
Selective catalytic reduction	NOx
Low NOx burners	NOx
Electrostatic precipitator (wet and dry)	Particulate Matter and Mercury
Wet Scrubber	Particulate Matter
Flue Gas Desulfurization	SO2

- In compliance with all state and federal environmental requirements

# Potential Federal and State Legislation

- Federal
  - Renewed focus on carbon reductions by the Biden Administration
    - Legislative and EPA action
    - For example: House Energy and Commerce hearings on CLEAN Future Act; clean energy R&D proposals; Clean Energy Standard; carbon tax; transmission expansion, incentives for EV and energy efficiency
    - Impact on mid-term elections are a consideration
  - Meet with federal agencies and provide comments on regulatory and legislative proposals
  - Proactive engagement with our congressional delegation
- State
  - Illinois has single party control (Democrats)
  - Discussion of energy policy has been occurring for months
  - Prairie State and Illinois owners have been active participants in the discussions and regularly meet with their delegation, labor and other stakeholder groups with similar concerns and interests

## Prairie State Debt (AMP Share of Plant)\*

• Current Debt Outstanding	\$1,439,610,000
• Debt Outstanding at 12/31/2030	\$1,081,230,000
• Debt Outstanding at 12/31/2035	\$ 840,290,000
• Debt Outstanding at 12/31/2040	\$ 541,065,000
• Debt Outstanding at 12/31/2045	\$ 121,155,000

\* Reflects current projections; does not include, for example, possible savings from future refinancings

# Prairie State Financing Updates

- AMP is currently pursuing in Federal Court claims against the Federal Government in connection with reduced Build America Bond subsidy payments due to sequestration, totaling more than \$7M to date
  - Complaint filed in January, 2021
  - Hearing on Government's motion to dismiss expected to occur in late June 2021
  - Partnering with other Prairie State owners in litigation
- Staff is reviewing opportunities for savings in connection with upcoming refunding of a portion of our Prairie State debt



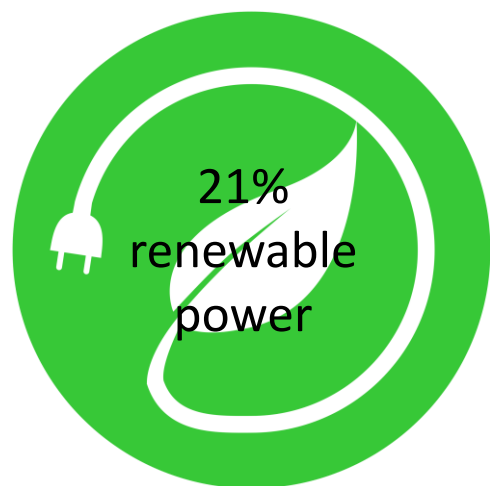
# Prairie State Updates

- Both units have exceeded expected capacity performance and heat rate performance testing (greater efficiency than projected)
- Installed X-Ray sorter to improve BTU value of sorted coal
- Beneficial Reuse of coal combustion residuals
  - Gypsum (agricultural use)
  - Fly ash (concrete)
  - Bottom Ash (road construction)
- Carbon Capture study partnership with DOE
  - Received \$15 million DOE grant
  - Engineering Design (FEED) Study to assess potential for installation of carbon capture equipment
  - Kiewit Engineering Group, Mitsubishi Heavy Industries America, Sargent & Lundy and University of Illinois partnering on study
  - Study scheduled for completion December 2021

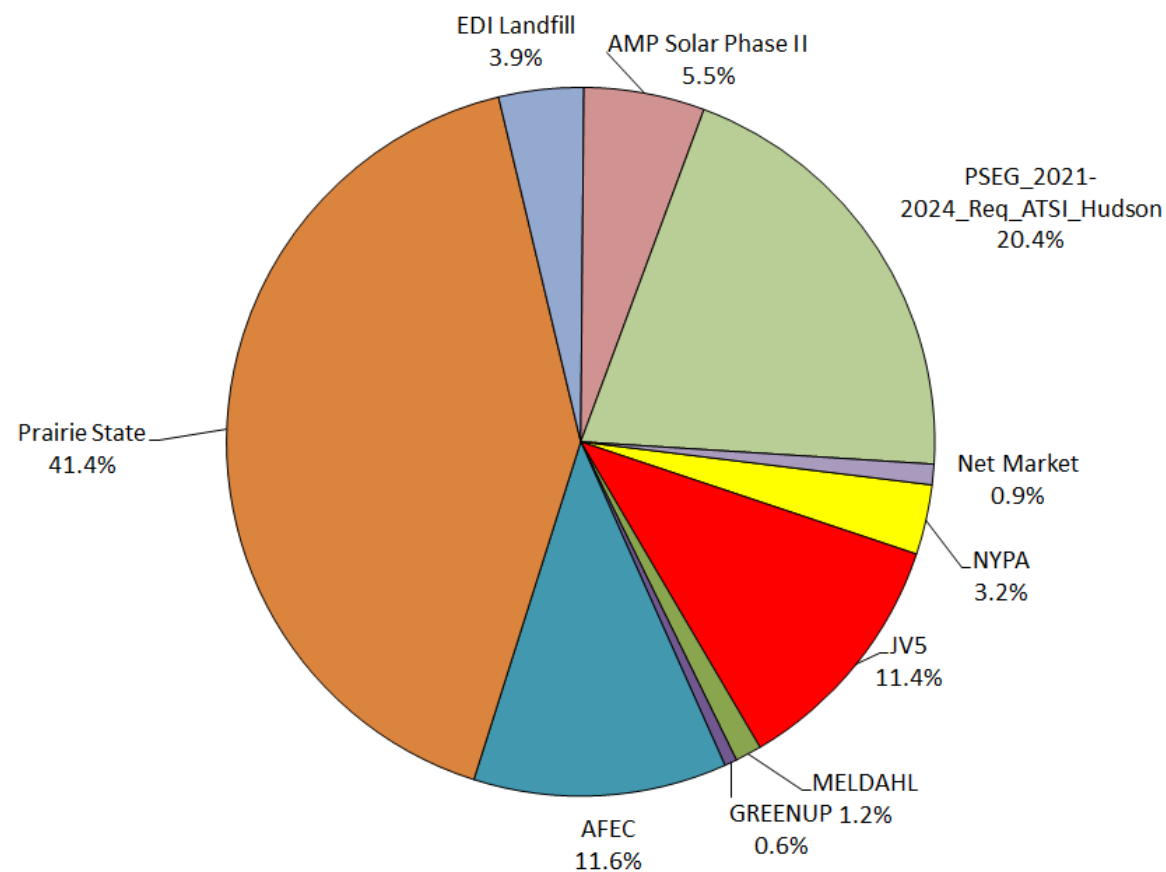
# Hudson Power Supply



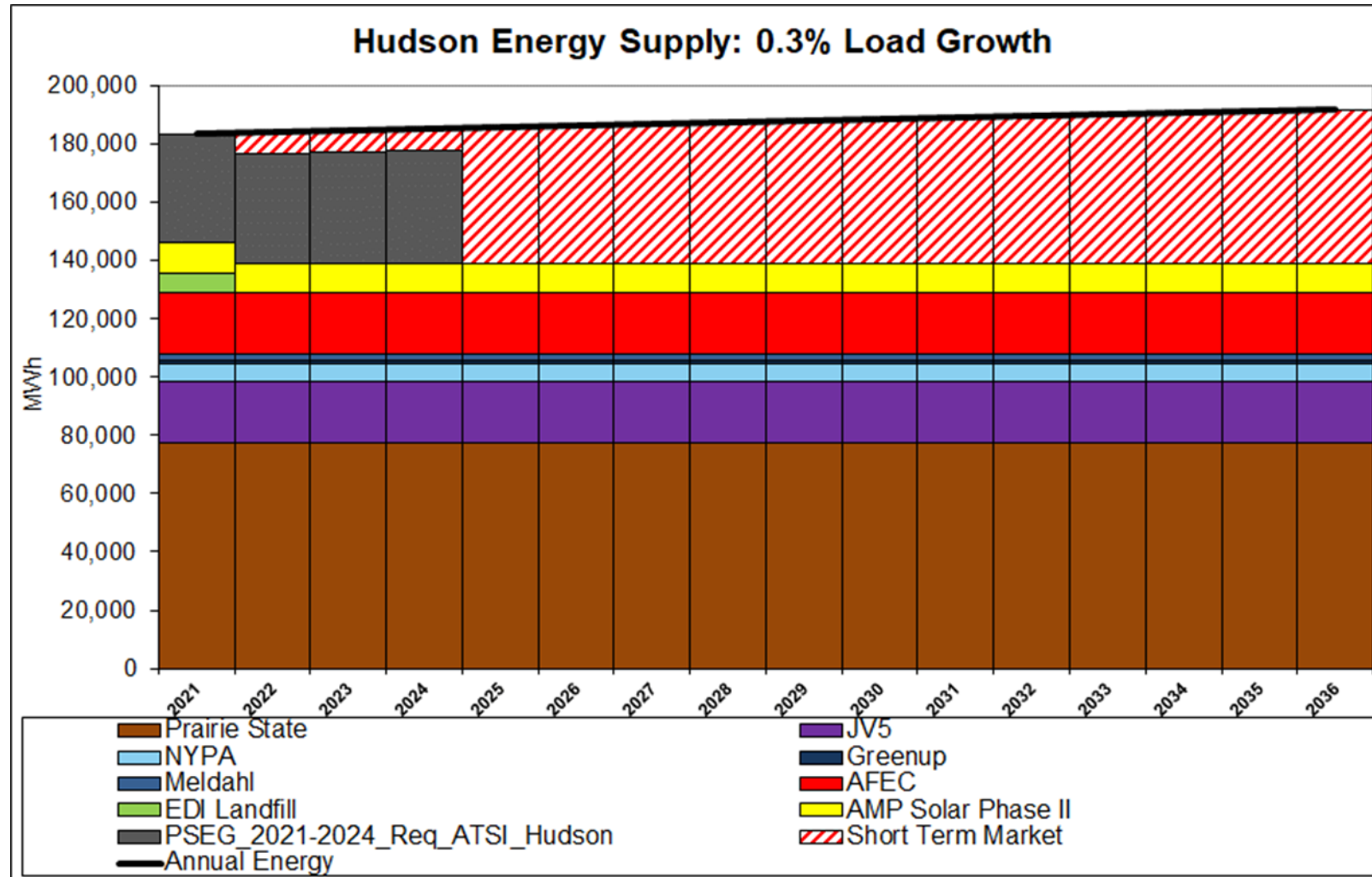
# Hudson Power Supply Mix



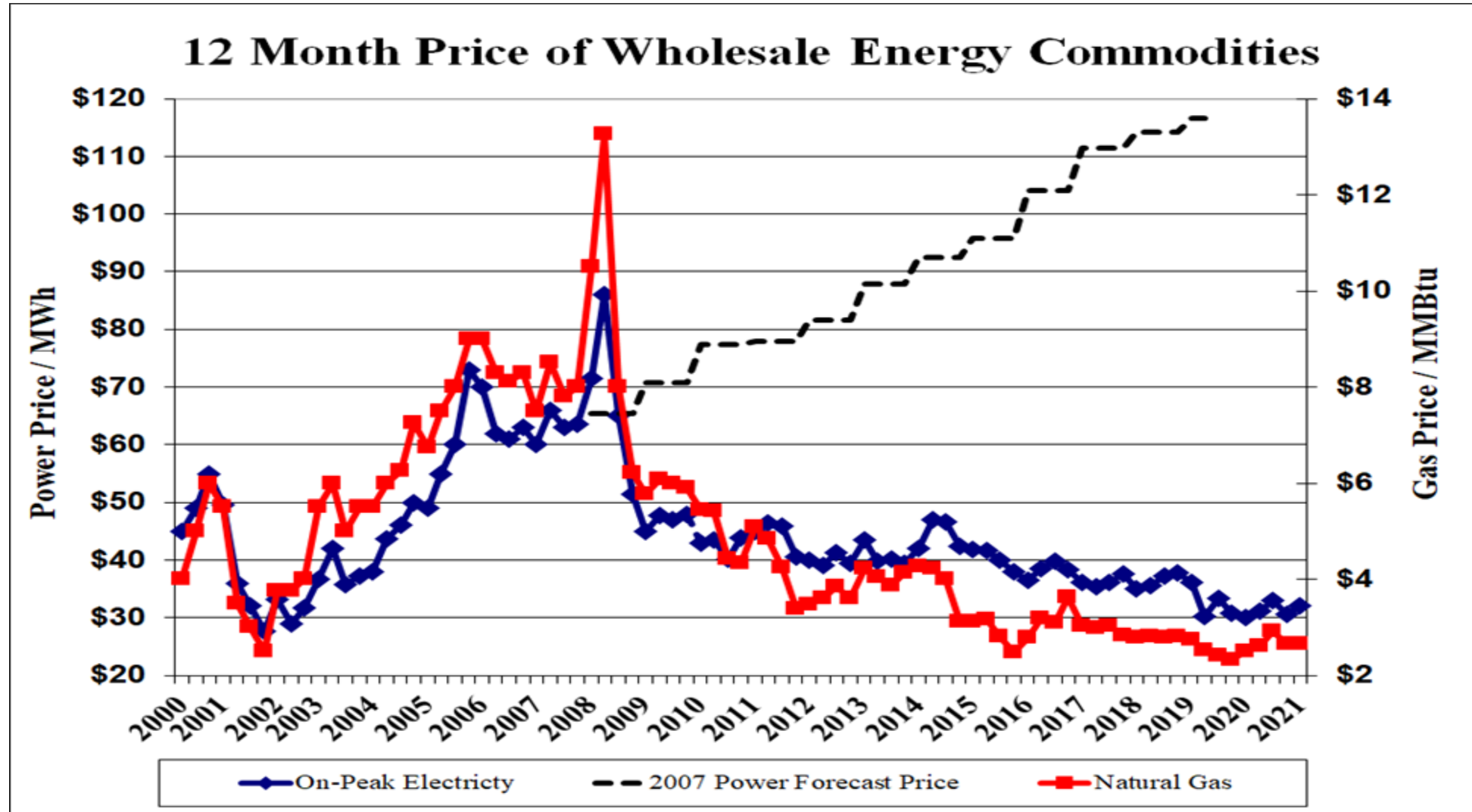
## Hudson 2021 Energy Sources



# Hudson Power Supply Mix



# Energy Markets





# Questions

