

# 2021 REACH Update

## *Electric Utility Commission Briefing*

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# Carbon Reduction - REACH



- Reduce Emissions Affordably for Climate Health (“REACH”) incorporates a cost of carbon in the generation dispatch price and reduces generation output during low-margin periods while making resources available for high-margin periods.
- Allocate an annual budget amount of approximately 2% of the prior year’s PSA
- *The savings for 2021 was expected to be 1.29 million metric tons*
- REACH was designed to reduce the utility’s carbon emissions by 30% or approximately 4 million metric tons between March 26,2020 and December 31,2022.



# Operational Factors Impacting REACH Goals

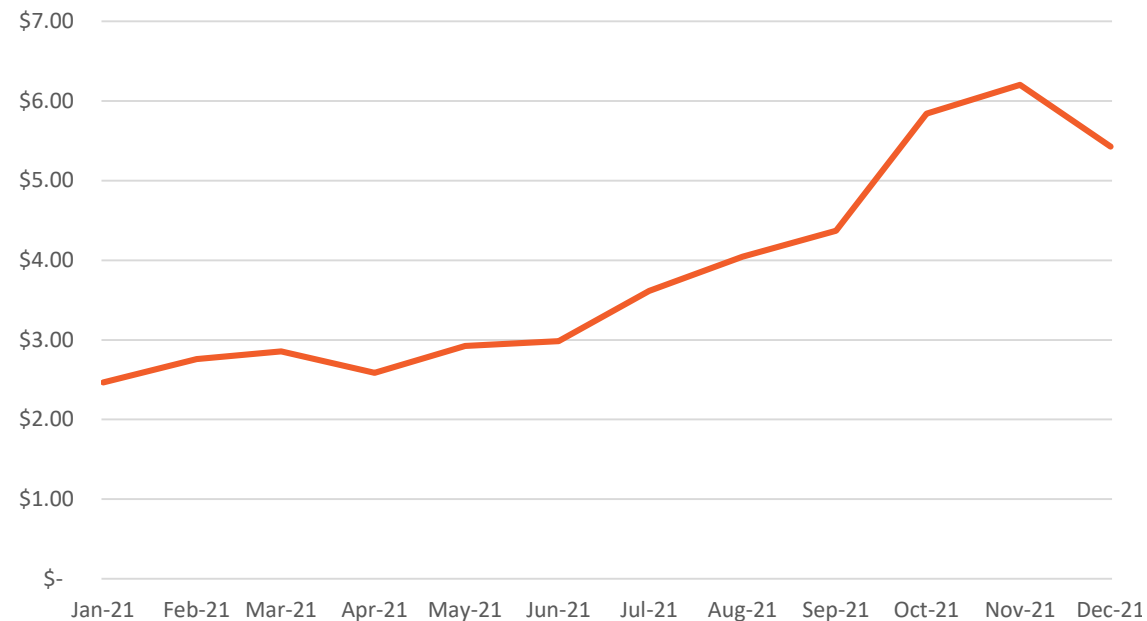
- Reclaim Pond
  - Heavy May/June rainstorms caused FPP plant director to declare emergency for low freeboard levels at FPP ponds
  - Required need to run FPP at elevated levels to help pond's evaporation efforts
- Coal Pile Runoff Pond
  - Heavy rainstorms caused coal pile runoff pond to compromise operational limits
  - Required need to run FPP at elevated levels to help pond's evaporation efforts
- Elevated Coal Pile



# Operational Factors Impacting REACH Goals (cont.)

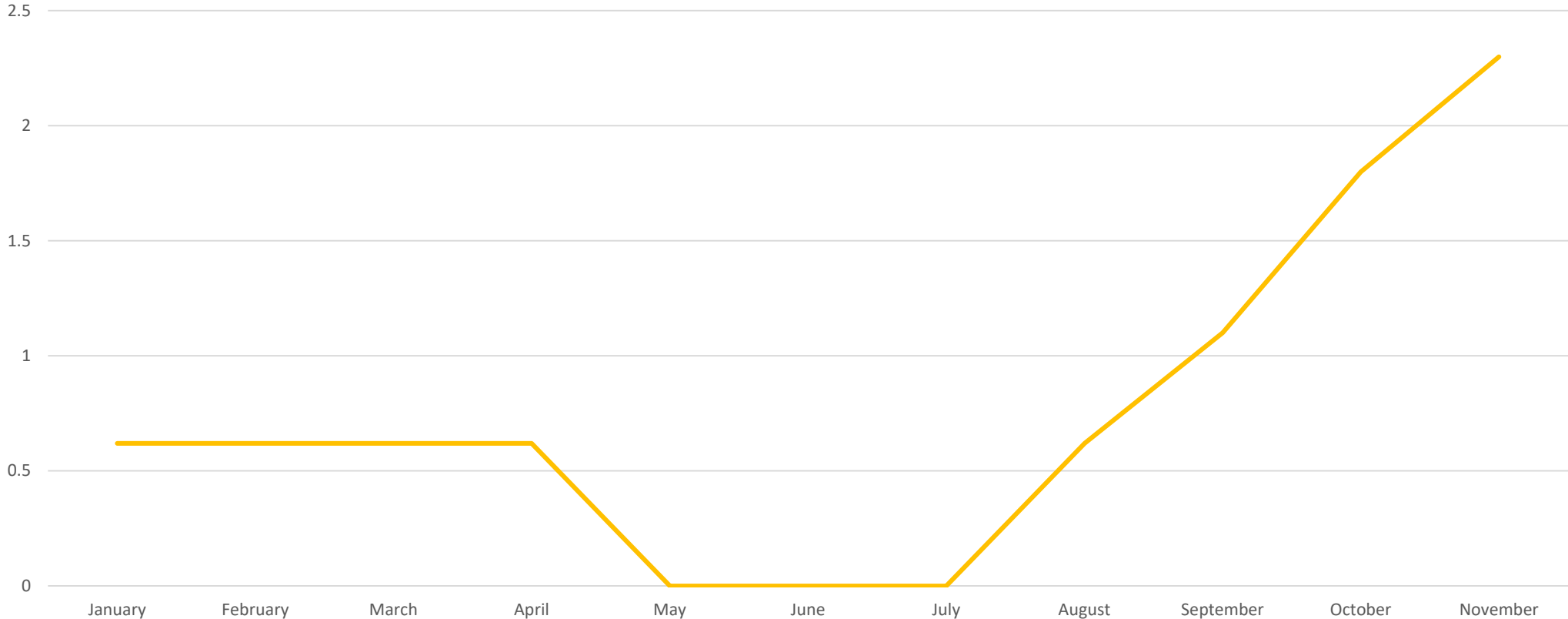
- Volatile and High Natural Gas Prices
  - Rising global demand and shifts in supply/demand fundamentals
  - NYMEX Natural Gas \$5.00 - \$6.00 range this fall
  - Higher gas prices require increases in carbon adder to reach targets

NYMEX Natural Gas Monthly Settlements



# Environmental Cost Adder

REACH Adder 2021



# Overall REACH Performance

*January 1, 2021 – October 31, 2021*

	Resource Plan Forecast	Emissions Economic (Tonnes)	Emissions Actual (Tonnes)	Emission Reduction (Tonnes)	Percentage Below Forecast
<b>Total</b>	4,612,929	4,463,226	3,950,149	662,780	14.37%
Coal	3,592,227	3,475,430	2,962,353	629,874	17.53%
Natural Gas	1,020,702	978,367	978,367	32,905	3.22%



# REACH Performance Explained

Emission Reduction Explained - 2021



# FPP REACH Performance

	Resource Plan Forecast	Emissions Economic (Tonnes)	Emissions Actual (Tonnes)	Reduction (Tonnes)	Cost per Tonne
<b>Total</b>	3,592,227	3,475,430	2,962,353	513,077	\$4.18
FPP1	1,884,255	1,792,651	1,517,036	275,615	\$4.56
FPP2	1,707,972	1,682,779	1,445,317	237,462	\$3.75







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