



## CWLP IRP Q&A

*In 2018 the City of Springfield began a process for an Integrated Resource Plan (IRP), which would identify the best resource options for CWLP to provide reliable and competitively priced electrical power to meet Springfield's future energy needs. The Energy Authority, Inc. (TEA) has conducted the IRP by compiling and analyzing economic data of CWLP's existing electric resources along with the economic data of other options such as wind, solar, and natural gas combustion turbine.*

### **1. What is an IRP?**

An IRP is the result of a comprehensive planning study, which provides a recommended mix of supply and demand-side resources a utility may use to meet its customers' future electricity needs. CWLP's IRP is simply a 20-year economic analysis of our generating units compared to other energy resources in the market. The goal of the IRP was to identify the best resource options for CWLP to provide reliable and competitively priced electrical power to meet the community's future energy needs.

### **2. Why is CWLP considering retiring its coal-fired generation?**

Unprecedented decline in CWLP's electric load and environmental regulations has changed the expectation for CWLP's future energy needs. Considering the costs of complying with upcoming environmental regulations, sustained low energy and capacity prices, and the decreasing costs of alternative generating resources, such as wind, solar and natural gas, there is good reason to question whether CWLP's existing fleet is the best generation mix to meet our future electricity needs.

### **3. Which plants were considered in the IRP analysis?**

The IRP considered the retirement of all of CWLP's generating assets.

DALLMAN 1	COAL	61 MW	1968
DALLMAN 2	COAL	61 MW	1972
DALLMAN 3	COAL	172 MW	1978
DALLMAN 4	COAL	207 MW	2009
REYNOLDS	FUEL OIL	14 MW	1970
FACTORY	FUEL OIL	17 MW	1973
INTERSTATE	FUEL OIL & NATURAL GAS	110 MW	1997

### **4. What are the results of the IRP?**

The IRP recommends CWLP should retire Dallman 1, 2 immediately and 3 in the next couple of years, but Dallman 4 should be retained, for now. Upon the retirement of Dallman 3 CWLP will need to find replacement energy and capacity. Issuing an RFP to buy market power, prior to Dallman 3's retirement appears to be the best option to meet that need today. It also indicates CWLP should issue an RFP for renewable generation very soon, before the tax benefits are reduced. Over the long-run, the IRP indicates CWLP will see a shrinking coal fleet with increased reliance of Purchase Power Agreements (PPAs) supplemented with existing peaking units and an ever-increasing mix of renewables.

## **5. Will CWLP follow TEA's recommendation?**

After the public comment period, CWLP will develop an action plan that details how we expect to proceed. While TEA provided an excellent recommendation, there are a few reasons why plans could change. For example, Midcontinent Independent System Operator (MISO) must approve any requests for electric generation unit retirements. Also, market conditions and/or environmental regulations may change between now and then. TEA outlines many other risk factors that should be considered. For more information, refer to TEA's full IRP report, [www.cwlp.com/IRP](http://www.cwlp.com/IRP).

## **6. What is the plan for affected employees? Will employees lose their jobs as generation units are retired?**

Minimizing the impact to our employees is a primary concern as we develop plans to ensure that we safely and reliably supply power to our customers; discussions about employees will start in the near future. The action plan will include a scheduled timeline that will assist in the determination of attrition opportunities.

## **7. Will this reduce customer bills?**

It is too early to know exactly how these decisions will impact customer bills in the short term, but the long term outcome is expected to keep rates competitive for years to come. An IRP is the process that helps CWLP determine which energy resources are the best fit to supply Springfield's energy needs. Understanding how these decisions will completely affect rates requires additional studies and efforts beyond the IRP. It is also important to remember, generation only makes up a portion of the customer bill. Any changes to our rates are subject to City Council approval.

## **8. What was the biggest contributing factor for the results?**

The decline in natural gas costs due to fracking and changing environmental regulations are the largest contributing factor. The cost of natural gas is one of the primary drivers of the cost of electricity.

## **9. How does the outcome of the IRP affect CWLP finances?**

Securing a longer term, lower cost energy supply will keep CWLP finances on solid ground. CWLP will assess the best ways to continue to supply reliable and lower cost energy to its customers. Diversifying CWLP's energy portfolio will enable it to manage risk in the market.

## **10. Will retiring Dallman 1, 2, and 3 affect CWLP's ability to supply electricity?**

CWLP customers should experience no difference in their electric service reliability due to retiring units. Upgrades to the transmission grid will be made in order to improve CWLP's ability to import power upon retirement of generating units. Even with the retirements of Dallman 1, 2 and 3, CWLP will own enough nameplate generation to cover CWLP customers' energy use.

## **11. Is there risk to buying market power instead of relying on CWLP's own power generation?**

There is risk involved with both options. The idea is to look at all the alternatives and develop a plan to minimize the exposure to risk for our customers. The IRP identified purchasing power from the market is less risky and costly than operating Dallman 1, 2 and 3. The IRP studied the effects of many variables on the future price of energy and determined prices in the market for long term purchase power agreements are lower than it costs Units 1, 2 and 3 to generate power.

## **12. How can I remain involved in the IRP process?**

There is a public comment period from May 7 to June 3 on the results of the IRP. A summary of the comments will be discussed at a future Council or Committee meetings. Please include name and address with comments and E-mail to [IRP@cwlp.com](mailto:IRP@cwlp.com) or mail to the CWLP General Office, 4th floor, Attention IRP, 800 East Monroe Street, Springfield, IL 62701.

*More Information:* [www.cwlp.com/IRP](http://www.cwlp.com/IRP)