

## Rebecca Behrens

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**From:** Zachary Walker  
**Sent:** Monday, July 19, 2021 3:20 PM  
**Subject:** Questions Regarding H5 CT Repair

Mayor and City Council,

Tonight's City Council agenda contains the continued item to repair the H5 Combustion Turbine Unit. My office has been receiving several questions about this matter today. In an effort to provide the City Council with equal access to information, I am sending you the summary of these questions and the answers prepared by IPL Director Jim Nail:

**1. Can we be both a buyer and a seller of capacity? If we do not repair the CT and temporarily purchase additional capacity from Oneta, can we sell that same capacity?**

Yes, IPL can both purchase capacity and market any excess capacity. At the moment we have only the capacity we need to meet our obligations with SPP. If the decision is made not to repair H5 we will then have a deficit and will have to find a replacement for that 17 MW of capacity. There would be no excess capacity available to put in the market. We do have an option to add additional capacity in our contract with Oneta, but any addition is not temporary, it is for the remaining life of the contract, which runs until 2030.

IPL is developing options for new generation to replace the six combustion turbines. That process will reasonably take 3 years or more to obtain the necessary permits, design and build the supporting equipment and get new generation into operation. Once the new generation is in place, any remaining combustion turbines would then become marketable excess capacity as long as they remain operational. However, during that construction period, we will still be required to replace the capacity from H5 (estimated at \$500,000 per year based on the Oneta contract).

If H5 is returned to service while we pursue a long term replacement, we avoid the cost of purchasing replacement capacity and once the new generation is in place any capacity over and above our obligation then become marketable assets.

**2. How much revenue do we typically generate from selling power to SPP (not including February 2021) and how would that be impacted by keeping H5 temporarily out of service?**

H5 and H6 each earn an average of \$330,000 per year in generation credits from SPP. Any future extreme events like the winter storm can significantly increase that opportunity.

**3. Please provide the timeline of the power generation RFP.**

- Power Engineers is due to deliver the report of the Siting Study this month.
- The draft of an RFP is due by September 1<sup>st</sup>.
- The RFP would be presented to the PUAB and Council prior to being issued.
- We plan to allow interested parties 30 days to submit a proposal.
- 30 days to review the proposals, compare the different solutions.
- Make a presentation and recommendation to PUAB and Council in December 2021

**4. How long will H5 be out of service if we send it for repair? I understand that we receive a temporary relief from SPP for these situations. If we postpone the repair for a few months while we complete the RFP process will that be acceptable to SPP?**

The H5 repair is estimated at 3 weeks to 2 months, depending on the scope of repair required once the inspection is completed. SPP's Market Monitor is already asking questions about the delay.

The decision to repair H5 is between the cost of the repair and the cost of replacement capacity. New generation is a parallel path that does not replace either of those needs. Delaying the repair during the RFP development does not gain Independence any advantage.

Staff will be available to answers these-or any other questions-during tonight's meeting. Thank you.



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