



Rochelle Municipal Utilities Business and Financial Analysis

Memo

To: Dave Plyman
From: Dan Westin
Date: May 6th 2014
Re: Down payment on Skid Load Generators

SUBJECT: Recommendation for Down payment on Skid Load Generators

Recommended Action: Consider Down payment on Skid Load Generators

History and Fact: Peak shaving means running RMU 's own generation capacity when market prices for energy is high which happens especially in a hot summer. Peak shaving is critical for RMU given the capacity cost increases in PJM which is the Energy region RMU participates in. This summer the capacity price is up five times from last summer. RMU generator sets go back to vintages of 1940 and the maintainability of these units have gone heavily. The generation sets are also used for emergencies such as the tornadic wind shear in November last fall. Last year's generator set availability was down to 40 % which did not provide enough capacity to drive down this summer capacity charges. RMU staff has identified a set of cost efficient generator sets that can be deployed into RMU's distribution system. These generators will provide an additional 6 MW of capacity which is a first step to replace the old generator sets.

Discussion: RMU staff has created a project for these generators which includes applying for a construction permit which will include these generators into RMU's overall air permitting. The draft permit is expected May 16th.
The total project is estimated to be \$ 2,042,060.
The 10% down payment of \$124,746 is to secure the availability of the generator sets.
The UAB formally recommended to approve the investment in these units at its meeting in December 2013.

Recommendation: Approve a Down payment on Skid Load Generators