

Keeping the Lights On

Challenges to Reliability

OPPD continues to make progress on our Power with Purpose (PwP) project to add up to 600MW of utility-scale solar generation and 600MW of back-up natural gas to our generation portfolio. Construction schedules have been challenged at Standing Bear Lake (SBL) and Turtle Creek (TCS) Stations meaning they will likely not meet original go-live dates in 2023.

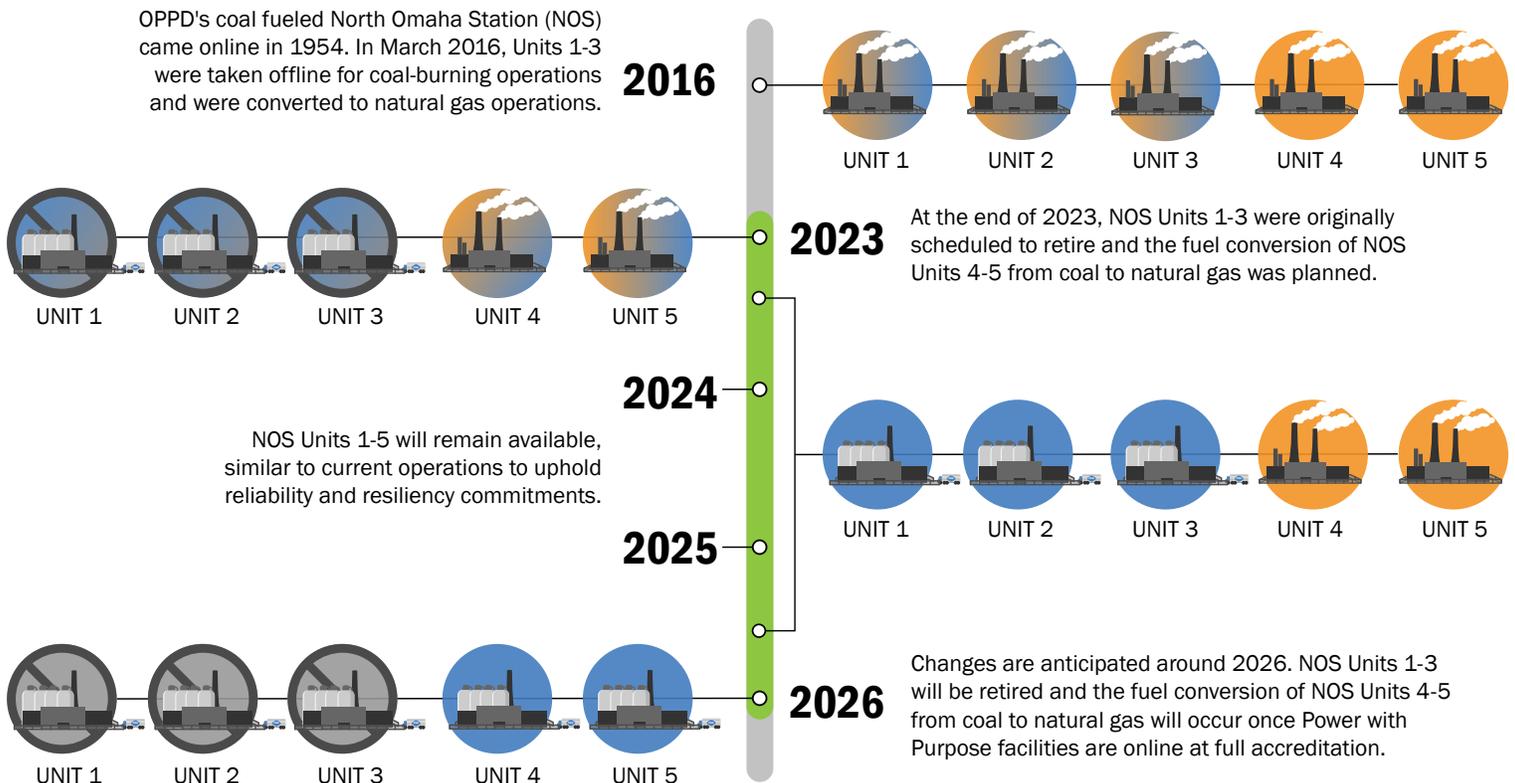
OPPD continues to work as quickly and safely possible. OPPD Leadership is recommending generation changes to our Board of Directors in this rapidly changing environment.

After an exhaustive analysis, and balancing reliability, affordability and environmental stewardship, we've made the recommendation

to delay the retirement of North Omaha Station (NOS) Units 1-3 and the fuel conversion of Units 4 and 5 from coal to natural gas. Both modifications to NOS operations were originally scheduled to occur at the end of 2023. With this recommendation, NOS Units will remain available, similar to current operations.

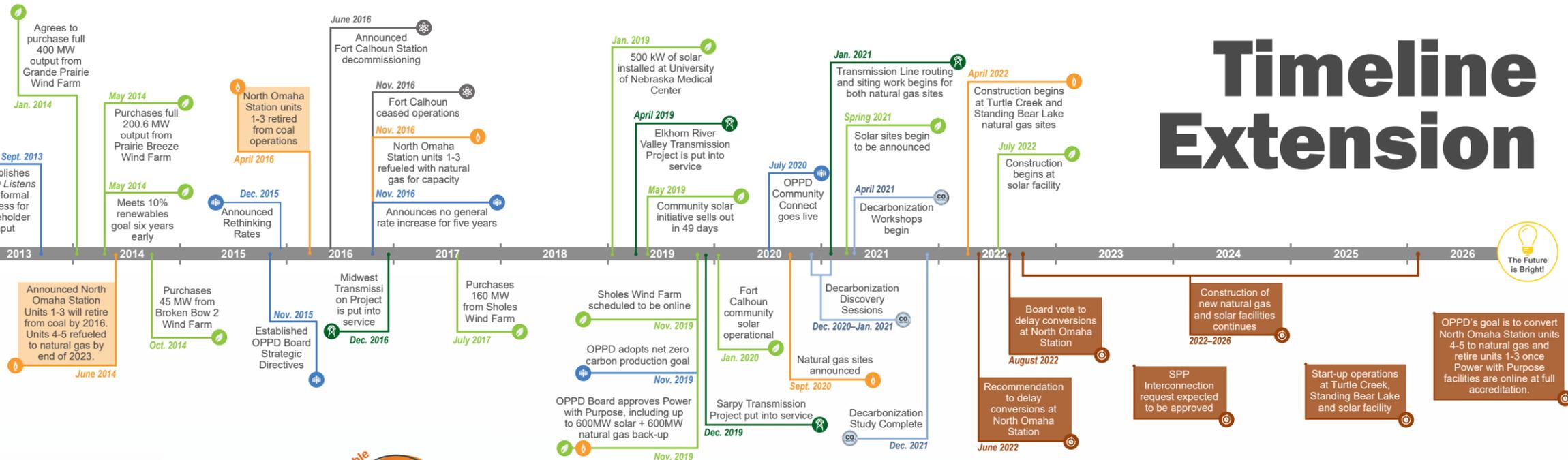
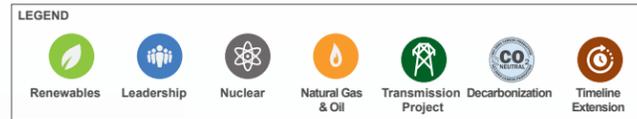
unique and unforeseen challenges, and the team is working diligently to find interim solutions. The extension of NOS's current mission supports our commitment to reliability and resiliency, something we know our customers and communities are especially mindful of following multiple extreme weather events in 2021.

Project delays are the result of



Timeline Extension

OPPD'S POWER GENERATION TIMELINE



OPPD's goal is to convert North Omaha Station units 4-5 to natural gas and retire units 1-3 once Power with Purpose facilities are online at full accreditation.

1. Challenges Bringing New Generation Online

The Southwest Power Pool's (SPP) multiyear Generation Interconnection request study backlog and full accreditation process continues to experience delays, resulting in even more uncertainty in the timing and ability to get interim or full interconnection service.

OPPD submitted its request for the Power with Purpose gas plants as soon as possible after Board approval in 2019. Submissions to the SPP queue are reviewed in the order in which they are received, and completion is done on a first-come, first-serve basis in accordance with federal law.



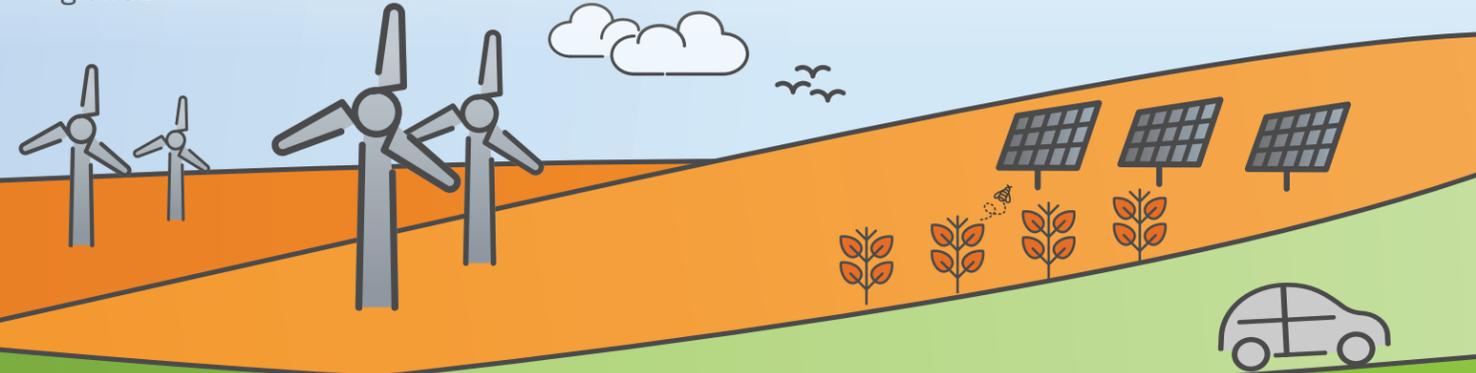
In the past several years, new generation interconnection requests have increased dramatically. More and more renewable generation is waiting to come online as the costs for utility-scale solar decrease and more utilities and private investors find the resource feasible for generation. This backlog shows the increased commitment to solar generation, however, it also means we have to wait our turn in line.

Standing Bear Lake and Turtle Creek natural gas facilities were projected to be operational by the end of 2023. That timeline has been impacted by the pandemic, supply chain issues, and other unavoidable delays. We continue to work as quickly and safely as possible, but we must use existing facilities until then to ensure we can provide the power you need, when you need it.



2. Demand Challenges

The communities we serve are growing both in population and in the number of businesses that are locating to and growing within our region. These new customers require reliable power, just as our existing customer-owners do, and in order to serve them we need to increase our generation capacity. Certainly, we see growing energy usage in Eastern Nebraska as a result of residential, commercial and industrial development, but our Power with Purpose efforts are part of the plan to address that growth.



3. Extreme Weather Challenges

Historic weather events during 2021 were a great reminder of the role reliability plays in our lives. While SPP does not project rolling brownouts this summer, nationally, there have been news reports of potential power grid disruption this summer due to extreme heat. The North American Electric Reliability Corporation (NERC) is the regulating authority that oversees our nation's electrical infrastructure. Their 2022 Summer Reliability Assessment indicates that extreme temperatures and ongoing drought could continue to cause issues. Additionally, the National Oceanic and Atmospheric Administration's (NOAA) Climate Prediction Center called for nearly the entire contiguous United States to experience above average temperatures this summer. North Omaha Station operations are critical to delivering on our commitment to keeping the power on for you, no matter the weather, while we work to get additional power generation facilities online.

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FAQs

What's the risk if OPPD doesn't proceed with this recommendation?

Proceeding with the retirement and conversions at North Omaha Station prior to the Power with Purpose generation being operational and fully accredited by SPP could result in NERC compliance violations, and during extreme weather events — like the tornadoes of 2017, the two, 100-year floods in 2019 and polar vortex storm in 2021 — create significant operational risks. To preserve system reliability and resiliency, we believe no changes should occur at North Omaha Station until there is more clarity about the timing of connection and full accreditation of the two new natural gas plants (SBLS and TCS) to the system. We strongly believe this is the direction we need to go in the short-term to ensure reliability as we continue towards our long-term goals.

Why don't we continue to operate North Omaha Station as is for the long-term?

We are replacing generation equipment originally built in the 1950's with modern equipment to allow greater operational flexibility and grid support as our region continues to grow.

How will this decision impact OPPD's commitment to be a net-zero carbon producer by 2050?

OPPD remains committed to being net-zero carbon by 2050. We knew there would be challenges along the way, but we're committed to getting there by taking a path that doesn't compromise reliability.

What kinds of environmental impacts will be seen in the area around North Omaha Station?

OPPD works hard to minimize the environmental impact of our operations, and we are committed to ceasing coal generation at the site — as soon as we can do so without

Our Promise

Nebraska is the only state in the nation served solely by publicly owned utilities. In addition to local control, public power provides reliable, affordable, not-for-profit electricity. OPPD decisions are made in the best interest of our customer-owners, not shareholders. Like many other utilities, we've been impacted — from supply chain issues, rising costs, and labor shortages, to unforeseen siting issues and grid interconnection backlog. We're working to mitigate these challenges as quickly and safely as possible.

harm to the reliability of our system. We will continue to comply with all applicable environmental permits and regulations at North Omaha Station.

Will OPPD incur any additional costs for the natural gas facilities due to the delays?

There are additional costs that OPPD will incur due to delays. Recognizing that materials are being resourced globally and with global supply chain impacts, this project, like others, are seeing higher-than-expected material costs. As operational opportunities are identified, they are being discussed and reviewed to determine benefit versus added costs. Costs are being accounted for in project budget planning.

What, if any, other options did you consider?

OPPD leaders looked at several scenarios related to operations at North Omaha. Among them was continuing with the intended timeline for the facility by 2023. However, moving in this direction, without new natural gas facilities online and SPP interconnection approval, would have led to unacceptable grid reliability and resiliency impacts.

To Learn More

We invite you to visit [OPPD.com/PwPReliabilityUpdate](https://www.oppd.com/PwPReliabilityUpdate) or you can scan the QR code with your smart phone to be directed to the web page. This site provides information, updates, and a video explaining these changes.



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