

The Path to Net Zero - Phase 1

Establish Vision

Achieve energy sovereignty/ sustainability; engage members; foster innovation; honor the past; focus on the next seven generations to create balance with Ina Maka.

Evaluate Baseline

Eliminate nearly 20 million pounds of CO₂ annually by 2023

Create Priorities

- Energy Efficiency
- Renewable Generation
- Energy Resiliency,
 Sovereignty

Weigh Options/Costs

- Conservation efforts
- Generation opportunities
- Sustainability needs

Implement Plan

Maximize CO₂ reduction through combination of:

- Energy efficiency
- Solar generation
- Operations, future efforts



Prairie Island Net Zero Project

- Phase 2 and Phase 3 delayed by new global realities
 - Increased costs
 - Supply-chain issues
 - Labor shortage



New Global Realities



Costs for Net Zero project have risen dramatically due to COVID

Steel prices are **up 31 percent** since 2020. Steel is the critical component for solar racking systems, appliances and general construction.

Copper prices are **up 52 percent** since 2020. Copper is the critical component in wires and motors. It has uses in construction (for example roofing and plumbing), and industrial machinery (such as heat exchangers).

Aluminum prices are **up 66 percent** since 2020. Aluminum is the critical component in solar panel frames.

Polysilicon prices are up 220 percent since 2020. Polysilicon is a critical component is solar cells and wafers for computer chips.

Labor Costs / Availability – Labor shortage forecasted to continue well into 2022.

Prices are expected to hold or increase through 2022 and begin to normalize in 2023.

Supply chain issues are driving solar prices higher and delaying some projects, LevelTen says

Around 12% of developers who were surveyed said they were delaying projects, and the firm's price index ticked up 4.3% during the second quarter.

IULY 19, 2021 DAVID WAGMAN

MARKETS UTILITY SCALE PV UNITED STATES



Proposed Approach

Extend mandated timing requirement to reflect new realities

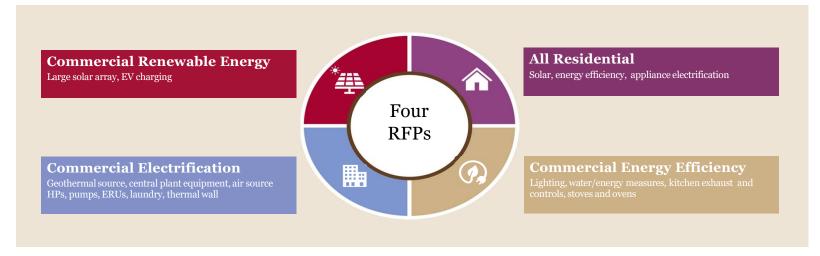
Costing, contracting due Jan. 1, 2022 TO Costing, contracting due Jan 1, 2023

 Determine allowability for replacement projects if costs or tests show selected projects are unviable



Revised Sourcing Strategy

- Four RFPs versus One
 - The single-RFP approach would not have provided the required 3 bids



- In-market, March 2022
 - June 2022: Award RFP 1, 2
 - August 2022: Award RFP 3, 4
- Submit Certified Cost Report, January 1, 2023



Questions?

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