

Actions Naperville City Council can take to transition from coal to clean energy

October 4, 2021

It is recommended that City Council track the progress of its clean energy initiatives by conducting semi-annual reviews that include published progress reports.

BIG IMPACT ITEMS THAT CAN BE STARTED IN THE SHORT TERM (by the end of 2022)

Electricity supply

1. Work with IMEA and other members to establish a schedule for transitioning to clean energy resources with a goal of reducing greenhouse gas emissions 45% by 2030 as recommended by the UN Intergovernmental Panel on Climate Change.
2. Conduct a cost-benefit analysis of continuing to purchase electricity from IMEA over the remaining life of the contract (which expires September 30, 2035 at the earliest with 5 years notice) compared to purchasing electricity from alternative suppliers. (See page 2 for recommended scope of the analysis.)
3. Establish a clean energy transition plan based on the analysis, with public input, a schedule for greenhouse gas reductions, and a requirement for procuring electricity contracts with competitive bidding.

Ownership of electricity generation

4. Conduct an annual review of the economic viability of continued operation of Prairie State and Trimble County, compared to alternative electricity resources. Prioritize Prairie State because it represents the largest component of our IMEA power supply resource mix (almost 50%) and it is expected to include significant capital additions and operations expenses for carbon capture.

Specifics on Prairie State (in order to compare with independent analyses and to compare with previous projections) should include:

- A. IMEA's current and future capital additions into Prairies State as well as historic capital additions since 2016, including detailed amounts and descriptions
 - B. IMEA's breakeven analyses of Prairie State for current and future years, and copies of any past year's analyses beginning with 2016
 - C. Prairie State owners' reports on costs of operation including total MWh and cost per MWh, beginning with 2016 (copies of reports received by IMEA as one of the nine owners)
 - D. Prairie State owners' reports on forecasts including total MWh, cost per MWh, and assumptions beginning with 2016 (copies of reports received by IMEA as one of the nine owners)
5. Determine how and when to divest ownership of Prairie State and Trimble County.

SMALLER IMPACT ITEMS THAT CAN BE STARTED IN THE SHORT TERM

6. Allow power purchase agreements
7. Provide ratepayers with a breakdown of their kWh charges to show all components, including operating costs of owned generation and capital expenditures for owned generation.
8. End financial support of IMEA's activities opposing clean energy legislation

SCOPE OF COST-BENEFIT ANALYSIS OF CONTINUING TO PURCHASE ELECTRICITY FROM IMEA

- A. The analysis should be done by independent energy consultants with experience in coal-to-clean energy transitions.
- B. The analysis should show the greenhouse gas emissions for each alternative electricity source included in the analysis, and the timing and amount of expected reductions in emissions.
- C. The analysis should include alternative electricity sources that reduce greenhouse gas emissions in accordance with the IPCC goal (45% by 2030) and alternatives that make greater and/or earlier reductions.
- D. The analysis should include alternatives that:
 - i. Can be done by IMEA within its existing contract with Naperville, such as:
 - a. Replacing coal-fired energy and capacity purchases from suppliers other than owned generation (Prairie State and Trimble County) with clean electricity suppliers or market mix
 - b. Reducing purchases from Prairie State and Trimble County
 - ii. Require an amendment of the contract, such as:
 - a. Allowing Naperville to source some of its electricity needs from a supplier other than IMEA in order to meet Naperville's greenhouse gas reduction schedule
 - b. Extending the term for only clean energy and capacity purchases
 - iii. Involve a negotiated exit from the contract and a replacement of IMEA with a different supplier, using the cost savings to help finance the exit.
- E. The analysis can be supplemented by City staff's determination of the impact of replacing coal-fired electricity on:
 - i. Naperville's economic growth
 - ii. Naperville's reputation
 - iii. Naperville's regional leadership position
 - iv. Public health and environment