



STAND-BY GENERATION UPDATE

March, 2021

UPDATES SINCE LAST MONTH

- Enchanted Rock is open to 100% LID 7 ownership & has provided:
 - EPC, O&M and Marketing Contracts
 - Cost proposal and revenue projections

20-Year Economics (all gas units)

Option	Caterpillar	ER W/Generate Capital ~200 Hrs/Yr	ER W/O G.C. ~200 Hrs/Yr	ER W/O G.C. Minimal Hrs
First Cost	\$3,385,000	\$1,992,000	\$3,166,000	\$3,166,000
Fixed O&M	\$600,000	N/A	\$1,540,000	\$1,380,000
Property Taxes	<u>N/A</u>	<u>(\$250,000)</u>	<u>N/A</u>	<u>N/A</u>
Total 20-Year Cost	\$3,985,000	\$1,742,000	\$4,706,000	\$4,546,000
Net Power Revenue	N/A	N/A	(\$5,507,000)	(\$2,943,000)
Net Cost	\$3,985,000	\$1,742,000	(\$801,000)	\$1,603,000

Comparison of Fees

	Caterpillar	Enchanted Rock
Fixed O&M	\$30,000	\$72,000-80,000
Variable O&M	Included for Testing	\$136 / 5 Hrs / \$5,400 / 200 Hrs / \$10,800 / 400 Hrs
Marketing Fee	Not Applicable	N/A / \$10,000 / \$20,000
Total	\$30,000	\$72,000-\$111,000

Fixed O&M includes non-binding allowance for major maintenance and in the case of ER, emissions testing.

Comparison of Risks

	With Generate Capital aka “IROC model”	100% LID 7 Ownership “System Sale Model”
3 rd Party Equity Buyout Terms	Expensive	Not Applicable
LID 7 ability to terminate O&M contract	None	Yes
Implications of Financial Insolvency	Contract Revision or Equipment Removal	Not Applicable
Change In Law Reopener	Yes	Not Applicable
Assignability Restrictions	Minimal	Essentially None
Ability to Limit Run Time	No (or subject to Negotiation)	Yes

Recommendations

- Accept the March 16th System Sale Proposal subject to detailed review
- Enroll in Emergency Response Service (ERS) program
 - Historically called upon roughly every other year
- Initially run when economics dictate
 - Estimated to average 200 hours per year
 - If this is determined to be unacceptable, reduce to a lower level necessary to maintain reliable readiness