

Action Item#5 – 2012 Power Share Program for the River Road Water Treatment Plant and Wastewater Treatment Plant

Included in this Packet

1. A summary of the 2012 Power Share Program
2. The River Road Power Share Agreement
3. The Wastewater Treatment Plant Power Share Agreement
4. Contact Information

This year's Power Share program is very similar to our Power Share program for 2011. Based upon our potential load reduction incentive credits are issued to our electrical bill, we in turn agree to reduce electrical consumption for 8 hour periods at Duke Energy's discretion. The program runs for a 12 month period beginning in June.

The contract specifies a maximum of 15 Call events and 10 Emergency Call events that could be called at Duke Energy, or the Midwest ISO at their discretion. The events are limited to weekdays and exclude holidays. The call period runs from 12:00 P.M. thru 8:00 P.M. Each call event will be preceded by a 24 hour notice and each Emergency event is preceded by a 6 hour notice. Further details are included on the enclosed literature for the program from Duke Energy.

It is our general practice to reduce our load as much as possible through changes in operation and utilization of available elevated storage capacity on the water system. However to maintain continuity of operations, it is necessary to continue to use power at these facilities. As in past years, the Westfield Public Works Department (WPWD) will be weighing the costs of paying higher electrical costs for the called events to our emergency generation costs. Typically the increased power costs during a power share event are much lower than producing power with our on-site generators, therefore under normal circumstances WPWD opts to pay the higher costs of power. Overall the premium payments for participating in the program are minimally impacted by the increased power costs.

A change for 2012 is the commitment for 10 Emergency Call events as oppose to the 5 events for 2011. These events have a shorter notification window, 6 hours as oppose to 17, and they carry stricter requirements for reducing our power consumption. Committing to these requirements is a condition of participation in the program. The contractual requirements are clearly defined and the content of the contract has been changed to leave no doubt as to the ramifications should WPWD not be able to comply. If circumstances dictate WPWD will have to take power during these events, it could mean the risk forfeiting the premium for that month, higher power costs for the event, and possibly being removed from the Power Share program.

The last time it was necessary to exercise this option was 1999 and Duke is estimating that it is unlikely that this would occur in the future. However the requirement is part of the agreement and could be exercised by Duke at their discretion. Weighing the risks against the benefits of the program the Westfield Public Works Department does not anticipate an Emergency Power Share Call significantly impacting the financial advantages of participating in this program.

Duke Power Share Agreement

This agreement (See Attached) permits the City of Westfield Public Works Department to enter into a Power Share Program with Duke Energy. This Power Share Program is an energy program that allows Duke Energy to manage the peak demands on their electrical system in Central Indiana by reducing the electrical load utilizing alternative operation of facilities by the use of on site generators at the Public Works River Road Water Treatment and Wastewater Treatment Facilities.

The Power Share Program pays premiums for participation in the program and an additional credit for power reduction during events. Additional credits are typically available during events, however not knowing how many events will be called, and the cost of each, makes an estimation of those benefits difficult.

Below is a detail of the 2012 estimated premiums and the estimated final premiums paid for 2011. The premium typically makes up the bulk of the cost savings realized by this program.

River Road Water Treatment Plant

2011 Final Premium: \$5,719.36 *

2012 Estimated Premium: \$7,538.00

Wastewater Treatment Plant

2011 Final Premium: \$10,486.05 *

2012 Estimated Premium: 11,652.00

The 2012 Total Potential Credit Combined: \$19,190.00

* - Estimated final numbers, the finalized numbers will be calculated in May.

Actual Past Credit Savings:

	<i>Water</i>	<i>Wastewater</i>	<i>Total</i>
2006	\$6,482.59	\$7,701.60	\$14,184.19
2007	\$9,372.54	\$9,780.16	\$19,152.70
2008	\$5,459.18	\$10,669.20	\$16,128.38
2009	\$7,270.00	\$12,107.00	\$19,377.00
2010	\$7,123.53	\$10,486.05	\$17,609.58
2011 *	\$5,719.36	\$11,136.85	\$16,856.21

The Westfield Public Works Department has participated in the program over the past 6 years with a combined cost savings of \$103,308.06.

The Public Works Department recommends the Board of Public Works and Safety authorize the Public Works Director to execute the agreement with Duke Energy to enter into the Duke Energy Power Share Agreement for 2012.

* - Estimated final numbers, the finalized numbers will be calculated in May.

2012 Power Share Program Summary

Important Program Dates

- Registration Period begins March 1st and needs to be completed by March 15th.
- Annual Power Share Test Event will be held in mid May.
- Annual Generator Test performed in late May or early June.

Program Highlights

- 32 per kW – 120 hours (15 events) Day-ahead notice.
- 27 per kW – 80 hours (10 events) Day-ahead notice.
- 17 per KW – 50 hours (5 events) Day-ahead notice
- Event hours run from 12:00 P.M. through 8:00 P.M.
- Emergency Call Events – These are initiated by MISO with 6 hour notice. These are limited to 5 times for the entire program period. Based on previous history, conditions have not reached a point where this would be exercised since 1999.

History of Events

- 2002-2003 – 1 Winter
- 2003-2004 – None
- 2004-2005 – None
- 2005-2006 – 7 Summer
- 2006-2007 – 4 Summer, 2 Winter
- 2007-2008 – 2 Summer
- 2008-2009 – None
- 2009-2010 – 4 Summer
- 2010-2011 – 7 Summer

Therefore the Westfield Public Works Department recommends that the Board of Public Works and Safety consider the 2012 Duke Power Share Agreement for approval.