

Planning for the Future

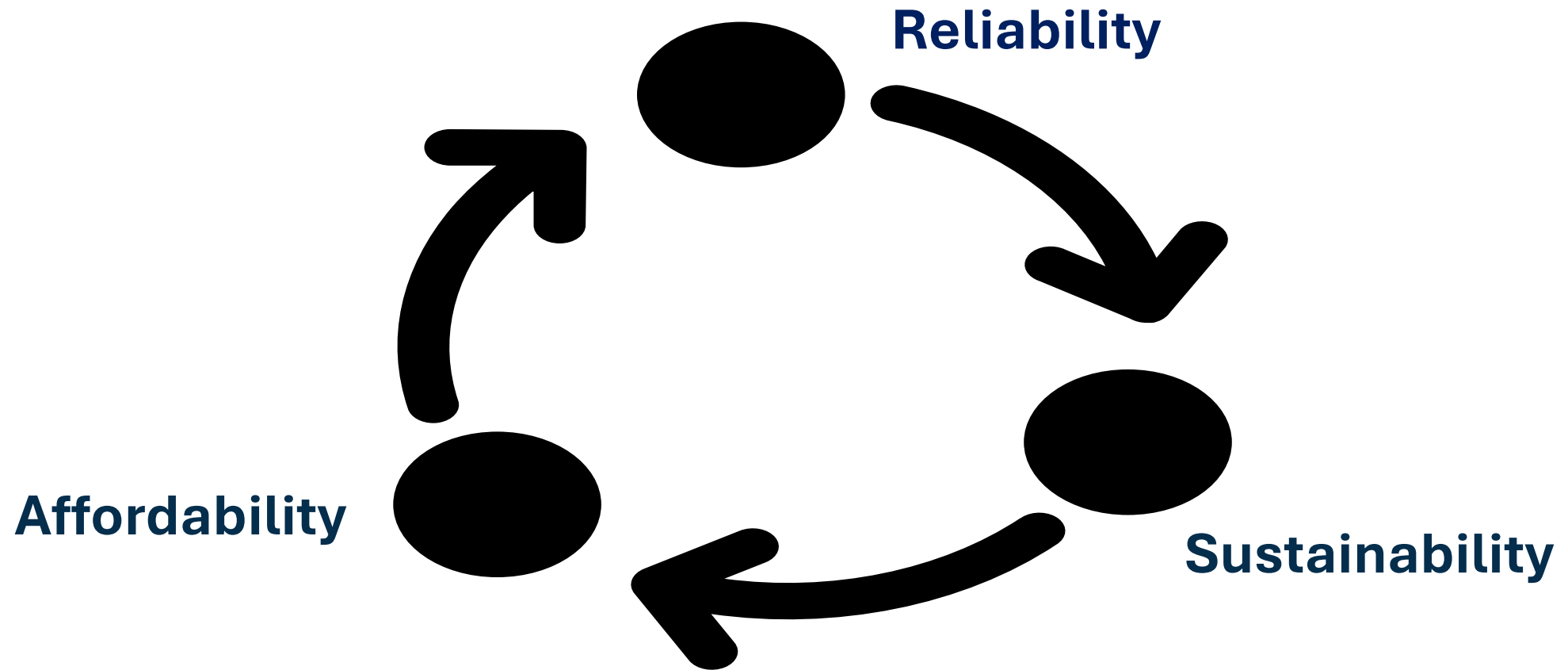
Naperville Electric Utility



Tonight's Purpose:

- Present the priorities and overall **mission** statement of the Electric Utility
- Review the **key dates and important milestones** that impact the decision-making as we move forward with how to procure energy beginning in 2035
- Align on the **key information** that will be included for each strategy presentation

The Balance



Our Mission

To provide reliable, quality, responsive and cost-efficient services for our customers in support of the health, welfare and growth of the city.



How We Achieve Our Mission:

1

Effective operation, maintenance and replacement activities

2

An active employee safety and training program

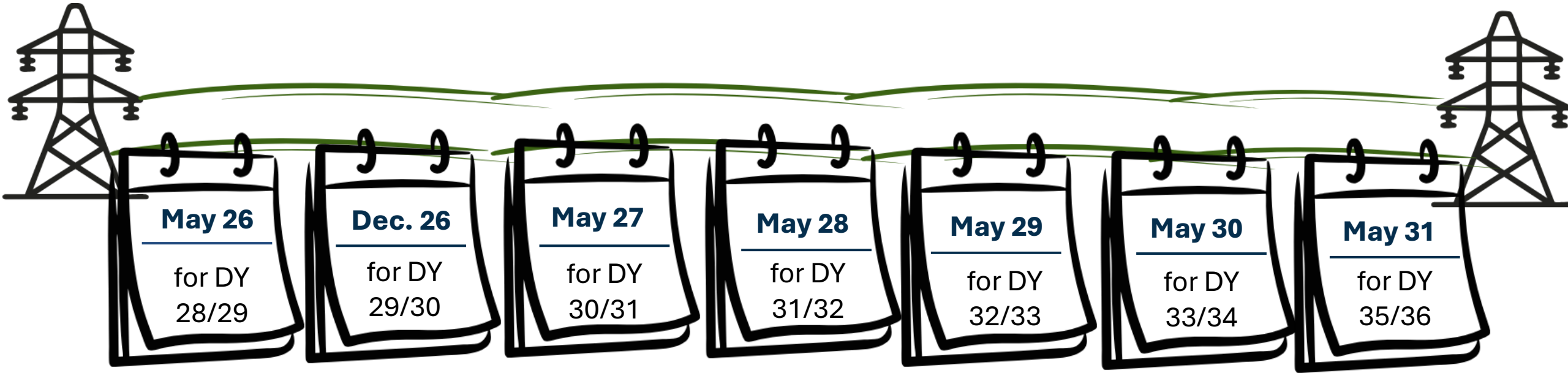
3

High-level customer service

4

A well planned, funded, and executed capital improvement plan

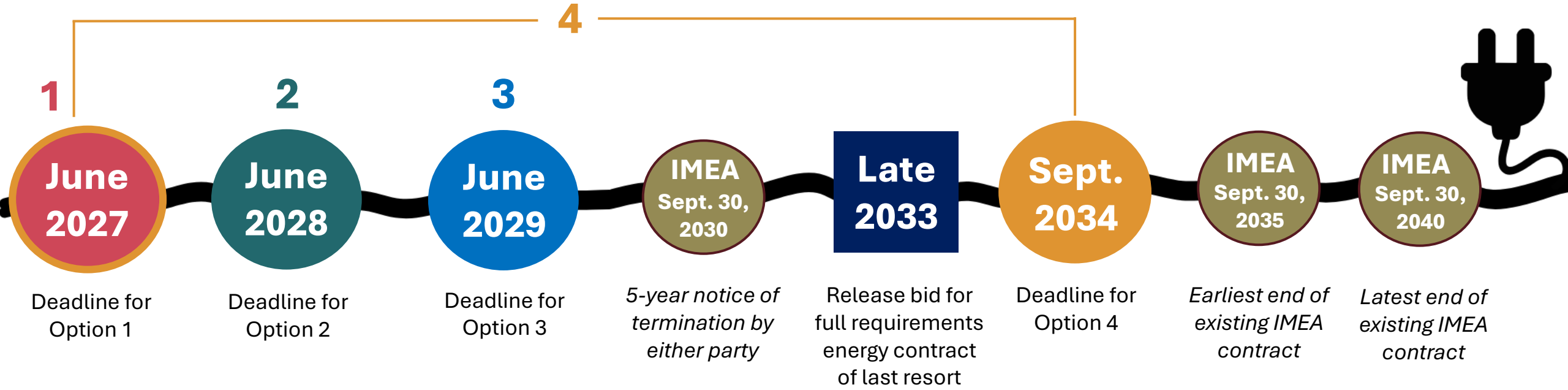
Important Milestones: PJM Capacity Auctions



- Annual, competitive auctions held 3 years ahead of delivery year (DY) (June 1 – May 31 of the following year)
- Auctions completed to procure power supply resources to meet future grid demand plus margin

Why it matters: Auctions provide capacity costs that market customers must pay and market generators will receive for the designated planning year. Capacity, Energy, and Transmission are the largest three costs in the procurement of energy.

Important Milestones: Key Decision Dates



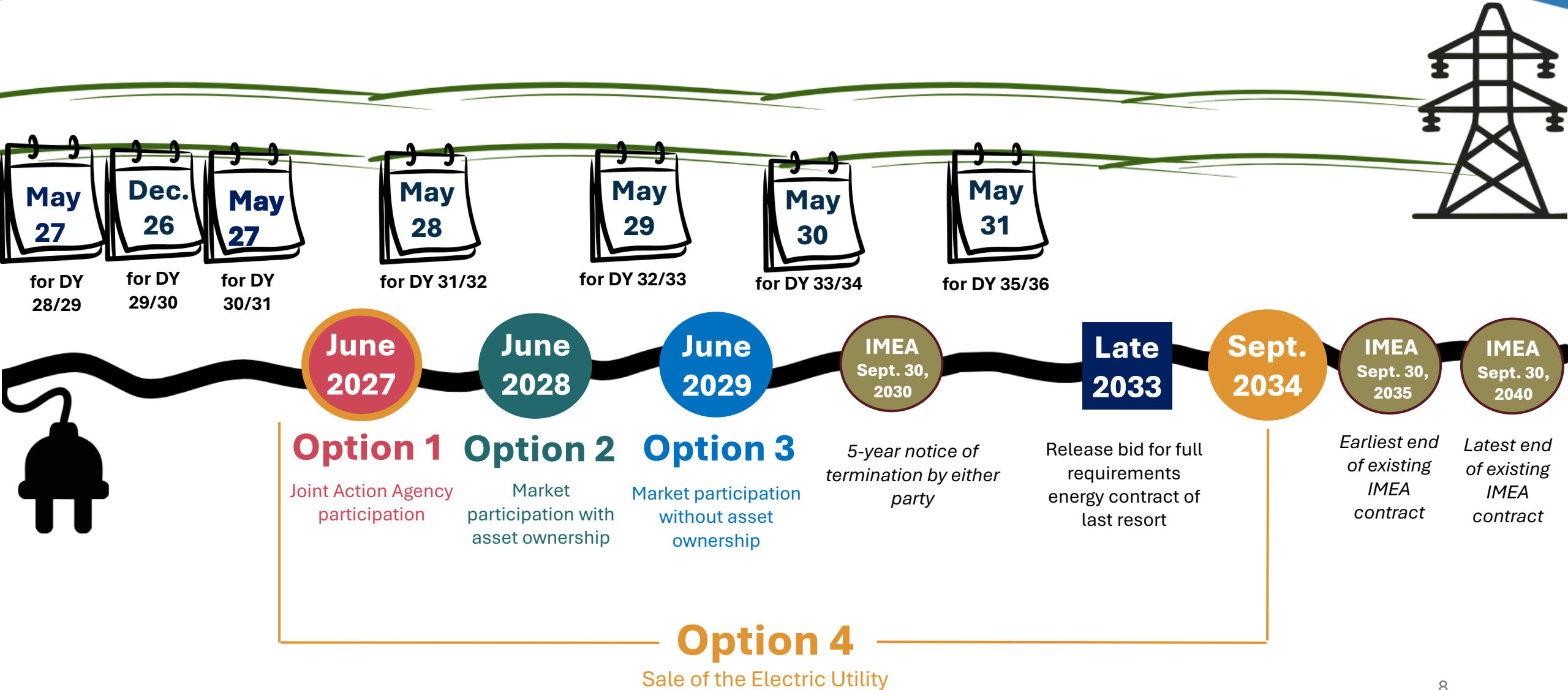
Option 1: Joint Action Agency participation

Option 2: Market participation with asset ownership

Option 3: Market participation without asset ownership

Option 4: Sale of the Electric Utility

Roadmap to 2035



Regulations and Important Considerations



Regional Transmission Organizations,
Independent System Operators



Long-Term Reliability Assessment

Executive Summary

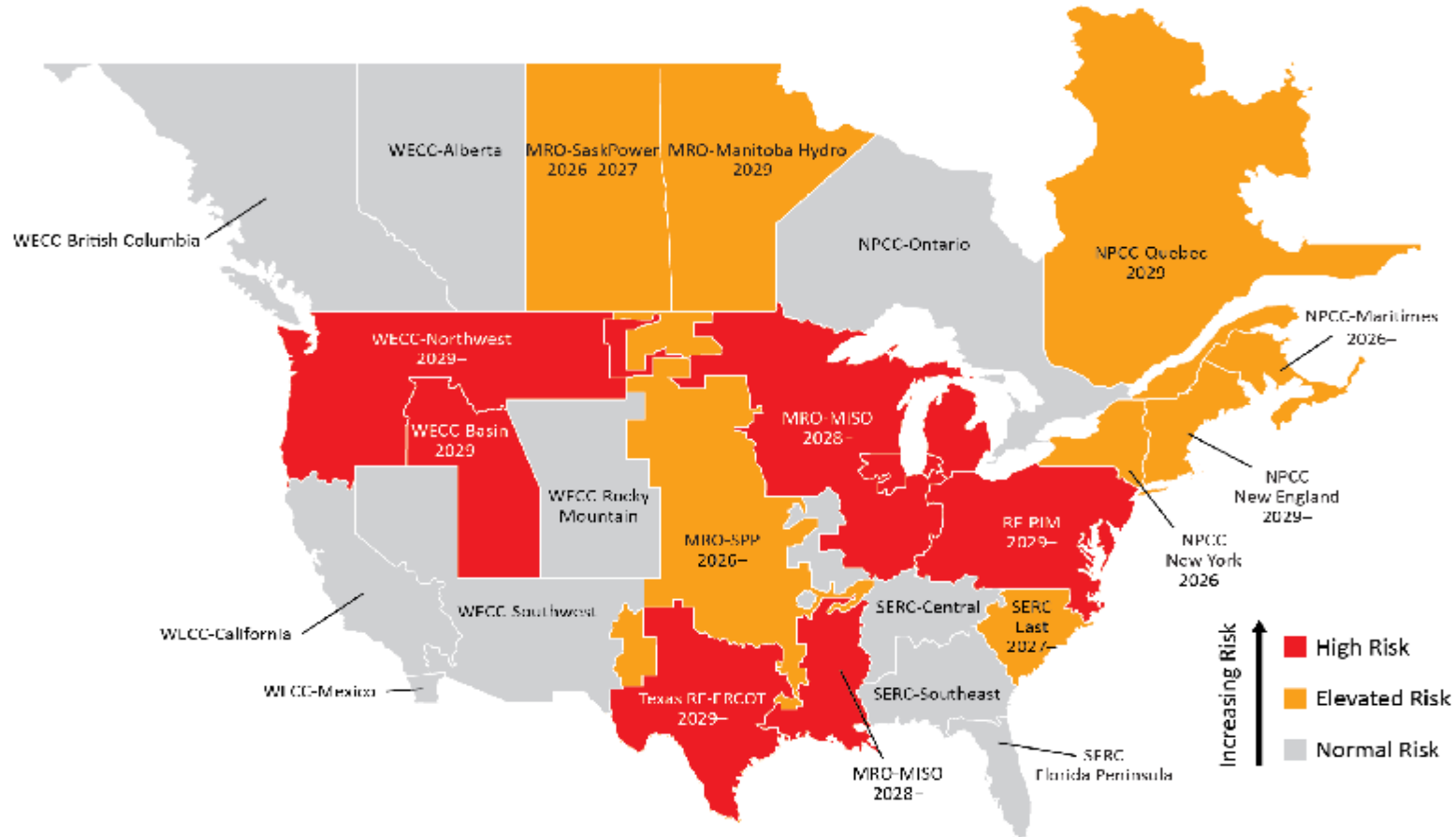


Figure 1: Risk Area Summary 2026–2030

Shows highest risk classification that occurs in the first 5 years and states initial year of occurrence

Key Terminology for Clarity

- **Capacity (Generation)**

- The generation assets required to serve the energy required during the peak hour of the year plus a reserve margin. Measured in Megawatts (MW) or kilowatts (kW).

- **Energy (Power)**

- Power that flows from system generators, through the high voltage transmission system, to the local utility and ultimately delivered to the customer at the moment it is needed. Measured in megawatt-hour (MWh) or kilowatt-hour (kWh).

- **Transmission (Wires)**

- High voltage lines that deliver energy to the City of Naperville and all grid connected energy customers. Billed by the Regional Transmission Organization based on energy consumption of the peak hour of the year across the RTO territory.

- **Ancillary Services**

- PJM balanced and charged grid services such as reactive power and frequency regulation

Key Terminology for Clarity

- **Physical Energy Delivered**
 - Energy generated on the grid and delivered to the city
- **Financial Energy Delivered**
 - Energy (and Capacity) that is procured and delivered to the market as a financial hedge
- **Market Operations**
 - Load Forecasting, Scheduling, Bill Reconciliation, Accounting
- **Support Services**
 - Legal, Regulatory, Procurement, and Delivery Point Metering
- **Load Modifying Resources**
 - Behind the meter generation or energy resources which impact the load curve of the city as viewed by the RTO



Joint Action Agency Participation





Market Participation with Asset Ownership





Market Participation without Asset Ownership





Sale of the Electric Utility



Tonight's Action Requested

Reach consensus on content to be provided in future presentations

Upcoming

September Strategy Workshop



Questions?

Naperville Electric Utility

