



# **“Opportunities for Memphis in Choosing to leave TVA”**

S David Freeman  
Senior Advisor

Power Supply Advisory Team

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# IRP should reveal that Memphis can do better than TVA

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## Based on our analysis, an IRP should conclude:

- Choosing an alternative power supply could save the city and its ratepayers hundreds of millions of dollars a year
- An alternative power supply can be as reliable as that provided by the TVA
- An alternative power supply provides Memphis with far greater economic development and job creation opportunities
- Whereas continuing its contract with the TVA long-term will guarantee that Memphis relies on expensive, old, dirty and dangerous fossil and nuclear fuels, an alternative power supply can take advantage of lower cost, clean energy



# Recommendations

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- On basis of successful IRP, city and utility leaders will have basis for providing TVA with 5 year notification
- Direct MLGW to take necessary action to acquire the needed power generation in five years
- Initiate ambitious efficiency program to cut load and save ratepayers money



# Memphis can save billions

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- Liberated from bad investments in dirty coal and expensive/dangerous nuclear power, MLGW could procure far cheaper energy:

*“Indeed, we find that in 2024 electricity supply costs of the portfolios we evaluated could be as much as a third or \$240-\$333 million per year lower than costs incurred by Memphis under the current TVA.” -Brattle*

# **IRP has already shown that cost savings could be even greater**

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- Brattle study as commissioned by FOE assumed 'worst case scenarios': transition target date of 2024, no new transmission, no access to TVA or MISO resources
- IRP has already shown that significant transmission options exist
- Interconnection to MISO possible, thereby accessing low-cost renewables, etc.



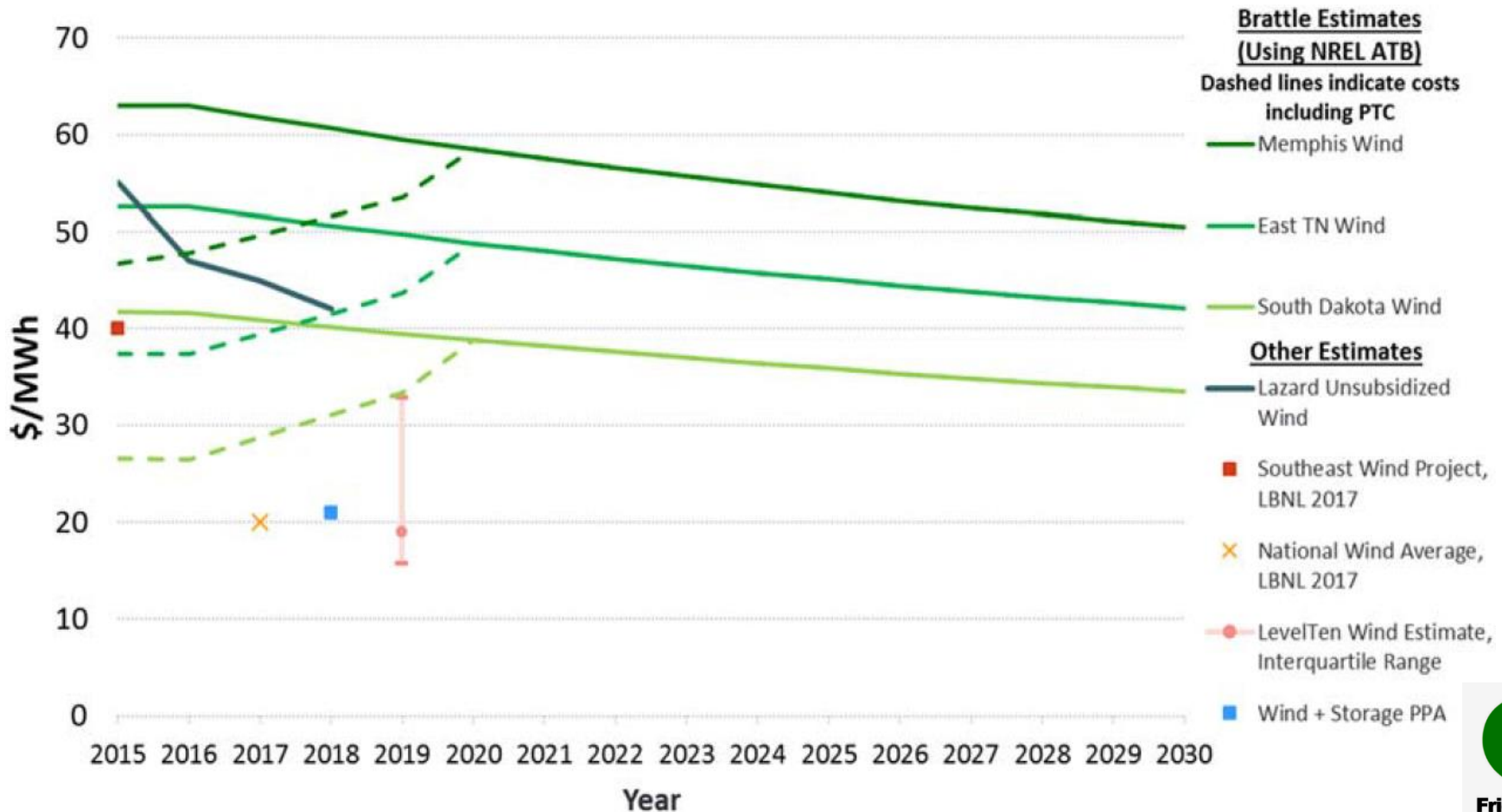
# Dramatic Power Industry Changes Spell Opportunity for Memphis

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- Utilities increasingly not in generation business
- Highly competitive independent market of companies that specialize in building modern generation, like solar and wind, and the transmission needed
- Memphis “right across” river from MISO/ market in lower cost energy

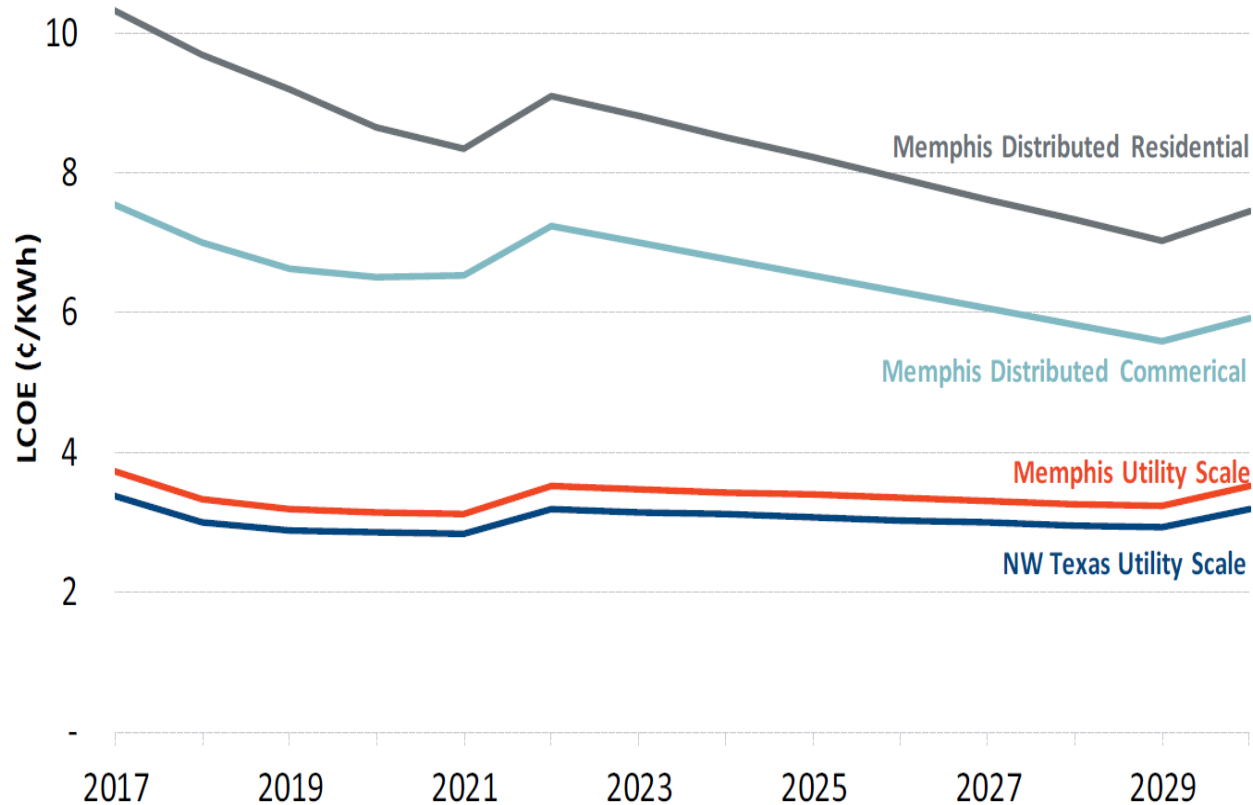
# Cost projections for Wind get better and better

Figure 4: Wind Costs Compared to Brattle Estimates



# Cost Projections for Solar get Better and Better

Figure 6: Solar PV LCOE Projections Through 2030





# Utilities Around Country are Choosing Renewable Energy

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- Northern Indiana Public Service Company is seeking proposals for 300 MW of wind, 2,300 MW of solar and solar+storage to retire all its remaining coal plants by 2023
- PacificCorps issued IRP in which five Wyoming coal plants are to close by 2028 to be replaced by 3,500 MW of new wind by 2025 and more than 4,600 MW by 2038
- Xcel to replace 2 Colorado coal units with >1800 MW of wind and solar



# A New Energy Supply Means Clean Slate

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○ By going to market for energy supply, Memphis guarantees lower prices, and leaves behind massive economic and environmental liabilities that guarantee TVA rates to climb

\$ Massive \$23 Billion TVA debt

\$ Billion dollar overhead for bloated executive salaries and some 10,000 employees

\$ Billions in clean up of coal ash and environmental negligence

\$ Ever increasing costs maintaining decades old nuclear reactors and coal/gas fired plants



# **TVA rates will not decrease but will continue to climb**

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- TVA rates on residential customers have seen a steady rate increases over the past decade
- Given its massive billion dollar debt, TVA will continue to pass rate increases along to its customers
- According to the TVA Act, the utility must sell its power at rates that will at least cover its costs
- IF Memphis wants lower rates, it must look elsewhere

# Alternative Energy Supply Means Economic Development

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- An ambitious efficiency program will generate hundreds of stable jobs
- Renewable energy projects will mean construction and maintenance jobs
- A program rich in renewable/green energy will help to keep and capture major companies committed to sustainability and greenhouse gas reductions
- Meeting Climate Action Plan goals

# Recommendations

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- FOE strongly supports city and utility in conducting independent IRP
- On the basis of expected IRP recommendations, encourage city leaders to provide TVA with five year notification
- Immediately seeks alternative supply options in the market—prioritizing low cost renewable energy and storage and efficiency
- Assure that alternate supply drives economic development in the city