

Utility Update

Rail Energy Transportation Advisory Committee

April 26, 2023

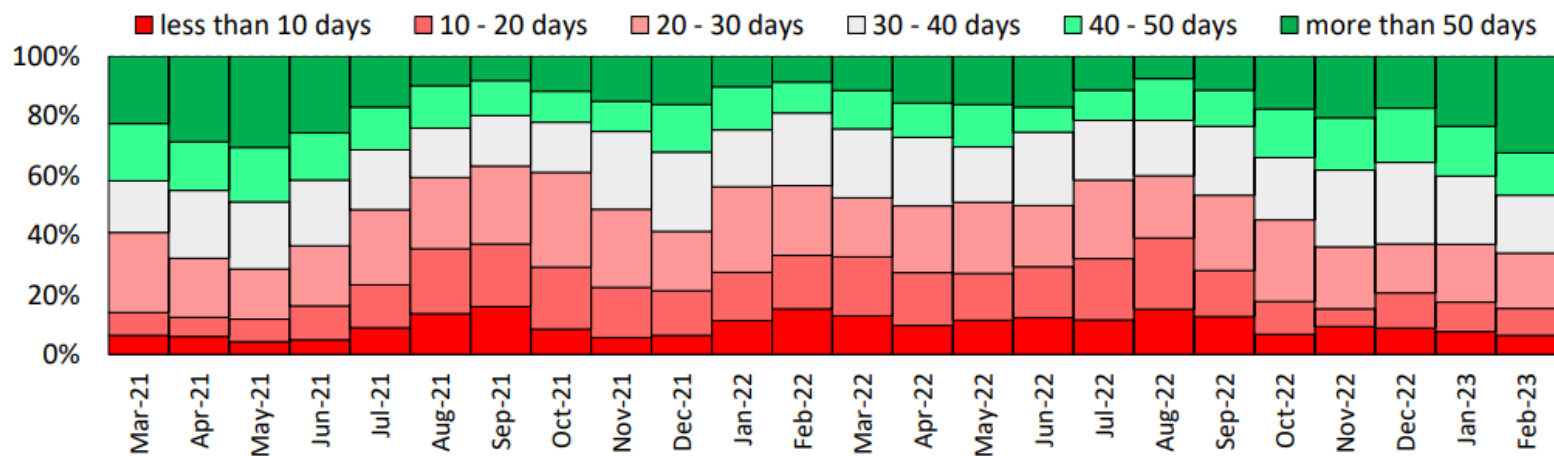
Utility Perspective

- ▶ Inventory Updates / Challenges
- ▶ On Time Performance Survey / Concerns
- ▶ Key Takeaways / Asks

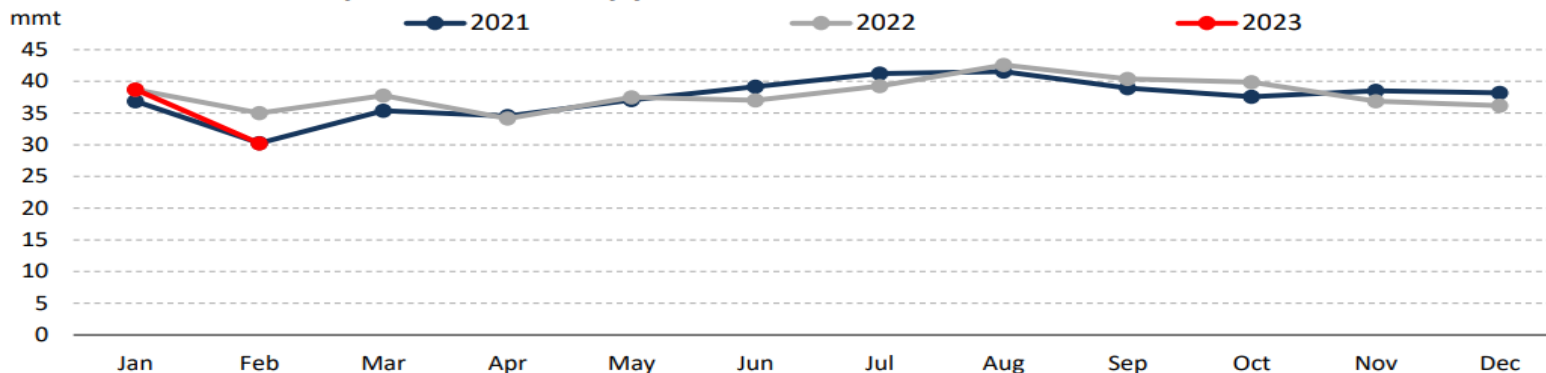
Inventory Challenges

- ▶ The percentage of Utilities with days of inventory of 30 days or less is beginning to improve YTD 2023 due to mild winter weather. Deliveries remain about the same.

Distribution of plants by days of full-load burn - Total utilities



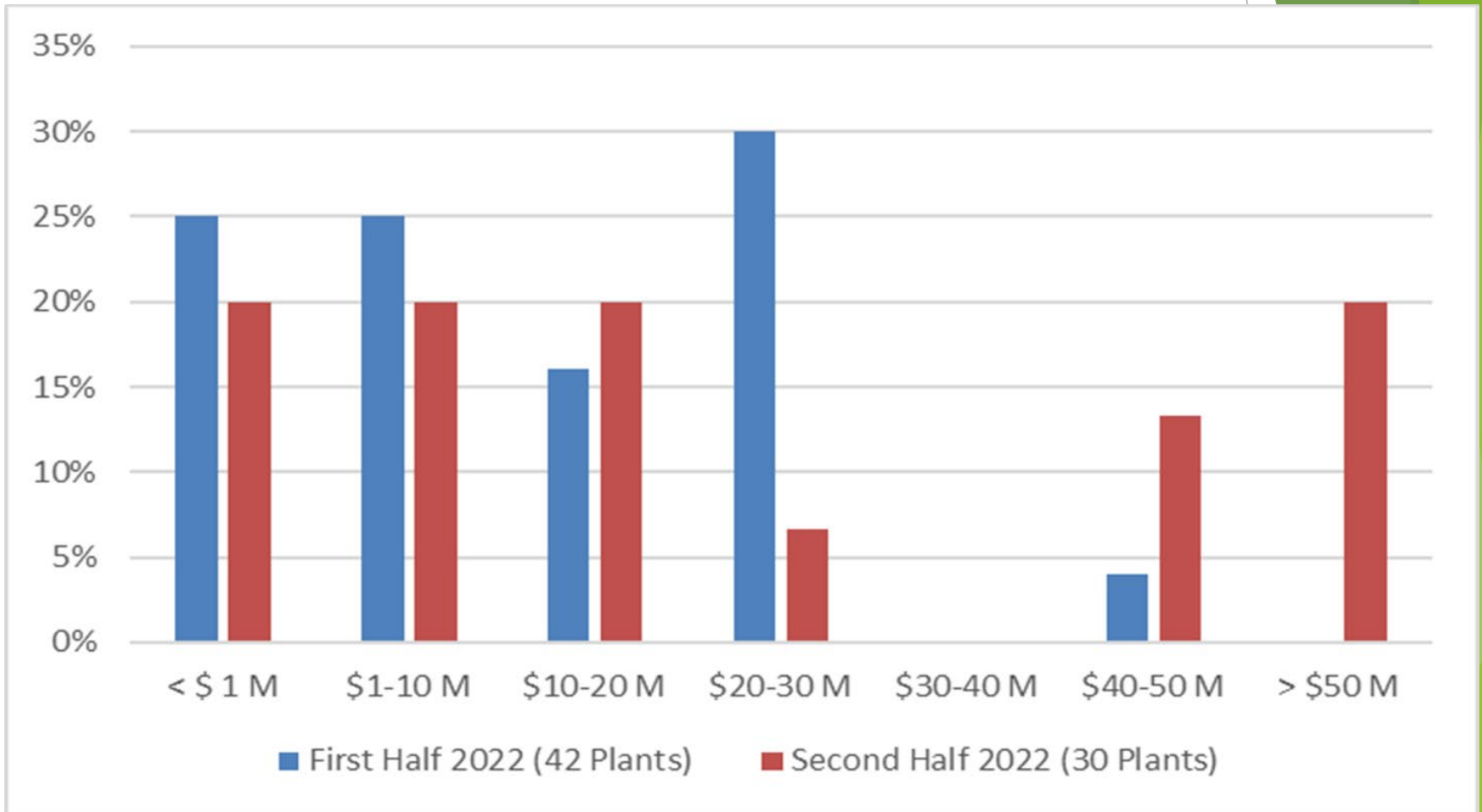
Total utilities - monthly coal deliveries by year



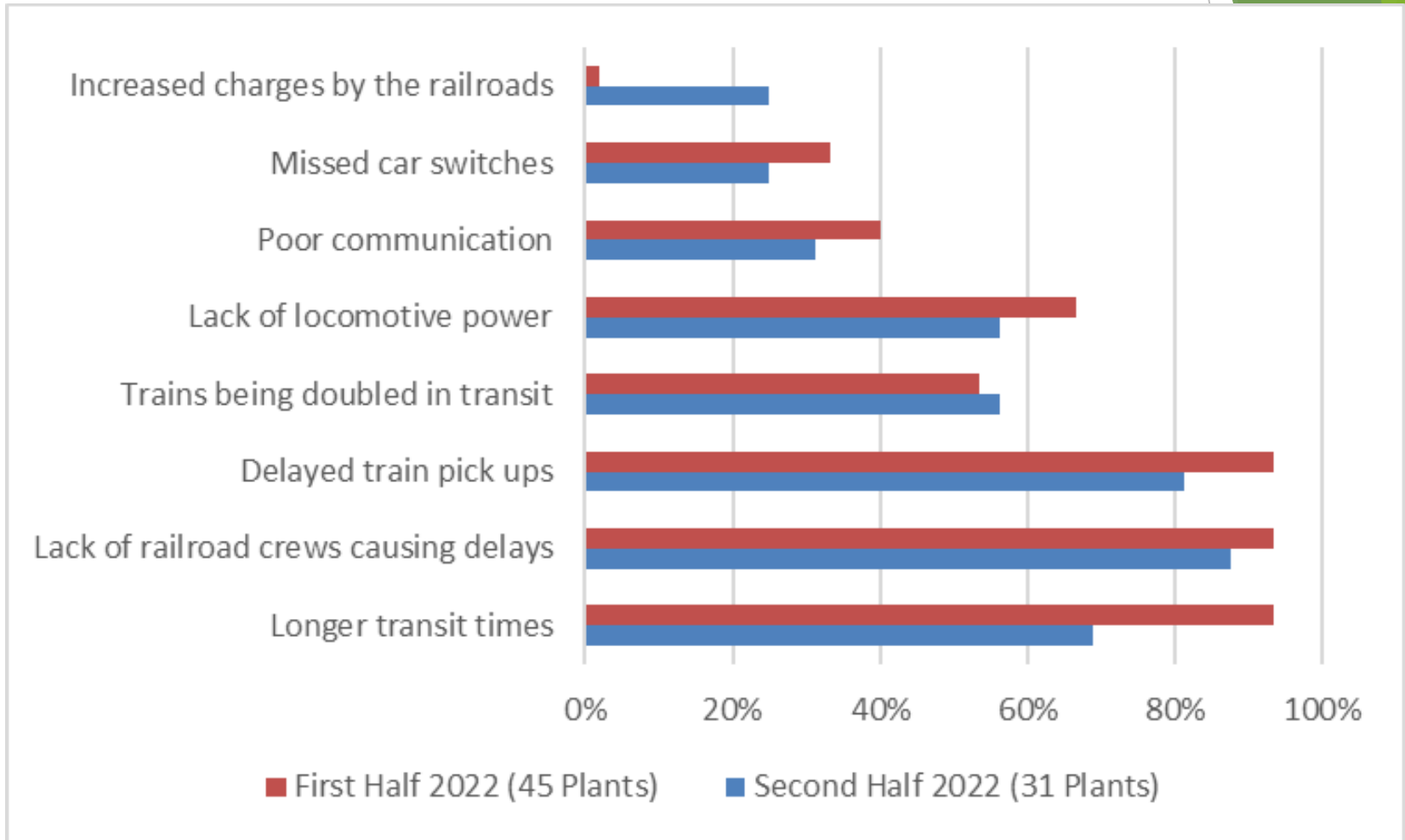
NCTA/FRCA/NRECA On Time Performance Survey July-Dec 2022

- ▶ NCTA/FRCA/NRECA: OTP Survey Data Collected since Aug 2019 to Dec 2022 in 6-month periods
- ▶ 31 Plants Reported Shipper Perspective Railroad Performance Data in latest survey
- ▶ 100% reported their company had to modify operations due to RR service issues in 2022 (was 64% in 2021 survey)
- ▶ 75% reported Rail Service worse than it was in 2021 and/or last 3 years. 19% said it was about the same, 6% said it was improving
- ▶ Over 85% reported coal unit curtailments needed in second half of 2022 due to lack of coal deliveries
- ▶ Railroads Serving Plants Reported:
 - ▶ BNSF, UPRR, NS, Multi-RR, and Short line movements
- ▶ Four Coal Supply Regions - Mine Sources Reported:
 - ▶ SPRB, NPRB, Rockies, ILB,

Railroad Services issues have caused an increase in costs for coal shippers. Yes: 94% No: 6%
Ballpark Estimate in \$ Comparison for 2022



Railroad Service Issues experienced by coal shippers First half and Second half of 2022 compared



Key Takeaways and Asks

- ▶ Utility forecasting for coal deliveries involves great deal of planning
- ▶ Forecasts typically allow for some flexibility in deliveries
- ▶ Utility stockpiles afford some cushion to allow for coal deliveries and burn forecasts/actuals
- ▶ Coal deliveries continuing to trend 20-30% below monthly nominations which is concerning. Resulting in:
 - ▶ Low stockpiles although improving but mostly due to mild weather
 - ▶ Coal conservation and unit curtailment
 - ▶ High operational costs for utilities to replace energy/fuel and production issues
- ▶ Asks:
 - ▶ Better communication from RRs in meeting shipper forecasts and missed permits
 - ▶ Updates on crew availability
 - ▶ More RR accountability and better reporting metrics

Questions / Discussion