

Attached are CUE’s worksheets with a single substantive and irrefutable correction, the inclusion of TOD factors to the project’s revenues. With the correction of this apparent oversight by CUE, it is immediately evident that Genesis is not being overcompensated as a result of the change to dry cooling technology. In fact, Genesis is actually earning less.

CUE acknowledges that a dry cooled project will produce fewer MWh per year than a wet cooled project and is therefore entitled to compensation for this loss. CUE attempts to quantify this loss and the appropriate compensation by calculating lost revenues at \$34MM and an overpayment of either \$43.3MM (if a DOE loan is obtained) or \$16.7MM (if a DOE loan is not obtained) using the base contract pricing.

The fatal flaw in CUE’s analysis is the omission of the impact of PG&E’s Time of Day (“TOD”) multiplies on the base price when calculating revenues. The reduced generation from a similarly sized dry cooled project is disproportionately spread over the year. During the higher priced super peak summer period, the losses from a dry cooled project are much greater than a wet cooled project. In the winter time, the gap between the losses is greatly reduced. Any analysis which takes into account revenue generation must also consider the time of day impact. The dry cooled contract price is \$174.10 regardless of whether a DOE loan is obtained. Similarly, if Genesis were to be wet cooled, the contract price would have been \$162.50 regardless of the DOE loan result. These prices, therefore, are the only relevant contract prices for this analysis.

Simply incorporating the well known and irrefutable TOD factors of 1.228x for wet cooling and 1.194x for dry cooling easily demonstrates that Genesis’ dry-cooled pricing does not fully compensate Genesis for the losses associated with shifting to dry cooling technology. In fact, PG&E and its customers are paying nearly \$3MM LESS each year for project Genesis with dry-cooling. The following table illustrates this analysis:

| <b>Technology</b>         | <b>Contract Pre-TOD<br/>\$/MWh</b> | <b>TOD<br/>Factors</b> | <b>Post TOD<br/>\$/MWh</b> | <b>Contract<br/>Quantities<br/>MWh/Year</b> | <b>Contract<br/>Revenues<br/>\$/Year</b> |
|---------------------------|------------------------------------|------------------------|----------------------------|---|--|
| <b>Wet Cooled</b>         | 162.50                             | 1.228                  | 199.6                      | 560,000                                     | 111,748,000                              |
| <b>Dry Cooled</b>         | 174.10                             | 1.194                  | 207.9                      | 524,000                                     | 108,926,710                              |
| <b>Annual Loss</b>        |                                    |                        |                            |   | <b>(2,821,290)</b>                       |
| <b>NPV Loss @<br/>10%</b> |                                    |                        |                            |   | <b>(25,608,966)</b>                      |

To directly demonstrate the impact of TOD pricing on CUE's flawed analysis, the original CUE worksheets are attached with NextEra corrections to include TOD multipliers. In each case (Tabs 1-3) the cells D34-D35 include the TOD multipliers (we refer to this as corrected TABs 1-3). These cells and the resulting corrected conclusions (as discussed below) after applying TOD multipliers are highlighted in green. No other modifications or changes to the worksheets or the assumptions have been made despite a number of inconsistencies with the facts of the PPA and reaches the following conclusions:

1. With the addition of TOD multipliers, Genesis refutes CUE's claim "...with the actual PPA generation quantities and wet cooling prices, dry cooling reduces the NPV of project revenues by 4.74%. In dollar terms, dry cooling without a price premium reduces NextEra's profitability by \$36.4 million." These conclusions are patently incorrect. The correct results, obtained by applying the known TOD factors, are 7.64% and \$80.5MM. (See corrected Tab 1.)
2. CUE also wrongly asserts that Genesis will be overpaid by an NPV of \$16.7MM (at the \$174.10 pre-TOD dry cooled price). Once again correcting this analysis with the inclusion of known TOD factors and leaving all other assumptions as is, it is clear that Genesis remains underpaid by \$39.4MM relative to the wet cooled case. (See corrected Tab 2.)
3. CUE finally asserts that if Genesis were to be paid the \$179.50/MWh pre-TOD dry cooled price (which Genesis will not be paid even if it obtains a DOE loan) it would be overpaid by \$43.3MM. Again simply correcting for the impact of TOD and even assuming Genesis were paid \$179.50/MWh (which it will not), Genesis would be underpaid by \$7.5MM relative to the same wet cooled case.