



Department Source: City Utilities - Water and Light

To: City Council

From: City Manager & Staff

Council Meeting Date: June 21, 2022

Re: Amending the FY 2022 Annual Budget by appropriating funds for expenses associated with natural gas purchases for the Columbia Energy Center (CEC).

Executive Summary

Staff is recommending an ordinance authorizing an amendment to the City Utilities Electric FY 2022 budget.

Discussion

The nation has been experiencing higher than normal natural gas prices over the past several months, due to market volatility and weather events. This volatility has impacted the energy prices in the Midcontinent Independent System Operator (MISO) market and has impacted natural gas expenses related to Water & Light's four units at the CEC.

The units at the CEC have operated more this spring due to an early heat wave leading to high demand, the Callaway nuclear plant being off-line for refueling and units at Thomas Hill being off line for maintenance. This left mid-Missouri being short of generation and led to MISO scheduling our units. For the first eight months of the fiscal year staff has spent \$2,757,749 to run CEC units. For the same time period over the past two years, \$146,423 and \$189,920 have been spent. The City's natural gas expenses are being offset by revenues received from MISO for operating the units.

The Callaway nuclear plant is back up and running; however, the units at Thomas Hill are expected to be down for approximately 5-6 more months. As the peak summer season approaches, staff does not foresee any relief from the impacts of the natural gas prices or a substantial reduction in MISO scheduling the CEC units.

The FY 2022 current natural gas budget is \$1,250,000 and with the current market volatility and the opportunity for MISO to dispatch our units in the upcoming summer months, staff is requesting an additional \$7,500,000 to be appropriated. This would bring the total natural gas budget for the CEC to \$8,750,000.

Fiscal Impact

Short-Term Impact: \$7,500,000

Long-Term Impact: None



Strategic & Comprehensive Plan Impact

[Strategic Plan Impacts:](#)

Primary Impact: Reliable Infrastructure, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

[Comprehensive Plan Impacts:](#)

Primary Impact: Infrastructure, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
01/18/2022	Ordinance No. 024913 – Amending the FY 2022 Annual Budget by appropriating funds for expenses associated with natural gas purchases for the Columbia Energy Center (CEC)

Suggested Council Action

Approval of the ordinance