

SCHEDULE 2 – AVERAGE INCREMENTAL COST

Estimated Marginal Energy Costs (\$/MWh)						
		2025	2026	2027	2028	2029
Summer	On Peak	42.20	43.97	47.29	48.58	50.18
	Off Peak	25.13	26.83	26.25	28.57	29.86
	All Hours	32.98	34.71	35.93	37.78	39.21
Winter	On Peak	38.73	44.69	47.81	47.81	48.44
	Off Peak	28.94	33.73	37.73	39.35	41.85
	All Hours	33.44	38.77	42.37	43.53	45.97
Annual	On Peak	40.46	44.33	47.55	48.51	50.49
	Off Peak	27.04	30.28	31.99	33.96	35.85
	All Hours	33.21	36.74	39.15	40.65	42.59
Annual # hours on-peak:						

Description of season and on-peak and off-peak periods	
Summer:	April through September
Winter:	October through March
On-peak period:	6 am to 10 pm Monday through Friday except holiday (New Years, Memorial Day, Fourth of July, Labor Day, Thanksgiving Day, Christmas Day)
Off-peak period:	All other hours

Estimated Marginal Energy Costs

The estimated system average incremental energy costs are calculated by seasonal peak and off-peak periods for each of the next five years. For each seasonal period, system incremental energy costs are averaged during system daily peak hours, system daily off-peak hours, and all hours in the season. The energy costs are increased by a factor equal to 50 percent of the line losses.

The energy needs of Princeton Public Utilities are served through its membership in Southern Minnesota Municipal Power Agency (SMMPA). SMMPA, in turn, is a member of the Midcontinent ISO (MISO). As a result, the municipal's incremental energy cost is equivalent to the MISO hourly Locational Marginal Price (LMP). Actual hourly LMP will vary significantly based on several parameters such as weather, energy demand, and generation availability. The table above represents a forecast of the MISO hourly LMP values averaged over each specific time period at the MISO Minnesota Hub.

Capacity Payment for Firm Power (Net annual avoided capacity cost)

A capacity payment will be made for energy delivered by the qualifying facility to the utility with at least a 65 percent on-peak capacity factor in the month. The capacity factor is based upon the qualifying facility's maximum on-peak metered capacity delivered to the utility during the month. The capacity component applies only to deliveries during on-peak hours.

Capacity Payment (\$/kWh)	
2025	
Capacity Value per kWh (on-peak hours)	\$0.002
Capacity Value per kWh (all hours)	\$0.001