



Palumbo, David <dpalumbo@usbr.gov>

RE: NGS Followup--on behalf of DOI

1 message

Dale Probasco <dprobasco@navigant.com>

Thu, Mar 16, 2017 at 7:25 AM

To: Kristin Darr <Kristin@centralcreativeaz.com>, "pforkin@peabodyenergy.com" <pforkin@peabodyenergy.com>

Cc: "Palumbo, David" <dpalumbo@usbr.gov>, "Zablotney, Daniel" <DZablotney@peabodyenergy.com>

Kristin

Sorry for the delay but wanted to get back to you on these items

For exploring potential Non-Fuel cost reductions:

Navigant has a large database of cost and performance information on operating coal plants in North American and other international plants.

This database provides us significant insights into what the level of Non-Fuel Operations and Maintenance (NFOM) costs are for plants similar to NGS.

The database also has operating performance information for these plants in terms of availability, outages (forced and planned) and a cadre of other performance metrics.

Combined these metrics will provide significant insights into how well plants similar to NGS can operate.

Having said that to complete the comparison to NGS we will need to gather similar data form NGS regarding their cost and performance data as well as other general information about NGS. I have attached a list of information we would look to receive regarding NGS. This will help close the loop on these comparisons.

Additionally, Navigant is continuously engaged in his type of benchmarking and plant assessment work and have consultants with deep experience in plant operations.

As you know we are working for Peabody now on this very item. The people actually involved in this effort include myself and Mr. Bob Ruhlman form Navigant. Bob works in my group (Global Generation Services)

By the end of this week we will have gathered the cost and performance data for plants similar to NGS. Once we receive the data regarding NGS it will take us approximately 3 days to complete the initial comparison after which there will likely be some additional questions for clarification to ensure we have an honest and accurate comparison.

For the April 12th meeting we would expect to have available the following cost/performance metrics for comparison

- NFOM (\$/kw and \$/MWh)
- Operations costs (\$/kw and \$/MWh)
- Maintenance costs (\$/kw and \$/MWh)
- Key performance indicators for plant availability, forced and planned outages, plant usage levels (capacity factors)
- Expected staffing levels (Recognize that typically 65 – 70% of NFOM costs are related to staffing levels)

Any assistance in gathering the data requested in the attached document would be very helpful for us in conducting our work. Obviously the sooner we receive that information the better.

Please let me know of any further questions you may have.

I would also be happy to speak real time if that would be helpful

Dale

DALE PROBASCO | Managing Director, Global Generation Services
Energy | Navigant
30 South Wacker Drive | Suite 3100 | Chicago, IL 60606 | USA
612.868.5955 Direct | dprobasco@navigant.com
Assistant: Betsy Condon | Direct: 312.583.6820 | betsy.condon@navigant.com
navigant.com

From: Kristin Darr [mailto:Kristin@centralcreativeaz.com]
Sent: Tuesday, March 14, 2017 8:23 AM
To: Dale Probasco <dprobasco@navigant.com>; pforkin@peabodyenergy.com
Cc: Palumbo, David <dpalumbo@usbr.gov>
Subject: NGS Followup--on behalf of DOI

Good Morning, Mr. Forkin and Mr. Probasco:

I am writing on behalf of DOI as indicated in the March 3, 2017 email from David Palumbo to follow up on the following action item assigned to you at the end of the March 1 meeting:

EXPLORE POTENTIAL NON-FUEL COST REDUCTIONS

Peabody Energy/Navigant (lead) in coordination with SRP, Navajo Nation, and Reclamation.

The Department would like a status update as follows:

• Please indicate the parties that are working together on this item, with individual names and the organizations they represent

• Please indicate your schedule of interactions (e.g., meetings, conference calls, etc.) with this group leading up to the next meeting (scheduled for April 12) and any to-do list that you have developed for this task

• If possible, please provide a high-level overview of the information you plan to present at the April 12 meeting, and which media you are planning to use for your presentation (e.g., PowerPoint, handouts, etc.)

• Please let me know if you would like any assistance from me—the DOI has made me available as facilitator for this process. I can help schedule, facilitate and/or document meetings, develop presentation materials, etc.

Thank you in advance for your assistance. I would like to be able to report back to DOI by Friday, March 17.

Best wishes

Kristin

Kristin Darr | Principal



24 W Camelback Rd. #A-479

Phoenix, AZ 85013

T 602.368.9644

F 602.368.9645

M 602.750.7139

kristin@centralcreativeaz.com

<http://www.centralcreativeaz.com>

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Navajo Station Initial Data Request REV 1.pdf

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