

OUR UNFOLDING ENERGY FUTURE  
THE POWER OF UNSTOPPABLE MOMENTUM



2012 ANNUAL REPORT  
JOINT VENTURE 2  
OHIO MUNICIPAL ELECTRIC GENERATION AGENCY



**Timothy Werdmann**  
*Chairman  
Director of Utility Operations/  
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City of Hamilton*

## LETTER TO PARTICIPANTS

The Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2) project once again proved to be a strong investment in 2012 and continued to benefit the utilities participating in the project. Extreme temperatures and transmission constraints combined during the summer months, and the industry saw higher market prices and volatility.

The OMEGA JV2 units are typically used during the summer months as peaking units to mitigate the cost of power during high-demand hours. Reports have indicated that the summer of 2012 was the third hottest on record. Additionally, the units were used for peak shaving in support of AMP's strategic response to the PJM Reliability Pricing Model (RPM) capacity market. Consequently, JV2's diesel and gas units ran more hours in 2012 than in any year since the units were installed. This effort provided a transmission savings of approximately \$2.25 million for 2013 and an RPM savings of approximately \$1.44 million in 2013.

The three JV2 gas turbines ran an average of 110 hours in 2012 compared to the 10-year average of 55 hours annually. The 34 diesel units ran an average of 37 hours, compared to the 10-year average of 20 hours.

This operational success and associated participant benefit are due to the efforts of AMP staff who maintain the units on behalf of the joint venture. Concerted efforts were made to assure the generation would be available when needed to take advantage of market opportunities. This effort yielded an average availability for the gas units of 97 percent and for the diesel units of 98 percent.

AMP staff also successfully worked on the regulatory side in support of the project. Proposed federal regulatory standards related to National Emissions Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines (RICE NESHAP) would have placed significant limits on the number of hours JV2 diesel units were able to run during the year beginning May 2012. AMP staff and members worked with the regulatory process, filing comments and testifying. Amendments to the final rule released in early 2013 allow the units to run for demand response and certain system support needs.

AMP staff spent a significant amount of time in 2012 working with RICE NESHAP rules. The effort actually dates back to 2010, when rules were finalized impacting JV2 units. Amended rules were released in summer 2012 and January 2013. In 2012, staff performed scope work examining the cost/benefit of compliance.



In summary, I am pleased to report that 2012 was another successful year for OMEGA JV2. The Joint Venture 2 Board of Participants, the AMP Board of Trustees and AMP staff continue to work closely to ensure the project remains beneficial to the 36 participating member communities. Additional information for participants can be found on the AMP Member Extranet site, available through the AMP website, [www.amppartners.org](http://www.amppartners.org).

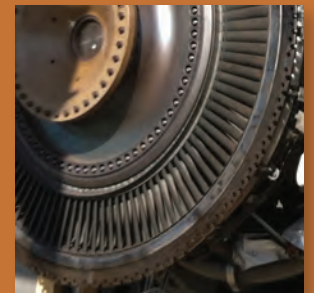
Timothy Werdmann  
*Chairman*

## PROJECT OVERVIEW

Ohio Municipal Electric Generation Agency Joint Venture 2 is a cooperative project composed of 36 American Municipal Power (AMP) member communities. The joint venture owns three gas turbine distributed generation units and 35 diesel units. The project has a total capacity of 138.65 megawatts. AMP manages the project on behalf of participants and can operate the diesel units remotely from its Energy Control Center. The units provide participating communities with capacity and energy.

## OMEGA JV2 FINANCIAL OPERATIONS

OMEGA JV2 participating communities paid \$1.18 per kilowatt (kW) month as a fixed rate for operations and maintenance (O&M) costs. Participants' charges for OMEGA JV2 O&M costs had been fixed at \$1.08/kW month for 2011. The financing participants in the project were charged a rate of \$3.17/kW month for the debt-service component of the project, which remained unchanged from 2011. The variable rate is determined by the cost of fuel and efficiency of the units.





MICHIGAN




PENNSYLVANIA

INDIANA

OHIO

KENTUCKY

WEST VIRGINIA

-  OMEGA JV2 Communities
-  OMEGA JV2 Diesel Generation
-  OMEGA JV2 Gas Turbine





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