



Memphis Has the Power is a campaign to ensure Memphians have affordable, equitable, and clean energy. We are working to achieve energy justice and create a cleaner, more prosperous Memphis. The campaign has worked in the Memphis community for several years, backstopped by the Southern Alliance for Clean Energy (SACE). Our work has lifted up Memphians who struggle with unaffordable energy bills and has helped result in large increases in funding to help Memphians with lower incomes reduce their energy bills through the 2017 re-design of MLGW's Share the Pennies program into an opt-out format. SACE is an appointed member of MLGW's Power Supply Advisory Team, the community advisory team helping shape MLGW's integrated resource plan.

SHOULD MEMPHIS LEAVE TVA?: WEIGHING POTENTIAL COSTS AND BENEFITS

I. SEVERAL EXPERT STUDIES HAVE CONCLUDED MEMPHIS COULD SAVE HUNDREDS OF MILLIONS OF DOLLARS PER YEAR BY SWITCHING TO A NEW ENERGY SUPPLIER

Over the past year, various studies have indicated unanimously across the board that by breaking away from the TVA and moving to an alternative power supply, Memphis could save hundreds of millions of dollars per year.¹ These analyses have been authored by authoritative sources including Brattle Group, ICF, and most recently, Siemens.

II. MEMPHIANS NEED THE SAVINGS THAT AN ALTERNATE SUPPLIER COULD OFFER

Memphians currently have the most unaffordable energy bills of any major city in the nation.² Even though MLGW has low electricity rates, because of factors such as low income, inefficient housing stock, and high energy usage, Memphians pay the highest percentage of their incomes for energy of any major city across the country: 6.2% on average. For context, the average cost of energy to households in major cities nationwide is 3.5% of income. The situation is much worse for many low-income Memphis households, a quarter of which pay upwards of a stunningly high 25.5% of their income for energy. Hundreds of millions of dollars of savings could make a world of difference to countless Memphians.

III. TVA'S ENERGY IS FAR MORE EXPENSIVE THAN ENERGY FROM ALTERNATE SUPPLIERS

The hundreds of millions of dollars of savings that Memphis could realize by switching energy suppliers is due to the fact that other suppliers can deliver power to Memphis at a much lower cost than TVA does. Herman Morris, former MLGW president, recently said in the press that TVA's wholesale power costs about 7.5-8 cents/kWh while a potential alternate supplier, MISO, which serves West Memphis, offers it at 4-4.5 cents/kWh.³

¹ MLGW. "Review of Power Supply Studies"
mlgw.com/images/content/files/pdf/MLGW%20PSAT_Power%20Supply%20Studies_Final_06-06-19.pdf

² Southern Alliance for Clean Energy "Just How Unaffordable is Energy in Memphis?"
cleanenergy.org/blog/just-how-unaffordable-is-energy-in-memphis/

³ RTO Insider. "Memphis Muni Mulls Move to MISO"
rtoinsider.com/memphis-light-gas-and-water-mulls-move-to-miso-158191/

IV. THE SAVINGS FROM LEAVING TVA APPEAR TO FAR OUTWEIGH THE COSTS

There could be costs associated with leaving TVA, but the savings Memphis would receive by buying less expensive power elsewhere would be much larger than the projected costs, according to the expert studies that have been done. One main cost might be the construction of transmission and generation infrastructure, though it is not a given that such infrastructure would be necessary, nor that Memphis would be required to pay for building it. However, if it were determined that Memphis should build its own infrastructure, such infrastructure would be a long-term asset, belonging to Memphis that would serve the county for decades to come. Similar to the difference between renting and buying your house, investing in this new infrastructure would give Memphis more equity in its energy supply and would allow it to pay lower annual costs, spreading the capital cost over 30 years, while building valuable assets. The savings to Memphis over the long term from investing in infrastructure could be in the billions of dollars, and would result in the ownership of tangible assets, like a homeowner who has paid off their mortgage. The hiring of new MLGW staff could be viewed as a cost of leaving TVA, however it is perhaps more accurately seen as an investment in the community and creating new, good-paying jobs for Memphians, paid for in full by the savings offered by a cheaper power supplier. It is becoming more and more apparent that the costs of leaving TVA would be completely outweighed by the savings, meaning lower costs to the city and potentially lower bills for Memphians.

V. THE BEST WAY TO GET REAL NUMBERS ON THE TABLE IS TO ISSUE A REQUEST FOR PROPOSALS (RFP)

In order to bring home these benefits for the community, Memphis community leaders must issue a detailed and comprehensive request for proposals (RFP) at the conclusion of the IRP process to get some real plans on the table for consideration. The RFP should be open to all energy technologies: traditional and renewable generation, transmission and distribution solutions, and demand-side measures like energy efficiency and demand response. To ensure independence and coordinate between entities, the city and utility should jointly hire an independent firm to conduct and evaluate responses to the RFP, optimizing for Memphis' priorities. Responses to such an RFP would allow Memphis to pick and choose resources to create its ideal mix.

VI. AN ALTERNATIVE POWER SUPPLY FOR MEMPHIS WOULD BE RELIABLE

All utilities across the US are subject to reliability requirements, which ensure that power is available to customers when it is needed. If Memphis were to leave TVA, its new energy supplier would be subject to the same reliability standards as TVA, meaning that Memphis would not have a less reliable or a power source than it currently does.

VII. TVA'S PROPOSED CONTRACT WOULD TIE MEMPHIS' HANDS FOR DECADES

MLGW's current 5-year contract with TVA is "evergreen," which means it renews automatically unless MLGW gives TVA 5 years' notice that they plan to leave. Now TVA is trying to increase the term to a 20-year evergreen contract, meaning MLGW would need to give a full two-decades notice before seeking alternate energy in the future. This extreme inflexibility would prevent Memphis from fully taking advantage of the rapid innovation in the energy sector, likely resulting in higher costs, more risks, and heavier environmental impact.