



OG&E announces plan to purchase power plants; customers to see savings, environmental benefit

December 20, 2018

Company strengthens its leadership position in affordability, reliability and emissions reductions

OKLAHOMA CITY, Dec. 20, 2018 /PRNewswire/ -- Oklahoma Gas & Electric, the utility subsidiary of OGE Energy Corp. (NYSE: OGE), announced today that, pending regulatory approval, it will acquire two existing power plants to meet customers' energy needs. The plants will replace capacity currently provided by power purchase contracts set to expire in 2019.

The company announced it will acquire the Shady Point plant near Poteau, Oklahoma, and the Oklahoma Cogeneration plant in Oklahoma City. The Shady Point facility, currently owned by AES Corporation, is a 360MW coal- and natural gas-fired plant utilizing circulating fluidized bed boilers that produce lower emissions due to their design features and emissions controls. The Oklahoma Cogeneration facility, owned by Oklahoma Cogeneration LLC, is a 146MW natural gas-fired combined-cycle plant. The company will pay approximately \$53 million for the two plants, which currently serve OG&E customers.

"In the past five years, we've completed several critical projects that advance our commitment to deliver energy reliably and affordably to customers in an environmentally responsible way. Today's announcement builds on that commitment," said OGE Energy Corp. Chairman, President and CEO Sean Trauschke. "Our diverse energy portfolio of natural gas, wind, solar and coal gives us the versatility to meet a variety of economic and environmental needs. The result is our electric rates are 29 percent below the national average, which is a driver of economic development, and OGE is among industry leaders in emissions reduction performance. Many of our peer companies will not match our level of emissions reduction for years, if not a decade or more."

As the company begins 2019, it said it expects power plant emissions to be significantly lower from 2005 levels; sulfur dioxide emissions will be lower by nearly 90 percent, nitrogen oxide will be lower by nearly 75 percent and carbon dioxide (CO₂) will be lower by approximately 40 percent.

OG&E's lower emissions are largely attributed to the company's actions to meet federal Regional Haze mandates. The steps taken include converting two units from coal to natural gas at the company's Muskogee Power Plant; adding two, emissions-reducing scrubbers to coal-fired units at its Sooner Power Plant; and modifying burners at several of the company's generation plants.

Trauschke added that as the company integrates Shady Point into its fleet, it will change how the plant operates and further lower emissions.

"We expect operational changes to reduce coal use by more than 50 percent initially, and we'll continue to explore opportunities to reduce costs and emissions not only at Shady Point, but also systemwide," Trauschke said.

The acquisitions also will save customers \$40 million to \$50 million per year and will help mitigate the negative economic impact Shady Point's closure would have had in one of the state's more challenged regions, he added. It is estimated that the regional economic impact of the loss of the Shady Point plant would have been about \$60 million per year.

"With these acquisitions, we believe we've created a win-win solution on multiple fronts," Trauschke said. "Our customers save tens of millions of dollars each year, power plant emissions continue to drop, Shady Point helps maintain grid stability as growth continues in that region, and a vital community avoids a crisis."

OG&E will seek preapproval of the acquisitions from regulators in both Oklahoma and Arkansas.

Oklahoma Gas and Electric Company, a subsidiary of OGE Energy Corp. (NYSE: OGE), is Oklahoma's largest electric utility. For more than a century, we have provided customers in Oklahoma and western Arkansas the safe, reliable electricity needed to power their businesses and homes at rates below the national average. Our employees are committed to generating and delivering electricity, protecting the environment and providing excellent service to our 847,000 customers. OG&E has 6,304 MW of electric generation capacity fueled by low-sulfur coal, natural gas, wind and solar. OG&E employees live, work and volunteer in the communities we serve. For more information about OG&E, visit us on the Internet at <http://www.oge.com> or follow us on Facebook: www.facebook.com/ogepower and Twitter: [@OGandE](https://twitter.com/OGandE). Click here to view the [OG&E corporate stewardship report](#).

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