

RESOURCE PLANNING POLICY
BOARD ADOPTED: December 20, 2010

This policy governs PEC's planning for and procurement of resources to meet its requirements for energy services.

POLICY

The Pedernales Electric Cooperative will provide reliable energy services – electricity and other services – using a “least cost” mix of resources to meet the demand for energy on its system. In furtherance of this policy PEC will plan for and select supply and demand resources according to a Board-approved “integrated resource plan” developed every three years.

PEC will develop and implement best practices in integrated resource planning so that the full range of energy resources, including power purchases, energy conservation and efficiency, renewable energy sources, cogeneration and other distributed energy resources are evaluated and procured on a consistent, integrated and competitive basis. PEC shall also seek and consider member input in developing its integrated resource plan.

Integrated Resource Plan

The integrated resource plan will describe the portfolio of energy resources that PEC plans to use in order to meet current and future needs for energy at the lowest reasonable cost to PEC members. To determine the lowest reasonable cost the PEC will consider:

- 1) All direct costs of an energy resource over its available life, including the cost of production, distribution, transportation, utilization, and waste management.
- 2) In addition to direct costs the Cooperative shall consider:
 - a) the effect on the rates and bills of different types of members;
 - b) the uncertainty of costs related to future fuel requirements, regulatory compliance and other risk factors;
 - c) the appropriate mix of cost-effective energy resources including fueled and non-fueled resources such as renewable resources, power purchases, distributed generation, energy efficiency measures and a mixture of short-term and long-term contracts; and
 - d) the cost of compliance with all applicable federal, state and local environmental laws, rules, and orders;

IRP Contents

The integrated resource plan shall consider:

- a) A range of forecasts of future energy demand, including load forecasts, growth projections and economic data analysis;
- b) An assessment of commercially available energy efficiency and demand side management measures and practices, including energy management;
- c) An assessment of currently employed and new policies and programs needed to ensure that the energy resources are developed;

- d) An assessment of a wide range of conventional and commercially available nonconventional distributed generating technologies;
- e) An assessment of distribution and transmission system capability and reliability;
- f) A comparative evaluation of energy supply resources (including transmission and distribution), distributed energy resources, and improvements in efficiency;
- g) Integration of the demand forecasts and resource evaluations into a long-range (e.g., at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the mix of resources that is designated to meet current and projected future needs for energy services at the lowest reasonable cost to Cooperative members;
- h) consideration of pilot projects for implementation and analysis;
- i) proposed requests for proposals demand side or supply side resources, or both; and
- j) input from its wholesale power suppliers.