

POWER PURCHASES/SUPPLY GUIDELINES DOCUMENT
11/13/2012

Goal

To provide Hudson Public Power customers with the lowest rates possible by selecting future power supply resources that minimizes both cost fluctuation risk in the power supply market and the reliance on a single energy resource.

Overview

The City's existing power supply portfolio consists of a number of different types of power supply resources. It is diversified by fuel types, by the type and location of assets, and projects utilizing a mix of technologies. This mix helps reduce the city's exposure to the volatility of power costs.

This Power Supply Guidelines document has been developed to serve as a guide to be used by the City staff and City Council when evaluating and selecting future power supply resources and projects. This Guidance document will be reviewed and revised periodically as needed to reflect both the changes in the power supply industry and the City's future power supply needs. It is further understood that future power resource opportunities will be considered in keeping the electric rates for Hudson Public Power customers as low and as competitive as possible.

Guidelines

Below are general guidelines/tolerances to be used when evaluating and selecting future power supply resources:

1. At least 10% of the City's total energy needs should be supplied from purchases of short-term market energy. **Currently at 22% with remaining requirements contacts**
2. No more than 25% of the City's total capacity needs should be supplied from one single energy resource. **Prairie State is at 23%**
3. No more than 50% of the City's total energy needs should be supplied by one fuel type. **Prairie State represents 42%**
4. No more than 50% of the City's base, intermediate or peaking capacity needs should be supplied from one single resource. **Prairie State currently accounts for 68% of base capacity needs.**
5. No more than 75% of the City's total capacity needs should be supplied from long-term, asset based resources. **Currently at 53%**

Guideline/Tolerance Modification Procedure

To maintain the goal of providing Hudson Public Power customers with the lowest possible rates in an ever changing market/industry, it is anticipated that minor adjustments to the guidelines/tolerances listed above will occur. When this happens, the Public Works Director will submit an updated Power Purchase/Supply Guidance document to Council for their review and approval.