

Resource Diversification Policy

Adopted by Platte River's Board of Directors on December 6, 2018

Purpose

This policy is established to provide guidance for resource planning, portfolio diversification and carbon reduction.

Policy

The board of directors (the board) directs the general manager/CEO to proactively work toward the goal of reaching a 100 percent non-carbon resource mix by 2030, while maintaining Platte River's three pillars of providing reliable, environmentally responsible and financially sustainable electricity and services.

The board recognizes the following advancements must occur in the near term to achieve the 2030 goal and to successfully maintain Platte River's three pillars:

- An organized regional market must exist with Platte River as an active participant
- Battery storage performance must mature and the costs must decline
- Utilization of storage solutions to include thermal, heat, water and end user available storage
- Transmission and distribution infrastructure investment must be increased
- Transmission and distribution delivery systems must be more fully integrated
- Improved distributed generation resource performance
- Technology and capabilities of grid management systems must advance and improve
- Advanced capabilities and use of active end user management systems
- Generation, transmission and distribution rate structures must facilitate systems integration

Resource planning is an ongoing process and Platte River continuously evaluates opportunities to add non-carbon resources. Platte River reviews its generation portfolio annually as part of the budgeting and planning process. This process sets the foundation for developing an integrated resource plan (IRP) submitted to the Western Area Power Administration every five years as required. The resource planning process includes evaluating the progress of energy storage, distributed power sources and new technologies.

As a leader in the utility industry in Colorado for many years, Platte River will continue to move forward to meet the resource needs and wants of the four owner communities. The board recognizes the integration of non-carbon resources and new technologies will shape the future of Platte River's and the four owner communities' energy supply.



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Definitions

Reliable

Platte River will provide wholesale electric power to its owner communities with the highest possible power quality and transmission service availability while providing the lowest amount of energy supply disruptions. Platte River will abide by North America Energy Regulatory Corporation (NERC) regulatory conventions for reserve requirements and reliability standards using a planning reserve margin of 15 percent and a loss of load expectation (LOLE) of 1 day in 10 years. Platte River will continue to exceed NERC reliability standards by consistently providing power delivery and transmission service to our owner communities by meeting our goal of an annual availability factor of 99.97 percent or greater.

Environmentally responsible

Platte River will provide energy products and services to its owner communities while proactively minimizing environmental impacts. Platte River will meet or exceed all federal, state and local environmental regulatory requirements and will continue to work with its owner communities to respect, protect and enhance the ecosystems along the Front Range for future generations.

Financially sustainable

Platte River's strategic financial plan (SFP) is designed to provide long-term financial viability, manage financial risk and support Platte River's mission, vision and values. Financial metrics have been established in consideration of rating agency guidelines. To manage financial assets and risk, staff will continue to implement and maintain prudent business practices in the management of reserves, maintain the enterprise risk management program and comply with financial policies. Rates shall be established to generate adequate cash flows and maintain access to low-cost capital while providing wholesale rate stability. Platte River will continue to establish and offer competitive rates and services to provide value to our four owner communities.