



## BASELOAD GENERATION POSITION

Great River Energy is a not-for-profit electric cooperative that supplies electricity to 28 customer-owned cooperatives across Minnesota and part of Wisconsin. Our company measures its performance based on a triple bottom line: affordable rates, reliable energy service and environmental stewardship.

However, our primary obligation is to provide our member cooperatives and, ultimately, their consumers with reliable, affordable electricity. When member-consumers flip a switch, they expect electricity will be there.

Minnesota has some of the most progressive and aggressive energy policies in the country, including energy conservation goals and a renewable energy standard. The Next Generation Energy Act of 2007, which was intended to diversify Minnesota's energy supply, has proven to have negative consequences. The ban on new coal-based energy, coupled with the standing prohibition on new nuclear power plants, prevents utilities from considering traditional power plants as new resources for providing reliable, affordable electricity. Minnesota electricity consumers would be better served by energy policy that allows any new baseload generation source to be considered and reviewed on its own merits.

Additionally, the ban on importing coal-based energy handcuffs utilities from participating fully in the long-range planning that is required by Minnesota rules. The law prohibits utilities from evaluating and entering into long-term contracts for coal-based power that would provide cooperative members with reliable, affordable baseload electricity.

### **Environmental Performance**

Great River Energy voluntarily sought and maintains ISO 14001 certification for its power plants by developing and implementing an effective environmental management system for each facility. Additionally, Great River Energy developed the patented DryFining™ system that uses waste heat to reduce moisture in and refine lignite coal. DryFined coal reduces mercury, sulfur dioxide and nitrous oxide emissions by up to 40 percent, while also reducing carbon dioxide emissions. Great River Energy uses DryFine coal at its Coal Creek Station facility.

### **Aging Generation Fleet**

Most Midwestern baseload power plants were constructed in the 1970s and 1980s. Although proactive maintenance and new technology have increased their projected lifespans, many plants will be retired in the coming decades. As Minnesota utilities plan for the next generation of baseload plants, all options should be on the table in order to meet Minnesota's growing electricity needs.

### **National and Regional Issue**

Minnesota is at risk of putting its electric customers at a competitive disadvantage by limiting the type of fuels that can be considered for baseload electricity generation. Renewable energy resources, such as wind and solar, are variable. Natural gas is effective for meeting peak demand, but volatile prices limit its effective use as an “always on” baseload fuel. Additionally, there are environmental concerns about the “fracking” technology used to mine new natural gas reserves.

Great River Energy and its 28 member cooperative feel all opportunities should be available for baseload electricity generation.

### **No Active Plans**

Although Great River Energy currently has no active plans for new baseload generation, the organization is currently constructing Spiritwood Station near Jamestown, N.D. The combined heat and power plant is scheduled to go on-line in 2012. Spiritwood Station will use DryFine coal to generate up to 99 megawatts of electricity for the market and supply process steam to a nearby malt plant.

The plant provides other significant benefits to the community. Spiritwood Station created approximately 600 construction jobs and will create 43 operating jobs: 24 direct jobs at the combined heat and power plant and 19 indirect jobs for transportation of the DryFine coal to the plant. Two Minnesota companies, FPD Power Development, Minneapolis, and NewMech Companies, St. Paul, were awarded contracts at Spiritwood Station, totaling nearly \$50 million. They and other construction firms hired Minnesota workers for the project.

Again, Great River Energy believes that prohibiting the evaluation of all fuel types for electricity generation puts Minnesota utilities at a severe competitive disadvantage. That disadvantage will harm the state’s competitiveness and long-term growth potential.