

NEWS

January 2009

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Official publication of



www.mcleodcoop.com

Big MAC Youth Leadership Conference

Minnesota Association of Cooperatives is sponsoring a dynamic two-day educational program for high school students in grades 10-12. This conference is scheduled for March 16-17 in Roseville, Minnesota. The program provides an opportunity for youth to learn about the

purpose, operation and value of cooperative business. Interested students may contact Katie at 1-800-494-6272 to sign up. The Cooperative will pay the attendance fees for the first two students who sign up to attend. Deadline for sign-up is January 28 so do not delay in calling.

LED holiday light string harvest



About 557 strings of old Christmas lights were turned in by members when they bought their new LED holiday light strings. The lights filled two pickups; this pickup truck bed and a second truck also.

Cooperative members purchased 557 strings of LED (light emitting diode) holiday lights and traded in that same number of old inefficient strings during November and December. The Cooperative offered a \$5 rebate per string for this LED project.

MCPA members not only decorated their homes, farms and churches with more efficient (energy saving) holiday lighting; they also pocketed over \$2,785 in rebates for their purchases.

"It was exciting to see the awareness of LED lighting technology take off," said Customer Service Manager Sue Pawelk. "Members upgraded to the high efficiency holiday lights and the Co-op harvested over 550 strings of old bulbs in exchange." We appreciate the ACE Hardware stores in Glencoe and Hutchinson working with us on this project.

Expect electric bills to be higher than last month

Members should expect higher electric bills this month. Last month most members received capital credit payments applied to their electric bills, reducing the total amount due by most patrons. In January, electric bills will be back to normal winter use, with no extra credits applied. Plus, December of 2008 was much colder than average, with several nights below zero. This increases electric use at most member's homes and farms. Please call the office if you have any questions.

Getting local channels via DIRECTV is an alternative to digital converter boxes

In February 2009, anyone who receives their local TV channels over an off-air antenna (roof-top antenna or rabbit ears) will no longer be able to receive broadcasts without adding

a digital converter box to each television or buying a new TV with a digital tuner.

The other option you have is to subscribe to DIRECTV satellite television service (which is already digital service). If you subscribe to the local channels from DIRECTV you will receive crystal clear delivery of all the local affiliate channels for this area. This includes channels 2, 4, 5, 9, 11, 17, 22, 23, 29, 41, and 45. These channels are included in all DIRECTV programming packages for new subscribers. Customers with existing packages may pay \$3-\$6 per month, depending upon the package they currently subscribe to, to get the locals.

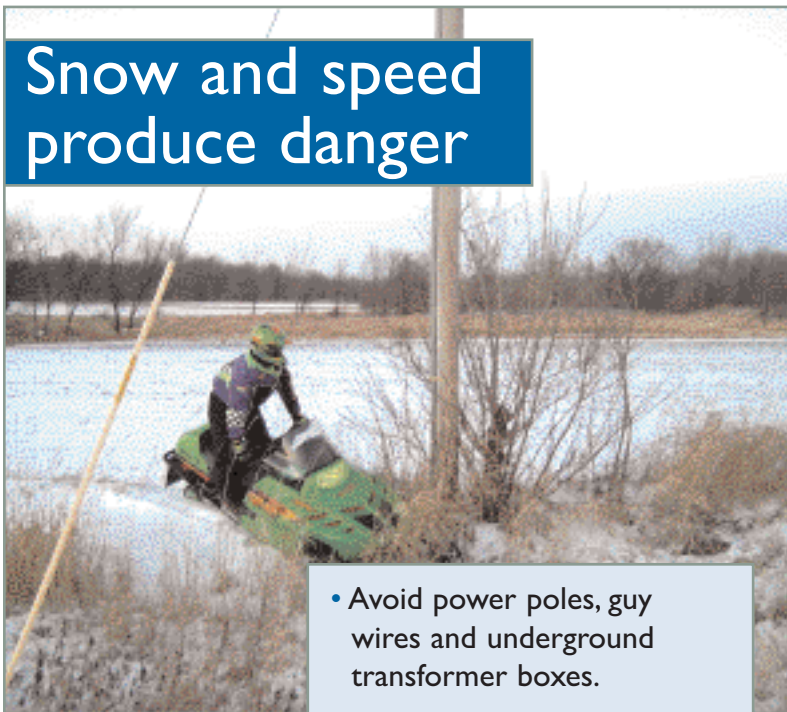
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Annual Meeting will be in Hutchinson this year

Mark you calendars.

This year's Annual Meeting is scheduled for **Wednesday, April 15, 2009** at the **Hutchinson Event Center**.

Business meeting is set for 10 a.m. with lunch to follow. Plan to attend this year's event.



Snow and speed produce danger

Be aware of power lines and transformers when snowmobiling

- Avoid power poles, guy wires and underground transformer boxes.
- Use caution in ditches — heavy snowfalls can bury transformer boxes and cabinets.
- Guy lines can seem invisible when going fast on a snowmobile.
- If you see a downed power lines, always assume the line is energized, even if it is lying on the ground. Stay away and call 9-1-1 immediately.

Estimating appliance and home electronic energy use

If you're trying to decide whether to invest in a more energy-efficient appliance or you'd like to determine your electricity loads, use the formula below to estimate an appliance's energy use:

ESTIMATING ENERGY USE

Step 1: wattage x hours used per day ÷ 1000 = kWh consumption

Step 2: kWh consumption x current electric rate = daily energy cost

Step 3: daily energy cost x number of days used each year = annual energy cost

Refrigerator

(frost-free, 16 cubic ft):.....725 watts

Televisions:

27"113 watts

36"133 watts

53" - 61" Projection170 watts

Flat screen120 watts

Clothes washer350-500 watts

Clothes dryer1800-5000 watts

Dishwasher1200-2400 watts
(heat drying feature increases energy use)

Hair dryer.....1200-1875 watts

Microwave oven750-1100 watts

Personal computer:

CPU - awake / asleep
120 / 30 or less

Monitor - awake / asleep
150 / 30 or less

Laptop
50 watts

You can usually find the wattage of most appliances stamped on the bottom or back of the appliance, or on its nameplate. The wattage listed is the maximum power drawn by the appliance. Since many appliances have a range of settings (hairdryers), the actual amount of power consumed depends on the setting used at any one time. Listed to the right are some examples of the range of nameplate wattages for various standard household appliances. Additional information can be found at www.energystar.gov.



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MCLEOD COOPERATIVE POWER ASSOCIATION NEWS

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Gopher State One Call 1-800-252-1166

Nominations by petition for director candidacy to be submitted by March 19

Cooperative members residing in Districts 4, 5, or 6 may petition to have their name added to the slate of candidates for the 2009 director election in their district. To have another name, in addition to the two candidate names selected by the nominating committee, on the ballot, you may file a nomination by petition.

The petition must be signed by 20 or more McLeod Cooperative Power Association electric members residing in your district and it must be submitted to the cooperative secretary not less than 25 days prior to the Annual Meeting. The last day that a petition can be submitted is March 19, 2009.

The cooperative secretary shall post at the Cooperative office the names of additional nominations and also persons selected by the nominating committee.

District 4 includes: Boon Lake, Preston Lake, Brookfield, Hector, Osceola, and a portion of Kingman Township, all in Renville County, and a portion of East Lake Lillian Township in Kandiyohi County, served by McLeod Co-op Power.

District 5 includes: Lynn, Collins, and Round Grove Townships in McLeod County.

District 6 includes: New Auburn, Green Isle, Arlington, Dryden and Transit Townships in Sibley County.

Why electric bills go up in the winter

Even if you don't use electric heat, you may notice that your electric bills are higher during the cold winter months. Below are several factors that can contribute to those higher bills as well as some ideas to lower your energy costs:

- Warm baths feel great on cold days, but extra water heating will increase your electric bill — if you have an electric water heater. To reduce your water heating bill, consider converting your electric water heater to a more efficient off-peak or storage water heater.
- Winter brings holidays, which often means additional cooking and baking — and, of course, those bright holiday lights.
- Shorter days and longer nights mean lights stay on longer both inside and out.
- Most heating systems use electricity for some functions, such as

operating the fan, and many run almost continuously when it's very cold.

- You may be using space heaters in garages, basements or other unheated spaces.
- Electric blankets and heating pads feel cozy on cold nights but will add to your electric bill.
- Engine block heaters on your cars or equipment, or heating wraps on exposed plumbing will increase the amount of energy you use.
- Most families use the clothes dryer more often in winter.

Even if your bills are higher during winter, electricity remains one of the best values around. However, it's important to know what behaviors are having a significant impact on your energy usage, so there are no surprises when you get your bill.

Director candidate applications due by January 22

Any member from Districts 4, 5, or 6 that would like to submit their name as a director candidate to the nominating committee, should submit a completed director application form to the Cooperative by January 22, 2007. Director application forms were published in the November and December newsletters and are also available upon request.

Pop quiz! How much do you know about the value of electricity?



Aaahhh — this is refreshing. Electricity prices have remained much more stable in the last 20 years than the prices of other fuels such as gasoline, diesel fuel, natural gas and propane.

Open your refrigerator, crack open an ice cold can of pop and enjoy ... complements of the power of electricity.

Electricity adds so many comforts to our homes that it is easy to forget them all. Test your knowledge about the value of electricity.

1. **True or False?** For about the same cost as one can of pop, you can buy the electricity you need to run your refrigerator for a whole day.
2. **True or False?** The average Minnesota household can light their home for an entire month for less than the cost of changing the oil in their car.
3. **True or False?** Over summer, the average Minnesota household spends as much on electricity just for air conditioning as they do for all electricity use for the other nine months of the year combined.
4. **True or False?** It costs less than 10 cents worth of electricity to cook a meal.
5. **True or False?** For the cost of one movie ticket, you can pay for the electricity it takes to cool the food in your refrigerator for an entire month.

See answers below.

1. True. For about 25 cents (the cost of one can of pop from a 12-pack assuming $\$3/12=\0.25), you can buy enough electricity to cool your food and beverages in the refrigerator for an entire day. With a high-efficiency refrigerator, it costs even less.

2. True. Lighting typically makes up 10 to 20 percent of the average household's electricity bill, or between \$10 and \$20 each month.

Replacing incandescent bulbs with compact fluorescent bulbs will cut your electricity use by 75 percent per bulb.

3. False. A typical residential customer uses about 1,100 kWh per year for air conditioning. At 10 cents per kWh that equals \$110 per year, which is actually less than 10 percent of the average annual electricity cost.

4. True. For about 10 cents, you can run two small (1,500 W) burners on an electric stove top for 20 minutes.

5. True. It takes \$5 to \$7 worth of electricity per month to operate a current ENERGY STAR refrigerator. Visit www.energystar.gov for more energy-saving tips.

Remodeling leads to better heating system for this Watkins couple

Storage heat costs the Linz couple less, even after adding 900 square feet to their home

When Bob and Linda Linz made the decision to leave their metro home in the Twin Cities and move back to the country, a family member informed the couple that the home owned by Linda's great aunt and uncle was for sale.

The family home sat on 140 acres near Watkins and was too good to pass up.

"As kids we used to visit that home and play with their eight children," Linda said. "I never dreamed that someday we would live there."

The older home needed updating, and for awhile, Bob and Linda discussed whether they should tear it down and start over or try to take what was there and remodel it to better fit their needs.

"It was a tough decision that took us several years to settle, but when we started looking into the pricing, it would have taken quite a bit to replace what was there, so we remodeled instead."

As part of the remodel, the house was jacked up and a 900-square-foot finished basement was added.

At the time the couple remodeled in

2001, the house had electric baseboard heat.

"The remodel gave us the opportunity to make a heating and air conditioning change," Bob said. The couple called Meeker Cooperative to get some energy management retrofit options for efficient, low-cost heat.

"Bob and Linda wanted to stay all-electric and add a central air conditioning system," said Darrell Ward, cooperative services and marketing manager.

Ward suggested a combination system that included an air source heat pump and a Steffes central storage furnace.

The heat pump provides air conditioning that's up to 300 percent efficient in the summer, Ward explained. In the winter, it also heats the home at about 180 percent efficiency until about 20-30 degrees. At that point, the Steffes furnace damper opens up and dumps heat into the plenum to keep the temperature constant and comfortable.

The Steffes central storage furnace is composed of high-density ceramic bricks that are heat by electric coils during off-peak hours, when



electricity costs less. The bricks can hold a lot of heat, which is available 24/7, whenever it's needed.

"The forced air system with an electric storage heat furnace and air source heat pump has provided us with a heating system that evenly heats our home and allows us to participate in the off-peak program, said Bob. "That has resulted in less cost to heat our home, even though we added 900 additional square feet to our home's heated living space."

The couple also replaced windows and

doors, which added to the home's energy efficiency.

In 2000, the Linz home consumed 15,000 kilowatt hours (kWh) of electricity at a comparable cost of \$1,444. The year following the remodel, they used 21,800 kWh of electricity at a cost of \$981. The reduction in cost was due in large part to Meeker Cooperative's low energy management or "off-peak" electric rate, which is nearly half of the general service rate. Had the couple done the remodel and not qualified for the off-peak rate, their electric bill in 2002 would have been \$2,099.

"Our system has worked well for us these past seven years," said Bob. It has definitely reduced our heating costs and is a viable option for homeowners."

"We've shown our friends and family the system and the one thing that everyone notices is how warm the [storage heat] unit is, since it continues to give off residual heat all day long," said Linda.

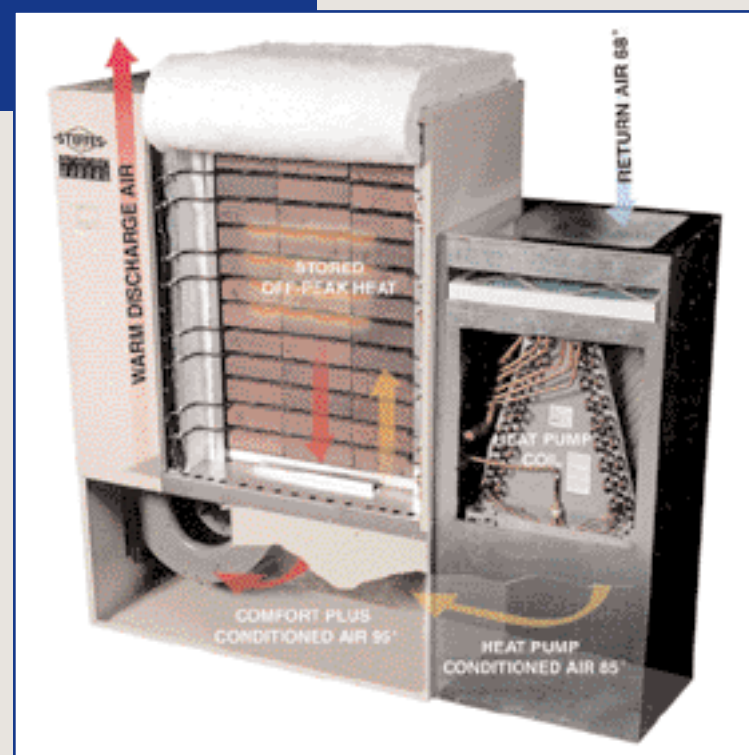
"If we had it to do over again, we would definitely put in this type of system again."

Want clean, safe, comfortable and reliable heat? Look at ETS

Electric Thermal Storage (ETS) is the technology of storing low cost electricity in the form of heat during the night, for use 24 hours a day. ETS equipment stores heat within high-density ceramic bricks during off-peak hours. Off-peak hours are those times when your Cooperative can supply electricity most economically. By utilizing ETS with off-peak hours, your Cooperative offers a low off-peak electric rate to help keep your heating costs down.

ETS is perfect for just about any application including:

- New construction (forced air, hydronic or unit heaters)
- Retrofit for existing heating system
- Replacement or supplement for electric baseboard, boilers, furnaces, etc.
- Building expansion or additions
- Back-up or comfort modulation for heat pump systems
- Woodstove replacement
- Churches, schools, hospitals, courthouses, etc.
- Manufactured homes
- Apartments or condominiums
- Offices
- Natural gas, propane, or fuel oil system replacement
- Anywhere you desire clean, comfortable, safe and reliable heat



This heat pump and storage heat furnace option is gaining in popularity; it provides consistent heat 24/7 at the low energy management (off-peak) electric rate. Unlike dual fuel systems, there are no control periods or back-up heating system needed.



Gov. Tim Pawlenty recently announced the Stay Warm Minnesota campaign that features a new Web site for information and resources to help Minnesota families get through another cold winter.

The website: www.staywarm.mn.gov is a collaborative effort between state government

agencies, the state's major utilities, and several nonprofit organizations in the energy and social service fields.

The Stay Warm Web site includes information regarding:

- Energy efficiency and conservation
- Heating assistance programs
- Winter safety tips
- Links to local, state and national energy sites
- Tips for saving energy and money

There is a collection of energy tips on a variety of topics that will help homeowners and renters use energy wisely and efficiently. For families who meet certain income requirements, the web site is a one-stop shop for energy assistance programs from many different government and non-government sources.



State law requires a carbon monoxide detector near every bedroom of your home

Each year, more than 200 Americans die and several thousand individuals are treated in emergency rooms for CO poisoning. The risk of CO poisoning increases during the winter, as more people run furnaces and space heaters and use fireplaces.

Remember—Minnesota law requires CO detectors within 10 feet of every sleeping room in all existing single-family homes.

If you haven't installed a detector yet, please don't wait. Lives may depend on it.

For more info, go to: www.dps.state.mn.us/fmarshal/PublicEducation or call the State Fire Marshal's office at 651-201-7200.

INDUSTRY

News

Northern "cabins" create greater electricity demand

Electricity demand is growing as north woods cabins morph into year-round homes. Minnesotans' love of the cool north country is creating hot spots for electric utilities that are scrambling to keep up with the growing demand. New construction in the state's popular lakes areas has slowed over the past couple of years, but work on cabins -- building, expanding and winterizing -- is still going strong, the utilities said. One piece of evidence is the maps that indicate peak winter loads for Great River Energy: One covering the past five years lights up with red and yellow stretches -- indicating growth as much as 10 times the typical rate -- near Brainerd, Grand Rapids, Park Rapids, Bigfork and Grand Marais. In 2006, the power company had reached the peak winter load it had projected for 2026, according to David Kempf, transmission planning engineer at the Maple Grove-based energy provider for 28 local cooperatives that cover much of Minnesota.

Driving the increases in electricity demand are the much-noted northward migration of retirees and the modernizing of other family retreats for year-round residency. What used to be rugged cabins with one light bulb, maybe a small TV and a tradition of jumping in the lake to cool off have been transformed into big homes with plasma TVs and air conditioning, Kempf said. He also attributed the jump to the growing use of electric heat.

These developments have led Great River Energy to concentrate half its power line projects for the next three years in the territory north of the Twin Cities.

~Star Tribune

Buckthorn; An invader becomes energy

At Belwin Conservancy, common buckthorn and other invasive, woody shrubs have been a problem for decades, cluttering natural areas and woods throughout its 1,300-acre preserve in Afton. But a section of it is being stripped of those pesky plants. And they're not just being thrown into a pile and burned or used as compost. Workers and machines are cutting the shrubs out of a 40-acre parcel and stacking them into big piles. Then, District Energy St. Paul will grind them up and haul the chips to its biomass-to-energy plant downtown, where they'll be used to light and heat buildings.

Funded through a state Department of Natural Resources grant, the pilot project is one of more than a dozen within 75 miles of St. Paul aimed at clearing areas of unwanted shrubs such as buckthorn and providing a useful fuel. When the grant money runs out next summer, planners hope cities, counties and other large landowners will find ways to keep the approach going.

~Pioneer Press

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Power Line Worker Scholarships Offered

Students accepted into one of Minnesota's three power line technology programs for the 2009-10 school term, may apply for a \$500 scholarship. The Cooperative will award up to four \$500 scholarships for local students.

If you are graduating from a high school in McLeod, Renville, Sibley or Carver County, or are a resident of one of those four counties and have been accepted into the line worker program at Minnesota West in Jackson, Minnesota State in Wadena, or Rosemount Technical College in Rosemount, you are eligible to apply. Applications and informative career brochures are available by calling the Cooperative at 1-800-494-6272. Applications must be completed and returned by April 15, 2009.



Experience Washington D.C.

Time for high school juniors and seniors to apply

High school juniors and seniors have until March 6, 2009, to apply for the Cooperative's Washington Youth Tour competition. One local youth will win an all-expense paid trip to Washington D.C. June 13-18, 2009, from the cooperative.

For over 40 years, electric cooperatives have sponsored the annual Rural Electric Youth Tour by sending their high school students to experience

first-hand, the essence that is our republic. An information packet is available upon request to any high school junior or senior. Just call the Co-op at 1-800-494-6272. You will have until March 6, 2009, to submit your application. Students complete a questionnaire and application to qualify. Please encourage your child or grandchild to apply. They need only attend a high school in or reside in McLeod, Renville, Sibley or western Carver County.

MISO:

What it is and how it affects you



As though understanding the electric industry wasn't complex enough, now there is another layer to consider — groups like Midwest Independent Transmission System Operator (MISO). MISO, a nonprofit organization, oversees the regional wholesale electric market and the development of the electric system or "grid" across 15 Midwestern states and Manitoba. (See map.) MISO manages the system in a way no individual utility can, and all members benefit in terms of reliability and lower costs.

How do you benefit?

When wholesalers benefit, the utilities who buy their electricity also benefit — who in turn, pass those benefits onto customers like you.

Great River Energy, McLeod Cooperative Power's wholesale electric supplier, is a member of MISO, as are almost all other wholesalers in the region. Great River Energy joined in part because its transmission system is highly integrated with that of other utilities in the region. "The electric system is completely interconnected," said Jon Olson, manager of market services for Great River Energy. "Bringing electricity to customers is not as simple as building a power plant and then a power line in between to connect the two."

For instance, power lines operated by Great River Energy may feed into a substation operated by another utility, which may feed a power line operated by a third utility, and so forth. All of the overlap — and the very nature of electricity — make individual utilities dependent on each other in order to keep the lights on, at a reasonable price. Unlike other fuels, electricity currently cannot be stored economically, so precisely the right amount of electricity must be generated and used at

all times in order to keep the lights on. That is why having an objective party who can view all of the individual pieces of the system at once is so important.

With its view of the entire interconnected regional electric grid, MISO is able to increase the reliability and efficiency of the system by working with utilities and others to provide information about the best location for new power plants, wind farms and high voltage power lines. MISO also determines which power plants in the region run, and when. Olson described how MISO brings the region's buyers and sellers to one place, helping everyone get the best price for their customers. "Before MISO, we might have made 20 phone calls before we found power to buy when we needed to purchase more electricity for our members," said Olson. "And we still didn't have a way of knowing if we had gotten the best buy or not."

Essentially, all MISO members are both buyers and sellers of electricity in the MISO market. Great River Energy's peaking plants have been called on often to sell electricity into the market when more power was needed. In the past, this has brought in a lot of money for Great River Energy and its member cooperatives. That changed this summer when MISO did not need that service as much due to moderate temperatures and the addition of new power plants and power lines in the system.

"Everyone in MISO is better off for participating," said Olson. "You don't come out ahead in every instance, but on balance, everyone benefits. Our 28 member co-ops benefit and then so do their members." For more information, visit midwestiso.org.

Utilities work to harness wind's power

Wind power capacity in the United States has grown from approximately 2,000 megawatts (MW) in 1998 to nearly 25,000 MW today. With government-mandated renewable energy standards and carbon legislation on the horizon, the long-term growth of wind energy shows few signs of slowing.

According to Jon Brekke, vice president of member services for Great River Energy, McLeod Cooperative Power's wholesale energy provider, even though the amount of wind energy generated today is still a small fraction of what is expected to be added in the years to come, utilities are already beginning to see wind's effects on their business. On average, wind generates more electricity during the spring and fall months when electric demand is lower, and between the hours of 11 p.m. and 7 a.m. when most people are asleep.

Because wind's highest energy output most often coincides with off-peak hours and low electric demand, the value of wind energy tends to be significantly reduced. Yet, utilities generally face the same costs for generating wind energy at all times of the day.

According to Brekke, it's important to find smart ways to make the most of wind's unique characteristics. To take advantage of low-cost energy when wind is plentiful, Great River Energy is exploring new generation options and member programs that will shift load from the traditional peak times — morning and early evening — to the overnight hours. We will be encouraging members to use more energy during the middle of the night with higher rebates for storage space heating and storage

water heating. Although they are not well known, the Co-op already offers programs for charging golf carts and electric cars overnight at off-peak rates and heating swimming pools during nighttime hours.



Our power supplier is looking at other creative solutions. One such possibility is called "pumped hydro," which uses inexpensive, off-peak energy to pump water from a lower water reservoir to an upper reservoir. Then, when market prices rise, the water will be allowed to flow back to the lower reservoir while driving a turbine to create emission-free, on-peak energy. A similar option would use off-peak energy to compress air underground, which would then be released to drive a turbine when energy prices are higher in the daytime. Energy storage using large batteries would be a

third option. Challenges with all of these options are that they are expensive to build and lose some energy in the process of operating.

"There are also opportunities for customers to help Great River Energy "store" the wind-generated energy," according to Gary Connett, Great River Energy's director of member services and demand side management. By installing off-peak water heaters and off-peak space heaters, members can store low-cost energy with a distributed storage strategy. In the coming years, plug-in hybrid electric vehicles may also provide another opportunity to use low-cost off-peak electricity. "There is no single clear answer for utilities should best incorporate wind energy into a generation portfolio," said Brekke. "However, the rise of wind generation has created challenges and opportunities that will significantly change our business."

Fill Your Fridge Sweepstakes winner announced

McLeod Co-op Power member **David Larson of Hector** won a \$100 gift certificate to fill his fridge from our conservation promotion.

In the November issue of McLeod Cooperative Power NEWS, members had a chance to go to www.mnbrighterideas.com, take a short quiz on energy efficient appliances, and be registered to win up to \$500 in groceries. There was to be one grand prize winner and up to one \$100 prize winners from each of Great River Energy's 28 member cooperatives. Although Jane Swanson of Cambridge was the grand prize winner of the \$500 in groceries, David Larson was the \$100 winner from our Cooperative.

Bigger rebates to be offered for some programs in 2009

Getting customers to conserve more energy is an important part of Minnesota's mandated legislation requiring all utilities to reduce how many kilowatts they sell. One way to help us meet this requirement, is to help our members install the most efficient heating and cooling systems available. Increased rebates for high efficiency ground source and air source heat pumps will be offered in 2009 to encourage members to choose the optimum efficiency in heating and cooling. Higher rebates will also be offered for members

installing storage space heating which uses low-cost nighttime energy and storage water heating using the high efficiency Marathon water heater.



Rebates for high efficiency heat pumps and air conditioners will continue to require installation by a "registered contractor" which has been designated as a quality installer and is listed on the www.hvacreducation.net web site.

A list of all "registered contractors" in Minnesota is on our Cooperative web site at www.mcleodcoop.com

2009 Rebates	
Ground Source Heat Pump (controlled or uncontrolled)	
Residential	\$400/ton
Commercial	\$200/ton
Air Source Heat Pump	
13 SEER.....	\$330
14 SEER.....	\$480
15 SEER.....	\$580
16 SEER or higher	\$630
Ductless Air Source Heat Pump	
\$300	
Central Air Conditioner	
13 SEER	\$30
14 SEER.....	\$180
15 SEER	\$280
16 SEER or higher	\$330
Storage Space Heating	
\$40/kW	
Storage Water Heating with high efficiency water heater*	
\$200	
*(Marathon or equivalent energy rated heater)	
ENERGY STAR Room Air Conditioners	
\$35	
ENERGY STAR Refrigerator with recycling of old unit	
\$75	
ENERGY STAR Refrigerator or freezer	
\$50	
ENERGY STAR Clothes Washer	
\$25	
ENERGY STAR Dehumidifier	
\$25	
ENERGY STAR Dishwasher	
\$25	



**Operation Round Up
donation applications
are being accepted
until March 1**

Community and civic groups, emergency responders and other non-profit organizations are welcome to apply to McLeod Cooperative Power's Operation Round Up Trust for donation assistance. The trust is able to donate funds to worthy local projects in McLeod, Renville, Sibley or McLeod Counties. Funding is from the generosity of electric cooperative members who round up their electric bills. Application forms are available by calling the Cooperative at 1-800-494-6272 ext. 502. Applications for funding must be completed and returned to the Cooperative by March 1, 2009.

Peak Shave water heaters being controlled in January



On Monday through Friday evenings in January, Great River Energy is controlling peak shave water heaters from 5-10 p.m. to avoid seasonal high wholesale energy prices.

Please call our office if this poses a great inconvenience to your family and we can work with you on alternative program options. Dual Fuel heating may be controlled if we have unusually cold temperatures or high demand for energy. The hours of control for Dual Fuel will vary with need.

No Worries, Just Hot Water.



**This Hot Water Moment
Brought to You by:**

Marathon
WATER HEATERS

REGIONAL CLIMATE POLICY COULD DAMAGE MINNESOTA'S ECONOMY

Study shows spikes in energy prices for industries and homeowners, job losses and overall declines in the statewide economy

An economic study released in December shows a regional cap-and-trade policy would severely handicap Minnesota's economy, causing sharp increases in energy prices and reducing net employment in Minnesota by 21,000 jobs by 2015. The report, titled "Economic Analysis of the Impact of a Midwest Regional Climate Policy on Minnesota," was written by CRA International (CRA) and commissioned by Partners for Affordable Energy (PAE) along with several Minnesota trade associations and utilities interested in policies that support affordable and reliable energy.

"Minnesota has adopted very aggressive goals for reducing emissions in this state and there are a number of avenues we can take to achieve those goals," said Christina Pierson, executive director of PAE. "Before we choose which policy route to take, it's important to understand the policy's effectiveness in achieving the goals and its economic impact. This study offers some important insight into the risks of Minnesota's current approach toward a regional cap-and-trade policy, suggesting that it will not only fail to achieve the emissions goals but will cause significant damage to the state's economy."

A regional cap-and-trade policy — recommended in the 2007 Next Generation Energy Act — would create a system that uses economic incentives to achieve reductions in carbon emissions within the Midwest. Utilities and other businesses would be required to compete for a scarce pool of emission allowances to cover all of their carbon emissions, which would increase costs for energy and consumer goods.

The CRA study indicates the incremental costs to Minnesota are projected to be \$42 billion over the next 40 years under a regional cap-and-trade policy, while national carbon emissions will continue to rise. Minnesota is projected to reduce emissions from within the state — by 38 percent in 2050 compared to 2010 — but national emissions will increase by 49 percent over this same time, more than offsetting any reductions in Minnesota.

A regional cap-and-trade policy will place significant economic strain on Minnesota industries and households. Based on the economic analysis of a regional cap-and-trade policy (focused on CO2 emissions) compared to a Minnesota without a regional climate policy, the key findings include:

- Minnesota industries are projected to see a 33 percent increase in electricity prices by 2015, forcing closures and consolidation.
- The state is projected to experience a net job loss of 21,000 jobs by 2015, even when factoring in new jobs generated through conservation and renewable-driven industry.
- The average household is projected to see a 17 percent increase in electricity prices by 2015.

- Consumer spending over the next decade is projected to be reduced relative to current projected levels. By 2020, Minnesota households collectively are projected to have \$2 billion less per year to spend than they would with no regional climate policy.

"It's difficult to see the logic in forcing industries to contract and asking homeowners to pay significantly higher electricity prices when we will make no progress toward the larger environmental goals these policies set out to achieve," said Bill Blazar, senior vice president of public affairs at the Minnesota Chamber of Commerce. "In light of the heavy economic toll a regional cap-and-trade policy will place on Minnesota, we need to look at more creative, less costly options to meet our existing conservation and renewable energy goals, ranging from industry and household energy audits to lower speed limits."

The primary policy analyzed in this study included elements of the Next Generation Energy Act of 2007, as adopted by the Minnesota Legislature. An economy-wide carbon emissions cap was formulated based on achievement of the greenhouse gas emissions percentage reduction schedule through 2050 applied to regional CO2 emitting sources. The CO2 cap was modeled to cover emissions from five states that are signatories to the Midwest Regional Greenhouse Gas Accord (Minnesota, Wisconsin, Illinois, Iowa and Kansas). As required by Minnesota law, the cap also counts carbon emissions associated with electricity imported by the five covered states.

"Minnesota has set some of the most aggressive greenhouse gas emissions reduction goals in the country, and achieving those goals within the state, much less at a regional level, ahead of the rest of the nation will be challenging," explained Anne Smith, vice president of CRA International. "And, the stringent constraints within which Minnesota must execute this law — counting any emissions from electricity imported into the state against Minnesota's cap and no new nuclear plants — creates a system that would cut off Minnesota's largest sources of low-cost electricity."

"The intent of this analysis is not to suggest that Minnesota abandon our commitment to a clean, safe, sustainable environment. We need a more thoughtful and innovative approach to achieve both environmental and economic goals," added David Radziej, president of the Printing Industry of Minnesota. "Minnesota needs an approach that includes investments in renewables, support for research into environmentally-sound baseload production and energy conservation, without further isolating Minnesota in an already challenging economic environment."

For more information about the economic analysis, including CRA International's complete report, a qualitative assessment of a regional policy's impact on Minnesota industries and data spreadsheets, visit www.poweringourlives.com.