

Great River Energy to Withdraw from Big Stone II Project

Last Update: 6:58 PM ET Sep 17, 2007



ELK RIVER, Minn., Sep 17, 2007 (BUSINESS WIRE) -- Great River Energy announced its intention today to withdraw from the Big Stone II project, proposed for near Milbank, S.D. Great River Energy considered a variety of factors when making the decision to no longer participate as an owner of 120 megawatts (MW) of baseload capacity from the 630-MW Big Stone II coal power plant project.

"No one factor can be singled out as the primary reason we made this decision," said Jon Brekke, Great River Energy's vice president of member services. "Our decision stems from our resource planning analysis that considered a number of factors including energy demand, availability of alternative resources, and the potential impact of Minnesota's new renewable energy and energy conservation legislation," he added.

Great River Energy's planning effort is an ongoing process, and much has changed since the organization initially announced its participation in the project in 2004. Four factors contributed most prominently to today's announcement:

1. Great River Energy's demand and energy forecast has changed. Eight of Great River Energy's 28 member cooperatives have elected to cap their power purchases from Great River Energy, choosing to obtain any additional capacity needs from another utility. This change reduces Great River Energy's forecasted need for additional capacity by 200 MW by 2020.
2. The cost of Big Stone II has increased due to inflation and project delays. Although the costs for alternative resources have also increased, Great River Energy now anticipates the energy market, through the Midwest Independent Transmission System Operator (MISO), will provide access to additional lower-cost alternatives than initially assumed.
3. New state mandates. Recent Minnesota legislation established the dual goals of using renewable resources for 25 percent of Great River Energy's load by 2025 and achieving a 1.5 percent reduction in annual energy sales through conservation measures. Although Great River Energy considered additional renewables and cost-effective conservation and energy efficiency measures in its original analysis, the implications of the aggressive new state requirements on the Great River Energy's resource needs will be significant.
4. Uncertainty about changes in environmental requirements and new technology. Changes in state and national standards for carbon dioxide emissions (CO₂) are likely to be debated in the next several years, and the electric industry is accelerating its research and development into new power plant technology that will reduce the environmental impact of carbon emissions.

"As an organization, Great River Energy needs to consider the environmental implications of all of our generation choices in addition to the financial consequence on our member cooperatives," Brekke added.

The Big Stone II project agreement establishes restatement of participation dates at which continuing commitment must be affirmed by all participants. With the next such date being September 21, 2007, Great River Energy informed the other participants in the project of its intent to decline continued participation. A filing will be submitted to the Minnesota Public Utilities Commission officially withdrawing from the project later this week.

"Great River Energy still believes Big Stone II is an important project for this region, but it is no longer as good a fit for us as it was three years ago," concluded Brekke.

"However, with forecasts pointing to shortages in electricity generation in the future, I expect that Great River Energy will evaluate other baseload generation projects whenever the forecast demand from our members requires additional resources. Depending on cost, reliability and environmental factors, this analysis will likely include new coal plants as well as other sources of baseload power."

Great River Energy is a not-for-profit electric generation and transmission cooperative providing wholesale electric energy and related services to 28 distribution cooperatives in Minnesota and Wisconsin serving 600,000 customers, or approximately 1.7 million people.

For more information about Great River Energy, visit: www.GreatRiverEnergy.com.

SOURCE: Great River Energy

Great River Energy

Therese LaCanne, 763-241-2280