



Some homes waste nearly as much energy as they use.

At your Touchstone Energy® Cooperative, we do everything in our power to ensure you always have an affordable, reliable source of energy. We also work hard to make sure all our members understand the latest and best ways to be more energy efficient. We have hundreds of things that you can do to save energy. Simple things to make sure you get the most out of the electricity you use. We're all in this together.



Touchstone Energy® Cooperatives
of South Dakota
The power of human connections®

Looking out for you.

Produced by the following electric cooperatives in South Dakota and western Minnesota:

Black Hills Electric, Custer, S.D.
Bon Homme Yankton Electric, Tabor, S.D.
Butte Electric, Newell, S.D.
Cam Wal Electric, Selby, S.D.
Central Electric, Mitchell, S.D.
Charles Mix Electric, Lake Andes, S.D.
Cherry-Todd Electric, Mission, S.D.
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Codington-Clark Electric, Watertown, S.D.
Dakota Energy, Huron, S.D.
Douglas Electric, Armour, S.D.
East River Electric, Madison, S.D.
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Traverse Electric, Wheaton, Minn.
Union County Electric, Elk Point, S.D.
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West River Electric, Wall, S.D.
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Renewables: 43 percent of New Resources



Jeff Nelson
General Manager, East River
Electric Power Cooperative

Rural electric cooperatives in the Dakotas and western Minnesota have aggressively embraced generating electricity with renewable resources. During 2006, this regional network of Touchstone Energy® Cooperatives developed 167,000 kilowatts of new generating facilities; 43 percent of these new resources are renewables.

New facilities added last year included a wind farm, waste-heat-recovery units, a dairy-based digester, a natural-gas peaking plant and several small consumer-owned wind turbines. This addition to cooperatives' resources in 2006 – the largest annual increase to our fleet in 20 years – is needed

to help meet member-consumers' growing demand for reliable, affordable electricity.

Some cooperative members ask, "What are the factors for choosing the type of new generators?" The choice of generation source is primarily based on environmental considerations, economics, fuel/water availability, transmission and reliability.

To assist wind development, Congress instituted a Renewable Production Tax Credit of 1.9 cents/kwh to help make the cost of installing and operating wind generation closer to traditional plants. For-profit entities with a tax credit appetite, like FPL Energy, are taking advantage of this incentive. Not-for-profit public utilities and electric cooperatives generally cannot use these tax credits – this makes the economics of building wind projects challenging, when other resources offer full-time energy production at competitive rates.

Wind developers, such as FPL Energy, also need long-term sales agreements to justify constructing multi-million dollar wind farms. So, Basin Electric and East River Electric worked with FPL to develop the first long-term power purchase contracts for wind farms in the Dakotas in 2002, at Highmore, S.D., and Edgeley, N.D. With these successes, the cooperatives again contracted in 2005 with FPL, resulting in the 50,000-kilowatt Wilton, N.D., wind farm. Our commitment to wind caused more than \$130 million of new investments in this renewable resource.

With these additional renewables, the region's electric cooperatives have reached 8.1 percent of our voluntary renewable goal of meeting 10 percent of the demand for electricity from renewable resources by 2010. These resources are in addition to cooperatives' long-term use of renewable hydropower, which serves 20 percent to 30 percent of our power supply needs.

Today, Touchstone Energy® Cooperatives are pursuing additional renewable projects. We're partnering with several organizations to add even more homegrown, renewable projects to our power supply mix, while keeping focused on affordable rates. We will continue to develop practical solutions using renewables for future dependable electric generation.