

ENERGY EFFICIENCY AND CONSERVATION POSITION

Great River Energy is a not-for-profit electric cooperative that supplies electricity to 28 customer-owned electric cooperatives across Minnesota and part of Wisconsin. For more than 20 years, Great River Energy and its member cooperatives have offered a large portfolio of programs to help consumers, agricultural operations and businesses become more efficient energy users. At the same time, we are working on ways to improve our own efficiency as energy producers.

In 2007, the Minnesota Legislature passed the Next Generation Energy Act which established energy savings goals and conservation spending requirements for all of the state's utilities. Great River Energy and its all requirements member cooperatives have reached the goals and requirements each year since the law took effect. For the second year in a row, Great River Energy's all requirements members exceeded their energy savings goals, realizing approximately 128 million kilowatt-hours (kWh) in energy savings in 2011. Great River Energy will apply the excess energy savings to the energy savings goals over the next three years, as the legislation allows.

Challenges Remain

Although Great River Energy and its all requirements members will receive a reduction to our goals over the next three years, we expect meeting future energy savings goals will be challenging due to a number of issues unique to cooperatives:

- *Predominantly serve residential customers:* More than 80 percent of Great River Energy member-consumers are residential customers which account for approximately 65 percent of our total energy sales. Today, there are fewer residential energy savings opportunities due to continued improvements to codes and standards, lack of new home construction and consumer concern over the economy.
- *Majority of residential members are below state average per capita income:* Nearly 80 percent of Minnesota residential cooperative members have income levels below the state average. This limits consumer investment in energy conservation measures.
- *Serve very few commercial or industrial customers:* Achieving energy savings from commercial or industrial customers is more cost effective and easier than achieving similar energy savings from residential customers.

Potential Changes in the Future

Great River Energy and its member cooperatives continue to educate members on both the importance of saving energy and how to take steps and participate in cooperative-sponsored programs that make those savings possible. After complying with the legislation for several years, Great River Energy and its member cooperatives may reach the point where it is time to review portions of the law that are no

longer valid or adversely affect our member-consumers. Some of the changes to the 2007 Next Generation Energy Act to consider in the future include:

- *Reducing the energy conservation goal for Minnesota electric cooperatives:* Reducing the customer-side-of-the meter energy savings goal from 1 percent to 0.5 percent recognizes the unique differences and challenges of Minnesota electric cooperatives.
- *Allow cooperative educational activities to count toward the energy savings goal:* Many residential members are undertaking energy efficiency measures and changing their behavior as a result of the educational activities of their cooperative. The state should recognize these educational efforts by developing a way to attribute energy savings to these activities that count toward meeting the energy savings goal.

Great River Energy and its member cooperatives will continue to make a good faith effort to meet future energy savings goals by educating consumers about the importance of saving energy and encouraging participation in energy efficiency programs. We also will continue to advocate for changes to the 2007 Next Generation Energy Act that better reflect the unique differences and challenges Minnesota cooperatives face in meeting the law's goal.

Great River Energy and its member cooperatives are widely respected for their energy conservation efforts and for helping consumers use energy wisely. We have more than 20 years of experience doing so, and plan to continue to encourage energy efficiency that is in the best interest of our members. Possible future revisions to the 2007 Next Generation Energy Act that acknowledge the unique challenges of the state's electric cooperative would help cooperatives meet future goals and protect them and their member-consumers from undue harm.