



RENEWABLE ENERGY FEED-IN TARIFF (REFIT) 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. Our company measures its corporate performance based on a triple bottom line: affordable rates, reliable energy service and environmental stewardship.

To ensure that we deliver strong performance in each of these vital areas for the benefit of our members, Great River Energy utilizes a broad mix of energy sources, including wind, coal, natural gas, oil, hydro and biofuels. We believe this diversified generation portfolio is essential to our continued ability to provide our members with electricity that is environmentally compliant, reliable and affordable.

Keeping Renewable Energy Affordable

In 2007, the Minnesota Legislature passed an aggressive Renewable Energy Standard (RES) requiring that 25 percent of Minnesota's energy come from renewable sources by 2025. Minnesota utilities already are nearly halfway to meeting that standard, with about 10 percent of their generation coming from renewable sources, mostly wind energy.

Overall, energy from renewable sources has proven to be more expensive than traditional resources and also has some unforeseen price premiums (particularly in the overnight hours). We are sensitive to the rate impact of integrating renewable energy on our members and review proposals to ensure they will not excessively raise member rates.

The RES legislation included a safety valve to protect customers from excessive rate increases for renewable energy. Legislators recognized that there is a limit to what customers are willing or able to pay for their electricity.

Now some legislators are considering a new tariff originally designed to encourage additional renewable energy development by reducing financial risk for developers. The Renewable Energy Feed-In Tariff (REFIT) would establish a higher-than-market fixed price for renewable energy in order to encourage more renewable projects.

Utilities like Great River Energy would be required to pay these artificially high prices to renewable energy developers in order to purchase the green power needed to satisfy the RES mandate. These extra costs would be passed on to our members.

In effect, the REFIT guarantees renewable energy developers a profit out of ratepayers' pockets, even if the energy projects are inefficient or not cost-effective.

The REFIT: Wrong for Minnesota

Several factors make the REFIT a poor policy choice for Minnesota:

- The REFIT is unnecessary because Minnesota already has a renewable energy mandate, providing ample incentive for new renewable energy development.
- The REFIT would shift the financial risk of new renewable energy developments from the developers to the ratepayers, putting customers on the hook for excessive costs.
- The REFIT would actually discourage new energy developments because the excessive costs would be a disincentive for utilities to buy more renewable energy than the state requires.
- Our emission reduction goals are not well served by making renewable energy more expensive than it needs to be in comparison to non-renewable energy sources.

Great River Energy opposes the Renewable Energy Feed-In Tariff (REFIT). We believe that the interests of all Minnesotans are best served by policies that keep energy affordable, and minimize financial risk to customers and ratepayers.

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