

NEWS RELEASE

For Immediate Release

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SMMPA plans to be 80% carbon-free in 2030

Agency will reduce CO2 emissions by 90% over 2005 levels

Southern Minnesota Municipal Power Agency (SMMPA) today announced its plan to reshape its generation portfolio through the retirement of the Sherco 3 coal-fired power plant and replace it primarily with wind and solar generation. The plan would result in a 90% reduction in CO2 emissions from 2005 levels and 80% carbon-free energy on an annual basis in 2030. “We have a unique opportunity to reimagine SMMPA and are excited to take the Agency in this new direction,” said Dave Geschwind, Executive Director and CEO. “We will be taking our commitment to sustainability to a new level while maintaining our legacy of reliability and affordability.”

SMMPA currently owns 41% of the 900-megawatt Sherco 3 coal-fired generating unit located in Becker, Minnesota. Sherco 3’s majority owner, Xcel Energy, announced plans in 2019 to retire the plant in 2030. SMMPA expects all its outstanding debt on Sherco 3 will be paid off in 2027.

Natural gas and other non-coal fossil-fueled generation will continue to play an important role in maintaining reliability for SMMPA’s members. The Agency expects these facilities to provide a relatively small percentage of its energy needs on an annual basis, but to continue to facilitate the increase in intermittent renewable resources, like wind and solar, while maintaining reliability and affordability.

“SMMPA’s member communities support this strategic initiative to reduce carbon emissions,” said Joe Hoffman, SMMPA Board President and Preston Public Utilities general manager. “We are excited about capturing this opportunity to address important environmental objectives while maintaining an affordable energy supply.”

Geschwind cautions that there are still important decisions to be made. “While we are optimistic that technological breakthroughs are on the horizon, the cost of achieving the last 10-20% reduction in carbon emissions in the power sector is currently projected to be prohibitively high with today’s technology. We believe society will need to evaluate whether further reductions beyond 80% in this sector are the most economical and practical path to deep carbon reductions economy-wide.”

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In outlining its strategic direction, SMMPA also highlighted the potential of beneficial electrification in applications like electric vehicles (EV) as well as energy efficiency to be important elements of meeting societal sustainability goals.

In November 2019, SMMPA announced plans to create an “EV Charging Network” connecting its member communities. SMMPA’s energy efficiency programs have been recognized four times with ENERGY STAR® Awards from the Environmental Protection Agency.

Geschwind says SMMPA will need the support of the member communities, elected officials and SMMPA staff to successfully implement the plan. He also urges policymakers to provide utilities with flexibility and to resist one-size-fits-all mandates where there is clear evidence the industry is already moving to meet public policy goals.

SMMPA understands this transformation will not happen overnight and will not be easy. Nonetheless, the Agency says it will strive to keep its rates competitive and limit wholesale rate increases to levels at or below the rate of inflation during the transition.

As it launches this strategic initiative the Agency labels as “SMMPA 2.0”, it is adopting a new logo and tag line - “Your Partner for a Bright Energy Future.”

“We are proud of our past and honor the successes achieved by SMMPA for the forty years we’ve been in existence,” said Geschwind. “We are building on that legacy but also recognize this is a turning point for our organization. The new logo and tag line capture that spirit and our excitement as we begin this new strategic journey.”

To learn more about SMMPA’s strategic initiative, please see www.smmpa.com/SMMPA2.0

About SMMPA

SMMPA provides electricity and related services to 18 municipally operated utilities, mostly in south-central and southeastern Minnesota. For more information about SMMPA, please visit www.smmpa.com.

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