

ASSOCIATED ELECTRIC

*Member-owned,
member-focused*

BALANCE

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Associated Electric's focus on member-owners' priorities remains clear

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In an unpredictable year for energy companies, the leadership at Associated Electric Cooperative continues to focus on reliable and affordable electricity for its six transmission owners, their 51 local distribution cooperatives and the 2.1 million people who receive electricity from the three-tiered system.

Associated was created by members in 1961 to ensure member control of electric supply. Throughout its history, the goals of Associated and its member-owners haven't changed.

"Our mission, to provide economical and reliable power supply, has served us well throughout decades of change in the power generation industry," says John Killgore, a board member for United Electric Cooperative and vice-president of Associated's board of directors. "We never forget that focus."

Climate change proposals won't change member focus

Evaluating federal climate change proposals to reduce or eliminate carbon is among Associated's top priorities as the Biden administration seeks to quickly and fundamentally change how energy companies generate electricity. The current administration's goals propose to reduce carbon from electric generation 50% by 2030 and envision net zero carbon by 2035.

As our nation continues to debate, one thing is clear: Associated's member-led board of directors and staff believe in putting members and their needs first.

Rush to renewables creates concerns

"As a member-owned and governed wholesale power generation cooperative, we are alarmed by a rush to renewables without technologies available today to ensure reliable power at affordable prices," said David Tudor, Associated Electric's CEO and general manager. "Member-owners clearly prioritize reliability and affordability in the electricity they depend on. We cannot sacrifice reliable electric supply or affordable rates."

Associated's generation sources have evolved through the years. The primary way Associated preserves reliability and affordability for members is with a balance of generation sources. By maintaining a diverse mix — coal, natural gas, wind and hydropower — the cooperative has options to ensure reliable power at a competitive cost.

Member reliability is not for sale

Aggressive climate change proposals from Washington, D.C., challenge Associated's balanced strategy.

"Today, there are attempts to get energy companies like ours to take a deal for money and agree voluntarily to close fossil fuel plants and replace them with renewables," Tudor said. "We don't see that as a path that preserves reliability, so we cannot support that approach. Our members' reliability is not for sale."

Tudor points out that since 2005, Associated's carbon emissions have been reduced more than 33%. "We take generating electricity in responsible ways seriously. Safeguarding the environment is not a recent development for



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us. Reliability and affordability co-exist with responsible generation at our cooperative and have for a long time."

A key part of Associated's member-focused power strategy includes significant wind energy and hydropower as part of its generation mix. In 2020, Associated added generation from two more wind farms, bringing its total to eight farms and 1,240 megawatts of energy. Those additions continued a legacy of leadership: the power generation cooperative brought the first utility-scale wind power to the region with wind farms starting in 2007. Hydropower from lakes and dams provide another 478 megawatts of renewable power.

"We value the land, air and water we and everyone in our cooperative network depends on. That's why our power generation always considers how best to generate reliable and affordable power in a way that preserves our natural environment," Killgore says.

Technology, transmission and time key to transition

The technology does not exist today to replace all fossil fuel plants with renewable generation and battery storage. Reliability will suffer and prices will go up. While adding large volumes of generation like wind and solar, which are not constant, to replace 24/7/365 generation like coal and natural gas

may sound good, adding too much too quickly will have reliability consequences.

The current transmission system has been designed and used for years to manage member energy load, not for a future where energy from intermittent sources like renewables displaces consistent electricity from coal and gas.

"Trying to force climate-change initiatives by 2030 or 2035 will not work. In fact, that's a reckless approach. Time is needed to thoroughly think through realistic options," Tudor said. "I'm concerned when all the attention is on quickly eliminating coal and natural gas power plants, with no technological solution for their replacement."

The historic 2021 winter storm, when our three-tiered system kept the lights on while many other utilities were forced into blackouts, serves as an important reminder and demonstrates the value of a balanced electric generation strategy for member-owners and the nation.

"We will continue to make sure our members' needs come first. It's a time-tested and proven strategy that has resulted in real benefits," Killgore said.

For more information about Associated Electric Cooperative and its responsible generation efforts, visit www.aeci.org.



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