

Facing The Wind

On the cover and elsewhere in this issue, you can see and read about the Harvest Wind Project, the first ever large scale wind energy project in Michigan. While John Deere Wind Energy made the \$90 million dollar investment, the supplier of wholesale energy to Cherryland Electric Cooperative (CEC), Wolverine Power Cooperative (Wolverine), took on the 20 year commitment to purchase a majority of the energy generated. The main article will give you all the specific details. I want to focus on what I consider to be three of the main reasons behind CEC's support of this renewable energy initiative.

First, it was simply good business. For a second at least, one must disregard the environmental benefits and determine if it makes sense from the standpoint of what is the purchase price versus what can I get for the product just like you would in any type of open market business. Through Wolverine's many years of experience in negotiating power supply purchases and their knowledge of what it would take to get the electricity onto the statewide grid, the numbers involved did pass the fiscally responsible test. A key part of this lies in the fact that Wolverine will only be buying energy produced. Thus, if the wind fails to turn the turbines, there is no purchase necessary. Wolverine/CEC is not left holding an empty bag of capital investment in hopes the wind will blow and generate a return.

Second, it was a small step towards preparing for an uncertain legislative future. Nationally and statewide legislators are actively debating mandating utilities to have a yet to be determined percentage of their energy portfolios derived from renewable resources such as wind, wood, solar and water. It can be argued that such mandates would merely be hidden tax subsidies for the renewable industry that will be passed on to all users of electricity but nevertheless, the utility industry, CEC included, fully expects some sort of renewable mandate to pass a legislative body at some level in the near future. By establishing a contract with the Harvest Wind project, CEC and the other members of Wolverine, have begun preparing a renewable portfolio. This not only gets us partially ready for whatever legislation is passed but also allows us to provide real world proof that renewable energy can be built apart from the confines of strict legislation.

The third reason was very basic as well. Did we have a financially viable opportunity that prepared us for the future AND allowed us to be a good environmental neighbor at the same time? The answer was obviously, "yes". Wind is an energy resource that clearly does not add to the global warming debate. As distributors and purchasers of electric energy, CEC board members and employees are also residents of Michigan who partake in all of the outdoor opportunities available. As such, we sincerely care about the environment and are proud that Wolverine was able to make this project a reality.

Now, going forward, satisfied in these three points of reason, everyone needs to be aware that the cost is higher than traditional sources of generation. Because the demand for renewable energy in Michigan is high and the supply is so very low, opportunities are available to sell this power to individuals and/or companies interested in purchasing all or a large portion of their electric needs from a renewable source. Until mandates are thrust upon us, this will allow the energy to be sold to such specific buyers and avoid a general increase to the membership by rolling it into CEC's overall portfolio. These details are being worked out as I write this article.

In summary, your cooperative is facing the renewable energy question head on without losing track of what it will cost you at the end of the day. The two simply must go forward side by side and the Harvest Wind project is evidence that it can be accomplished while benefiting the environment and avoiding unnecessary legislative interference.