

About MEAN: Municipal Energy Agency of Nebraska

MEAN is one of four divisions within the Nebraska Municipal Power Pool, a nonprofit, member-owned organization that provides electricity and natural gas to nearly 200 member communities in seven states. MEAN, formed in 1981, is a nonprofit public agency that sells wholesale electricity to 67 municipal electric systems in Colorado, Wyoming, Nebraska and Iowa.

MEAN purchases or owns shares in 21 different electric generating facilities. Its newest projects are an 8 megawatt wind project in Nebraska and a 6 megawatt landfill gas project. The utility's total capacity is 616 megawatts.

MEAN sells wholesale electricity to 14 communities in Colorado, including Glenwood Springs, Aspen, Delta, Gunnison and Oak Creek.

MEAN's fuel portfolio:

Coal-fired: 45 percent

Gas-fired: 22 percent

Hydro: 20 percent

Wind: 9 percent

Nuclear: 4 percent

Glenwood Springs hears 30-year electric contract proposal

Commitment offers security, political advocacy and energy efficiency programs

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GLENWOOD SPRINGS, CO COLORADO

GLENWOOD SPRINGS, Colorado – The co-op of municipal electric systems from which Glenwood Springs has been buying power since 2003 is pushing the city to purchase a 30-year contract.

Kevin Gaden, director of wholesale electric operations for MEAN, the Municipal Energy Agency of Nebraska, said a 30-year contract will provide power to the city-owned electric system at the lowest long-term rate.

The city's existing 10-year contract with MEAN expires in December 2012.

A 30-year contract would also come with a package of services, Gaden said, such as legislative advocacy with the state Legislature and U.S. Congress, free energy audits for commercial customers, rebates for lighting upgrades, assistance with billing software, and consulting assistance for economic development.

Gaden presented three options for renewing the city's wholesale electric purchases during a work session with the Glenwood Springs City Council last week:

- A 30-year contract with a service package (Schedule M)
- A 10-year contract with a service package, with a 5 percent premium added to electric rates (Schedule K)
- A 10-year contract without a service package (Schedule J)

Gaden repeatedly touted the advantages of the 30-year contract, noting that 53 of MEAN's 67 customers are already on the long-term plan, including Aspen Electric.

In essence, the city would be joining other MEAN member cities in owning the long-term bonds due on a variety of power generating facilities in which MEAN holds shares.

"There's more security for power supply stability, you have a direct seat on the board, you share the risk and you share the rewards," Gaden said. He said MEAN posts its financial reports on its website, www.nmppenergy.org/annual_report, as part of its effort to be transparent and accountable.

Councilman Mike Gamba asked what the various rates would be if the future contract were to be negotiated today.

Today's Schedule M rate is \$46 per megawatt-hour, and renewal of a Schedule J contract would be at least 15 percent higher, Gaden said.

The city's present contract, inked in 2003, is at \$42 per megawatt-hour.

The latest statewide survey of electric costs among municipal utilities, rural electric associations (such as Holy

Cross Energy) and investor-owned utilities (such as Xcel Energy) ranked Glenwood Springs Electric rates as second lowest in Colorado, Robin Millyard, Glenwood Springs public works director, said.

“We will not stay there,” he added, noting that no matter what purchasing contract the city chooses, electric rates will go up.

Gaden insisted that while electric rates are rising, MEAN remains the lowest-cost supplier of wholesale electricity.

“In Colorado, we are 15 to 40 percent cheaper than the other utilities,” Gaden said.

That's important, he said, because the wholesale power cost is 65 to 75 percent of what consumers pay for electricity.

Councilman Ted Edmonds asked Gaden if a MEAN contract would allow city electric customers to buy solar-powered electricity from a community-owned solar farm, such as the solar farms being developed for Holy Cross Energy customers by the Clean Energy Collective.

Gaden said the city utility or its customers could independently purchase up to two megawatts of solar-powered energy, an amount comparable to that used by about 600 homes. Any investments above that amount would have to be contracted through MEAN itself, adding to the utility's overall energy portfolio.

Millyard noted that he has begun exploring that concept to see how off-site solar could be integrated into the city's electricity billing system.

Since this meeting was a work session, council made no decisions and did not indicate what its next steps would be in determining its future source of wholesale electricity.

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