

2024 Dairyland Director Report

Feb. 8, 2024

The safe, reliable and cost-competitive delivery of electricity to all members when and where they need it is a complex process. Jump River Electric Cooperative (JREC) is one of 24 distribution cooperative members of Dairyland Power Cooperative (La Crosse, Wis.). Here are some 2023 highlights.

Dairyland's generation portfolio is a mix of renewables (solar, wind, hydro, biomass) and always-available baseload generation resources, such as natural gas and coal. Dairyland prioritizes projects that will strengthen reliability, reduce carbon emissions and support more renewable generation. Since 2014, Dairyland has retired 579 megawatts (MW) of coal and is exploring the viability of emerging technologies, including pumped storage hydro, small modular nuclear reactors, and long-duration battery storage.

The Nemadji Trail Energy Center (NTEC) is a proposed 625 MW combined-cycle natural gas plant in Superior, Wis., planned in partnership with Minnesota Power and Basin Electric Power Cooperative. It is a critical-capacity resource that will provide reliable power on-demand, in any weather. In December, the U.S. Department of Agriculture's Rural Utilities Service (RUS), issued its second Finding of No Significant Impact (FONSI) for NTEC. Construction is planned to begin in 2024, with operation by 2028.

There are 161 renewable generation projects dependent upon the completion of the Cardinal-Hickory Creek transmission line between Dubuque County, Iowa, and Middleton, Wis. (up from 115 projects last year). Dairyland, ATC and ITC Midwest are co-owners of the project. Last December, the eastern half of the 102-mile line was energized with the remainder of the project expected to be in service later this year.

Last year, Dairyland won a competitive bid from the Midcontinent Independent System Operator (MISO) to develop, own and operate a 345 kV line from the Mississippi River near Alma, Wis., to the Tremval substation (Blair, Wis.). The Alma-Blair Transmission Project will foster the delivery of renewable energy and strengthen regional reliability.

These projects are critical pieces for a lower-carbon future; however, power plants and transmission lines cannot be constructed overnight. When permitting red tape delays timelines – jeopardizing electric reliability, stalling progress on the clean energy transition and increasing costs – we advocate on our members' behalf both at the state and federal levels.

Dairyland's John P. Madgett (JPM) Station (Alma, Wis.) underwent a 10-week outage in Spring 2023 when employees and more than 200 business partners completed a turbine overall and precipitator upgrade. The precipitator collects fly ash, which reduces emissions, and is sold as an additive to cement and concrete applications. The precipitator upgrade resulted in twice as much fly ash being collected.

JPM is critical to regional reliability and financially beneficial to members. The value of always-available baseload generation was demonstrated during an August heat wave when temperatures, humidity and electricity demand were high, and wind resources were low. The Dairyland system set an all-time peak load of 1,177.5 MW on Aug. 23.

Growth & Grants

Dairyland's Economic Development team works with member cooperatives to support innovation and load growth through business and community development opportunities. In 2023, the Dairyland system had 28 new projects, totaling 15 MW, and secured more than \$4 million in economic development funding.

Additionally, Dairyland was awarded more than \$20 million in grant funding to support middle-mile infrastructure, a microgrid project and long-duration energy storage project.

Financial Strength

Dairyland takes a balanced and measured approach to its financial and competitive strength. The cooperative has earned credit ratings of "A3" with a stable outlook from Moody's Investors Service and A+ with a stable outlook from Standard and Poor's (S&P).

Regionally, Dairyland's wholesale electricity rates are among the lowest. The 2024 budget was approved with a 1 percent average wholesale rate reduction for Dairyland's member cooperatives. Across all 24 member cooperatives, in 2023, Dairyland returned \$11.9 million in power cost and revenue volatility adjustments, and \$5.1 million in capital credits.

Community

In 2023, Dairyland focused Cooperative Contributions toward its member cooperatives by donating up to \$1,000 to an organization of their choice in each of the 24 members' service territories. Our cooperative worked with Dairyland to cover costs to make much needed improvements to the Tony Little League ballfield, which benefited numerous children across many counties that use this field throughout the summer. This was part of the Day of Service event Dairyland coordinated in October where more than 120 volunteers participated in six community service projects throughout Dairyland's service territory.

SIDEBAR

Dairyland Power Cooperative was created in 1941 to be the wholesale power provider to its member electric cooperatives. Today, Dairyland continues to deliver power to 24-member electric cooperatives, including JREC, and 27 municipal utilities throughout Illinois, Iowa, Minnesota and Wisconsin.

Dairyland is a generation and transmission (G&T) cooperative, which means they generate or procure the electricity needed by its members and send it to their member cooperatives and municipal utilities via thousands of miles of transmission lines. Once it reaches our distribution substations, JREC sends the power to members' homes and businesses.

Learn more about Dairyland Power at www.DairylandPower.com. Also, follow Dairyland on Facebook, LinkedIn and YouTube.

About MISO

The Midcontinent Independent System Operator (MISO) is an independent, not-for-profit, member-based organization responsible for keeping the power flowing for 45 million people across its region reliably and cost effectively. MISO focuses on three critical tasks:

1. Managing the flow of high-voltage electricity across 15 U.S. states and the Canadian province of Manitoba
2. Facilitating one of the world's largest energy markets with more than \$40 billion in annual transactions
3. Planning the grid of the future

The MISO footprint has reduced its carbon intensity by 32% since 2014. In 2023, generation facilities in MISO produced 614 million MWh:

- 39% natural gas
- 28% coal
- 15% wind (wind peak of 25.6 GW on Jan. 12, 2024)
- 14% nuclear
- 2% hydro
- 1% solar (solar peak of 3.3 GW on Aug. 31, 2023)
- 1% other (biomass, diesel storage, demand response resources)