

Working Together

Cooperative Consumers Protected from Volatile Markets



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This is why it is important for a co-op to be part of an organization that owns generation and transmission which can help shield you, our member-owners, against having to pay high market prices.

As we saw during the cold snap over the week of Feb. 14 and the energy emergency that followed, having a stable, reliable, and affordable power supply is critical to our lives. By now, we have all heard the news following the Texas energy emergency of residents in that state getting monthly residential electrical bills of over \$10,000. Those astonishing costs are caused by electric utilities being at the mercy of a volatile energy market and, in turn, passing the costs along to their customers.

These shocking stories coming out of Texas bring the question: Can that happen to us here?

First and foremost, our hearts go out to those Texas consumers who are experiencing such staggering financial burdens caused by exposure to a volatile energy market. As a member-owner of our electric cooperative, you belong to a broad cooperative network which helps to prevent wild swings in energy prices that we saw in other parts of the country where some utilities are fully exposed to the energy market – simply buying electricity without generating electricity.

The electricity that powers your home begins with Basin Electric Power Cooperative, which owns generation facilities and supplies our cooperative with a diverse energy mix. East River Electric Power Cooperative is the transmission cooperative in our network that owns and operates over 3,000 miles of transmission lines and 250 substations across South Dakota and Minnesota, and as a member of Basin, has ownership in Basin's generation. Through that infrastructure, East River safely and reliably delivers low-cost wholesale power from Basin Electric and hydropower through the Western Area Power Administration to member distribution systems like ours which, in turn, deliver power to homes and businesses in our region. Our cooperative as an owner of East River, has ownership in the Basin generation and East River transmission system. And you, as an owner of our cooperative have that same ownership.

East River and Basin Electric are members of the Southwest Power Pool (SPP). Basin Electric owns generation and transmission resources, and East River owns transmission and substation infrastructure in SPP which allows our cooperative network to sell power on the market when prices are high and buy power on the market when prices are low. Selling generation is a hedge against wild swings in the market. It helps Basin Electric and East River provide stable and affordable electric rates all year long. Through Basin Electric's sales of generation into the market and East River's return on transmission infrastructure in SPP, East River's membership has seen a multi-million-dollar annual benefit, with added financial benefits to other member cooperatives in the Basin Electric family.

Our cooperative works together with East River and Basin Electric to share risk and avoid fluctuations in the energy market like we saw in Texas. For-profit energy brokers can be exposed to fluctuations in the markets and consumers pay the price. This is why it is important for a co-op to be part of an organization that owns generation and transmission which can help shield you, our member-owners, against having to pay high market prices. East River's members will pay the same rate during and after the energy emergency as we paid before because we have long term resources to serve our load. That's the power of being connected to a cooperative power supply, rather than relying on for-profit energy brokers.

Your Co-op Connections Card will arrive in your mailbox at the end of March! See page 11 for more details.