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News Release
April 3, 2009

Upper Midwest Utilities Identify Electric Transmission Upgrades To Meet Renewable Energy Standard Milestones

Improvements Necessary in Wisconsin to Maintain System Stability

MINNEAPOLIS —Upper Midwest utilities have identified improvements needed in the region's high-voltage electricity transmission system to ensure they can deliver the renewable energy necessary to meet Minnesota's renewable energy milestones beginning in 2016.

Minnesota's 2007 Next Generation Energy Act requires that utilities increase renewables on their systems in increments and by 2025 deliver 25 percent of their energy from renewable sources (Xcel Energy is required to deliver 30 percent by 2020). It's estimated that 4,000 to 6,000 megawatts of renewable energy will be needed to meet Minnesota's Renewable Energy Standard. North Dakota, South Dakota and Wisconsin have 10 percent by 2015 renewable energy targets.

The utilities identified transmission needs in studies published this week. The studies can be downloaded at www.minnelectrans.com.

The studies confirmed that replacing a 60-year-old 230-kilovolt line that runs between Granite Falls and Shakopee with a double-circuit 345-kilovolt line would unlock up to 2,000 megawatts of transmission capacity from wind-rich areas in southern and western Minnesota, North Dakota and South Dakota.

"Upgrading the 230-kilovolt line is the most cost-effective way to meet the 2016 renewable energy standard milestone," said Kent Larson, transmission vice president at Xcel Energy. "The upgrade will optimize capacity from the CapX2020 Group 1 lines, which are moving through the permitting processes, and serve as the next phase of our regional transmission build out to efficiently deliver wind power to our customers."

The 125-mile line would cost an estimated \$350 million, with an additional \$110 million for underlying system improvements.

The studies also found that further upgrades in Minnesota and the Dakotas (beyond the 230-kilovolt line upgrade) will not provide significant benefit prior to installation of a high-voltage transmission line between the La Crosse, Wis., area and the Madison, Wis., area. Without a line to the east of Minnesota, the transmission system will reach a "tipping point" where reliability is compromised, according to the studies. The studies found that the combination of the new 345-kilovolt double circuit line between Granite Falls and Shakopee and a new Wisconsin line would increase the transmission system transfer capability by 1,600 megawatts for a total increase -- with the 2,000 megawatts from the new 345-kilovolt line in Minnesota -- of approximately 3,600 megawatts.

A joint transmission planning study now under way by several utilities aims to determine the need for a new transmission line between La Crosse and Madison. The study is expected to be completed by 2010.

"The renewable energy requirements of states in the Upper Midwest will be efficiently met with further 345-kilovolt transmission line expansion," said Will Kaul, transmission vice president at Great River Energy. "Policy changes, such as the passage of a national renewable energy standard, may lead to the consideration of a 765-kilovolt overlay. However, the 345-kilovolt projects identified in the studies conducted by the Upper Midwest transmission-owning utilities are still required as a foundational component of a 765-kilovolt overlay."

Exhibit A: Sandok Press Release, April 3, 2009

Study Details

- The studies were sponsored by Minnesota load-serving utilities, including: Basin Electric Cooperative (also representing East River Electric Power Cooperative and L&O Power Cooperative), Central Minnesota Municipal Power Agency, Dairyland Power Cooperative, Great River Energy, Heartland Consumers Power District, Minnesota Municipal Power Agency, Minnesota Power, Minnkota Power Cooperative, Missouri River Energy Services (also representing Hutchinson Utilities Commission and Marshall Municipal Utilities), Northern States Power Co.-Minnesota, an Xcel Energy company, Otter Tail Power Company, Rochester Public Utilities, Southern Minnesota Municipal Power Agency, and Willmar Municipal Utilities.
- The study teams conferred with the state Office of Energy Security's technical review committee, which includes representatives from the Minnesota Department of Commerce, Office of Energy Security staff, wind advocacy organizations, the Midwest Independent Transmission System Operator and other regional transmission planners.
- Utility transmission planning engineers – representing transmission owners in Iowa, Minnesota, North Dakota, South Dakota, Wisconsin and Manitoba – were consulted to gather information on new generation data and the accuracy of transmission modeling through 2016.
- For the purposes of Minnesota Renewable Energy Standard compliance, the study teams assumed that wind-energy generation would be the primary source of generation developed.

Also found on Xcel Energy's website:

<http://www.xcelenergy.com/Company/Newsroom/Pages/NewsRelease2009-04-03UpperMidwestUtilitiesIdentifyElectricTransmissionUpgrades.aspx>