

Meeting Rural America's Energy Challenges



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Agriculture's Energy Challenge

Keep Electricity Affordable & Reliable
to Ensure a Strong and Sustainable Future
for Agriculture and Rural America



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Agriculture is Energy Intensive

- Due to efficiency measures US Agriculture is less energy intensive
- However, due to increased production, energy use on the farm continues to rise



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Agriculture is Energy Intensive

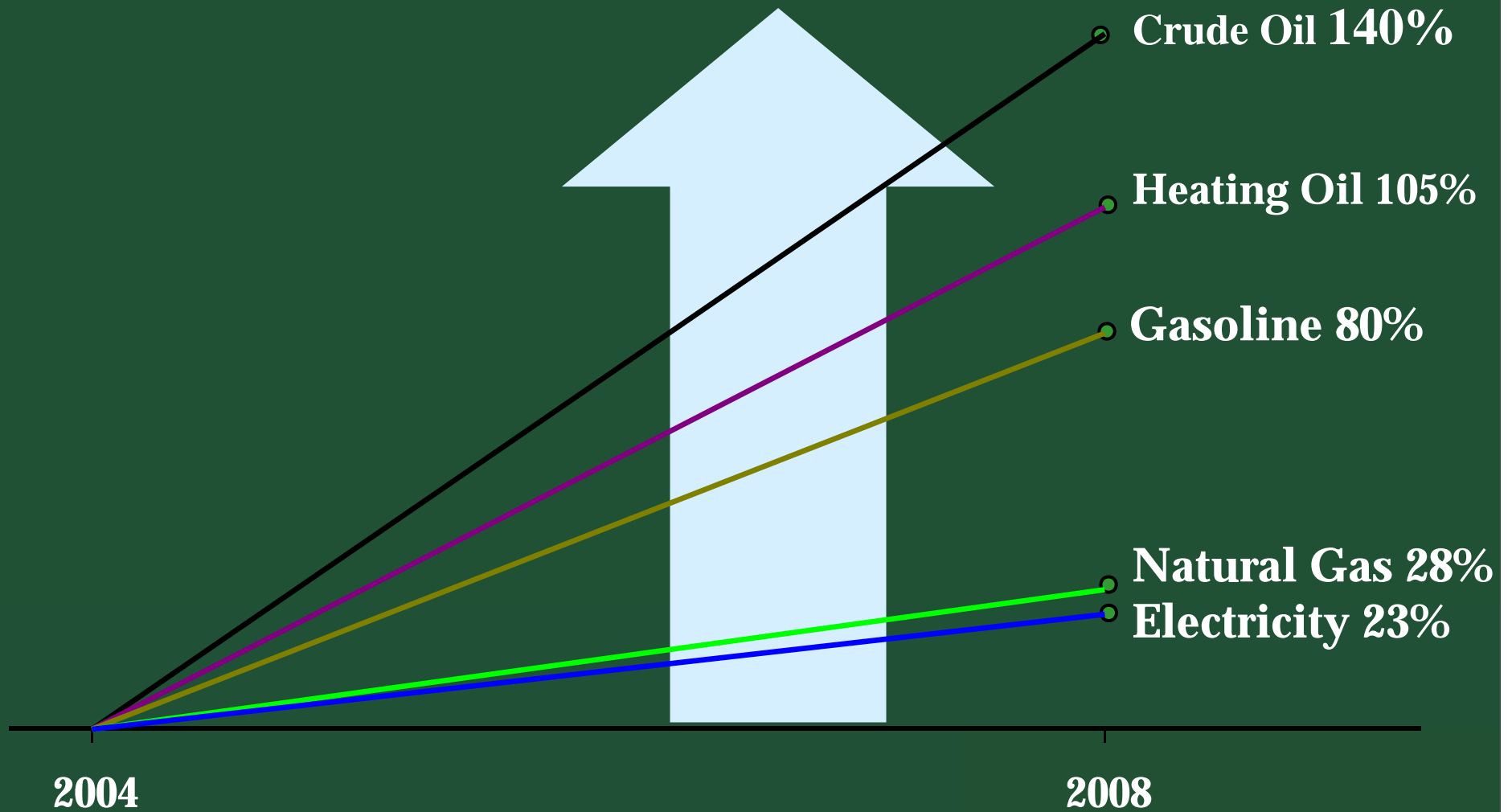
- Producers are Price Sensitive
- Reliability Concerns
 - Refrigeration
 - Heating
 - Processing/packaging
 - Irrigation
 - Ethanol



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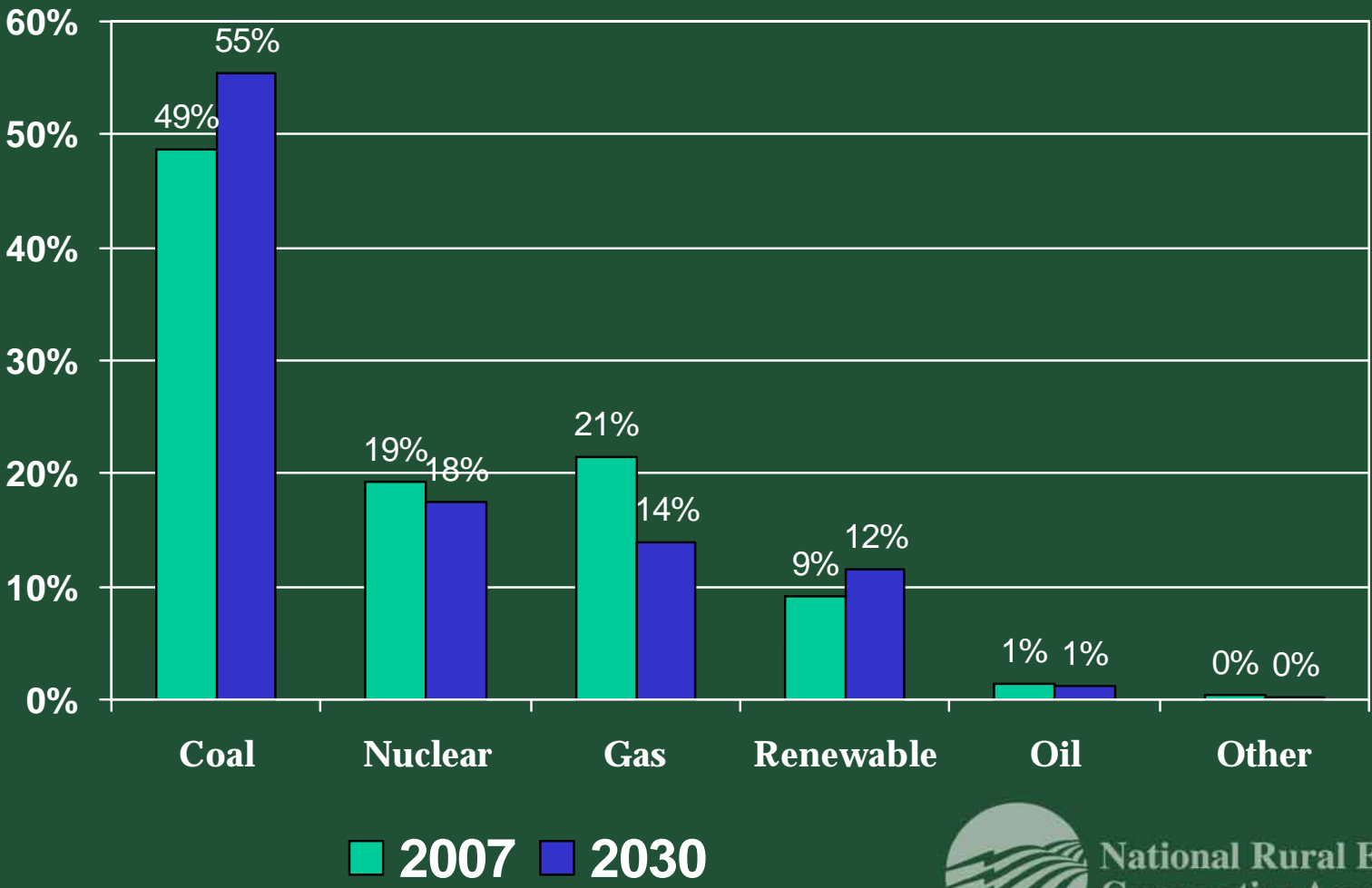
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Rising Energy Prices



Source: EIA

US Generation by Fuel Type



■ 2007 ■ 2030

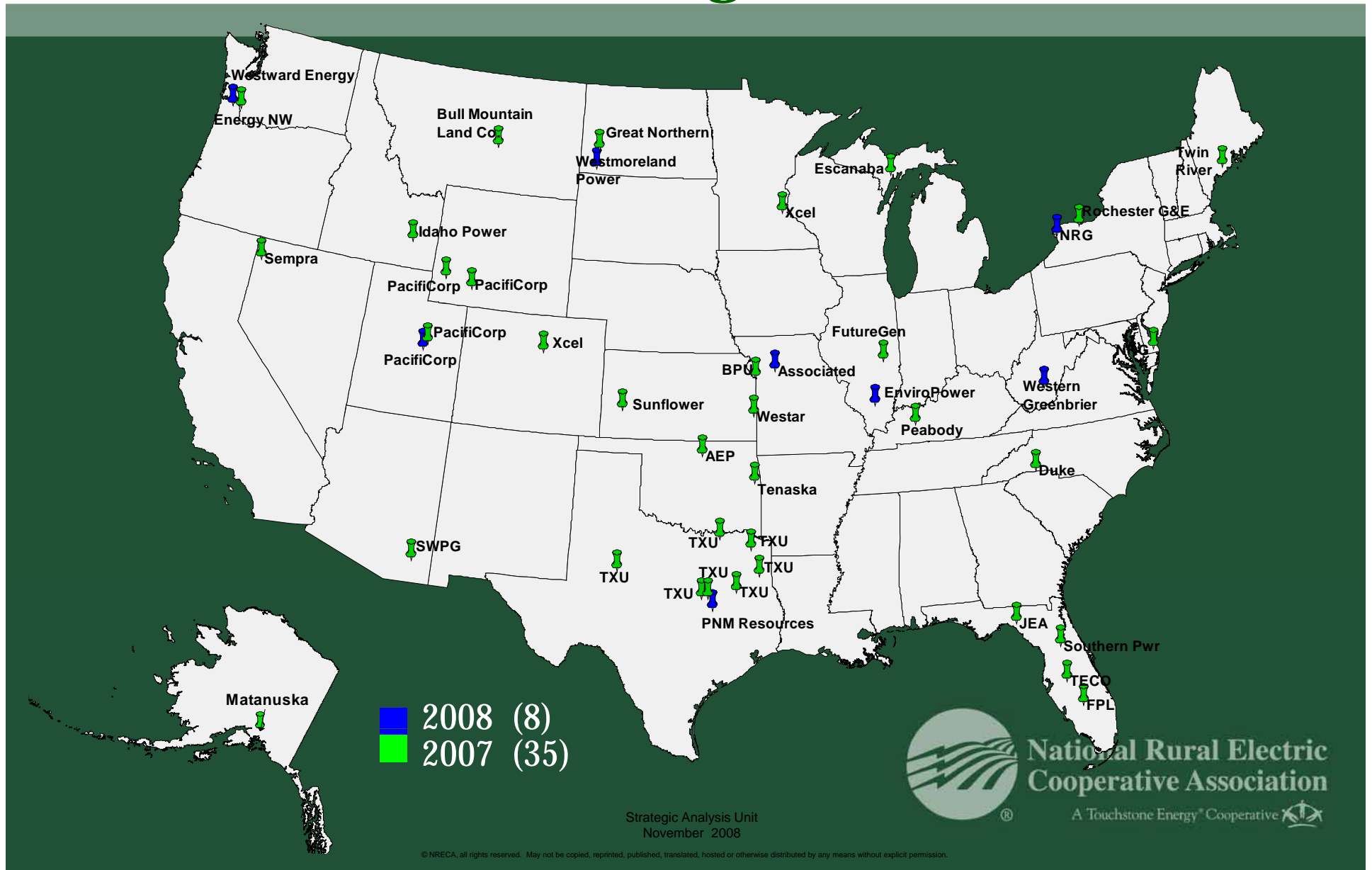


Source: EIA Annual Energy Outlook, 2008

Electric Cooperative Renewable Energy Projects



Coal Fired Power Plants Canceled/Challenged in 2007/2008



Can We Act Fast Enough?

“We’re very close to the edge. We operate under tight conditions more often than ever. We need action in the next year or two to start on the path to having enough electricity 10 years from now.”

--Rick Sergel, CEO of NERC, LA Times Jan 18, 2008

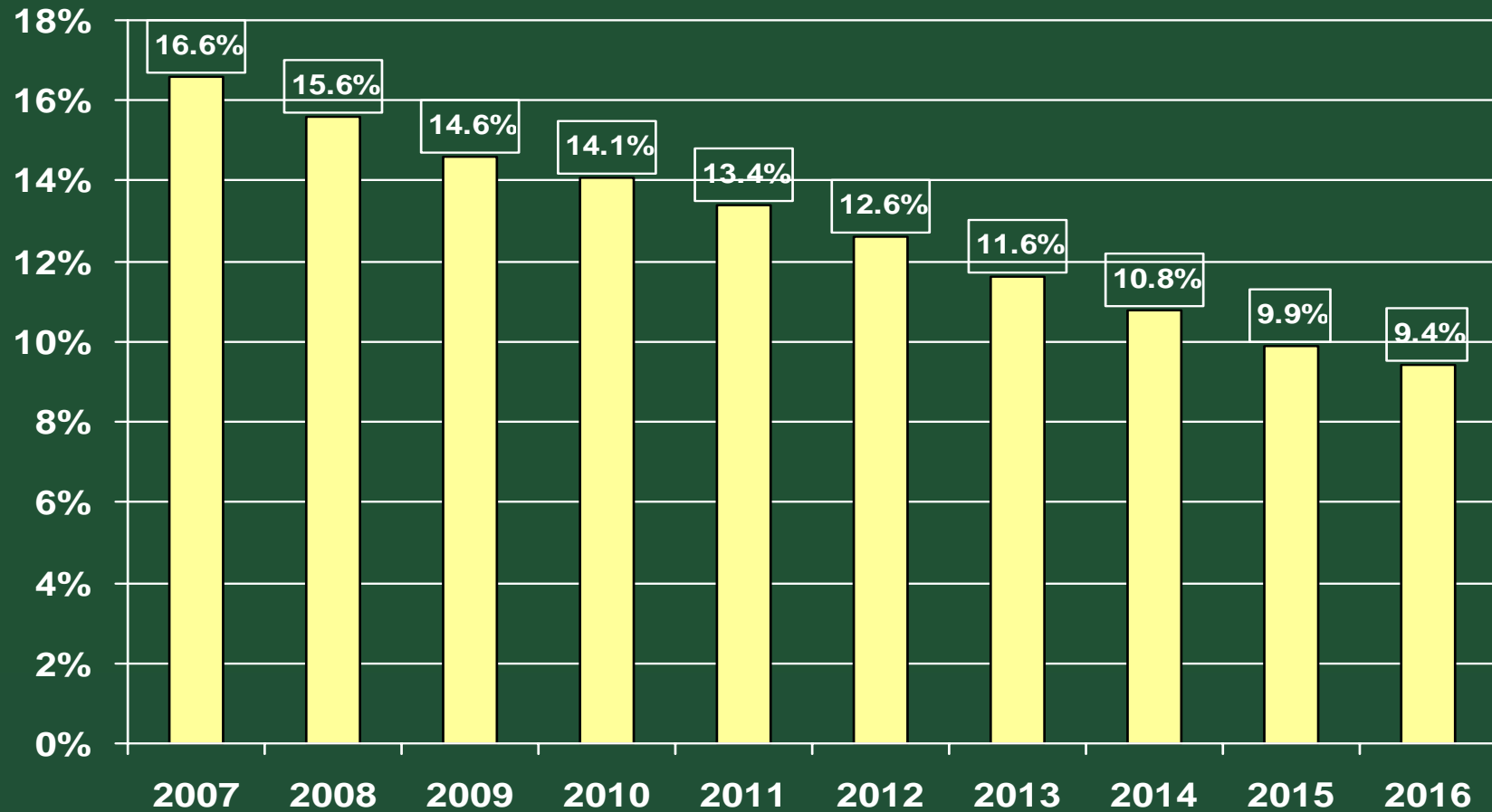
NERC (North American Electric Reliability Corporation) is a non-profit, self-regulatory organization whose mission is to ensure that the bulk power system in North America is reliable. It is subject to direct oversight by the U.S. Federal Energy Regulatory Commission (FERC).



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U.S Capacity Margins Decline...



Capacity Margins include planned resources (summer) and demand-side management (but not uncommitted resources)

Source: NERC 2007 Long-Term Reliability Assessment (ES&D database)



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Driving Demand – Avg. Sq. Footage of Finished Space in New House in U.S.

People per Home

3.14



2.57 (-18%)

1970

1990

2004

2005

1,500 sq. ft.

2,080 sq. ft.

2,349 sq. ft.

2,434 sq. ft.

(+57% from 1970)

(+62% from 1970)

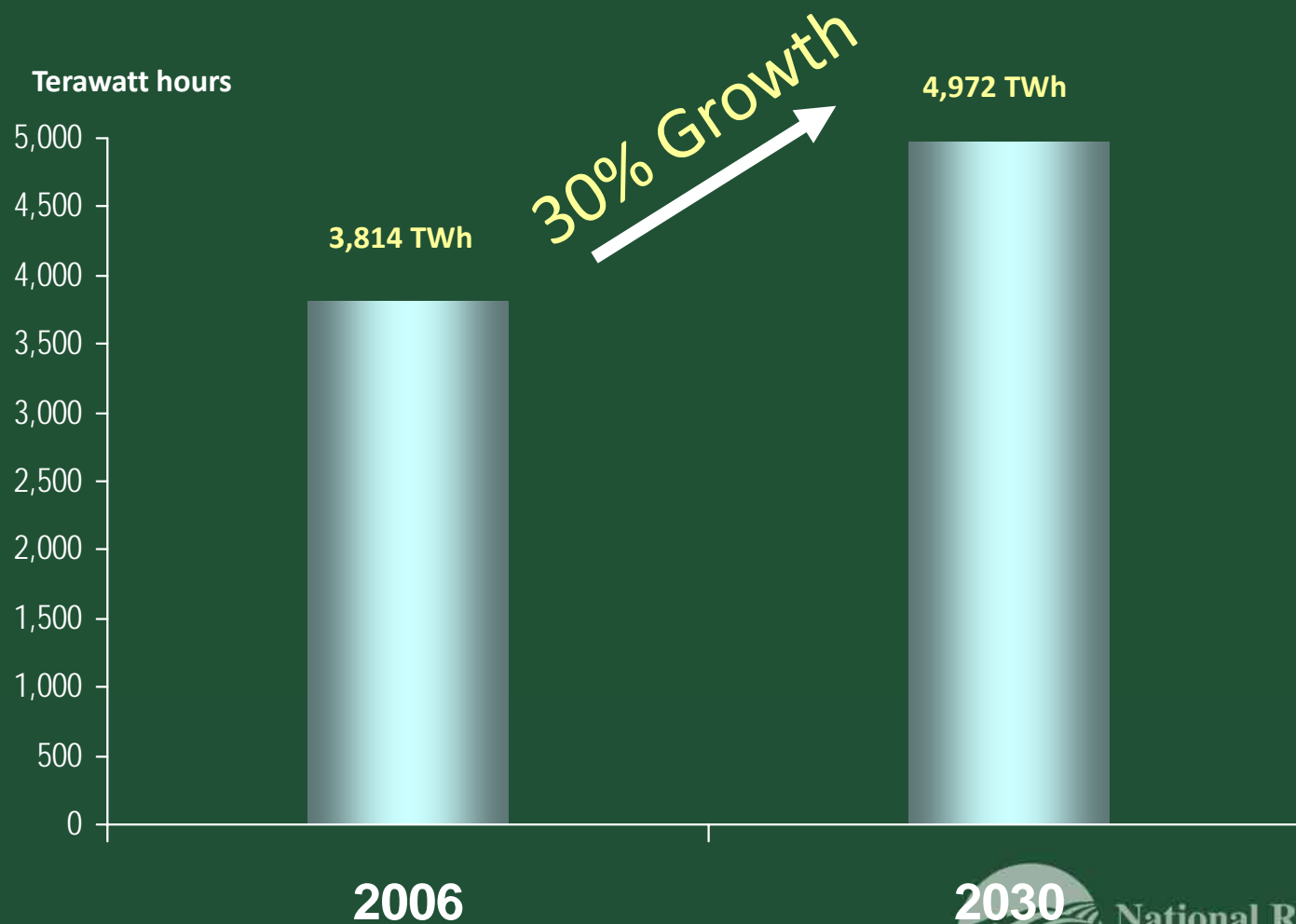
(+39%)



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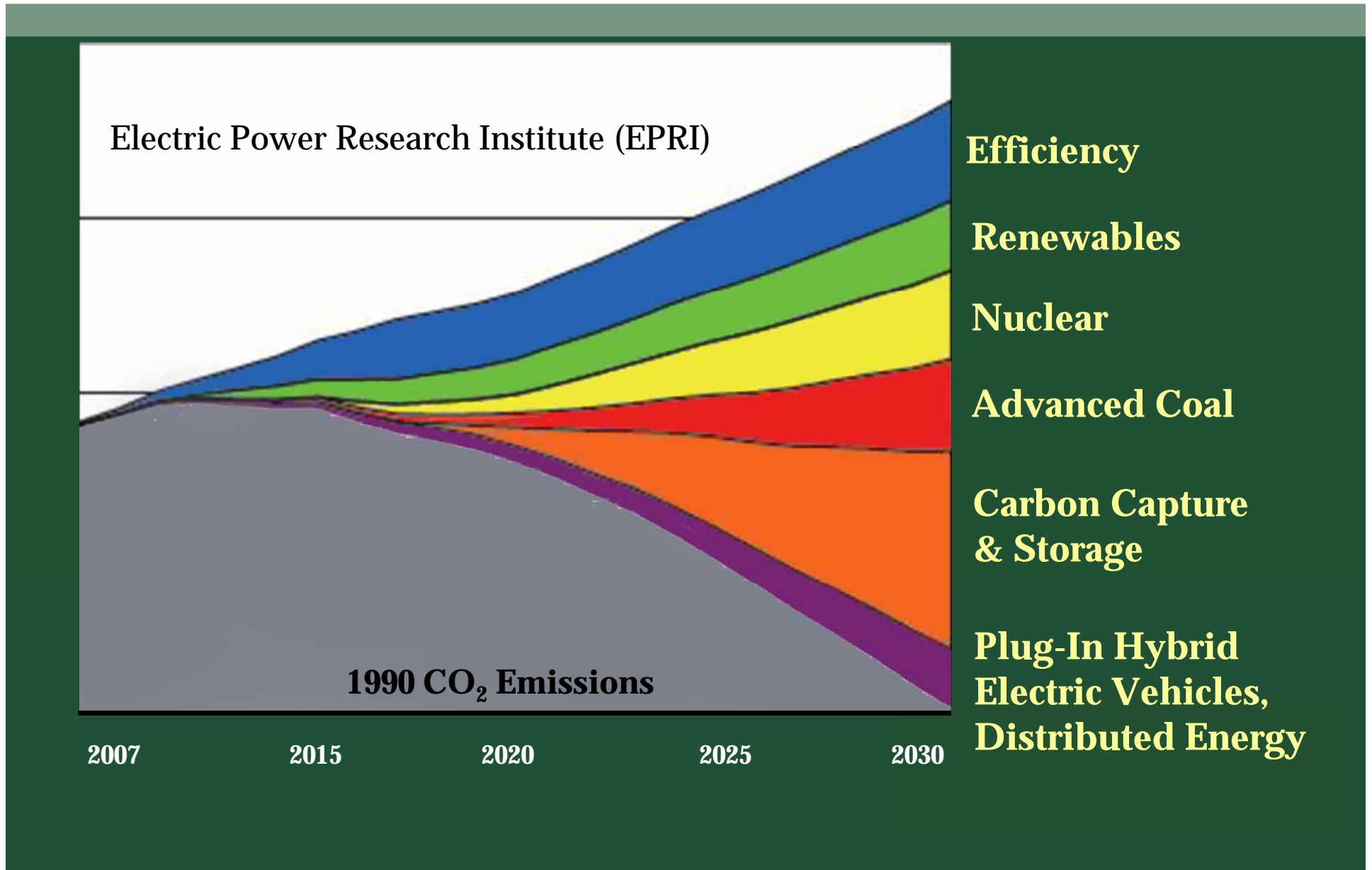
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U.S. Electricity Needs Growing



Source: EIA Annual Energy 2008 Outlook Assumptions, Reference Case

Full Portfolio is Needed to Meet Challenges



The Challenge

- Surplus generation of '70s & '80s is low
- Department of Energy forecast: 30% increase by 2030
- Environmental Concerns trump traditional efforts
- What will the “Electricity Gap” impact be?
 - Brown Outs & Black Outs?
 - Cost of living?
 - Economic impact?
 - Quality of life issues?



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The Challenge

- The atmosphere around energy policy is politically charged as polarized positions dominate the debate.
- Americans are becoming more eco-sensitive.
- The need for safe and reliable power at an affordable cost has never been greater.
- The energy debate needs leadership to achieve a balance in meeting energy needs and climate goals.
- Consumers have not been heard loudly enough.
- Electric Cooperatives have built-in credibility that can be leveraged because we are owned by our consumers.

Our Energy, Our Future



A True Grassroots Campaign

“Our Energy, Our Future”

- Our Energy – a *call to action, asking tough questions*
 - **Honest broker – tell it like it is**
 - **Fund technology development**
 - **Minimize price impact on consumer**
 - **Government leadership to be part of solution**



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The Three Questions

Consumers are asking legislators to focus on:

Capacity

Will we have the power we need?

Technology

How will they fund research and technology?

Affordability

How will they keep electricity affordable?



What Congress Should Do

Government must develop electricity policy;

- Balances the need for new generation
- With the need for new infrastructure
- With R&D of technology
- Achieving environmental goals
- And an eye to affordability for consumers



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What Congress Should Do

- Develop a 10 year plan around:
- Efficiency & Conservation
 - Appliance/Building/Direct assistance to low/fixed income
- Renewable Energy
 - National Renewable Cooperative Organization
 - Transmission Corridors must be built
 - Upgrade federal hydropower program (2500 MW)



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What Congress Should Do

- Nuclear Power
 - 4 plants a year starting in 2015 through 2020
 - Federal Government must be engage in deployment to meet capacity and emission goals.
- Carbon Capture & Storage
 - Technology is the key: low/no emissions coal = Independence
 - Congress can “front load” funding for R&D to speed development
 - It will take as much as \$2 billion starting next year
 - Timing is critical



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Bright Ideas




Draft Resolution:

- State legislators should be involved in the energy debate
- By openly communicating with the energy consumers they represent
- And with federal lawmakers
- The “Our Energy, Our Future” campaign is a vehicle for telling federal lawmakers how consumers see the energy challenges ahead



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More Information

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