

OEMC Media Contact:
Megan Castle, (303) 866-2262
megan.castle@state.co.us

GOVERNOR'S OFFICE OF ENERGY MANAGEMENT AND CONSERVATION, AQUILA INC., AND U.S. DEPARTMENT OF ENERGY PROJECT CREATES RENEWABLE ENERGY CREDITS USING FOREST THINNINGS

Aquila Protects the Forests and Generates Cleaner Energy

Denver, CO January 24, 2005 – The Governor's Office of Energy Management and Conservation (OEMC), Aquila Inc., and the U.S. Department of Energy (DOE) announce two innovative measures underway at the W.N. Clark Generating Station, owned by Aquila and located in Canon City, Colorado. First, the plant is replacing part of the coal with biomass from local forest thinning operations. Second, the plant plans to sell the environmental benefits achieved by this project by issuing Renewable Energy Certificates (RECs). This is the first time that forest-derived biomass is used in RECs that are sold in a voluntary market.

Aquila recently received EcoPower certification for electricity produced from forest-derived biomass. The biomass is being co-fired with coal in the existing stoker system. Only that amount of power attributable to the biomass will be certified as EcoPower. Environmental Resources Trust (ERT) issued its approval based on the significant net environmental benefits realized from replacing a portion of coal with biomass in the co-firing process. Replacing coal with biomass as a portion of the fuel mix reduces sulfur oxides, nitrogen oxides and carbon dioxide emissions.

RECs represent the environmental attributes of renewable energy generation, but they do not include the actual power generated. Unlike electricity, RECs can be sold beyond the boundaries of a utility's service area, expanding the green power market and making it possible for people anywhere to support green power options.

The sale of forest RECs will help Aquila recover the additional costs associated with introducing this renewable fuel source. Biomass from forest thinning operations is more expensive than coal, due to comparatively high costs of transporting and processing the biomass to the power plant.

"Aquila is creating a market for the waste materials. Using the biomass at the power plant is an environmentally friendly alternative and transforms a traditional waste stream to a fuel source. We hope that the success of this project will encourage more forest thinning work to be conducted and protect our forests from the damage and impact of wildfires," said Rick Grice, executive director of OEMC.

The biomass used at Aquila consists of small wood chips that are a by-product of forest fire mitigation activities. The U.S. Forest Service, state and local governments, and landowners are conducting "forest thinning" operations to reduce the threat of wildfire. Thinning typically results in piles of slash and brush that, by necessity, must be burned in place as a cost effective means of disposal.

The environmental and market analysis was conducted by McNeil Technologies and co-funded by US DOE, (OEMC) and Aquila. Updates on this project will be publicly announced by OEMC on its website, www.state.co.us/oemc.

Partner Contact Information:

- For technical information, contact: McNeil Technologies, Inc., Angela Crooks, (303)273-0071, acrooks@mcneiltechco.com
- For sales information, contact, Aquila: Mike Apprill, Mike.Apprill@aquila.com, (816)737-7847
- OEMC: Joe Lambert, (303)866-2326, Joe.Lambert@state.co.us

About Colorado Governor's Office of Energy Management and Conservation (OEMC):

As the lead state agency on energy efficiency and conservation issues, OEMC serves the people and businesses of Colorado through demonstration and education of viable, real-world solutions to the need to reduce our reliance on foreign energy. OEMC serves as a statewide advocate of energy efficiency through its programs and partnerships that benefit Colorado's economic and natural environment. OEMC receives federal funding, including U.S. Department of Energy, but no Colorado state tax dollars to support its activities. Contact OEMC at www.state.co.us/oemc or call toll-free, 800-632-6662.

-End-