Electric System Components

The cost to create and deliver electricity is composed of three general functions: generation, transmission and distribution. Dakota Electric Association purchases generation and transmission services from Great River Energy and provides distribution services directly to our members.

**GENERATION**
The generation function consists of generating plants, fuel and labor to operate these plants. Generation facilities are the first link in the chain in providing electricity to consumers.

**TRANSMISSION**
The transmission function moves electricity from generating plants over long distances to local service areas, such as your town or neighborhood. This function consists of costs for high voltage lines and labor to operate and maintain these facilities. Transmission lines typically consist of large steel or wood structures and wires.

**DISTRIBUTION**
Dakota Electric provides all of the services that make up the distribution function to its member-consumers. Distribution is the final link in the chain built to deliver electricity to your home or business. Dakota Electric’s distribution plant includes substations, poles, wires, transformers and meters. These facilities convert and deliver high voltage power from the transmission system into voltage that is usable for homes and businesses. Service and labor expenses incurred by Dakota Electric include the operation and maintenance of facilities, as well as billing and member services.

2022 Component Cost by Category

<table>
<thead>
<tr>
<th></th>
<th>Residential</th>
<th>Small General</th>
<th>General</th>
<th>Irrigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generation</td>
<td>50%</td>
<td>48%</td>
<td>66%</td>
<td>48%</td>
</tr>
<tr>
<td>Transmission</td>
<td>15%</td>
<td>15%</td>
<td>19%</td>
<td>2%</td>
</tr>
<tr>
<td>Distribution</td>
<td>34%</td>
<td>36%</td>
<td>15%</td>
<td>50%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Amounts may not equal 100% due to rounding.

2023 YOUR ELECTRICITY

Fuel sources, costs and emissions

How the electrical delivery system works, provides information about fuel sources, and meets the needs of Dakota Electric Association® and its members.

For more information, contact Great River Energy at www.greatriverenergy.com. Great River Energy is Dakota Electric Association’s wholesale power supplier.
Energy Sources
How are your electricity needs met by Dakota Electric Association®? This pie chart shows the primary fuel sources used to produce your electricity in 2022.

Energy Conservation
Annual member participation in Dakota Electric Association’s energy conservation programs reduced the need to produce roughly 248,000 megawatt-hours of electricity in 2022, a 11.83% savings. These annual savings resulted from both new and ongoing member participation in conservation programs. By not producing this electricity, the following approximate amounts of air emissions were avoided:

<table>
<thead>
<tr>
<th>Air Emissions by Fuel Type</th>
<th>Carbon Dioxide (CO2)</th>
<th>Sulfur Dioxide (SO2)</th>
<th>Nitrogen Oxides (NOx)</th>
<th>Particulate Matter</th>
<th>Mercury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coal</td>
<td>2,083 lbs.</td>
<td>1.4 lbs.</td>
<td>1.5 lbs.</td>
<td>0.004 lbs.</td>
<td>0.000017 lbs.</td>
</tr>
<tr>
<td>Natural Gas</td>
<td>1,510 lbs.</td>
<td>0.0042 lbs.</td>
<td>0.80 lbs.</td>
<td>0.005 lbs.</td>
<td>0.000001 lbs.</td>
</tr>
<tr>
<td>Oil</td>
<td>2,648 lbs.</td>
<td>0.02 lbs.</td>
<td>18.6 lbs.</td>
<td>0.14 lbs.</td>
<td>0.0000195 lbs.</td>
</tr>
<tr>
<td>Market</td>
<td>973 lbs.</td>
<td>0.78 lbs.</td>
<td>0.70 lbs.</td>
<td>0.06 lbs.</td>
<td>0.0000062 lbs.</td>
</tr>
</tbody>
</table>

Purchases come from various fuel sources throughout the region — nuclear, coal, natural gas, etc. Although nuclear energy is part of the region’s generating sources, Dakota Electric Association and Great River Energy do not directly purchase nuclear-based electricity for sale to members.

Nuclear energy does not produce these air emissions, but it does produce both high- and low-level nuclear waste.

Wind and solar power generation do not produce any of these air emissions. However, large hydropower may alter ecosystems and cultural resources depending on the location and design of the facility. The following chart compares the 2022 average emissions associated with the power plants producing your electricity with the emissions associated with regional power plants. The regional average is developed by the Minnesota Pollution Control Agency.

For more information about air emissions contact the Minnesota Pollution Control Agency at https://www.pca.state.mn.us or call 651-296-6300 or 800-657-3864.

How Do Air Emissions Affect The Environment?
Carbon dioxide is the principal greenhouse gas linked to global warming.
Sulfur dioxide and nitrogen oxides contribute to acid rain; nitrogen oxides also contribute to smog.
Particulate matter (sometimes called soot) contributes to asthma attacks and other respiratory illnesses.
Mercury accumulates in some fish to levels exceeding current Health Department guidelines.

Where Are Air Emissions Generated?
Statewide, coal-fired power plants in Minnesota generate: 34% of all sulfur dioxide pollution, 7.5% of all mercury pollution and 4.7% of all nitrogen oxides pollution. All other generation sources contribute a small amount of pollution. Pollution is emitted from many places, such as industrial and commercial sources, cars, trucks and home heating.

Save Energy
For ideas on saving energy, contact the Minnesota Department of Commerce at www.mn.gov/commerce, or call 651-539-1886 or 1-800-657-3710.

How are your electricity needs met by Dakota Electric Association®? This pie chart shows the primary fuel sources used to produce your electricity in 2022.

Energy Conservation
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| Carbon Dioxide (CO2) | 253,168,750 lbs. |
| Sulfur Dioxide (SO2) | 169,458 lbs.   |
| Nitrogen Oxides (NOx) | 178,362 lbs.    |
| Particulate Matter (PM) | 3,865 lbs.     |
| Mercury (Hg) | 0.5 lbs. |

Merganser Residential
For more information about air emissions contact the Minnesota Pollution Control Agency at https://www.pca.state.mn.us or call 651-296-6300 or 800-657-3864.

Renewable Energy
Dakota Electric offers the option of supporting wind or solar energy through our Wellspring Renewable Energy® program.
Wellspring wind energy costs an additional $0.30 per month for each 100 kilowatt-hour block you purchase.
Wellspring solar energy costs an additional $2 per month for each 100 kilowatt-hour block you purchase. You determine how many blocks to purchase. The price is subject to change.
For more information on Wellspring Renewable Energy or energy-saving programs, contact Dakota Electric at www.dakotaelectric.com or call 651-463-6243 or 1-800-874-3409.