

The SOUTHEASTERN Light

SouthEastern Illinois Electric Cooperative

A Touchstone Energy® Cooperative 

President's Comments



Dustin Tripp
President/CEO

Wholesale electricity generation costs are increasing

I hope all of you had a Merry Christmas and a Happy New Year's! As we begin the new year, I want to take this opportunity to review some of the significant events that have occurred in the energy industry over the past few years and how that will impact your cooperative's wholesale electricity costs in the next few years.

In 2021, the electric utility industry experienced significant reductions in demand and energy consumption due to the COVID-19 pandemic and subsequent lockdowns. With the decreased consumption of coal and natural gas to generate electricity, prices of these fuels remained reasonably stable. As the United States and other countries started to resume normal operations and increase economic activity in late 2021 and early 2022, the electric utility industry experienced increases in demand and energy consumption. Then, in February 2022, Russia invaded Ukraine. Due to Russia's invasion of Ukraine, many countries banned or placed sanctions on the purchase of Russian natural gas and coal in an effort to deter or penalize Russia for the invasion. It is important to note that in 2021, Russia was the world's largest exporter of natural gas, accounting for approximately 20% of the world's natural gas export market. Russia was also the world's third largest exporter of coal, accounting for approximately 17% of the world's coal export market.

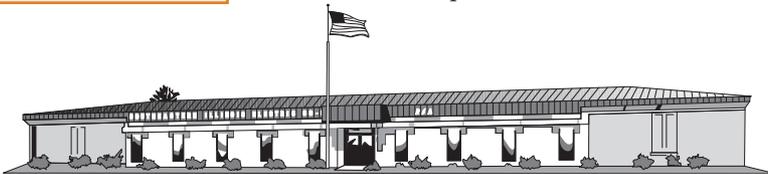
As countries began sourcing natural gas and coal from countries other than Russia, the demand for additional exports from other countries increased. In 2021, the United States was the world's second largest exporter of natural gas. The United States continues to increase its export capacity by constructing new, liquified natural gas (LNG) export terminals. LNG exports have converted the United States natural gas market from a domestic market to a world market. The price of natural gas in Europe and other countries is soaring, and the United States is exporting as much LNG as possible.

As the price of natural gas in the United States increased significantly in 2022, many utilities began switching from natural gas generation to coal generation. In addition, many utilities around the world also began using more coal for electricity generation. This increased the demand for coal and subsequently, coal prices began increasing significantly as well. The spot price for Illinois Basin coal peaked in September 2022 at a price that was nearly 400% higher than contract coal prices just a few years ago. At the time this article is being written, spot prices have been decreasing some but are still nearly 270% higher than contract coal prices just a few years ago.

Your cooperative's power supplier, Southern Illinois Power Cooperative (SIPC), purchases the coal locally that is used to generate electricity at the Marion

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READERSHIP
PRIZE WINNER:
Kyle Weeks,
West Frankfort, IL



► *Continued from page 18A*

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coal plant. As we move into 2023, SIPC will be consuming coal at a price that is significantly higher than in previous years due to many of the reasons stated above. SIPC also has an ownership in Prairie State Generation Campus (PSGC) in Lively Grove. As a part-owner in this facility, SIPC also owns its share of the coal that is located underground, adjacent to the plant. Therefore, the coal that is consumed to generate electricity at this plant is not impacted by the increased market price of coal due to the fact that it was purchased many years ago as a coal reserve for the PSGC plant.

In addition to the increases in the cost of fuels consumed to generate electricity, the price of capacity is also increasing. The Midwest Independent System Operator (MISO) recently announced a significant change in the generation capacity auction in the Midwest. The change includes moving from an annual capacity construct to a seasonal capacity construct. This will lead to higher capacity prices for SIPC. Lastly, generation providers are also dealing with inflationary impacts, just like almost every other industry. Cost increases are occurring in materials, supplies, contractors, etc.

As many of you know, a local investor-owned utility announced that rates to their typical residential customers would increase 54% beginning in June 2022. Fortunately, your cooperative still has an ownership share in its own generation resources and did not have to pay the incredibly high market prices for capacity that other utilities' customers experienced. However, SIPC is incurring cost increases, as mentioned in this article. As a result, SIPC has informed your cooperative that there will be a 4% wholesale rate increase beginning in January 2023. In addition, SIPC will be consuming some higher-priced coal and carbon in 2023 to generate electricity. This will gradually increase the power cost added in your cooperative's wholesale power rate. These increases in the cost of wholesale electricity generation will be reflected in the wholesale power cost adjustment charge in the retail rate. In reviewing these wholesale cost increases, your cooperative is projecting the increases in wholesale electricity will equate to an approximate 7.2% increase in residential retail rates in 2023.

See you next month and as always, "We'll keep the lights on for you."

Preventing Home Electrical Fires

Fire departments respond to an average of **46,700** home fires each year caused by electrical failure or malfunction.

According to the National Fire Protection Association (NFPA):
Over a recent 4-year period...

30% happened in cold weather months (Nov. - Feb.)

Fires caused an estimated average of:
390 Deaths
1,070 Injuries

1 Wiring and related equipment were involved in the **greatest number of home electrical fires.**

Lighting, a lamp or a bulb was involved in the **second largest number of fires.**

2

WARNING SIGNS of electrical issues:

- Damaged cords and flickering lights
- Discolored outlets and switch plates
- Frequently tripped circuit breakers or blown fuses

Hire a licensed contractor to ensure that your home's wiring is **installed to code** and functioning properly. Learn more at:

Safe Electricity.org

Source: NFPA's Electrical Fires Report, 2022

WINTER WEATHER

CAN BRING POWER LINES DOWN



DID YOU KNOW:

STAY WHERE YOU ARE

You've just been in an accident involving a downed power line. Your first instinct might be to get out and run, but that could cost you your life. In most cases, the safest place to be is inside your car or truck. Wait there until electric utility workers deenergize the power. If your car is on fire or you see smoke, escape as safely as possible by making a clean, solid jump out and hop away with both feet together as far as you can. Warn others not to approach the scene.



- That downed power lines are extremely dangerous and even deadly?
- The current could spread throughout the ground and anything touching the ground?
- Stray voltage spreads like ripples on a pond?
- If you step from one "ripple" (voltage) to another you could be electrocuted?
- Downed lines could be hiding under standing water, ice or debris?

Learn more at:





MARTIN LUTHER KING JR. DAY

Our office will be closed on Monday, Jan. 16th
in observance of Martin Luther King Jr. Day.

POWER OUTAGE

If your power goes off, we offer these suggestions

1. Check the fuses or circuit breakers in your service panels. If you have breakers, make sure they are in the "ON" position.
2. If you have a meter pole, check the main breaker panel just below the meter socket. If the breaker is in the "OFF" position, check all of your wiring from the meter pole to your various buildings. If the wiring appears to be okay, reset the breaker to the "ON" position.
3. If you still do not have power, check with neighbors to see if they have power.
4. To report a power failure or other emergency, please phone 1-877-399-8405. This phone number is monitored around the clock, 365 days per year to accept your outage and emergency calls.
5. Your phone call will be handled by SouthEastern's automated outage reporting system and will be identified automatically through ANI (Automatic Number Identification). An outage record will then be generated for your location. Please note that the phone number

from which you place the call will be the number used to generate the record. If the system fails to recognize your phone number, members having touch-tone phones may simply enter their seven-digit phone number (without area code) in order to report the outage. Members not having touch-tone phones will be asked to leave a message. It is important you leave your name, phone number and location of the outage. Retrieving messages and entering them into the system is time consuming; therefore, please leave only a message that will help in restoration of electric service. Do not remain on the line for an operator because a live operator is not there to respond. In order to keep a current listing of all numbers, it is important that you notify the Cooperative of any changes in your telephone number.

6. Handling outage calls electronically allows you to report power failures very quickly. Once your outage has been reported, it will be dispatched to repair personnel who will restore your outage as soon as possible. Calling back repeatedly will not shorten the length of the outage, but may hinder the efforts of other members who are trying to report outages.

OUTAGE CALLS ONLY 1-877-399-8405

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SouthEastern Illinois
Electric Cooperative

A Touchstone Energy® Cooperative 

100 Cooperative Way • Carrier Mills, IL 62917-2275
618-273-2611 or 800-833-2611
Office hours: 8 a.m. - 4 p.m. M-F