

News Release

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Seminole Electric Cooperative, Inc.

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Seminole wins low cost funding for potential 'Smart Grid' solar project

Access to tax-credit bonds increases the feasibility and would reduce the cost of this renewable energy demonstration project

(Tampa, FL) – Nov. 12, 2009 – The U.S. Internal Revenue Service (IRS) has selected a 'Smart Grid' solar photovoltaic (PV) project being studied by Tampa-based Seminole Electric Cooperative, for access to up to \$34 million in low cost project funding.

On October 27, 2009, the IRS awarded Seminole the right to issue up to \$34 million in new Clean Renewable Energy Bonds (CREBs) to finance a potential 1-5 megawatt (MW) solar energy project. Seminole is evaluating its natural gas-fueled Midulla Generating Station, in southwest Florida, as a site for the facility, which would consist of an array of solar photovoltaic (PV) panels and associated energy storage capabilities.

Seminole, the wholesale power supplier to 10 Florida distribution cooperatives, currently meets about 4% of its member systems' energy needs with renewable energy. The Cooperative estimates the solar facility will have a 20% capacity factor. A battery bank would be used to allow the energy produced by the panels to be stored for later use as needed. A Seminole spokesperson says storage capabilities increase the utility of solar facilities since peak solar production hours do not always coincide with periods of highest energy demand.

A total of \$2.2 billion of congressionally authorized new CREB awards, announced on October 27, was awarded to 805 proposed projects. The IRS awarded approximately \$458 million of that new CREB funding to projects proposed by consumer-owned electric cooperatives in 17 states.

The original CREB program was created by the Energy Policy Act of 2005. The new CREB program is funded through an \$800 million allocation in the Energy Improvement and Extension Act of 2008 and a \$1.6 million 'stimulus' allocation in the American Recovery and Reinvestment Act of 2009. Both CREB programs are designed to encourage the development of new, clean energy projects, which are often more costly than traditional resources, and give authorized issuers the right to issue bonds to fund qualifying projects that benefit both customers and the environment. Bondholders — new CREB lenders or purchasers — receive a variable quarterly tax-credit, the amount of which is set by the U.S. Treasury. Under the new CREB program, authorized bond issuers may issue their bonds at a discount, or make supplemental interest payments.

Seminole has published a request for proposals for the PV portion of the project. Bidding is open to prequalified vendors with experience in developing large-scale PV projects. The Cooperative expects to make a final decision on developing the project by March 2010. Seminole also has applied for a U.S. Department of Energy Smart Grid grant to support the battery bank portion of this project, in partnership with the National Rural Electric Cooperative Association and its research division, the Cooperative Research Network.

About Seminole Electric Cooperative, Inc. Seminole is a non-profit generation and transmission cooperative. Its energy portfolio includes coal, natural gas, renewables, and nuclear energy. In addition to the 800 MW natural gas-fueled, combined cycle Midulla Generating Station in Hardee County, Seminole owns and operates the 1300 MW coal-fueled Seminole Station in Putnam County. Seminole's members together serve an estimated 1.7 million individuals and businesses that are located across portions of 46 Florida counties. For more information, visit Seminole's web site at www.seminole-electric.com.