

District Energy New Release

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FOR IMMEDIATE RELEASE: October 14, 2003

DISTRICT ENERGY ST. PAUL CELEBRATES 20th ANNIVERSARY

ST. PAUL, Minn. District Energy St. Paul is celebrating its twentieth anniversary this week as downtown St. Paul's preferred provider of efficient and reliable heating and cooling services.

Launched as a demonstration project in 1983, District Energy (then known as District Heating Development Company) was the City's response to the energy crises of the mid- and late-1970s, when the stability of the international energy markets began to falter. Civic leaders found themselves faced with the challenge of rebuilding the downtown area during a time in which oil supplies and prices were increasingly volatile.

"With double-digit increases in energy prices, we were looking for something that would make St. Paul competitive, something that would encourage new investment and activity in our City," recalls Bill Buth, President of the St. Paul Building Owners and Managers Association (BOMA) and a founding Board member of District Energy. "We had heard about the efficient district hot water heating systems in Sweden and thought that model might be applicable to St. Paul."

Buth and his colleagues, including then-Mayor George Latimer, ultimately hired the Swedish engineer Hans Nyman to lead the effort to build an efficient, centralized heating system that would serve downtown buildings. The initial venture was a public/private partnership among the City of St. Paul, State of Minnesota, U.S. Department of Energy, and the downtown business community, all of whom wanted to prove the viability of a hot water district heating system in a state with cold winters. The demonstration project was a success, and the company continued its expansion.

In 1993, an affiliate company, District Cooling St. Paul, began offering cooling service to downtown buildings. This system eliminated the need for customers to operate their own air-conditioning units or use ground water to cool their buildings.

Now, twenty years later, District Energy supplies heating service to 162 buildings in and around downtown St. Paul, representing about 80% of the total market in that area. Its affiliate, District Cooling St. Paul, serves 68 customers, or about 60% of the potential market. In 2002 the company's distribution system was extended across the river to the new U.S. Bank Center, opening new possibilities for serving other buildings in adjacent areas.

All of the major downtown buildings constructed in recent years have opted to purchase service from District Energy rather than operate their own heating and cooling equipment. New and existing customers alike continue to benefit from rates that have remained remarkably stable even as the cost of natural gas has spiked to record levels. Unlike a single-fuel heating plant, District Energy can utilize a variety of fuel sources, continuously adapting its fuel purchases to changing market conditions.

“We still have tremendous potential for growth, whether it’s connecting new customers to our systems or offering new services through an affiliate company to our existing customers,” notes Anders Rydaker, President. “We will continue to expand and innovate, always seeking new ways to provide service that is reliable, efficient, and good for the environment.”

Earlier this year, the company began buying “green energy” from its affiliate, St. Paul Cogeneration, which operates the new combined heat and power plant adjacent to the District Energy plant. The new plant simultaneously produces heat and electricity, making it more than twice as efficient as conventional electric power plants. It is fueled primarily by clean wood waste, a plentiful, renewable local resource. Projected to burn 280,000 tons of wood waste annually, it is the largest wood-fired combined heat and power plant serving a district energy system in the United States. Xcel Energy will purchase 25 megawatts of electricity produced at the plant, enough to supply approximately 20,000 homes. The plant will also supply approximately 80% of the annual needs of the District Energy system.

“This plant will reduce District Energy’s reliance on coal by 80 percent, reduce soot emissions by 50 percent, and reduce greenhouse gas emissions by more than 280,000 tons,” said Rydaker. “It also helps the community solve a waste disposal problem, and keeps fuel dollars in the local economy. **Everybody wins.**”

District Energy St. Paul is a private, nonprofit, community-based corporation providing district heating and cooling services in St. Paul, Minnesota.