



DISTRICT ENERGY
ST. PAUL™



BUILDING ON
PARTNERSHIP

ANNUAL REPORT
2021



A NOTE FROM KEN

As we look back on 2021 and forward into 2022, I cannot help but think about the role that our customers, community, and partnerships have played in the continuous improvements to our services. This year we were fortunate to advance on our goals towards carbon neutrality, energy efficiency, and customer care while maintaining reliable service and rate stability. We know that these goals are founded in the aspirations of Saint Paul. While we acknowledge that 2021 has been another hard year for many businesses, we continue to be grateful for the opportunity to brace the storm together and share our struggles and successes with the community we serve.

As we continue to work toward carbon neutrality, we will keep our customers priorities for system reliability and affordability top of mind. Cooling services rates are cost-based and have remained stable with the rate of increases remaining below the rate of inflation since system start up in 1993. For fiscal year 2021, our cost per ton hour of energy was 10% less than it was 5 years ago. In addition, we provided a \$200,000 cooling rebate distributed proportionate to cooling usage amongst our cooling customers. This rebate reflects our team's commitment to energy efficiency and providing our customers with competitive, cost-based rates. The decision to provide carbon neutral cooling was contingent upon our ability to keep rates consistent, and in 2021 we were able to find a solution to make this a reality. On the heating system, this year we implemented the first phase of an improved energy production monitoring system, launched the customer portal, and also worked closely with Xcel Energy to analyze how to decarbonize the system further while also keeping energy reliable and affordable for our customers.

District Energy's success would not be possible without the resilience of our Saint Paul customers and our team. At the end of 2020 we were saddened by the passing of Alex Sleiman. Alex was an integral part of the history of District Energy, and as we moved into 2021 it was imperative that Alex's approach to customer satisfaction and business ingenuity continue to carry through our customer care efforts. I know that Alex would agree that people are at the center of our accomplishments and that the partnerships we have with our customers and community are tremendously important to our greater mission.

Ken Smith
President and CEO

SAINTS' SUSTAINABILITY PARTNER

District Energy is the new sustainability partner for the greenest ballpark in America - CHS Field. As a past collaborator on the Saint Paul Saint's World's Largest Game of Catch and education day, as well as District Energy's Big Idea Video Contest, we recognize the strong presence that the Saints have in our community. We look forward to enhancing our partnership to help further the conversation around sustainability and energy in Saint Paul while having a little fun.

FINANCIALS

RATES AND UNIT SALES

YEAR-END SEPTEMBER 30 **FY2021** **FY2020**

HEATING SERVICES

Demand rate (\$/kW/mo)	\$5.63	\$5.63
Energy charge (\$/MWh)	\$22.26	\$20.10
Overall rate (\$/MMBtu, 1700 Util hrs)	\$18.17	\$17.53
Demand (kW)	184,468	179,611
Energy sales (MWh)	330,313	340,038

COOLING SERVICES

Demand rate (\$/ton/mo)	\$30.02	\$29.28
Energy charge (\$/ton-hour)	0.081	0.085
Overall rate (\$/ton-hour, 1200 Util hrs)	\$0.382	\$0.377
Demand (tons)	27,485	27,703
Energy sales (ton-hours)	36,400,165	32,884,752

REVENUES AND EXPENSES

YEAR-END SEPTEMBER 30 **FY2021** **FY2020**

OPERATING REVENUES

Operating Revenues	\$34,333,452	\$32,673,167
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OPERATING EXPENSES

Fuel and Energy	\$10,839,984	\$9,705,219
Non-Fuel Operating Expenses	\$12,634,830	\$12,739,065
Total Operating Expenses	\$23,474,814	\$22,444,284
Operating Income Before Depreciation	\$10,858,638	\$10,228,883

ON COVER: Students from Macalester College discussed energy and plant operations with our team from the Science Museum balcony.

CARBON-NEUTRAL COOLING

District Energy Saint Paul continues to work towards carbon neutrality and providing our customers with innovative solutions to reduce our collective environmental impact.

Our team has committed to carbon neutrality by 2050 with an aspirational goal of 7% reductions each year. These targets are informed by the recommendations from the United Nations Environment Programme to reduce greenhouse gas emissions by 7.6 % each year between 2020 and 2030.

In October 2021, we announced that we will be providing carbon-neutral cooling as part of the existing service and previously approved rate structure for all of our cooling customers. This advancement means that District Energy is one of the first district systems in the United States to offer all customers carbon-neutral cooling services. This service feature was made possible in partnership with Minnesota-based clean energy solutions provider

Juhl Energy to purchase renewable energy credits (RECs) from local renewable energy projects. The current cooling system is 100% electrified, and one REC mitigates the greenhouse gas emissions from one megawatt hour (MWh) of electricity. RECs are tracked by a third-party entity to ensure accuracy. Going forward, this agreement will offset scope 2 emissions used to deliver chilled water to customer buildings.

Our customers have continued to voice the importance of renewable energy integration for their business. Over the last several years, energy and financial savings have resulted from our continuous efforts to improve system efficiency through customer building optimizations, plant dispatching protocols, optimizing 6.7 million gallons of thermal storage, and strategic equipment investments. As we work towards reducing emissions and envisioning a future where our environmental impact continues to be reduced, we are proud District Energy's cooling system efficiency gains have made this agreement possible.

"As a District Energy customer, we're especially excited that our office cooling - and all others served by District Energy - will be powered or offset by carbon-free electricity. This is a great example of what's possible when building efficiency, district energy systems, and carbon-free electricity are combined."

MICHAEL NOBLE,
EXECUTIVE
DIRECTOR OF
FRESH ENERGY

"HealthPartners is committed to caring for the places where we live and work so we can provide a healthier, cleaner, and more livable environment for our members, patients, colleagues and future generations," said HealthPartners President and CEO Andrea Walsh. "Reducing our carbon footprint is an important step in our journey to implement practices across our organization that promote health by protecting the environment. We have made great strides already, and this effort by District Energy will help us meet our aggressive carbon goals."

ANDREA WALSH, CEO OF HEALTHPARTNERS

"Securian Financial is encouraged by District Energy's new carbon-neutral cooling initiative. This program is another step toward a more sustainable future for our company, community and planet. We thank District Energy for their vision and leadership."

NICOLE HANSEN, EXECUTIVE DIRECTOR OF THE SECURIAN FINANCIAL FOUNDATION AND DIRECTOR OF COMMUNITY ENGAGEMENT, SECURIAN FINANCIAL GROUP

"For decades, District Energy St. Paul has been at the forefront in delivering innovative, reliable, and community-based energy solutions. CEEM applauds District Energy for their continued leadership as they begin providing carbon-neutral cooling. This decision benefits customers, supports local renewable energy projects, and demonstrates a deep commitment towards achieving their goal of carbon neutrality by 2050."

GREGG MAST, EXECUTIVE DIRECTOR, CLEAN ENERGY ECONOMY MN

"The City of Saint Paul is lucky to have a great partner in District Energy Saint Paul as we move to reduce greenhouse gas emissions in our community. We know that decarbonization of energy is important to our residents and businesses, and critical to the well-being of our community and all of humankind. Carbon neutral cooling for Downtown Saint Paul buildings is an important milestone in our collective work."

RUSS STARK, CHIEF RESILIENCE OFFICER, CITY OF SAINT PAUL

WELCOME BALL CORPORATION

This year District Energy welcomed industrial customer, Ball Corporation to our system. Located on the West Side, Ball Corporation is a leading aluminum packaging manufacturer. Adding Ball Corporation to the system has been an exciting expansion as they utilize heating year-round, taking full advantage of the production from District Energy's combined heat and power plant. System reliability is essential because the plant uses hot water to heat the process water used in can making production. "The partnership with District Energy has delivered great results. The boilers that were used prior to District Energy, routinely failed which led to spoilage and high opportunity cost," said Nick Davies, Electrical Supervisor at Ball Corporation. "Collaborating with District Energy's engineers and administrative staff, we identified and implemented the best solution to get reliable hot water delivered to the plant. The plan meets the needs of the plant today, but also has the capacity for expansion in the future." Ball Corporation is a unique process load for the system with future opportunities to expand and partner. 🌊



IN PHOTO: Nick Davies of Ball Corporation with the District Energy project team. **R to L:** Luke Davis, Nick Davies, Gerry Gubash, Jeff Volovsek, and Tom Snyder.

CUSTOMER PORTAL

In 2021 District Energy was excited to debut the new District Energy Customer Portal to help building managers, operating engineers, and account managers access energy data and account details for their buildings. The platform has robust functionality including a dynamic usage dashboard, downloadable data, and automated benchmarking that links directly with Energy Star. The idea for the customer portal originated with the desire for our customers to have easy access to their data and be able to customize information to best fit the needs of their building.

At its core, the District Energy Customer Portal serves to give customers access to their data, and allow for closer monitoring and involvement with the District Energy team. Information in the portal is updated daily and customers are encouraged to use this tool to understand their energy usage and see areas for improvement in energy efficiency.

We want to thank all of our customers who provided feedback and participated in testing throughout this process. At District Energy we want to help customers navigate this new tool, and we have worked to create a variety of resources to help our customers get familiar with the platform. In addition to a user guide and training sessions, District Energy has a dedicated team available to support questions and help customers maximize all of the portal tools and features. 🌊

SUPPORTING CUSTOMER EFFICIENCY

District Energy is committed to helping our customers achieve the highest possible efficiency and reliability in their buildings. Energy conservation is an important element of carbon reduction. Across the system in heating and cooling production, distribution, and customer buildings, we work to continuously improve efficiency and help our customers get the most out of their energy usage.

For decades, we have supported building projects on a case by case basis, and this year we formalized our Energy Efficiency Program which allows customers to complete a simple application for financial assistance and engineering guidance to make progress on their building efficiency goals. This provides customers an opportunity to connect with District Energy engineers and have access to the right resources to improve building performance. 🌊

BOARD OF DIRECTORS

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Vice-President Global Community Relations, Ecolab

ERIN CAMPBELL
Assistant Commissioner for Facilities and Enterprise Services, MN Department of Administration
Large-sized customer representative

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Senior Vice President & Chief Financial Officer, Care Delivery, Regions Hospital

NICOLE HANSEN
Executive Director of the Securian Financial Foundation and Director of Community Engagement, Securian Financial Group
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KEN PETERSON
Attorney and former Commissioner, MN Department of Labor and Industry

PAT WOLF
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Small-sized customer representative

DAVID YBARRA
President, Minnesota Pipe Trades Association

KEN SMITH, EX OFFICIO
President & CEO, District Energy St. Paul

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