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Caterpillar awarded equipment supply contract and associated engineering services to provide 25 MW of generating capacity for Southern Minnesota Municipal Power Agency (SMMPA).

SMMPA to re-develop their Fairmont Energy Station, a retired steam plant, using Caterpillar flexible power generation technology.

PEORIA, IL – [Caterpillar Inc.](#) announces today that [SMMPA](#) has signed an agreement to purchase four G16CM34 natural gas fired generator sets to replace an inefficient oil and gas-fired steam plant located in Fairmont, Minnesota. The new Cat® medium speed reciprocating engines will work in conjunction with SMMPA's existing 12 MW of dual-fuel reciprocating engine capacity to restore the plant's original permitted capacity of 37 MW.

Caterpillar Power Generation Systems (CPGS), part of the Electric Power division of Caterpillar Inc., executed the agreement with SMMPA in December 2011. Ziegler Cat, the Cat dealer servicing this region, was instrumental in helping CPGS secure this important project. The project is scheduled to begin May 1, 2012 to enable final completion by December 2013.

Use of Caterpillar flexible generation technology will enable SMMPA to improve system reliability by offering the Midwest Independent Transmission System Operator (MISO) market a variety of ancillary services. The new plant will also provide excellent fuel efficiency (even during partial load operation) and environmental benefits including low water consumption and compliance with strict emissions regulations.

The Fairmont Energy Station project is the third power plant in the U.S. in which CPGS is installing its natural gas fired generator sets, each using medium speed reciprocating engine technology. "We believe that our flexible power generation technology, combined with our U.S.-based after-sales support team, represent an attractive solution; particularly in areas served by high amounts of wind power generation. We are proud to be working with SMMPA

on their Fairmont Energy Station project and look forward to adding to our installed capacity in the months ahead,” said Clive Nickolay, managing director of CPGS.

Dave Geschwind, SMMPA executive director and CEO said, “We look forward to having this reliable, efficient, and flexible generation resource in SMMPA’s member community of Fairmont. We’re glad to be working with CPGS and Ziegler Cat who we know will provide the high level of product quality and service that our members need.”

CPGS offers a range of electric power generation solutions including engineered equipment, turnkey power plants, financing, and customized operations and maintenance programs. CPGS power plants are fueled by natural gas and liquid fuels such as traditional fossil fuels and a variety of renewable fuels including biodiesel and raw vegetable oil. CPGS power plants are located throughout the world with some individual facility outputs in excess of 100 MW. For more information, please visit <http://www.cat.com/power-plants>.

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About SMMPA

Created by its members as a joint-action agency in 1977, SMMPA generates and sells reliable wholesale electricity to its eighteen non-profit, municipally owned member utilities and develops innovative products and services to help them deliver value to their customers. SMMPA members serve over 97,000 residential customers and over 12,300 commercial and industrial customers. In addition to its 41 percent share of the 884 MW Sherco 3 coal-fired generator near Becker, MN, the Agency’s energy resource mix also includes various renewable energy sources such as wind, biodiesel, and waste-to-energy, and an array of intermediate and peaking units owned by member utilities. For more information about SMMPA please visit www.smmpa.com

About Ziegler Cat®

Ziegler Cat, one of the largest and most successful Cat dealers in the U.S., is a family-owned business representing the full line of Cat equipment and generators in Minnesota and Iowa. Ziegler Power Systems is a single-source provider of Cat power generation products and systems, and ancillary power products, backed by world-class service and support.

More information is available at www.zieglercat.com.

About Caterpillar

For more than 80 years, Caterpillar Inc. has been making progress possible and driving positive and sustainable change on every continent. With 2011 sales and revenues of \$60.138 billion, Caterpillar is a technology leader and the world's leading manufacturer of construction and mining equipment, clean diesel and natural gas engines, and industrial gas turbines.

More information is available at www.cat.com.

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