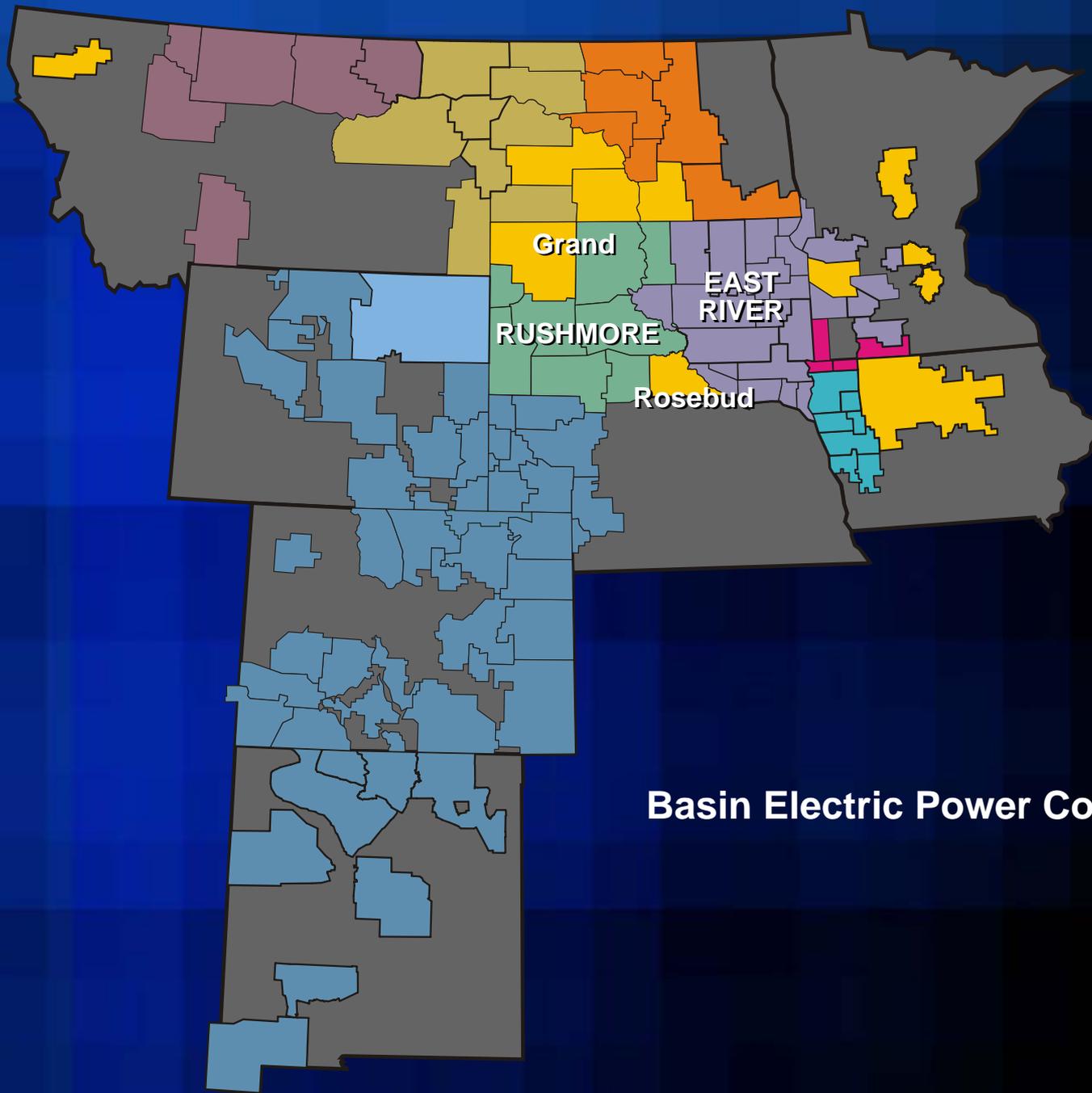


Impact of Climate Change Legislation



Basin Electric Power Cooperative

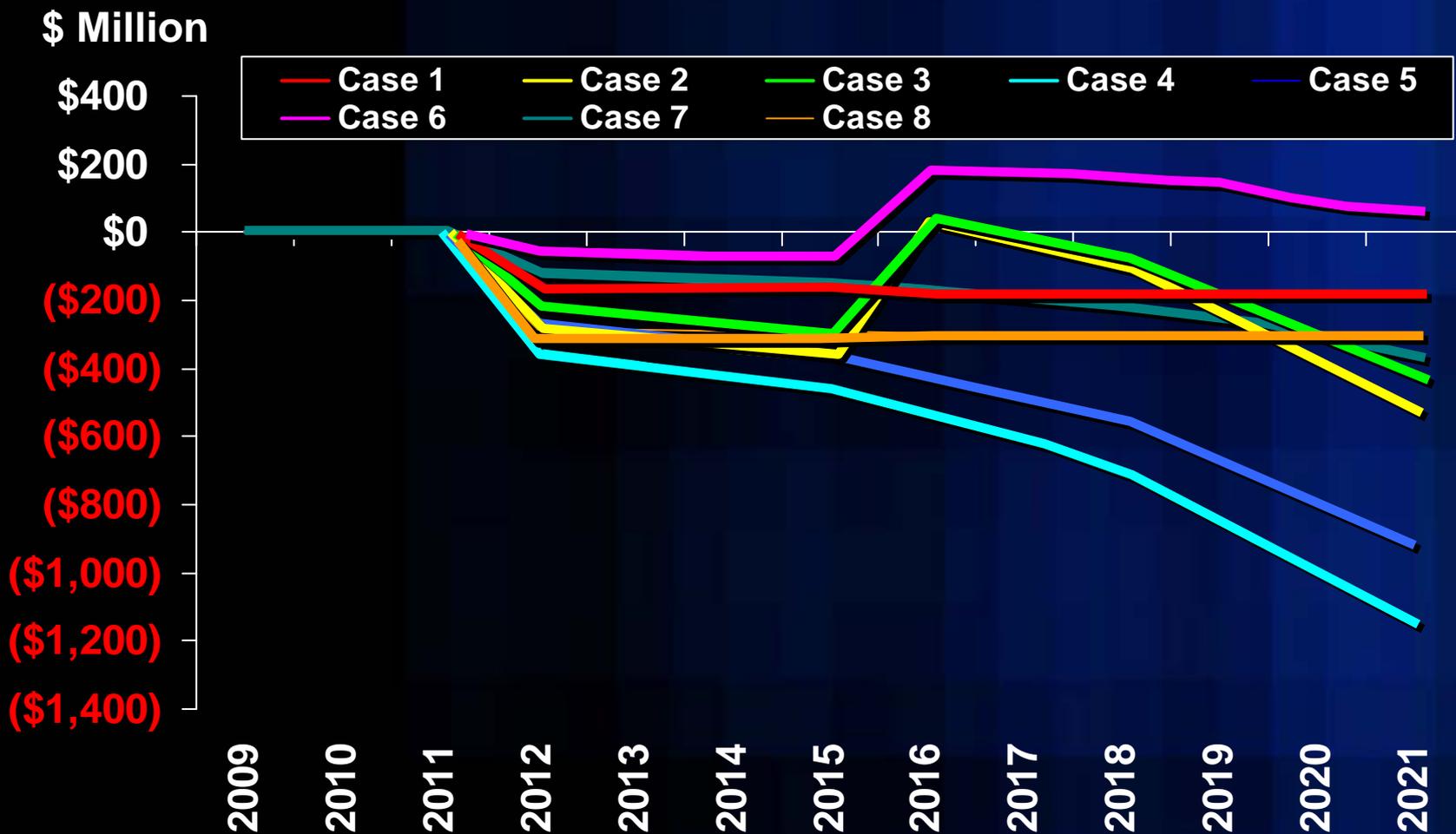
5 cases

- **Range of proposals**
- **Price of CO2 varies**
 - Price caps vs price floors
 - Market determines prices (low and high estimates)
- **Issuance of credits varies**
 - Free allowances vs straight tax
- **Technology incentives**
 - Bonuses for early action on carbon capture vs no bonuses
- **Treatment of new power plants**

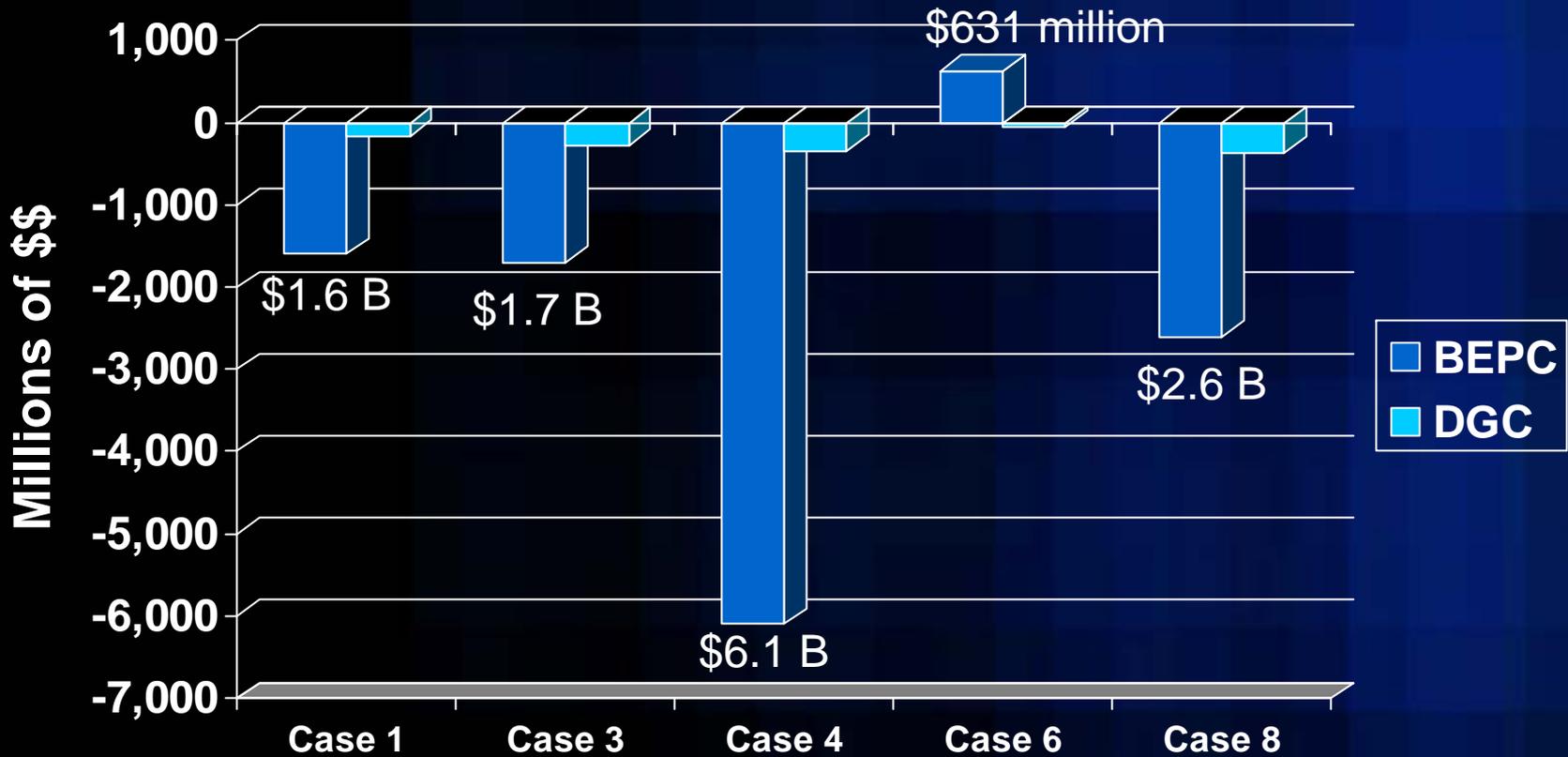
Assumptions

- **AVS Demonstration Project**
- **NextGen with CCS Project**
- **Assuming Purchase Power & Surplus Sales do not change**
- **Assuming Natural Gas Prices do not change**

Net CO₂ Tax Costs



Costs/Revenue

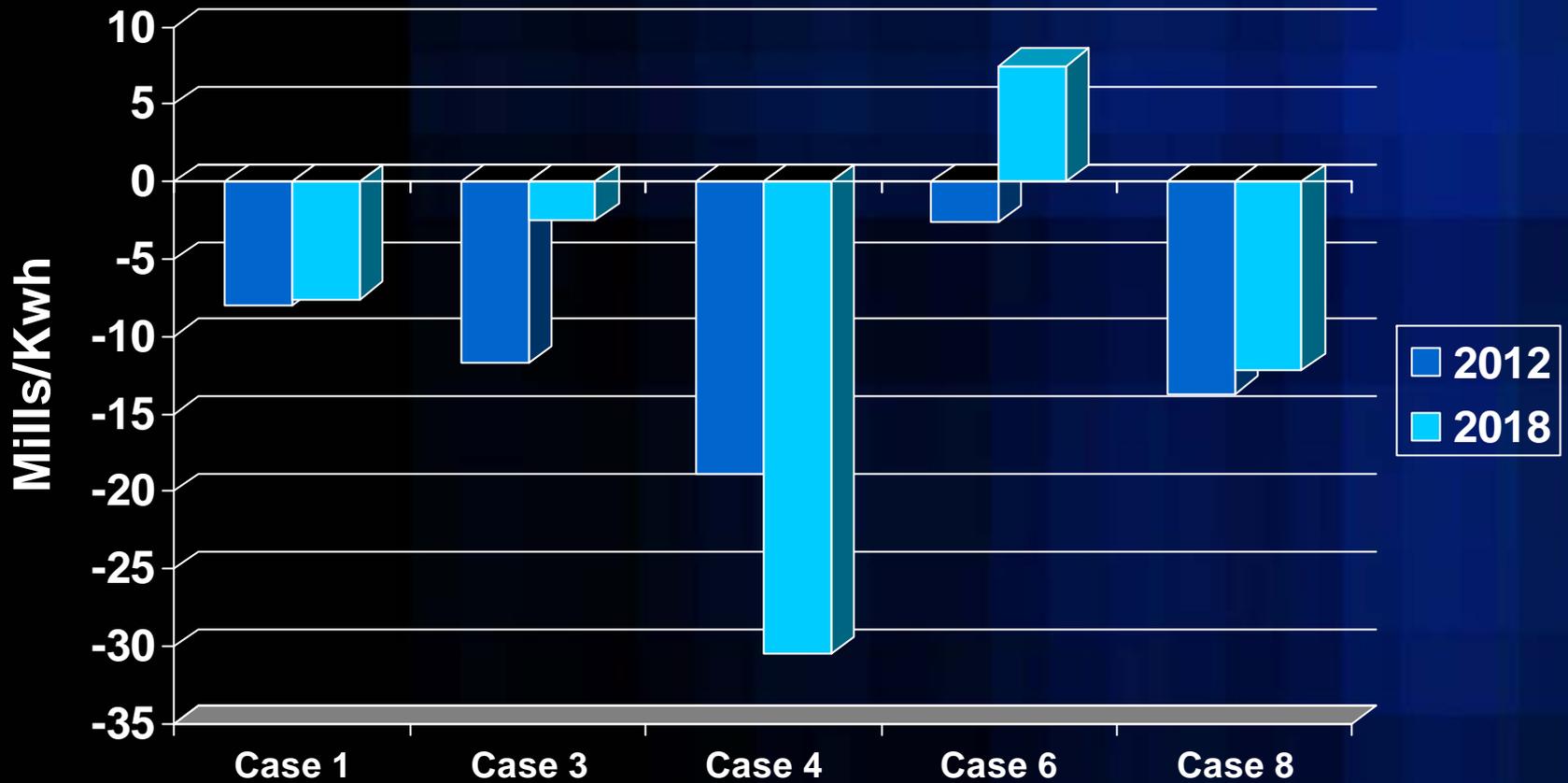


Costs/Revenue

2012-2018

- **Range of costs \$1.6 billion to \$6.1 billion**
- **One case (6) generates \$631 million in revenue due to bonus credits**

Wholesale Increase



Wholesale Increases

- **2012: 2.6 mills to 18.9 mills**
- **2018: 2.5 mills to 30.5 mills**
- **One case results in mill-rate reduction of 7.5 due to bonus credits**

Case 1

Hybrid Model #2

Case 1 – Hybrid #2

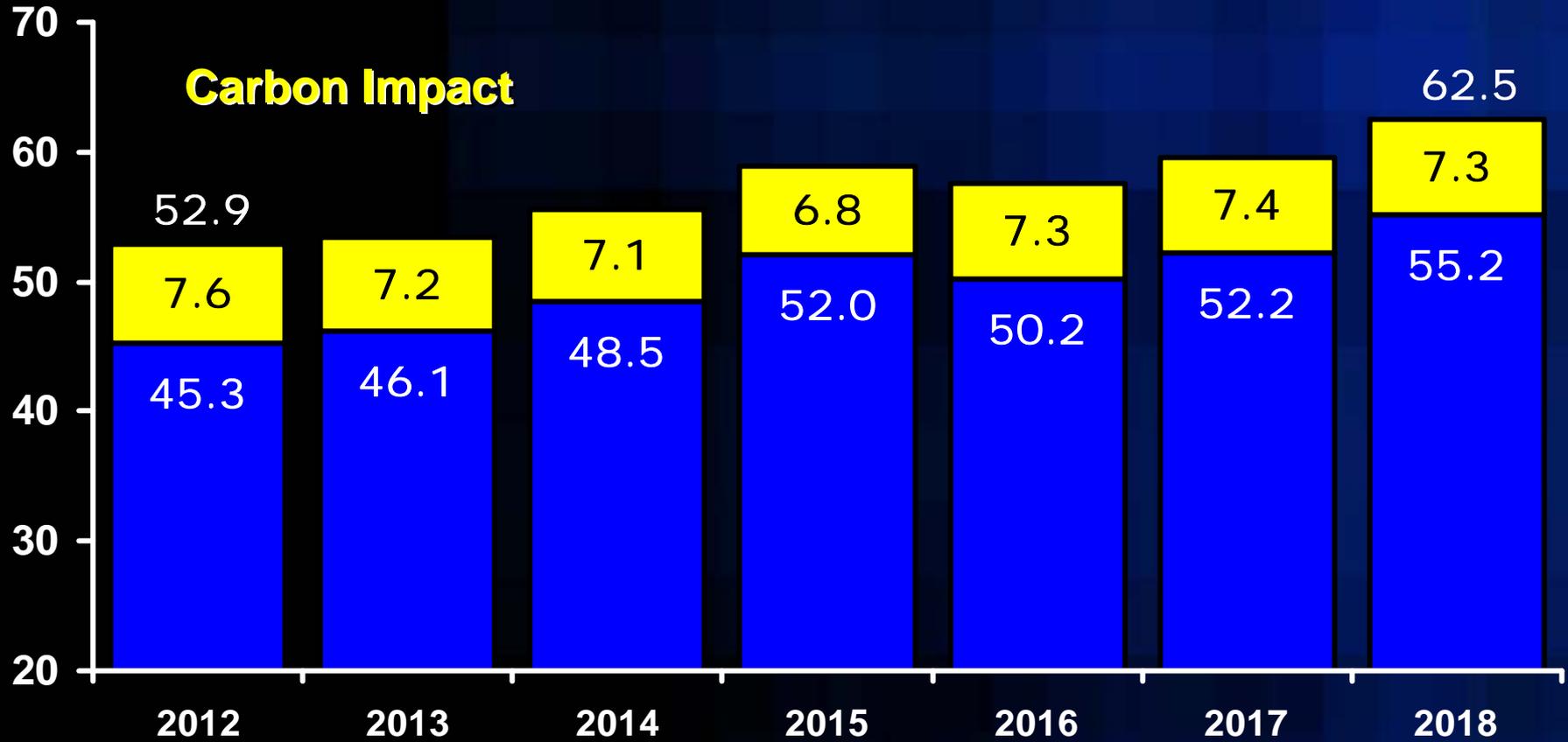
- **100% Allocation (2005-2007)**
- **No Bonus Allocations**
- **Baseline Pricing**
 - 25% (\$0), 50% (\$5), 25% (\$10)
- **Incremental Pricing**
 - 15% (\$15), 30% (\$20), 30%+ (\$30)
- **No Allocation for New Entrants**

Case #1 Hybrid Model

Average Member Mill Rate

Projected rates based on 2009-2018 Financial Forecast

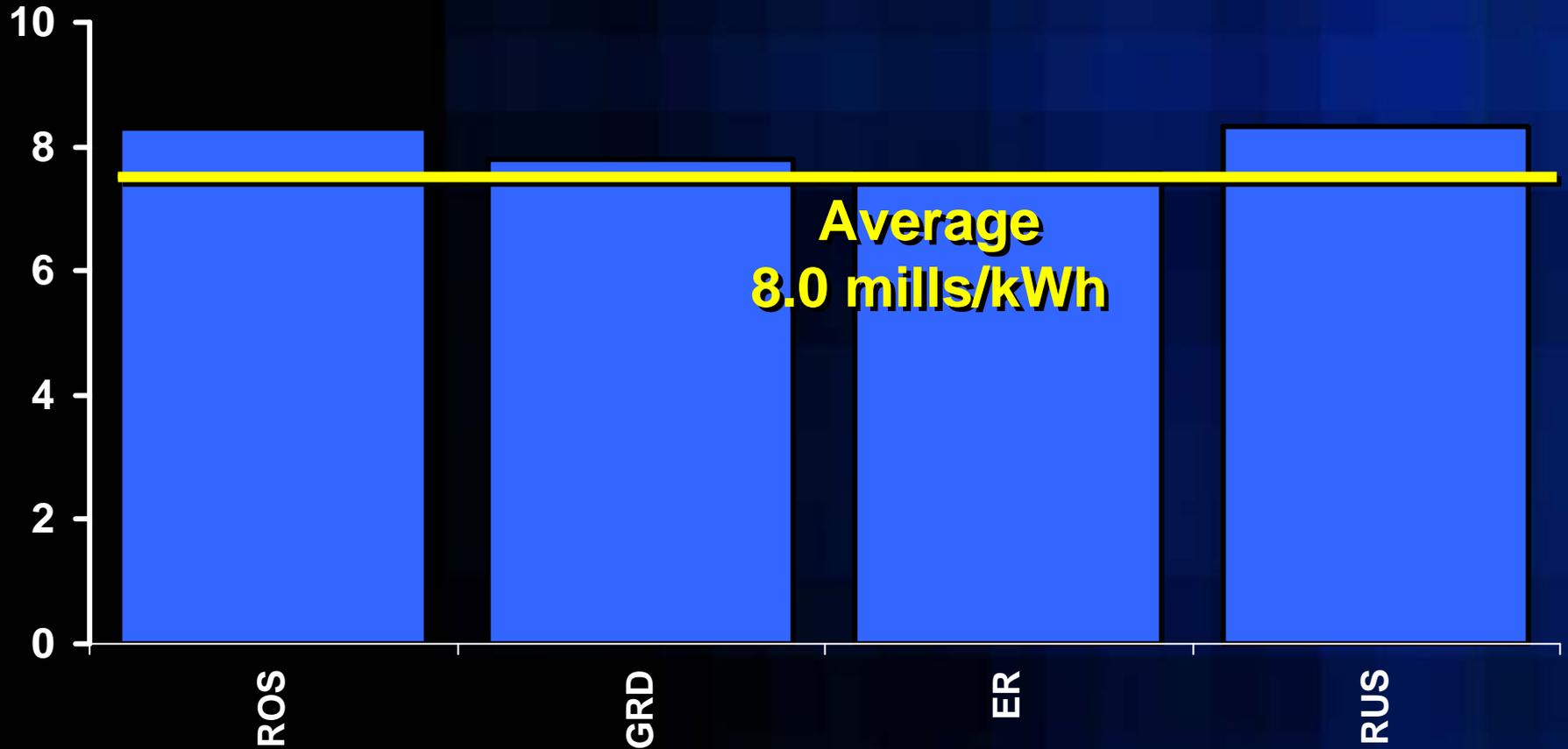
Mills/KWh



Case 1 (Hybrid #2 Model)

Projected Member Impact - 2012

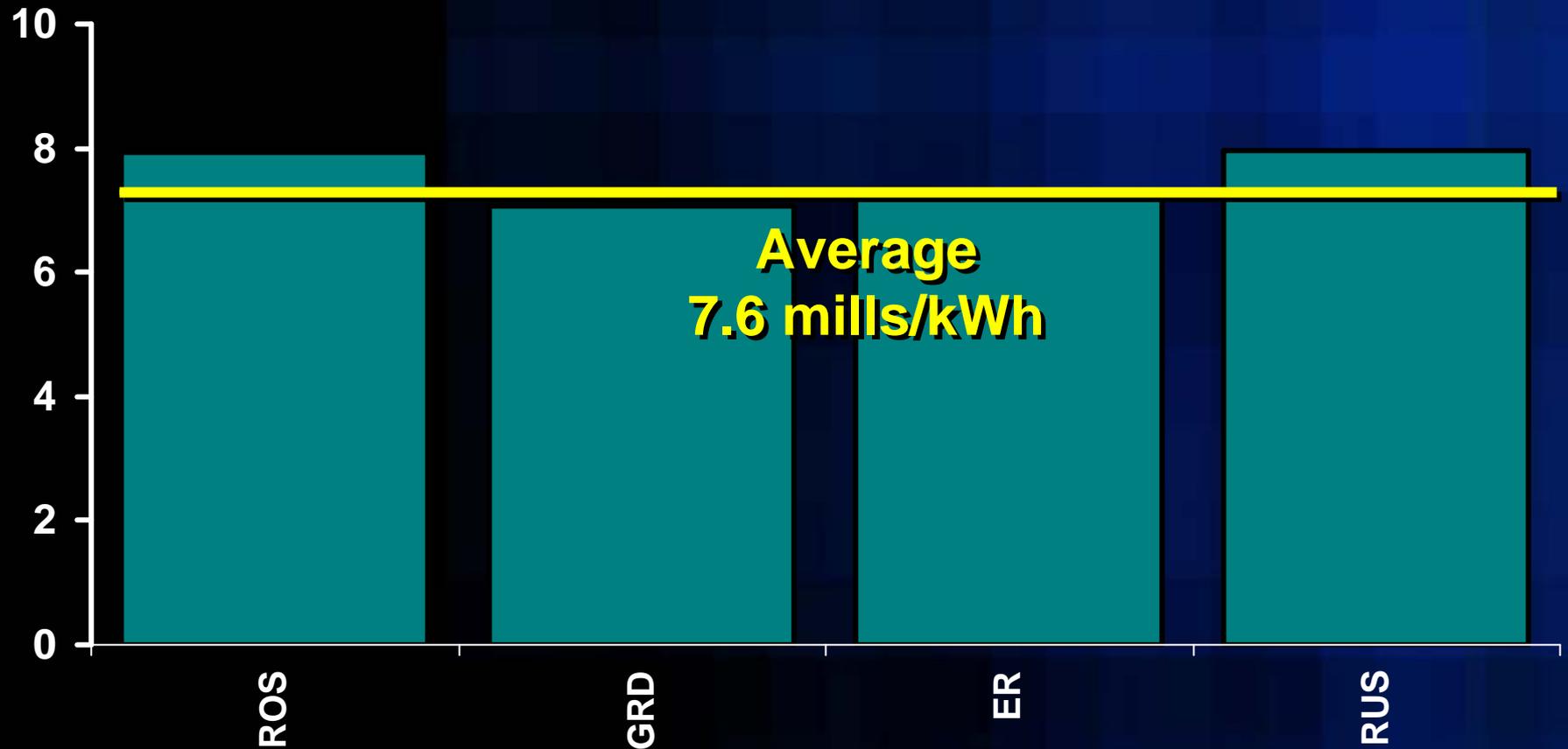
Mills/kWh



Case 1 (Hybrid #2 Model)

Projected Member Impact - 2018

Mills/kWh



Case 3

Boxer

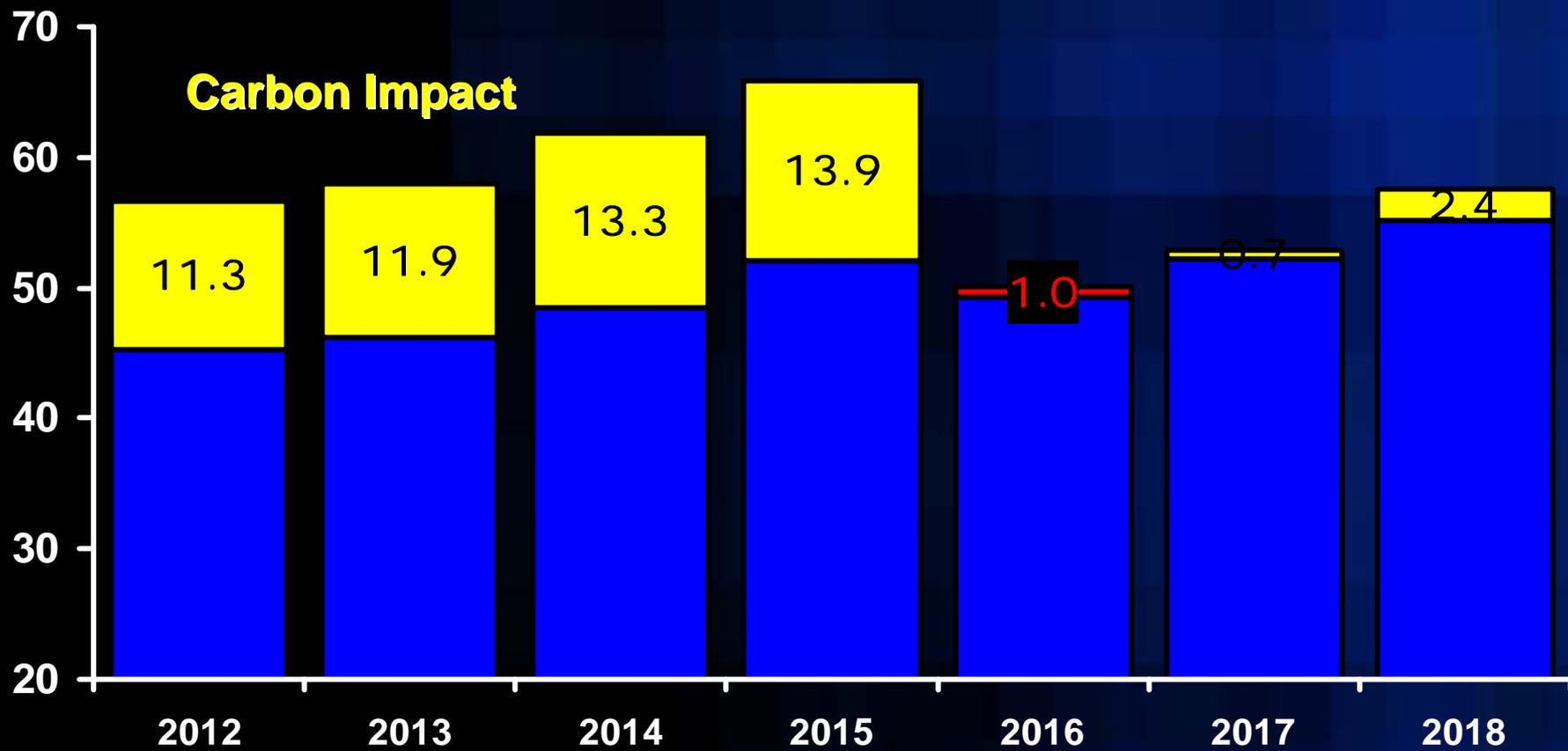
Case 3 - Boxer

- **67% Allocation (2006-2008)**
- **Bonus Allocation = 2**
- **Baseline Pricing**
 - Free
- **Incremental Pricing**
 - Low Pricing – Adage
- **No Allocation for New Entrants**
- **20% Allocation for Frannie Lime**

Case #3 Boxer Amend. 67%, with Bonus, Low Price Average Member Mill Rate

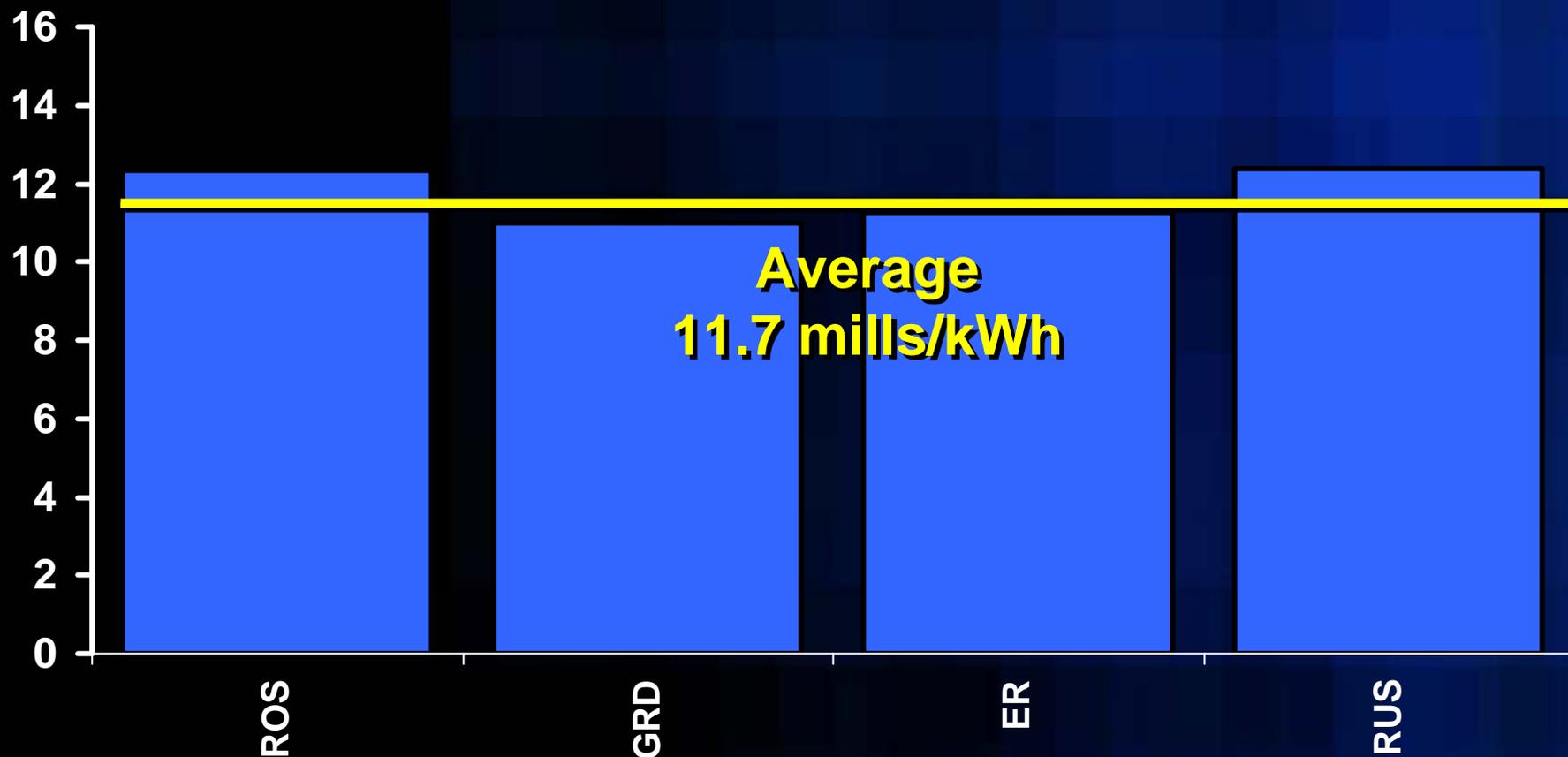
Projected rates based on 2009-2018 Financial Forecast

Mills/KWh



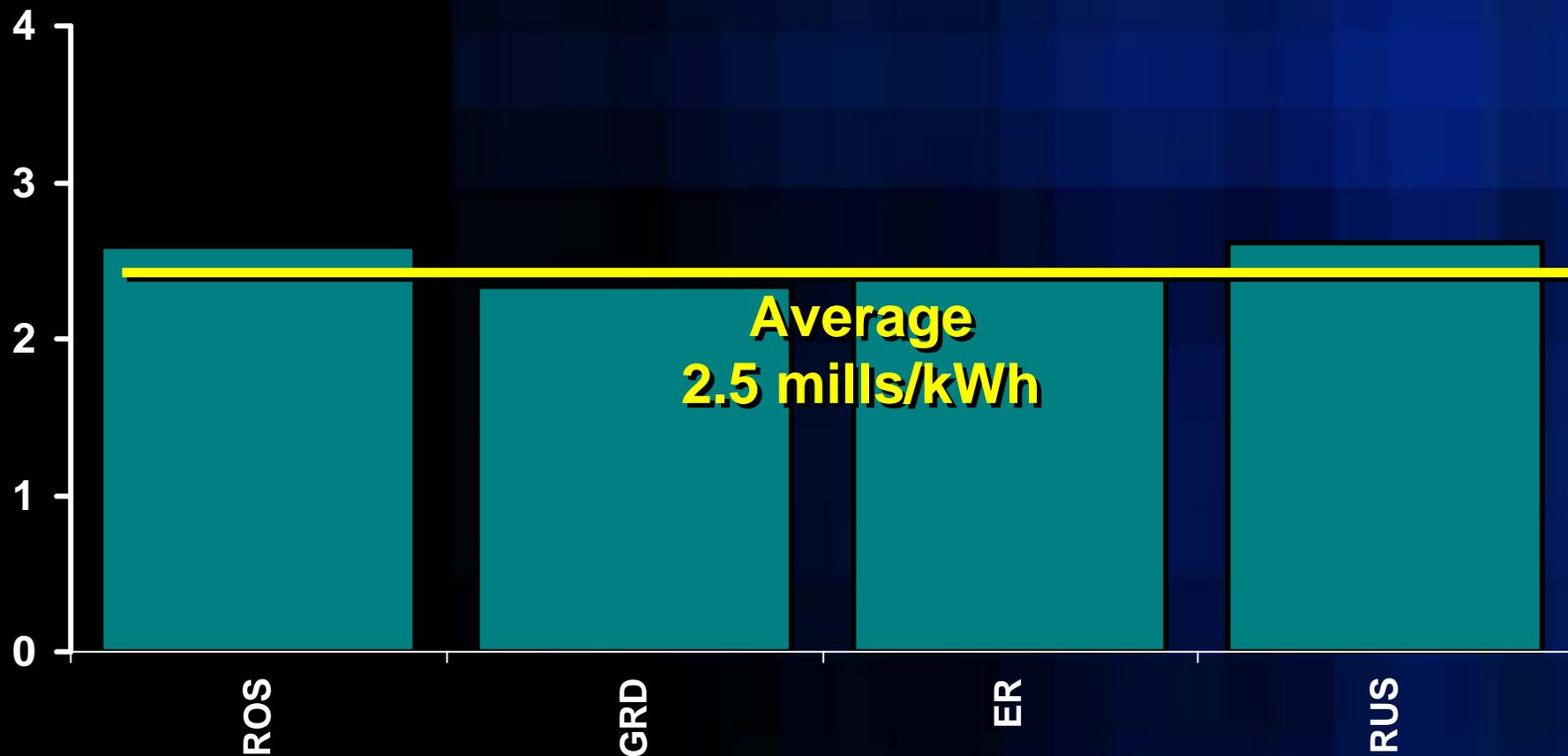
Case 3 (Boxer 67% - with Bonus *Low Price*) Projected Member Impact - 2012

Mills/kWh



Case 3 (Boxer 67% - with Bonus *Low Price*) Projected Member Impact - 2018

Mills/kWh



Case 4

Boxer

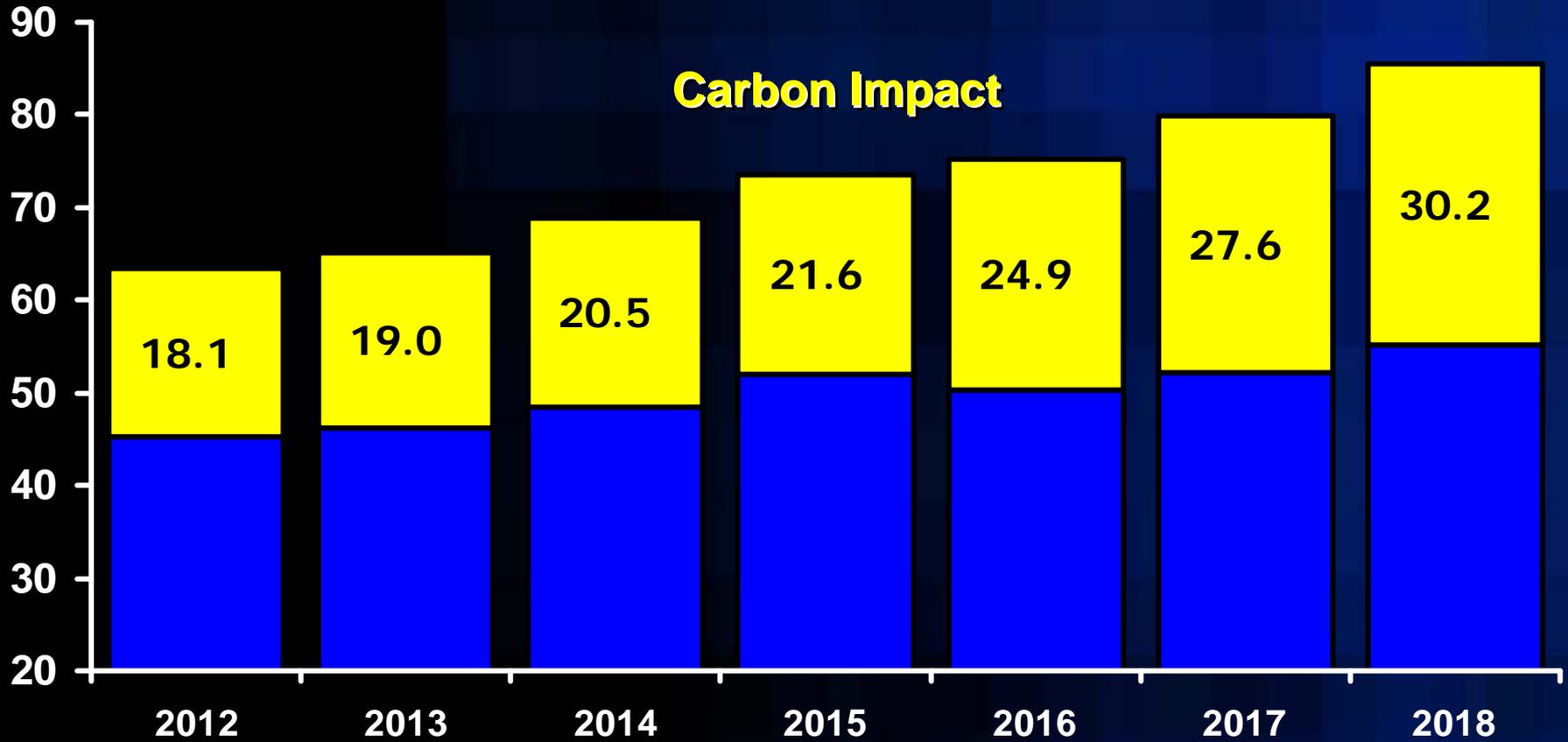
Case 4 - Boxer

- **67% Allocation (2006-2008)**
- **Bonus Allocation = 0**
- **Baseline Pricing**
 - Free
- **Incremental Pricing**
 - High Pricing – IGEM
- **No Allocation for New Entrants**
- **20% Allocation for Frannie Lime**

Case #4 Boxer Amend. 67%, without Bonus, High Price Average Member Mill Rate

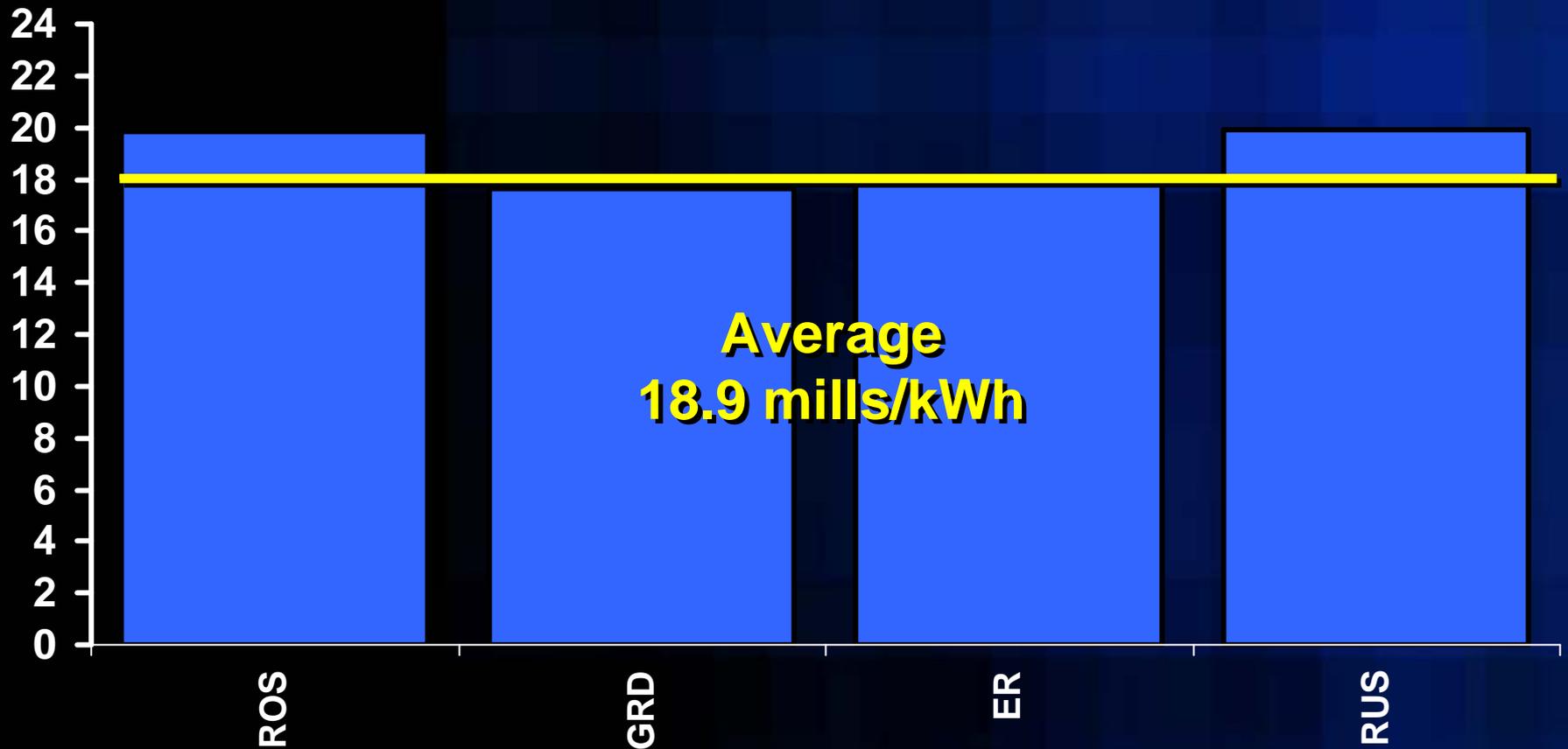
Projected rates based on 2009-2018 Financial Forecast

Mills/KWh



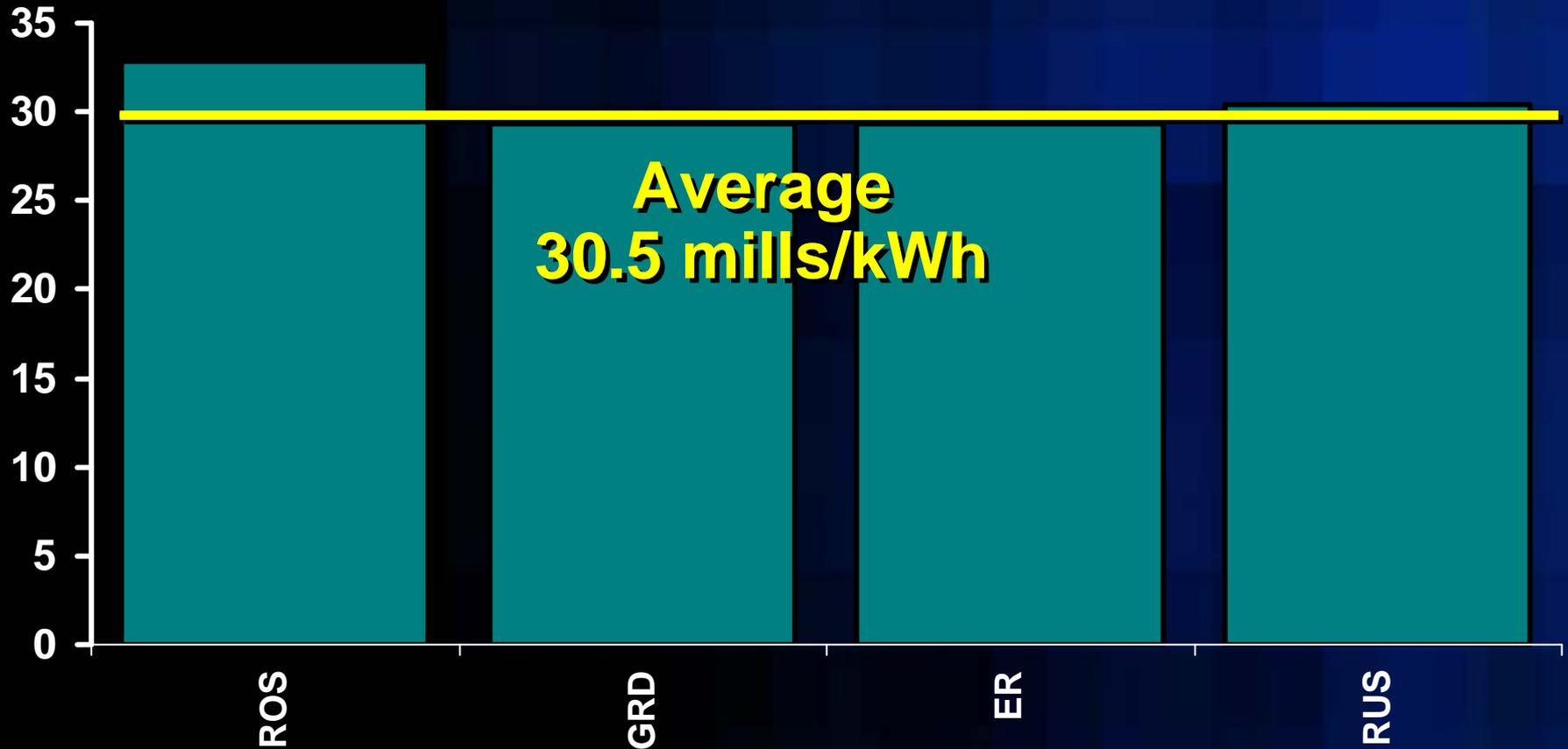
Case 4 (Boxer 67% - without Bonus, High Price) Projected Member Impact - 2012

Mills/kWh



Case 4 (Boxer 67% - without Bonus, High Price) Projected Member Impact - 2018

Mills/kWh



Case 6

Bingaman

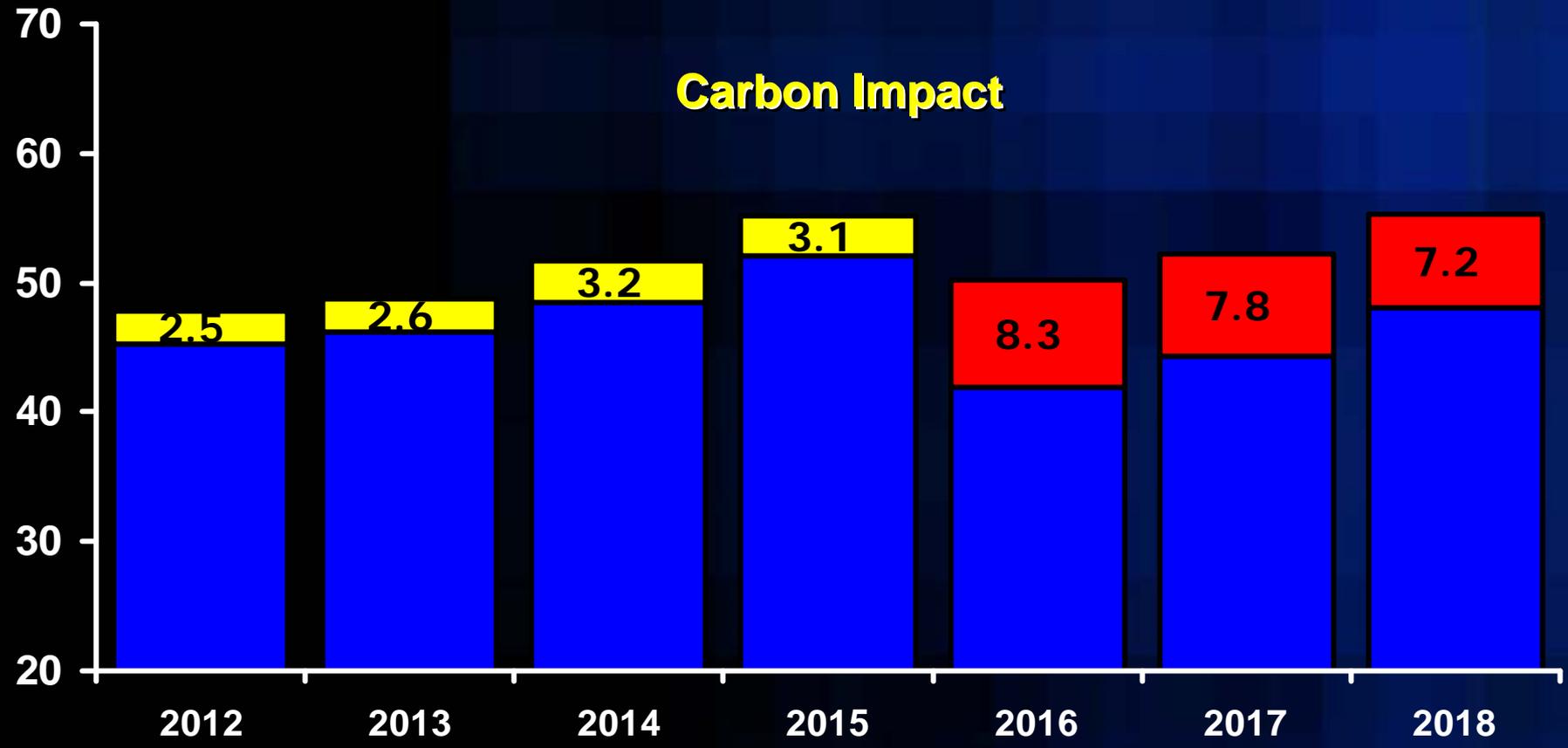
Case 6 - Bingaman

- **74% Allocation (2004-2006)**
- **Bonus Allocation = 3.5**
- **Baseline Pricing**
 - Free
- **Incremental Pricing**
 - \$12/tonne (2012)
- **6% Allocation for New Entrants**
- **20% Allocation for Frannie Lime**

Case #6 Bingaman Amendment 74%, with Bonus Average Member Mill Rate

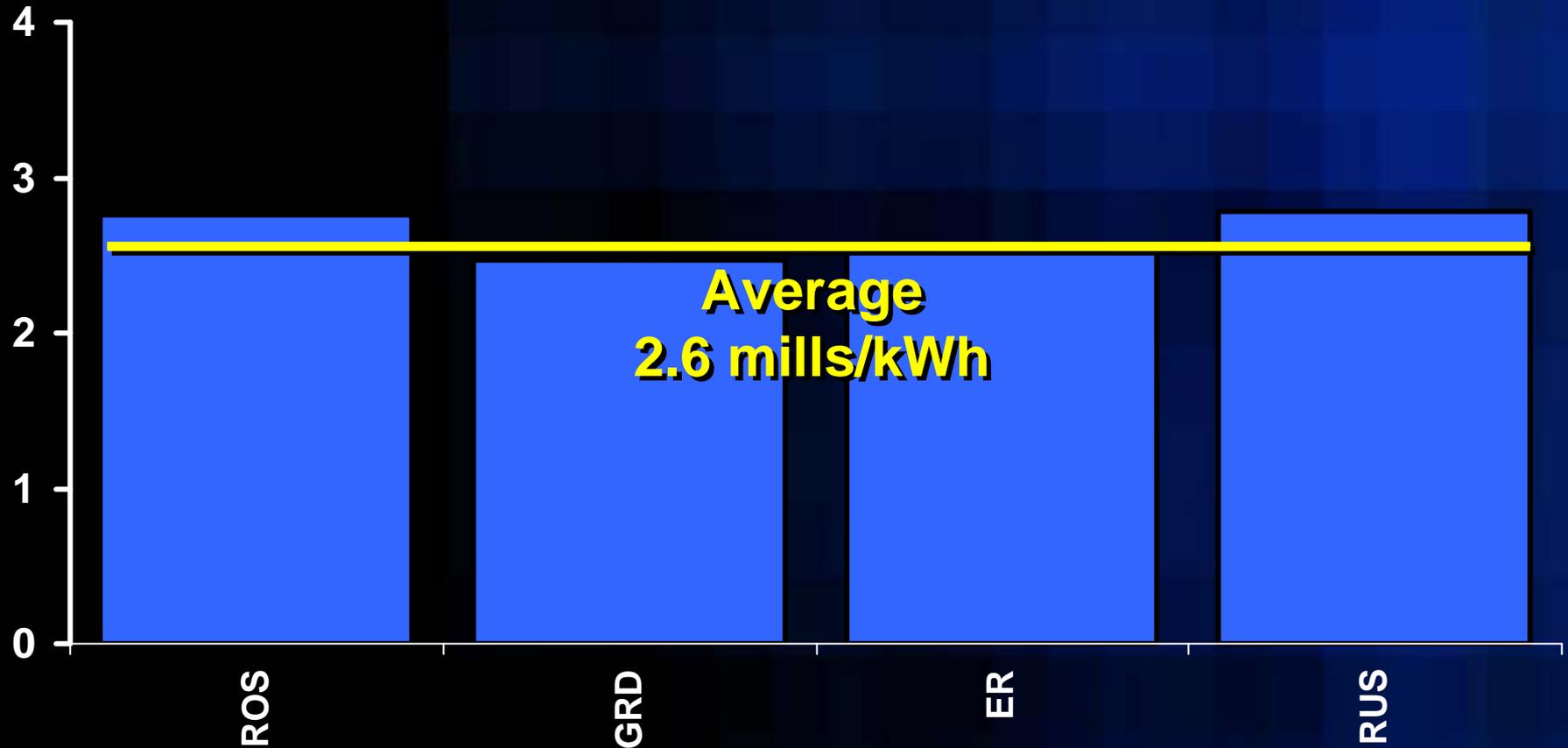
Projected rates based on 2009-2018 Financial Forecast

Mills/KWh

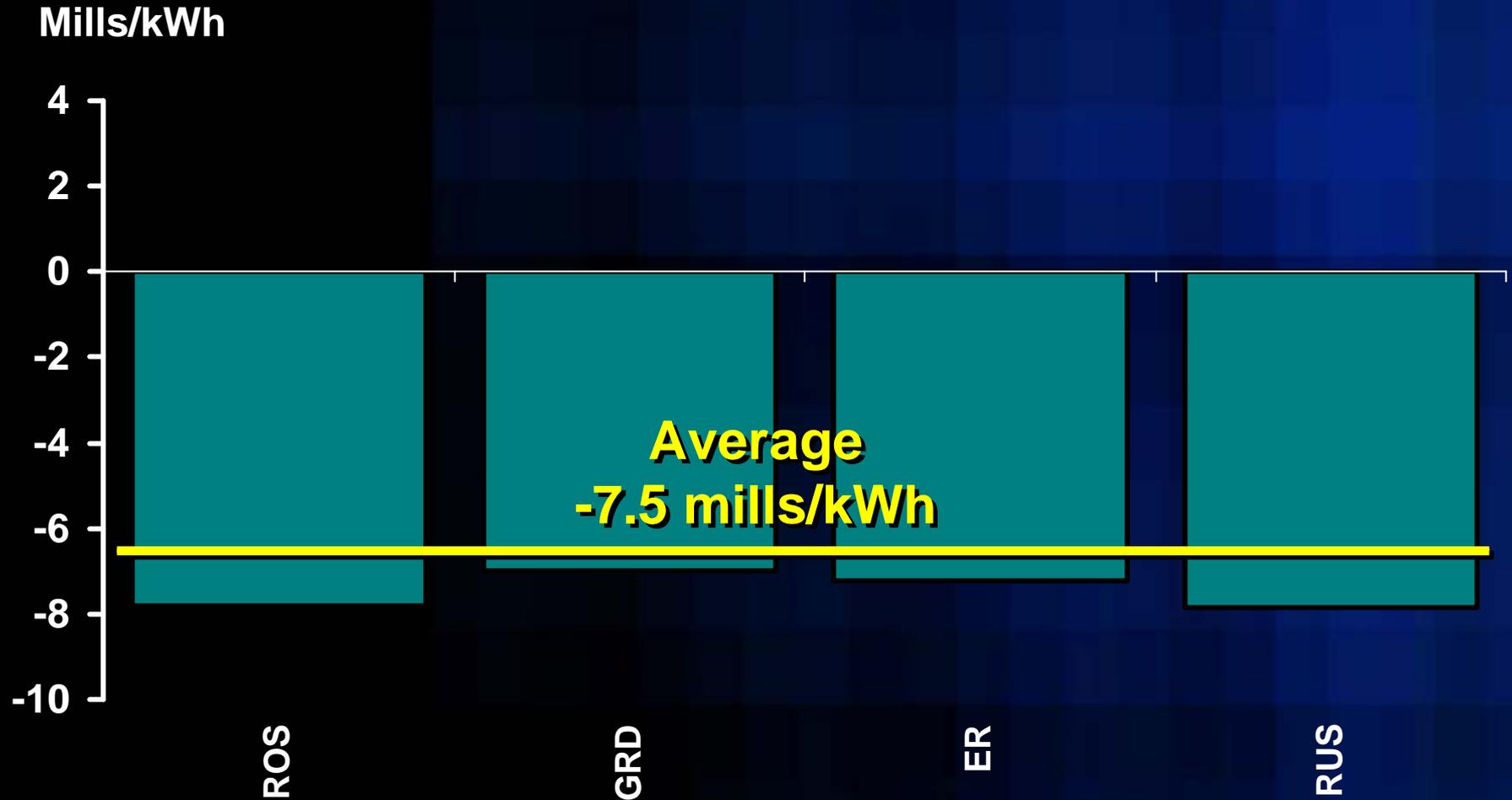


Case 6 (Bingaman Amendment 74% with Bonus) Projected Member Impact - 2012

Mills/kWh



Case 6 (Bingaman Amendment 74% with Bonus) Projected Member Impact - 2018



Case 8

Flat Tax #1

Case 8 – Tax #1

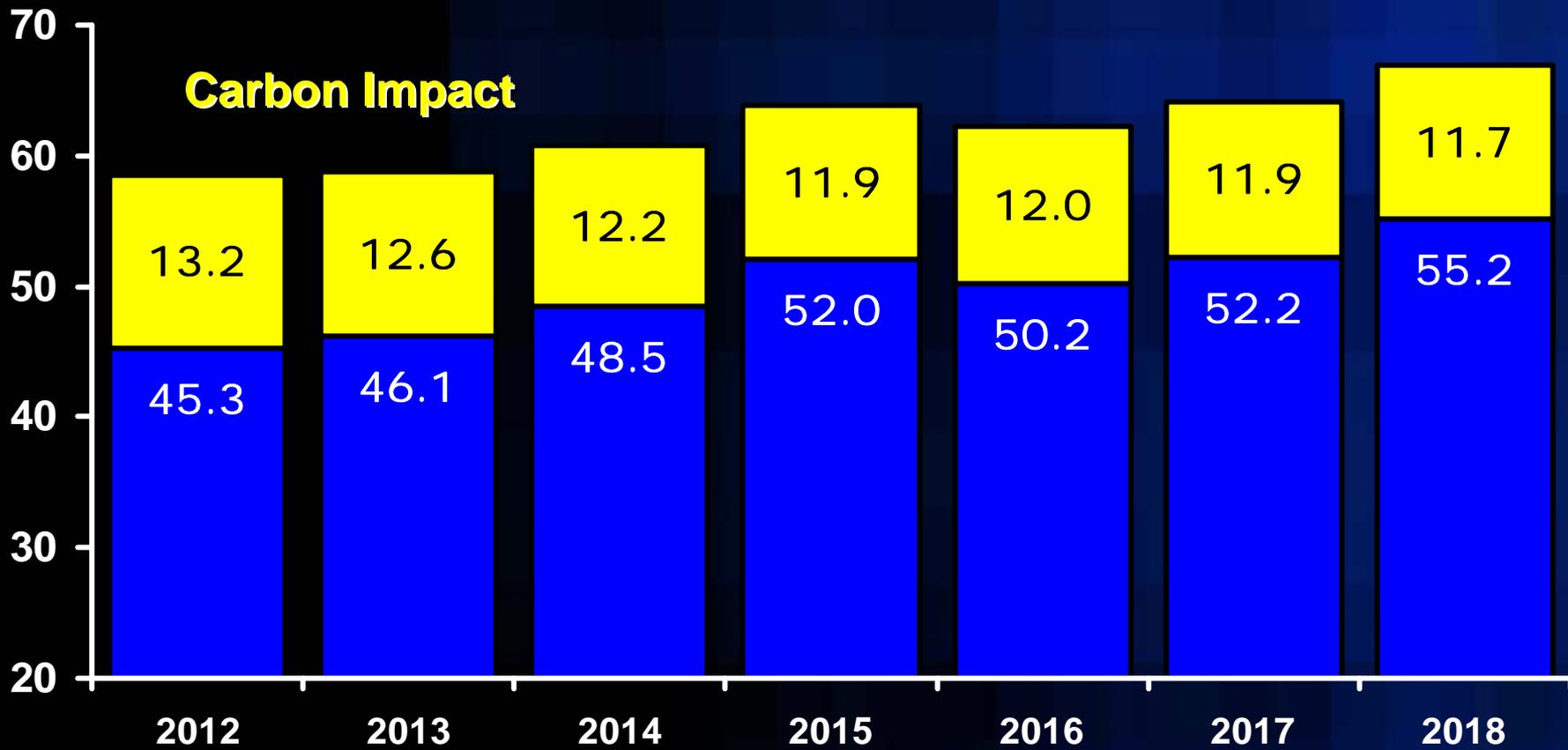
- **0% Allocation**
- **Bonus Allocation = 0**
- **Pricing**
 - **\$12/tonne flat tax**

Case #8 Tax Model #1

Average Member Mill Rate

Projected rates based on 2009-2018 Financial Forecast

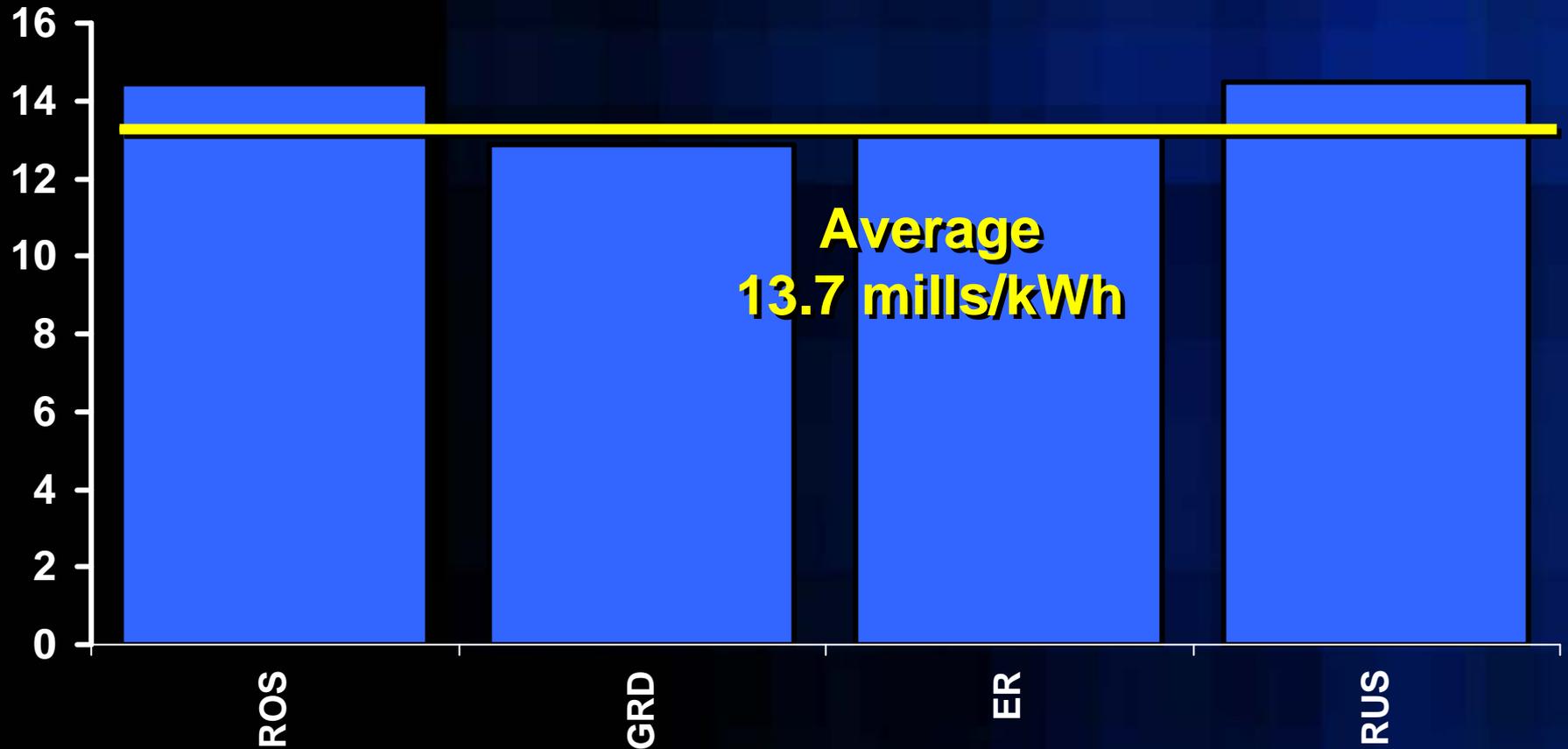
Mills/KWh



Case 8 (Tax Model #1)

Projected Member Impact - 2012

Mills/kWh



Case 8 (Tax Model #1)

Projected Member Impact - 2018

Mills/kWh

