

Black Hills Energy Proposed Utility Scale Renewables Project and Program

Introduction

Some of Black Hills Energy's large customers have expressed an interest in pursuing renewable energy solutions, driven by organizational sustainability goals and/or the potential for financial savings. Some of these customers have investigated the possible installation of their own renewable facilities, a solution which, when fully evaluated, is often not the most economic for the customer. Renewable projects, however, benefit greatly from economies of scale, making energy from large projects much cheaper per MWh than small projects.

To provide a solution for our customers that have an interest, we have developed a conceptual project for the construction of a utility scale renewables project, which we believe might be delivered at either a cost that is neutral to, or slight premium over, current costs. The development of this project would be contingent on the approval of our regulators and customer interest and support will be an important part of seeking their approval for such a project.

Conceptually, Black Hills Energy would propose to construct up to 20 MW of renewables in support of this program. As a part of the development of this renewable resource, Black Hills Energy will develop and offer renewable subscriptions to customers. Customers will continue to pay their existing bill and program charges and credits will be incorporated. Subscription rates will be designed to recover the cost of the facility supporting the program and will be offset by program credit. Additionally, renewable energy credits will be Green-e certified and retired on customers' behalf. In order for the program to be viable, Black Hills Energy will work with interested customers to secure indications of interest prior to a formal filing with our regulators.

Interested customers will be asked to sign a term sheet expressing their interest. These terms sheets will be used in the regulatory application as evidence of customer interest. Once the proposed program is approved, a subscription period will likely open during which all eligible customers will have an opportunity to subscribe.

Questions

- (1) On a scale of 1 to 10, how would you rate your organization's interest in renewable energy?
- (2) Is this level of interested based on organizational sustainability goals, potential cost savings or something else?
- (3) Given your current load level and assuming you have an interest in renewable energy, what might be your level of interest?
- (4) Assuming that Black Hills Energy is able to develop a project and an associated program that is either cost neutral or represents only a slight increase in cost, would your company be willing to make a commitment in the form of a signed term sheet, to securing a portion of your energy needs from a renewable resource? For what timeframe?

- (5) What feedback might you have about Black Hills Energy's efforts to develop a renewable energy solution for customers?

- (6) What additional information would you need in order to make a commitment in the form of signing a term sheet?