

WHAT'S DRIVING MY RATE INCREASE?



Load Growth and Investments in Reliability

Investments in new generation and transmission facilities are needed to support member load growth, and it's critical to invest in existing facilities to maintain reliability. To accommodate these large loads, Basin Electric is investing approximately \$8 billion over the next ten years in transmission and generation assets to ensure reliable electricity for our members.

Decreased Surplus Sales on the West Side of the System

Market dynamics have been impacted by changes in the generating fleet which has influenced prices and the ability to make surplus sales. Overall, this has lowered energy prices from previous years and has impacted the ability to sell Basin's excess West side generation.



Impacts of Inflation

Cost increases for internal labor, contracted labor, materials, and maintenance, in addition to higher costs of borrowing money (higher interest rates) and increased insurance premiums. From 2016 to 2023, Basin Electric's member rates increased by an average of 1.5% per year, while inflation rose at almost twice that rate, averaging 3.2% per year.

Volatility of Power Markets

Power markets have become more volatile, resulting in dramatic price movements. Increasing intermittent generation, swings in natural gas prices and increasing electricity demand are primary contributors to volatility. While this is managed through generation and hedging, the cost of this is increasing.



**BASIN ELECTRIC
POWER COOPERATIVE**

A Touchstone Energy® Cooperative 

Basin Electric Announces Class A Rate Increase

The Basin Electric board of directors authorized a Class A rate increase of \$4 per megawatt-hour (MWh), or approximately 6.5%, beginning January 1, 2025. Basin Electric's financial forecast indicated the need for an approximate \$5.20 per MWh rate increase; however, after feedback from members, the board elected to use a portion of the rate stability fund in order to gradually implement the rate increase. Basin Electric is regulated by the Federal Energy Regulatory Commission, which will also need to approve the rate change.

How is Basin Electric Keeping Rates Affordable?

Diversifying resources: The cooperative's diverse generation fleet, alongside market purchases, is key to keeping rates affordable. Basin Electric has over 4,600 megawatts of dispatchable resources (ex: coal and natural gas units) and approximately 2,100 megawatts of non-dispatchable resources (ex: wind and solar) in its portfolio. Basin Electric's fleet of dispatchable generation resources is vital when people need electricity most, showing its value by helping insulate our members from volatility when market prices spike.

Rate Stability Fund: Basin Electric maintains a Rate Stability Fund in which revenue is deferred and added to the fund when financial results are strong. The fund was created to act as a cushion for Basin Electric's membership to help avoid or slow rate increases. The proposed 2025 rate calculation includes a contribution of deferred revenue of approximately \$50 million resulting in an average member rate increase of \$4 per MWh.

Utilizing generation across the divide: The geographical location of Basin Electric means our member load and generators exist on both the West and East Interconnection; our access to Direct Current (DC) ties enables us to move electricity back and forth across the divide as needed. DC ties help Basin Electric utilize energy and generation capacity from one interconnect and move it to the opposite to provide reliable and affordable power to our members.

Investing in our members: Basin Electric has seen significant growth over the last two decades. In 2023, member sales exceeded 32 million MWh compared to 6.7 million MWh in 2000. To serve that growth, total consolidated assets have grown as well. This increase in assets reflects investment in current facilities and new facilities to maintain reliability, which is core to our mission to provide reliable and affordable power.

Legacy of Managing Rates Responsibly

- » From 2017 through 2023, Basin Electric has retired \$247.1 million of patronage.
- » Basin Electric has provided bill credits to members in the amount of \$30 million in 2021 and \$115 million in 2022.
- » Basin Electric reduced its average rate to members by \$1 per MWh in both 2020 and 2023, saving our members over \$200 million to date.
- » Basin Electric utilizes a Rate Stability Fund with a current balance of \$330 million at the end of June 2024. These funds have been drawn upon to avoid or minimize rate increases.

