GREAT RIVER ENERGY®
A Touchstone Energy® Cooperative

PLAN TO REDUCE EXPOSURE TO GREENHOUSE GAS REGULATION

In order to manage the business risk to Great River Energy and our members created by the likelihood that the United States will soon regulate carbon dioxide emissions from existing coal-fired power plants, the Great River Energy board of directors has determined that it is in the best interests of Great River Energy and our members to adopt and implement a plan to reduce the organization's exposure to such regulations that is measured, responsible, minimizes rate impacts, and ensures reliable service. The organization's plan is contained in Resolution No. GRE R13-8-1, which includes the following provisions:

- Address potential base load stranded costs through the accelerated depreciation of Coal Creek Station and Stanton Station over the next fifteen (15) years, beginning in July 2013
- Manage carbon dioxide emissions to 2005 levels or lower
- Implement cost effective opportunities to reduce greenhouse gas emissions now and develop and implement a plan to substantially reduce Great River Energy's dependence on coal by 2028
- Meet any future growth with conservation, energy efficiency, renewable energy, natural gas and market purchases

The Great River Energy board of directors has also determined that the organization should engage in the debate regarding regulation of carbon dioxide emissions from existing power plants to minimize the financial impact of such regulations on Great River Energy and our members. In collaboration with industry groups and other stakeholders, Great River Energy is actively participating in the debate regarding the U.S. Environmental Protection Agency's development of regulations to ensure:

- Reliability and affordability are key components of any regulations
- States are granted flexibility in adopting the rules
- Credit will be given for actions taken to reduce emissions prior to rules being enacted, including implementation of Great River Energy's innovative DryFining™ system
- Combined heat and power (CHP) plants like Spiritwood Station are given credit for their efficiency
- Market solutions are permitted to allow the most efficient coal plants to continue to operate

Great River Energy has already taken numerous steps to reduce greenhouse gas emissions. We have reduced carbon dioxide emissions from our generation portfolio by approximately 20 percent since 2005 through a combination of more efficient energy production enabled by our DryFining system and other power plant improvements, and by choosing renewable energy and hydropower for our energy portfolio. We also worked with our member cooperatives to save approximately 128 million kilowatt hours of electricity in 2012 through energy efficiency programs, exceeding state goals. Our new Spiritwood Station CHP plant is one of the most efficient plants in the country, helping to meet President Obama's goal of building 40 gigawatts of new CHP plants by 2020.

Great River Energy will adapt to carbon constraints with pragmatic, yet innovative, solutions. We are committed to working on behalf of our members to reduce our exposure to greenhouse gas regulation to ensure that we keep cooperative energy competitive.

January 22, 2014