

Basin Electric Power Cooperative

Expanded Summary of Board of Directors Meeting

Apr. 13-14, 2021

At Basin Electric Headquarters in Bismarck, North Dakota, and via WebEx

1. There were no Basin Electric committees meeting this month.
2. Dakota Gasification Company
 - Dale Johnson, vice president and Synfuels Plant manager, said there was a water leak in the oxygen plant on Mar. 11 that caused an electrical short, resulting in power loss for the oxygen plant control system. When the oxygen plant lost power, the gas path was shut down, which also impacted ammonia and urea production.
 - Lucas Teigen, manager of field services, said a prebid meeting for the primary reformer FEED study was held Mar. 11; bids were received Mar. 26, and final information from bidders is being received this week. Work has begun on the FEED phase budget, and it's likely the FEED study will take 12 months. The project will be brought to the board in May for consideration.
 - Daniel Gallagher, manager of commodity sales and trading, said a fire destroyed the Zap Line subdivision rail bridge on Apr. 1. This impacted inbound and outbound Dakota Gas railcars. The bridge was repaired by BNSF Railway in 10 days. The fire was started by a local homeowner who dumped ashes that ignited, and spread quickly due to dry conditions and high winds. Fertilizer shipments were largely unaffected, and chemical shipments were affected a bit. Tar oil, naphtha, and diesel exhaust fluid shipments were impacted the most, but this gave the plant more opportunity to produce urea instead, which is getting a good price right now. Drought conditions generally are resulting in fertilizers not being applied early this season.
 - Production (see slides below)
3. Dakota Coal Company
 - Joe Leingang, superintendent of fuel and transportation, said the coal pile at Leland Olds Station is up to 291,279 tons or 23.3 days of burn at the end of March (target is 47.9 days of burn). At Laramie River Station, the coal pile is down to 68.1 days of burn (target is 34.6 days), and continues a trend in the right direction.
4. Basin Electric
 - Mark Foss, senior vice president and general counsel
 - Basin Electric is disputing some Southwest Power Pool sales that occurred over the February energy emergency event. Some units were called for day ahead energy, and did not receive that credit, along with the real-time asset energy buy back. This is currently in the internal dispute resolution process, and Basin Electric plans to file a complaint with the Federal Energy Regulatory Commission (FERC) that Southwest Power Pool is not following its tariff. It is possible that other

generators are filing similar complaints, and this may become something that is settled with others at the same time.

- On the Dakota Energy Cooperative lawsuit, the judge granted Basin Electric's motion to intervene on Mar. 15.
- The next settlement conference for the FERC lawsuit is set for Apr. 20.
- Dale Niezwaag, vice president of government relations
 - NRECA virtual legislative fly-in is scheduled for Apr. 19-23. Priorities include Rural Utilities Service refinancing, broadband, federal incentives which include energy tax credits, and reasonable low carbon policies.
 - Several bipartisan bills concerning energy are being introduced at the federal level.
 - FERC is holding a technical conference on June 1-2 called "Climate Change, Extreme Weather, and Electric System Reliability." Basin Electric submitted written comments.
 - Illinois Municipal Electric Agency is reaching out to other utilities that have newer (post-2007) coal power plants to see if others are interested in forming a coalition to avoid stranded assets with remaining useful life past 2035.
 - North Dakota: A bill that will set off a legislative study for coal conversion facility bonding and reclamation, retirements, and others involvement, has passed both houses and goes to the Governor. Another bill is likely to pass that requires the state to study grid reliability and generation capacity.
 - South Dakota: Session concluded Mar. 11. There was no legislation directly impacting electric cooperatives.
 - Montana: A bill that protect critical infrastructure has been introduced. Another bill to exempt certain pollution control and carbon capture equipment from property tax has passed the legislature and now goes to the Governor.
 - Wyoming: Session concluded Apr. 7, with a special session planned for later this summer.
 - Minnesota: Omnibus energy bills have been introduced by both House and Senate.
 - Iowa: The Utility Vegetation Management bill was pulled for lack of votes; Farm Bureau strongly opposes. A bill prohibiting local governments from banning the procurement and use of propane and natural gas by a public utility has gone to the Governor. A bill making changes to the grant program concerning broadband was passed.
- Troy Tweeten, senior vice president of Operations
 - Actual Generation (see slide below)

- Dave Raatz, senior vice president of Asset Management, Resource Planning, and Rates
 - Basin Electric held a Class A District meeting regarding the February energy emergency and rates including the load incentive rate, demand response, fixed charge #1, and more.
 - The Apr. 29 Class A District discussion will center on 2022 rate schedule details.
 - ACTION: Basin Electric directors authorized one or more agreements and other documents to effectuate the purchase by Tri-State G&T of the undivided interest in the Missouri Basin Power Project owned by Wyoming Municipal Power Agency.
 - Becky Kern, director of long-term utility planning
 - There is potential for solar power purchase agreements to come to the board for consideration in May.
 - ACTION: Basin Electric directors authorized the execution of a 20 megawatt solar PURPA power purchase agreement in Montana.
 - ACTION: Basin Electric directors authorized the Water District Administrative Service contracts through Dec. 31, 2050.
 - ACTION: Basin Electric directors authorized a power purchase agreement with Mesa Solution, subject to terms acceptable for flare gas generation in the Mountrail-Williams Electric Cooperative service territory.
 - Val Weigel, director of asset management and commodity strategy
 - Southwest Power Pool reached a new wind peak, new renewable penetration peak on Mar. 29, and new renewable peak on Mar. 29.
 - Southwest Power Pool is completing a comprehensive review of the February energy emergency to include their staff and stakeholders, market monitoring units, and state regulators. The goals of the review are to assess performance, engage stakeholders, identify operational and market issues and challenges, develop recommendations for future performance, and improve joint capabilities.
- Tom Christensen, senior vice president of Transmission, Engineering, and Construction
 - Regarding the February energy emergency, there is a focus on the issue of fuel supply adequacy, especially regarding natural gas generation. There is potential for work with like-minded utilities within Southwest Power Pool to develop requirements and/or incentives for utilities to improve fuel supply security and adequacy.
 - There are several working groups, both within and outside of Southwest Power Pool and Midcontinent ISO, assessing the February energy emergency.

- Southwest Power Pool completed a test of load shedding on Mar. 31.
- Gavin McCollam, vice president of engineering and construction
 - Large Capital Projects (see slide below)
 - On the Dickinson 2nd transformer, the tie line will be energized on May 3.
 - All major GE equipment is on site at the Lonesome Creek Station Unit 6 project.
 - Staff is developing an engineering request for proposal on the Leland Olds Station 345-kV equipment upgrade.
 - ACTION: Basin Electric directors authorized a project to add a permanent break room, offices, and toilets to the bulk warehouse maintenance shop at Laramie River Station.
- Chris Baumgartner, senior vice president of Member Services and Administration
 - The board will hold a half-day strategic planning session in May prior to board meetings.
 - The 2020 Annual Report is at the printer. Will be in mailboxes by early May.
 - The Basin Electric website has been updated. The Dakota Gas website is being updated now, and its design will match the new Basin Electric website.
 - Staff provided in-person annual meeting assistance to Central Power Electric Cooperative and Upper Missouri Power Cooperative annual meetings.
 - Staff provided assistance to Sioux Valley Energy to update their Empower Youth Leadership program.
- Diane Paul, senior vice president of Human Resources
 - Medical services has received 200 doses of the Moderna vaccine to administer, and is conducting vaccine clinics at Headquarters and facilities.
 - The time off with pay due to COVID-19 benefit was discontinued on Apr. 1.
 - 278 employees have received their first dose of the vaccine, and 224 employees are fully vaccinated.
 - Employees will start transitioning back to working in the Headquarters building on May 10. Employees will return in phases. Employees that are not vaccinated will receive regular swab testing.
- Steve Johnson, chief financial officer and senior vice president
 - Darla Jensen, manager of financial planning/forecasting

- Starting in March 2020, personal savings rates are above the average rate (7.3%) every month, spiking in April 2020 at 33.7%. There is no precedent for this degree of household income support during a recession, as people outside of the hospitality industry were largely able to continue working throughout the period. Excess savings in the United States are estimated at \$1.6 trillion. (Excess savings are defined as >7.3% of disposable income.)
- Basin Electric March 2021 cash balances are well balanced and flexible, with available liquidity at \$927 million.
- Staff is working on the financial forecast, which will be brought to the board for consideration in August.

Generation

Total energy available for sale in March was estimated to be 2.4 million megawatt hours (MWh). (Note: This line used to signify total generation from Basin Electric's resource portfolio. This number now includes purchases in the Southwest Power Pool.)

Electricity sold to member systems during March was estimated at 2.2 million MWh compared to the forecast of 2.4 million MWh. Surplus sales were estimated at 608,217 MWh, compared to the forecast of 318,300 MWh.

At the Great Plains Synfuels Plant, deliveries to the pipeline averaged 81.01 million standard cubic feet per day of natural gas produced from coal. The plant operated at 89.4 percent of capacity during the month.

Total tons of saleable fertilizer produced was 53,174 tons. That includes anhydrous ammonia, granular urea, urea content in diesel exhaust fluid, and ammonium sulfate.

Synfuels Plant production

Production data for March 2021 for selected products at the Great Plains Synfuels Plant were as follows:

Anhydrous ammonia – 29,589 tons produced

Urea – 28,115 tons produced

Dak Sul 45 (ammonium sulfate) – 11,495 tons produced

Carbon dioxide – About 2,353 million standard cubic feet were delivered during the month.

Financial data

Basin Electric Consolidated						
NET INCOME AFTER TAX						
UNAUDITED						
March 2021						
(in millions)	Monthly Actuals	Monthly Budget	Over/(Under) Budget	YTD Actuals	YTD Budget	Over/(Under) Budget
Basin Electric	\$ 73.2	\$ 10.9	\$ 62.3	\$ 32.1	\$ 42.0	\$ (9.9)
Dakota Gasification Company	(3.6)	(6.4)	2.8	(15.4)	(17.0)	1.6
Dakota Coal Company	5.8	0.8	5.0	10.7	6.0	4.7
Interco. Eliminations & Other*	3.7	6.5	(2.8)	15.5	17.1	(1.6)*
Consolidated Net Income/(Loss) After Tax	\$ 79.1	\$ 11.8	\$ 67.3	\$ 42.9	\$ 48.1	\$ (5.2)

* Includes elimination of income/loss on investment in DGC.

Basin Electric

For year to date through March, Basin Electric reported an after-tax margin of \$32.1 million compared to a budgeted after-tax margin of \$42.0 million.

- Member sales were under budget; an unfavorable variance of \$39.2 million mainly due to lower demand and energy volumes.
- Surplus sales were over budget; a favorable variance of \$171.0 million mainly due to higher prices in February and amortization of deferred revenue in the amount of \$33.7 million.
- Operating expenses were higher than budget; an unfavorable variance of \$152.0 million.
 - Mainly due to higher purchased power and fuel.
- Maintenance expenses were lower than budget; a favorable variance of \$5.6 million.
- DGC's net loss was lower than expected; a favorable variance of \$1.6 million.

Dakota Gas

For year to date through March, Dakota Gasification reported an after-tax net loss of \$15.4 million compared to a budgeted net loss of \$17.0 million.

- Synthetic natural gas revenue was higher than budget due to higher prices (+\$2.72/dt) as volumes were lower than budget (-1.1 M dt); a favorable variance of \$23.3 million.
- By-product and co-product sales were lower than budget; an unfavorable variance of \$4.7 million.
 - Urea revenue was \$2.1 million lower, sulfate was \$1.7 million lower, and ammonia was \$0.7 million lower as a result of lower volumes as prices were above budget.
 - Tar oil revenue was \$2.1 million higher due to higher prices and higher volumes.
- Operating expenses were greater than budget; an unfavorable variance of \$19.0 million largely due to higher electricity prices in February.
- Other income and income tax benefit was greater than budget mainly due to patronage allocated; a favorable variance of \$1.9 million.

Dakota Coal

For year to date through March, Dakota Coal Company reported after-tax net income of \$10.7 million compared to a budgeted net income of \$6.0 million.

- Lignite coal purchases were \$6.2 million lower than budget.
- An unrealized gain of \$1.0 million was recorded on mine closing fund investments.

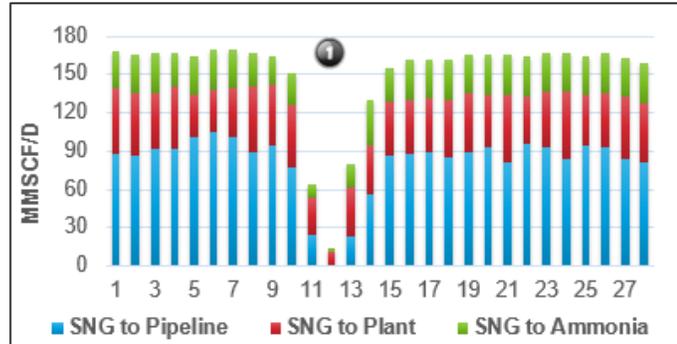
- Lignite coal sales were \$2.4 million lower than budget as a result of fewer tons sold.

Slides of interest:

Dakota Gas Production

Synthetic Natural Gas (SNG)

Actual Capacity Factor	89.4%
Budgeted Capacity Factor	88.2%
YTD Actual Capacity Factor	86.9%
YTD Budget Capacity Factor	90.0%
Availability	92.1%
Utilization	97.1%
Actual Production (dts)	2,457,984
Budget (dts)	2,924,850
YTD Actual Production (dts)	6,850,966
YTD Budget (dts)	8,746,937
Delivery Average (MMSCF/D)	81.01

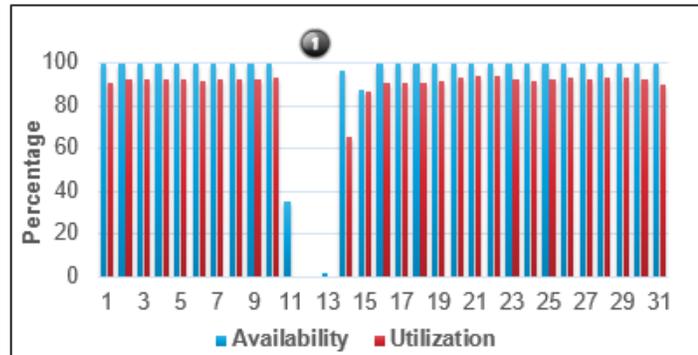


Production Impacts (MMSCF)

1 Plant trip - oxygen plant control system electrical fault	312
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Ammonia

Actual Capacity Factor	86.8%
YTD Capacity Factor	78.1%
Ammonia Production (tons)	29,589
Ammonia Budget (tons)	30,349
YTD Actual Production (tons)	77,303
YTD Budget (tons)	88,110



Production Impacts (tons)

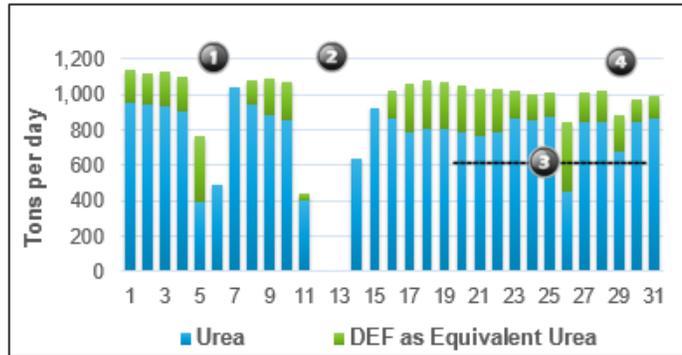
1 Plant trip	2,880
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Actual Capacity Factor	82.5%
YTD Capacity Factor	86.0%
Urea Independent Capacity Factor	93.0%

Actual Equivalent Production (tons)	28,115
DEF as Equivalent Urea (tons)	5,121
Budget (tons)	32,581
YTD Actual Equivalent Production (tons)	85,125
YTD Budget (tons)	94,590

Ammonia Consumed (tons)	16,025
YTD Ammonia Consumed (tons)	47,566

Urea



Production Impacts (tons)		
1	Roll crusher motor/ammonia pump card failure	852
2	Plant trip	3,279
3	Ammonia optimization	334
4	Granular product roll crusher repair	414

Diesel Exhaust Fluid (DEF)

Total Actual Production (gal)	2,153,769
Budget (gal)	1,482,854
YTD Actual Production (gal)	5,112,816
YTD Budget (gal)	4,305,060

Production Impacts (gal)	
No production impacts	



Ammonium Sulfate (Dak Sul 45®)

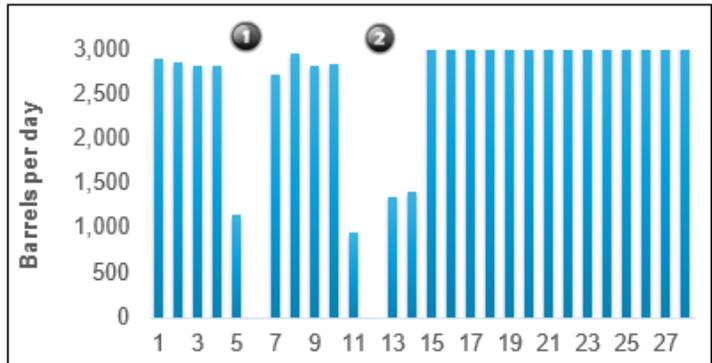
Actual Production (tons)	11,495
Budget (tons)	10,013
YTD Actual Production (tons)	31,718
YTD Budget (tons)	30,712

Production Impacts (tons)	
No production impacts	



Fuel Grade Tar Oil

Actual Production (bbl)	86,106
Budget (bbl)	45,000
YTD Actual Production (bbl)	197,593
YTD Budget (bbl)	135,000



Production Impacts (bbl)	
1 Reboiler and exchanger quarterly swap	1,738
2 Plant trip	2,087

Actual Generation

Actual vs Budget

Facilities	2021 March		%	2021 Year-to-Date		%
Coal Plants	Budget	\$ 50,130,425	-11.72	Budget	\$ 157,034,070	-13.07
	Actual	\$ 44,256,117		Actual	\$ 136,504,707	
	Difference	\$ -5,874,308		Difference	\$ -20,529,363	
Oil / Gas Plants	Budget	\$ 6,410,042	-2.08	Budget	\$ 18,478,486	424.11
	Actual	\$ 6,276,567		Actual	\$ 96,847,352	
	Difference	\$ -133,475		Difference	\$ 78,368,866	
Wind	Budget	\$ 870,388	89.08	Budget	\$ 2,610,916	16.87
	Actual	\$ 1,645,748		Actual	\$ 3,051,453	
	Difference	\$ 775,360		Difference	\$ 440,537	
Fleet	Budget	\$ 57,410,855	-9.11	Budget	\$ 178,123,472	32.72
	Actual	\$ 52,178,432		Actual	\$ 236,403,512	
	Difference	\$ -5,232,423		Difference	\$ 58,280,040	

Large Capital Projects

Large Capital Projects

Project Name	Approved Budget (M)	Total Committed (M)	Forecast at Completion (M)	Completion Date
Dickinson Second Transformer	\$12.6	\$8.8	\$9.6	August 2021
Lonesome Creek 6	\$63.7	\$36.2	\$43.7	December 2021
Neset to Northshore 230kV	\$57.4	\$3.9	\$50.8	December 2022
LRS U3 480V Switchgear Upgrade	\$13.5	\$7.1	\$12.0	June 2023
LOS 345kV Equipment Upgrades	\$21.8	\$0.4	\$21.8	January 2024
LRS CCR Holding Ponds Closure and Reconstruction	\$41.9	\$19.9	\$36.8	October 2025