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Our path to a clean energy future.

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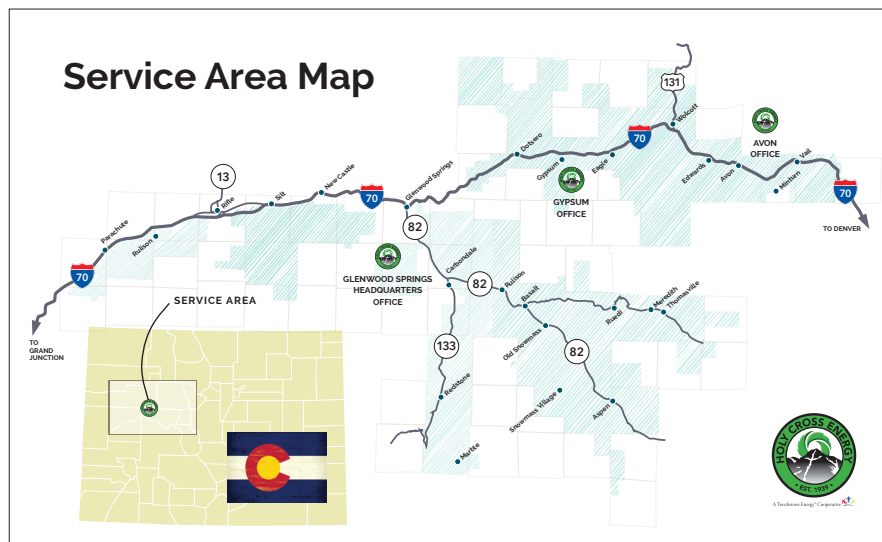
WHO WE ARE

Holy Cross Energy (HCE) is a cooperative electric association serving the needs of rural communities in central and western Colorado.

The majority of our member-owners are located in the counties of Eagle, Garfield, and Pitkin, but we also provide electrical service to a few properties in Gunnison and Mesa counties.

Our headquarters is located in Glenwood Springs and we also have three outlying offices located in Aspen, Avon and Gypsum.

HCE provides power to more than 57,000 meters from 11 substations with over more than 3,000 miles of distribution and transmission lines.



ADDITIONAL INFORMATION



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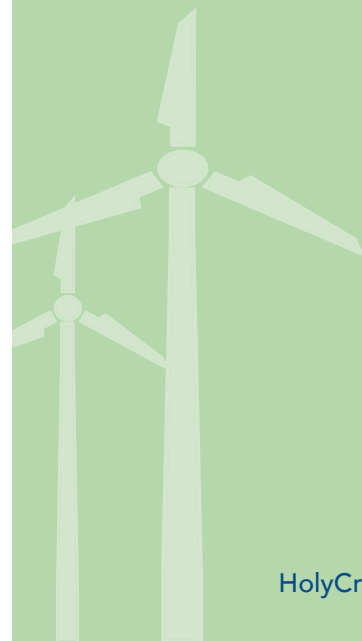
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OUR VISION

Holy Cross Energy is leading the responsible transition to a clean energy future.

OUR MISSION

Holy Cross Energy provides safe, reliable, affordable, and sustainable energy and services that improve the quality of life for our members and their communities.



FACT SHEET



On September 19, 2018, the Holy Cross Energy (HCE) Board of Directors formally adopted new long-term goals for the environmental sustainability of the power supply HCE provides to its members and their communities.

- This action followed a lengthy process of internal analysis and strategic discussions involving HCE Board members and staff.
- These discussions reviewed the financial, operational and environmental implications of numerous potential scenarios involving the use of additional renewable and low-carbon resources for HCE's power supply.
- In parallel, HCE participated in numerous informal consultations with communities and key stakeholders served by HCE to understand their own climate goals and ambitions.
- Through those consultations, we recognized that to the extent HCE is successful in providing clean, affordable and reliable electricity, the communities and key stakeholders we serve can use that electricity to more readily advance their climate change objectives.
- Moreover, a clean electricity supply enables a wider use of electricity for transportation, heating and cooling, commercial and industrial activity, and other societal needs, providing benefits not only to HCE and its members but to society as a whole.



With the announcement of these new goals, by 2030, HCE aims to increase the clean and renewable energy content of its power supply to at least 70% and reduce the greenhouse gas emissions from HCE power supply by 70%, relative to 2014 levels.

- **Background:** Today, 39% of HCE's power supply comes from clean energy resources, mainly from renewables (solar, wind, biomass, and hydro) but also from coal-mine methane recovery which helps to address climate change. This is well in excess of the 10% required of HCE to meet the Colorado Renewable Portfolio Standard.
 - The remainder of HCE's power supply comes from its 8% ownership stake in Comanche Unit 3, a highly efficient pulverized coal power plant near Pueblo and from the wholesale purchase of power via an agreement with Xcel Energy.
- **Increase the use of renewable energy:** To increase the amount of renewable energy in the HCE power mix and reduce its greenhouse gas content, we will seek to sell some or all of the 60 MW of power we receive from Comanche 3 to another entity; and replace that with new, additional wind and solar resources constructed to meet HCE needs.
 - While this action will reduce the greenhouse gas emissions of the power supply we provide to our customers, HCE will still be responsible and accountable for our share of the greenhouse gas emissions associated with the operation of Comanche 3. We will also investigate options, such as a sale of the asset, that would permanently reduce HCE's carbon footprint associated with Comanche 3.

- **Energy Efficiency:** HCE will pursue an additional 0.5% per year of energy efficiency improvements, as measured in terms of greenhouse gas equivalents.
 - These include on-system improvements to reduce the losses associated with the delivery of energy, but also financial and technological support for new, more efficient end uses of electricity in buildings, transportation, and commercial/industrial process.
- **Distributed Solar:** In addition, HCE will encourage our members to add at least an additional 2 MW per year of new rooftop solar systems installed on homes or businesses served by HCE.
 - Although these distributed solar systems are generally higher-cost resources, they can provide significant benefits to the local distribution grid to support service reliability and resilience.
 - HCE will strongly consider the pairing of rooftop solar systems with on-site energy storage and/or more flexible end uses of electricity to aid integration of these resources into the existing electric grid.
- **Local Clean Energy Resources:** HCE will strive to develop at least one new local utility-scale (~5 MW) clean, non-emitting energy project in our territory every three years, beginning in 2020. HCE also pledges to maintain our existing purchase power agreements with our existing local biomass, hydro, solar, and coal mine methane that presently make up 13% of our power supply resources.
 - Although these projects are more expensive, we believe the local economic and resilience benefits they can provide will justify the added costs.
- **Cleaner Wholesale Power Supply:** Where HCE cannot identify dedicated projects to support our energy demand, we will rely on our wholesale power supply agreement with Xcel Energy to provide the remaining energy we need with an increasingly cleaner project mix of its own.
 - HCE obtains from Xcel Energy dedicated shares of available wind or solar “economy energy” on a seasonal basis. HCE will continue to pursue these opportunities from Xcel Energy or other providers where it makes cost-effective sense to do so.



Further, HCE believes that it can achieve these goals at no additional increase in the cost of power supply, thanks to the decline in the price of new renewable technologies and the improved economics of operating a smarter distribution grid.

- Thanks to improvements in technology, costs for wind energy have declined by 67% since 2010. Similarly, costs for energy solar have decreased by 86% in that time, according to a report from Lazard (<https://www.lazard.com/perspective/levelized-cost-of-energy-2017>).
- As a result, including tax incentives, wind and solar energy are today cost-competitive with coal and natural gas generation in Colorado.
- The increased competitiveness of wind and solar have been helped considerably by Federal tax incentives, but, absent further action by Congress, those incentives will no longer be available after 2020 for wind and 2022 for solar.

- Our existing transmission agreement with Xcel Energy allows us to source our power supply from any area that can be directly connected to the Xcel grid with no additional cost to HCE. This gives us access to plentiful, affordable wind and solar resources that are not otherwise available on the Western Slope.
- Therefore, there is a small window of opportunity for HCE over the next several years to transition its power supply portfolio to clean energy with minimal cost impact to our members and their communities.



This will allow HCE to achieve its vision of “leading the responsible transition to a clean energy future,” one that need not sacrifice affordability, safety or reliability for the sake of sustainability.

- Today’s commitment by HCE represents one of the most aggressive renewable energy and greenhouse gas emission reduction goals in the country.
- It is a robust and realistic step towards becoming a fully sustainable electric utility in every sense of the word – not just renewables and greenhouse gases but also water, waste, and other recognized measures.
- In addition, our commitment is not merely an aspirational goal but accompanied by a set of discrete and realistic actions that we will take to make it a reality.
- We recognize that HCE has a few unique characteristics that enable us to take these bold steps forward, in particular:
 - Our communities strongly support clean energy development, as our region’s agricultural and recreation-based economy depends strongly on a healthy environment for its economic well-being.
 - Our large employers, towns, and counties have set their own sustainability goals and continue to advocate for clean energy through their elected officials and community organizing efforts.
 - Our power supply and transmission agreements with Xcel Energy give us additional clean energy options that may not be available to other utilities.

Nonetheless, we believe our strategy and its execution in the years to come will model the way for other utilities to follow as they address their own needs for sustainability.

