BLACK HILLS CORPORATION

2024 Task Force on Climate-related Financial Disclosures (TCFD) Index

Governance		
	Describe the board's oversight of climate-related risks and opportunities.	Our Board oversees an enterprise risk management ("ERM") approach to risk management that supports our operational and strategic objectives. It fulfills its oversight responsibilities through receipt of quarterly reports from management regarding top enterprise risks that include: operational, regulatory and compliance, business and strategy, financial and technology, which include embedded climate-related risks. While our full Board retains responsibility for risk oversight, it delegates oversight of certain risk considerations to its committees within each of their respective areas of responsibility as defined in the charter for each committee. Our Board oversees ESG and the governance committee oversees the reporting framework we use to track and monitor ESG progress. For more information on Board oversight, see our Corporate Sustainability Report and our current Proxy Statement.
	Describe management's role in assessing and managing climate-related risks and opportunities.	Our management is responsible for day-to-day risk management and operates under our ERM program that addresses enterprise risks, including climate-related risks. The ERM program includes practices to identify risks and assess the impact and likelihood of occurrence; management develops action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes meeting regularly with the risk owners, performing a formal annual review of material risks, quarterly reviews of top enterprise and emerging risks and quarterly reporting to our Board of Directors. Additionally, our internal audit department also partners with the ERM program to ensure top ERM risks are considered in the development of the annual internal audit plan. Climate-related risks and opportunities are also considered in our corporate strategic planning. This approach is also reflected in the alignment of our corporate planning and ESG/Sustainability functions in a dedicated department. This department works with leaders across the company to manage sustainability, including climate-related topics. Management of ESG includes our chief executive officer (CEO), chief sustainability officer (CSO), senior leadership team, an executive ESG Steering Committee chaired by the CSO, and a cross-functional sustainability working group. For more information, see our Corporate Sustainability Report.
Strategy		
	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	**Opportunities** Electric and natural gas utilities are uniquely positioned to realize climate-related opportunities. As market, technology and policy evolves, we have identified climate-related opportunities, including: *Energy Source:* Increased capital investment in low or no emissions technologies. Over the short, medium and long term, conversion or replacement of fossil fuel assets may occur to support the transition to lower carbon sources. Additionally, new generation to support the electrification of other sectors, including transportation, would provide further opportunity for capital investment over the medium to long term. *Products and Services:* Diversification of product and service offerings to meet customer demand. As customer needs and expectations evolve, we may be able to provide new products and services, including renewable offerings, behind the meter solutions, transportation decarbonization, smart grid technology and other innovation, generating new revenue streams. *Products and Services:* Increased capital investment in electric transmission and distribution systems to enable higher penetration of renewable energy. The energy transition may provide opportunity to invest in transmission and distribution software and hardware to meet customer demands for higher penetration of renewable energy sources, contributing to the decarbonization of generation capacity and demonstrating alignment with longer-term emissions reduction trends. **Risks** The nature of our business also subjects us to a climate-related risk, both stemming from physical risk and transition risk of climate change, over varying time horizons. Our risks include: *Physical – Acute:* Increased intensity and frequency of storms, resulting in increased likelihood of fire, wind and extreme cold temperature events. In the short and medium term, severe weather events, such as snow and ice storms (e.g., Storm Uri), fire, and strong winds could negatively impact our operations, including our ability to provide energy safely, reliably and profitably and our ability to complete construction, expansion or refurbishment of facilities as planned. Over the long term, unmitigated impacts of climate change may intensify these events or increase the frequency of their occurrence. *Transition – Policy:* Pricing of greenhouse gas (GHG) emissions. Policies such as a carbon or methane tax could increase costs associated with use of fossil fuel usage, resulting in higher operating costs including costs of energy generation, construction, and transportation. *Transition – Market:* Reduced customer demand for fossil-based energy. Risk of the transition to a low-carbon economy could result in shrinking customer demand for fossil fuel-based energy sources. This could come from increased use of behind the meter technology, such as residential solar and storage. *Transition – Reputation:* Difficulty accessing capital or insurance. Risk of investor pressure over climate risk, activist campaigns against coal producers, employee preferences to work for sustainable companies and consumers preference for renewable energy could impact our reputation and overall access to capital and/or adequate insurance policies. We are proactively responding to our short, medium and long term climate risks and opportunities, as discussed in our Corporate Sustainability Report. Our 2024 Wildfire Mitigation Plan addresses wildfire risk specific to our service territories and communicates actions we are taking to mitigate this risk. Additional information about our risks and opportunities can be found in our 10-K and other SEC filings.
	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	Climate-related risks and opportunities play a significant role in our overall strategy and planning for the future. Many of our business activities, capital investments and strategic initiatives are directly influenced by or complementary to our response to climate risk or opportunities. Our Corporate Sustainability Report covers numerous examples of this impact throughout our company, including our commitment to a sustainable energy future, deployment of capital to replace natural gas pipeline with lower emitting materials and convert coal generation, damage prevention and leak detection programs, wildfire mitigation and use of water conservation technology. This approach also spurs development of customer solutions like Ready EV, which supports adoption of electric vehicles, and Green Forward, a voluntary renewable natural gas and carbon offset program to help customers offset the carbon footprint associated with their natural gas usage. We have significant opportunity for investment that enables a sustainable energy future, including renewables, battery storage, transmission and low carbon fuels. Our PUC approved resources plans include an additional 300 MW of solar and 50 MW of storage capacity for Colorado Electric by 2030, and the conversion of our Neil Simpson II coal plan to include natural gas a dual fuel source in 2025 for South Dakota Electric. The electric transmission expansion project, Ready Wyoming, includes $260 million of investment and demonstrates the significant impact that climate-related opportunities can have on the company's future. Additionally, we established a new business unit, BHERR, to drive company growth by investing capital into infrastructure that provides a pathway for renewable natural gas (RNG) to get to market. In 2024, we acquired an RNG landfill production site in Dubuque, Iowa, marking our first entry into the upstream production side of the RNG value chain.
	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	As described in our Risk Management response of this disclosure, we assessed our climate risks and opportunities in two climate scenarios, Strong Mitigation (1.5°C) and Business as Usual (4-5+°C), from multiple leading sources including the Intergovernmental Panel on Climate Change (IPCC) AR6 for assessing physical climate risk and the International Energy Agency (IEA) World Energy Outlook 2021 for transition risk. Based on this assessment, we may face greater acute physical climate-related risk in a Business as Usual (4-5+°C) future scenario due to projected increased intensity and frequency of extreme weather events. Conversely, our exposure to transition risk may be greater in a Strong Mitigation (1.5°C) scenario, with greater likelihood of policy, market and reputational risk. We are actively working to mitigate these risks of climate change and capitalize on climate-related opportunities to ensure our resilience in the energy transition. A strategic focus for Black Hills is to modernize and harden our utility infrastructure to meet customers' and communities' varied energy needs, ensure the continued delivery of safe, reliable and cost-effective energy and reduce GHG emissions. We utilize a multi-prong strategy to create a more resilient organization, including energy innovation, thoughtful utilization of resources and investments in renewable generation supported by reliable energy sources. See the Environmental Stewardship section of our Corporate Sustainability Report for additional information on our energy transition strategy, including a timeline for transforming our electric utilities' energy delivery and our roadmap to Net Zero by 2035 for our natural gas utilities.
Risk Management		
	Describe the organization's processes for identifying and assessing climate-related risks.	Our ERM approach to risk management is an iterative process that identifies and assesses material risks involving operational, regulatory and compliance, business and strategy, financial and technology risks. In 2021, we sought to enhance our integration of climate risk into our overall risk management. We utilized a third-party climate consulting firm to facilitate conversations with our management team to identify the climate-related risks and opportunities that may impact Black Hills Corp. Through this process, we discussed our top risks and opportunities and selected the highest priority ones to analyze further. We then conducted a climate-scenario analysis exercise, based on TCFD, to assess which of these risks and opportunities could be the most impactful to the company. We leveraged two climate scenario and an array of third-party data to complete a quantitative stress-test analysis of the potential impact of each risk and opportunity over time. These results fed into a comprehensive climate- risk roadmap. Climate-related risks were also mapped to our existing ERM framework and are regularly reviewed as part of our enterprise risk management process.
	Describe the organization's processes for managing climate-related risks.	Management of climate-related risks is integrated into the company's overall approach to risk management and strategic planning. Climate-related risks identified through the ERM program or the strategic planning process have mitigation action plans in place to prevent or mitigate the impacts of the risks. Management regularly assesses the effectiveness of these programs while executing their oversight responsibilities. The programs are also subject to periodic Internal Audits.
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	Climate-related risks are part of our ERM process and are regularly reviewed and assessed. The ERM program includes practices to identify risks and assess the impact and likelihood of occurrence; management develops action plans to prevent the occurrence or mitigate the impact of the risk. The ERM program includes meeting regularly with the risk owners, performing a formal annual review of material risks, quarterly reviews of top enterprise and emerging risks and quarterly reporting to our Board of Directors. Additionally, our internal audit department also partners with the ERM program to ensure top ERM risks are considered in the development of the annual internal audit plan..
Metrics and Targets		
	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Climate-related metrics are tracked regularly throughout the organization and disclosed to the Board and our stakeholders, including regulators, governmental agencies and customers. Our Corporate Sustainability Report provides year over year company performance in many areas related to climate change, including GHG emissions, renewable energy, environmental compliance and water use. In 2020, we set climate goals to reduce GHG emissions. In 2024, we have reported a 38% reduction in electric utility emissions intensity (relative to a 2005 baseline) and an 11% reduction in emissions since setting our net zero natural gas distribution system target in 2022.
	Disclose Scope 1 and Scope 2 greenhouse gas (GHG) emissions, and the related risks.	Scope 1: 4,500,012 MT CO2e *Sources included: electric utility generating units, natural gas distribution system, natural gas gathering & boosting system, natural gas transmission system, SF6 emissions, natural gas company usage, company vehicles/corporate jet, and emergency generators for calendar year 2024.* Scope 2: 4,043 MT CO2e *Sources included: estimated emissions based on electrical usage data for calendar year 2024.*
	Disclose Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Scope 3: 9,447,807 MT CO2e *Sources included: natural gas distribution customer usage, electric utility purchased power for sales, employee commuting, and business travel for calendar year 2024.*
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Black Hills Energy has goals to reduce electric utility emissions intensity 40% by 2030 and 70% by 2040, as compared to 2005 baseline. Emissions sources in the boundary for this goal include Scope 1 electric utility generating units and Scope 3 electric utility purchased power for sales. In 2024, we reported 38% reduction in emissions intensity. Our Corporate Sustainability Report details current emission reductions and our plans to achieve our electric utility goals. We also have a goal to achieve net zero emissions for our natural gas utility by 2035. Emissions sources in the boundary for this goal include all Scope 1 emissions on our natural gas distribution systems, including fugitive emissions from pipeline mains and service lines, meters, transfer stations, system damages and system blow downs. Our Corporate Sustainability Report also details our roadmap to achieve our natural gas utility net zero goal.