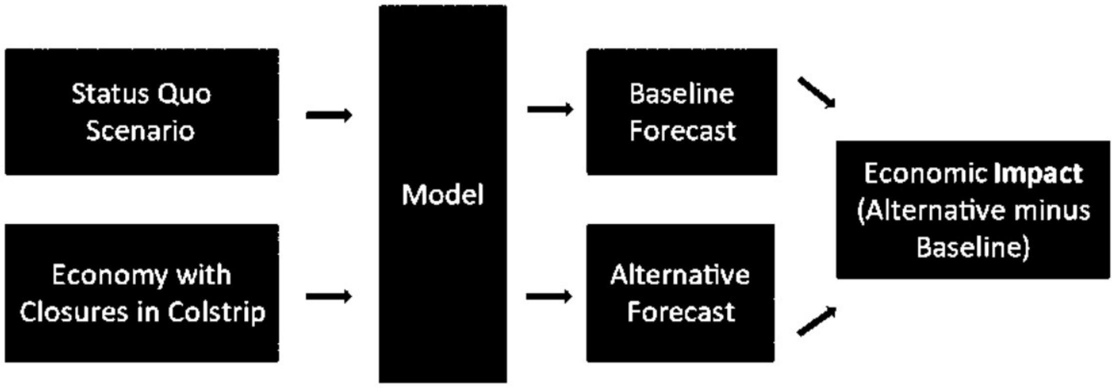
Appendix B
Description of the REMI Model

The REMI Modeling Methodology

The basic approach of using the REMI model to produce the results for this study is illustrated in Figure B.3, below. The analysis started with a baseline projection for the Montana economy, where the Colstrip SES and Rosebud Mine are present. Next, the analysis employed the REMI model a second time, simulating an alternative scenario where the two facilities are closed and their associated economic activity are absent from the Montana economy.

Figure B.3. Policy Analysis Using the REMI Model



The difference between the two economic projections represents the economic impact of MATS-induced rulemaking in Montana.

The REMI model utilizes historical data on production, prices, trade flows, migration, and technological advances to calibrate the relationship between five basic blocks of the state economy: 1) Output and Demand; 2) Labor and Capital Demand; 3) Population and Labor Supply; 4) Compensation, Prices and Costs; and 5) Market Shares. These linkages are shown in Figure B.4, below.