The differences in production, labor demand, and intermediate demand associated with the closure of the Colstrip SES and the Rosebud Mine impact these blocks, causing them to react to the changes and adjust to a new equilibrium. This new equilibrium constitutes the alternative scenario referred to above the closure of the facilities.

The underlying philosophy of the REMI model is that regions throughout the country compete for investments, jobs, and people. When events occur in one region, they set off a chain reaction of events across the country that causes dollars to flow toward better investment and production opportunities, followed over time by workers and households toward better employment opportunities and higher wages.

The REMI model consists of an 70-sector input/output matrix that models the technological inter-dependence of production sectors of the economy, as well as extensive trade and capital flow data. Together, these components enable the estimates of the shares of each sector's demand that can be met by local production. Simplified illustrations of the schematic model in Figure B.4 are provided on the following pages, in figures B.3 through B.7.

Figure B.5. Output Linkages