

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There was one Lost Workday Case reported in February 2022.

2. Environmental and Regulatory Activities

- a. For February 2022, 38 air, water, and waste areas environmental compliance reports were submitted to the Colorado Department of Public Health and Environment (CDPHE), New Mexico Environment Department (NMED) and the Environmental Protection Agency.
- b. Agency inspections.
 - i. None to report this month

3. Government Relations

- a. The Government Relations report can be found at the following link - https://drive.google.com/file/d/1P0TW8zQjtiv2AbEUR-qZdlxPHPB3_5io/view?usp=sharing

4. Member Relations

- a. TS Member Relations activities report was provided.

5. Corporate Communications

- a. TS Corporate Communications activities report was provided.

6. Affiliated Organizations Reports

- a. The CREA Report is usually given in this committee but was given in the E&O Committee this month due to time restraints.

7. Electrify and Save Program was presented

- a. Can be found in our drive under “Beneficial Electrification and Efficiency Program Presentation” - <https://drive.google.com/file/d/1wTxOAzCvVH572g7ga0vclL9nfGQyaQC/view?usp=sharing>

REGULAR BOARD MEETING, COMMITTEE MEETINGS

This month the TS Board and Committee Meetings were long and intense. The F&A Committee went the better part of the day with half of it in Executive Session. This meant that the F&A Committee Executive Session and the EA&MR Committee overlapped so I was unable to attend the F&A Executive Session.

Tri-State Board of Directors

March 2022 Meeting Highlights



Poudre Valley Rural Electric Association (PVREA) Microgrid Presentation

Jeff Wadsworth, CEO of Poudre Valley Rural Electric Association (PVREA), presented on the Red Feather Lakes microgrid, which was made possible through a partnership that included PVREA, NRECA, federal agencies and Tri-State. The microgrid was installed to increase resiliency in the remote Red Feather Lakes community, and provides hands-on experience with microgrid applications.

- Red Feather Lakes is a small mountain town served by a single 69kVA transmission line. The area was prone to outages, so the partners worked with the community to improve energy efficiency and to install a solar/propane/battery microgrid to help serve the isolated area in the event of an outage.
- The microgrid can maintain power for critical facilities, including the fire station and library, which provides support and shelter to the community. The propane generator is key to longer term resiliency, as the battery and solar component of the project can only provide 8 hours of service before having to be recharged.

Process to Retire Rifle Generation Station Initiated

Tri-State continues to make progress in its transformation efforts to become the most competitive option for our members. As part of this work and after considerable analysis, the board approved Tri-State to make a filing with the Colorado Public Utilities Commission (PUC) that would result in the closure of the 85MW Rifle Station on or about October 6, 2022.

- Rifle has run infrequently in recent years as Tri-State has been long on capacity and lower-cost alternatives have been available, and the continued operation of the station would require investments in the near-term that are difficult to justify in light of Tri-State's broader transition and rate reduction efforts.
- While we strive to limit the impact of our transition on our employees, in this case, this decision impacts a group of four dedicated colleagues, who we will be working with to ease the impact of this transition.
- The board also approved a donation of \$50,000 to support local economic development, and Tri-State will be working with Garfield County to identify an appropriate recipient for these funds.

Annual Meeting Update

Tri-State's 70th Annual Meeting will be held April 5-6 at the Westin Hotel in Westminster, Colo. Registration is available at www.tristate.coop/annualmeeting. Tom Fanning, Chairman, President and CEO of Southern Company, is scheduled to provide the keynote address at the Annual Meeting. In addition to Mr. Fanning, Tri-State leadership will provide an update. The schedule includes:

- Tuesday, April 5:
 - 8:30am Executive Committee
 - 1:30pm Membership Meeting
 - 6:00pm Reception
 - 7:00pm Banquet
- Wednesday, April 6:
 - 8:30am Annual Meeting
 - 1:30pm Board of Directors Meeting
- Please register for the Annual Meeting by March 21. Tri-State's room block at The Westin Westminster expires March 21.

2021 Electrify and Save Results

Tri-State staff presented on the 2021 results from the Electrify and Save program, discussed the future strategy for the program portfolio and gave a high-level overview of the results obtained from the 2021 member end-use survey facilitated by Tri-State on behalf of our Members.

- Total electrification and efficiency incentive spending was \$2.3M in 2021, down from \$2.9M in 2020. A large portion of this reduction was due to a change in process which moved the payments for December rebates into 2022.
- Efficiency incentives resulted in lifetime MWh reductions of 235,106 MWh with an average portfolio cost of \$0.009/kWh.
- Electrification incentives resulted in an estimated lifetime load growth of 51,691 MWh.
- The majority of efficiencies remained centered on the retrofit of existing lighting with LEDs in commercial settings, followed by savings from residential heat pumps.
- Electrification results are driven by heat pump installations that either replace existing fossil fuel furnaces or are installed in new constructions.

This month's highlights

- Tri-State's 70th Annual Meeting is April 5-6
- Poudre Valley REA microgrid presentation
- Process to retire Rifle Generation Station initiated
- 2021 Electrify and Save program results support electrification and efficiency
- Education Session on Renewable Energy Credits
- Government Relations Report
- Operations and Financial Performance
- Upcoming meetings and events

From the Chairman

Our Finance and Audit Committee, chaired by Leo Brekel, received the Ernst & Young Audit Report and completed its work around our 2021 year-end financials. The board approved 2021 patronage capital allocations, and following the board's review, we will be filing our 2021 10K.

The board also received an update on progress on the cost reductions to meet and sustain the board's wholesale rate reduction goals. I appreciate the board's discussion on these matters as we manage the challenges of inflation, maintain reliability, preserve services and support Tri-State's staff. As of March 1, Tri-State has fully implemented its 4% wholesale rate reduction, which was a result of the Stated Rate Settlement Agreement entered into at the Federal Energy Regulatory Commission (FERC) between Tri-State and several of its members.

The next Rate Design Committee meeting is March 16-17, and the committee's work includes developing the guiding principles for the committee as it moves forward with its important charge. Committee Chair Don Keairns and I encourage committee members to participate in person, and the membership to participate in these meetings. To accommodate the membership, we do have a virtual option if members cannot attend in person.

Our Annual Meeting events and Board Meeting are April 5-6. I look forward to seeing the membership convene as the pandemic conditions that have affected our ability to meet are lessened. With the theme of Driving Change, our membership meeting will include updates and discussion on transmission and organized markets, Tri-State's people and culture in its transformation, energy as a service, and how Tri-State is advancing the membership's affordability goals.

Finally, I want to express my condolences to Jack Finnerty and Rick Gordon. Last month, Jack lost his younger brother Dan and Rick lost his father a few weeks ago. Our rural families are tight knit, and I ask you to keep Jack and Rick, and their families, in your prayers. Following our committee meetings, we celebrated Rick's service to our systems and Tri-State with the dedication of the Rick Gordon Maintenance Center in Frederick, Colo.

As I work to serve you as best I can, please do not hesitate to reach out to me at 575-430 2995 or tim.rabon@tristategt.org — *Tim*

From the CEO

This month, the board approved staff's recommendation to file with the Colorado Public Utilities Commission to retire Rifle Station in western Colorado in October 2022. The 85-megawatt natural gas combined-cycle power plant runs infrequently as Tri-State currently has sufficient and lower cost resources to serve our members' power requirements, and significant near-term investments would be required to continue operating the facility. I greatly appreciate our Rifle employees' commitment and service through the years, and we will be working with them to ease the impact of this transition. Our

board also approved a donation of \$50,000 for local economic development, and Tri-State will work with Garfield County to identify an appropriate recipient for these funds.

At this month's board meeting, we received a review of Poudre Valley REA's microgrid project from Jeff Wadsworth, PVREA's CEO. Tri-State was proud to support this project, and I greatly appreciate Jeff's time to share in his system's accomplishments to increase resilience in the remote Red Feather Lakes area.

I want to recognize the work of CFO Pat Bridges and his team for a successful Bankers' Meeting in February. The meeting drew a large in-person crowd, and provides those who are current and potential investors in Tri-State's financings with the opportunity to learn more about Tri-State and all that we are accomplishing together with the membership.

We are here to serve you, and if we can be of assistance, please contact me any time at 303-254-3535 or dhighley@tristategt.org — *Duane*

Operations and Financial Performance

January 2022 operations performance

- Coal fleet generation was at 75% availability and 41% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 9% of total power supply.
- Renewable generation accounted for 29% of total power supply and 34% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity. In January, the average capacity factor for these resources was 40%, with 205 MW (27% of potential output) available at Tri-State's peak.
- Other purchased power (unspecified) was 21% of total power supply.
- Member energy sales volumes were 0.1% under budget and non-member energy sales volumes were 1% under budget.

View the [Operations Report](#) on the directors' BoardBooks app and the Member Information Center.

January 2022 financial performance

- Non-member sales were 20.7% under budget.
- Purchased Power was 25.5% higher than budget.

View the [Financial Results](#) on the Member Information Center and the directors' BoardBooks app.

Board Update

Tri-State's 70th Annual Meeting is April 5-6

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Review the [Annual Meeting Preview presentation](#) in the Member Information Center and the Directors' BoardBooks app.

Poudre Valley Rural Electric Association microgrid presentation

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- The microgrid can maintain power for critical facilities, including the fire station and library, which provides support and shelter to the community. The propane generator is key to longer term resiliency, as the battery and solar component of the project can only provide 8 hours of service before having to be recharged.
- PVREA is also working with the community to test applications of the microgrid for non-emergency situations, like peak demand reduction, which could help inform future microgrid development.

Review the [PVREA Microgrid presentation](#) in the Member Information Center and the Directors' BoardBooks app.

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Review the [Beneficial Electrification and Energy Efficiency Program presentation](#) in the Member Information Center and the Directors' BoardBooks app.

Education Session on Renewable Energy Credits

Brad Nebergall, SVP Energy Management, presented an education session on Renewable Energy Credits (RECs). RECs are tradable, non-tangible commodities that represent proof that 1 MWh of electricity was generated from a renewable resource. RECs represent the clean energy attributes associated with the energy produced by the renewable resource, and are tracked by resource and year/month generated (which is called "vintage").

- The market value of RECs vary, and RECs can lose value over time. WAPA RECs cannot be sold.
- RECs are tracked in several systems, including WREGIS (Western Renewable Energy Generation Information System), where Tri-State registers, with a few small exceptions, every Tri-State and member renewable generator in western interconnection as a Qualified Reporting Entity (QRE). M-RETS (Midwest Renewable Energy Tracking System) tracks resources in Midwest Reliability Organization (MISO & SPP) and is used by Basin Electric. ERCOT tracks renewables in the Electric Reliability Council of Texas.
- For renewable compliance obligations, Tri-State has differing obligations in Colorado and New Mexico, as well as differences regarding which resources are eligible.
- In Colorado, Tri-State has a 20% Renewable Energy Standard. Smaller co-ops have a 10% standard, those with over 100K meters have a 20% standard.
 - In Tri-State's Electric Resource Plan settlement, Tri-State must retire RECs used to meet Colorado Carbon Reduction targets.
- In New Mexico, there is currently a 10% RPS, increasing to 40% in 2025 and 50% in 2030.
- Tri-State has the opportunity to sell excess REC inventories to generate revenue.

Review the [Renewable Energy Credits presentation](#) in the Member Information Center and the Directors' BoardBooks app.

Government relations report

The March [government relations report](#) can be found on the directors' BoardBooks app and in the Member Information Center.

Meetings and events

- Rate Design Committee, March 16-17, beginning at 1:00 p.m. on March 16, Tri-State headquarters and virtual.
- April Membership Meeting, Annual Meeting, Committee and Board Meetings:
 - Tuesday, April 5:
 - 8:30 a.m. Executive Committee
 - 1:30 p.m. Membership Meeting
 - 6:00 p.m. Reception
 - 7:00 p.m. Banquet
 - Wednesday, April 6:
 - 8:30 a.m. Annual Meeting
 - 1:30 p.m. Board of Directors Meeting
- Member CEO Meeting, April 19
- Rate Design Committee, April 20