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LPEA and Tri-State Execute Term Sheet Paving the Way for Future Collaboration

Agreement Includes the Cooperative's First Power Purchase Agreements

DURANGO, CO - La Plata Electric Association, Inc. (LPEA) and Tri-State Generation and Transmission Association, Inc. (Tri-State) have successfully executed a term sheet as part of the two cooperatives' contract termination negotiations. This agreement encompasses critical components including power purchases, transmission commitments, and the sale of utility assets from Tri-State to LPEA. The term sheet establishes a framework for a mutual release of claims, with both parties committed to finalizing a settlement agreement. At that time, LPEA and Tri-State will jointly file for dismissal of the pending lawsuit in the La Plata County District Court.

"As we transition away from our all-requirements contract, we want to emphasize that this decision is not a reflection of our longstanding relationship with Tri-State, but rather a step toward adapting to changing needs," said Ted Compton, LPEA Board President. "At the heart of this agreement is our commitment to Cooperation Among Cooperatives, which encourages us to work together in mutually beneficial ways that support long-term success for both of us."

LPEA will enter into two Power Purchase Agreements (PPAs) with Tri-State, which will provide immediate service following the contract departure on April 1, 2026. The new portfolio includes a PPA providing up to 40-megawatts (MW) of firm capacity and a PPA for 40 MW of as-available energy from the Tri-State-owned Dolores Canyon Solar Project, located in Southwest Colorado. These contracts account for 30% of the energy in LPEA's new resource mix, helping meet the cooperative's resource adequacy requirements and support its greenhouse gas reduction goals. Both PPAs are for a term of nearly eight years, lasting through December 31, 2033.

"Working together, Tri-State and LPEA have reached an agreement that provides greater certainty in LPEA's withdrawal process and beneficial power sales for Tri-State's membership as we advance our reliable and affordable clean energy transition," said Duane Highley, Tri-State Chief Executive Officer. "We can focus on the work ahead to complete a successful and amicable separation and advance our plans for the future."



Tri-State and LPEA will continue to take actions to ensure LPEA's timely exit by April 1, 2026, upon payment of a contract termination payment, with the amount to be set by the Federal Energy Regulatory Commission (FERC).

"We remain committed to ensuring a smooth transition and building a more flexible energy future for our members," said Graham Smith, LPEA Interim CEO. "Completing this milestone is a significant achievement for both parties and reflects the dedication and professionalism of staff on both sides."

No further public comments will be made regarding the settlement agreement at this time.

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