

LPEA

La Plata Electric Association, Inc.

FUTURE POWER SUPPLY UPDATE

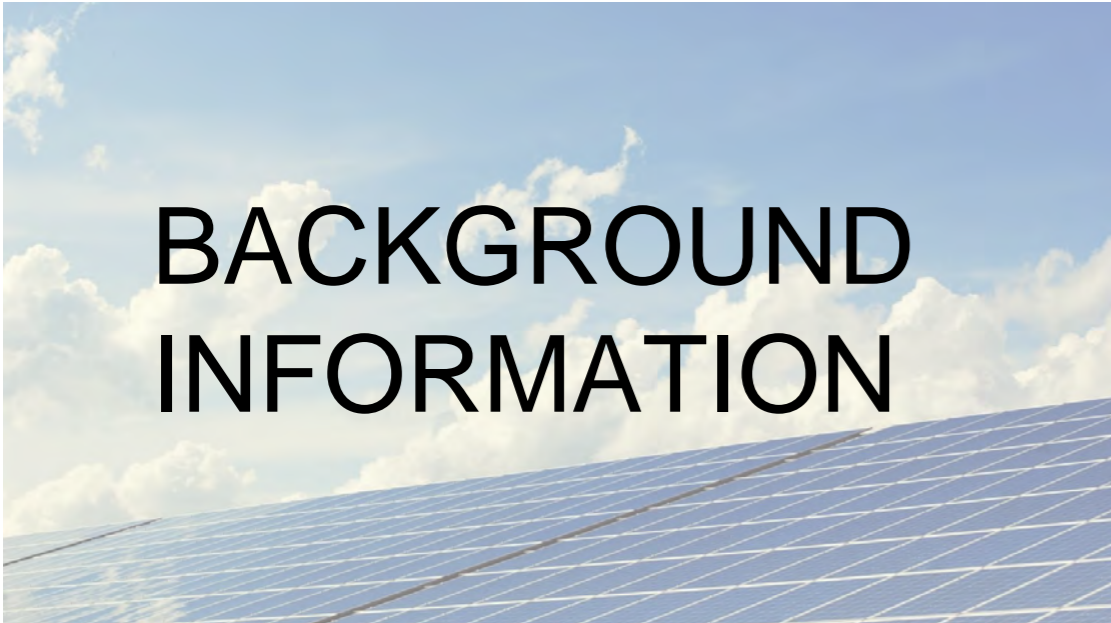


MEETING OBJECTIVE

*Provide a clear understanding
of the partial contract option
and its benefits.*



AGENDA



BACKGROUND INFORMATION



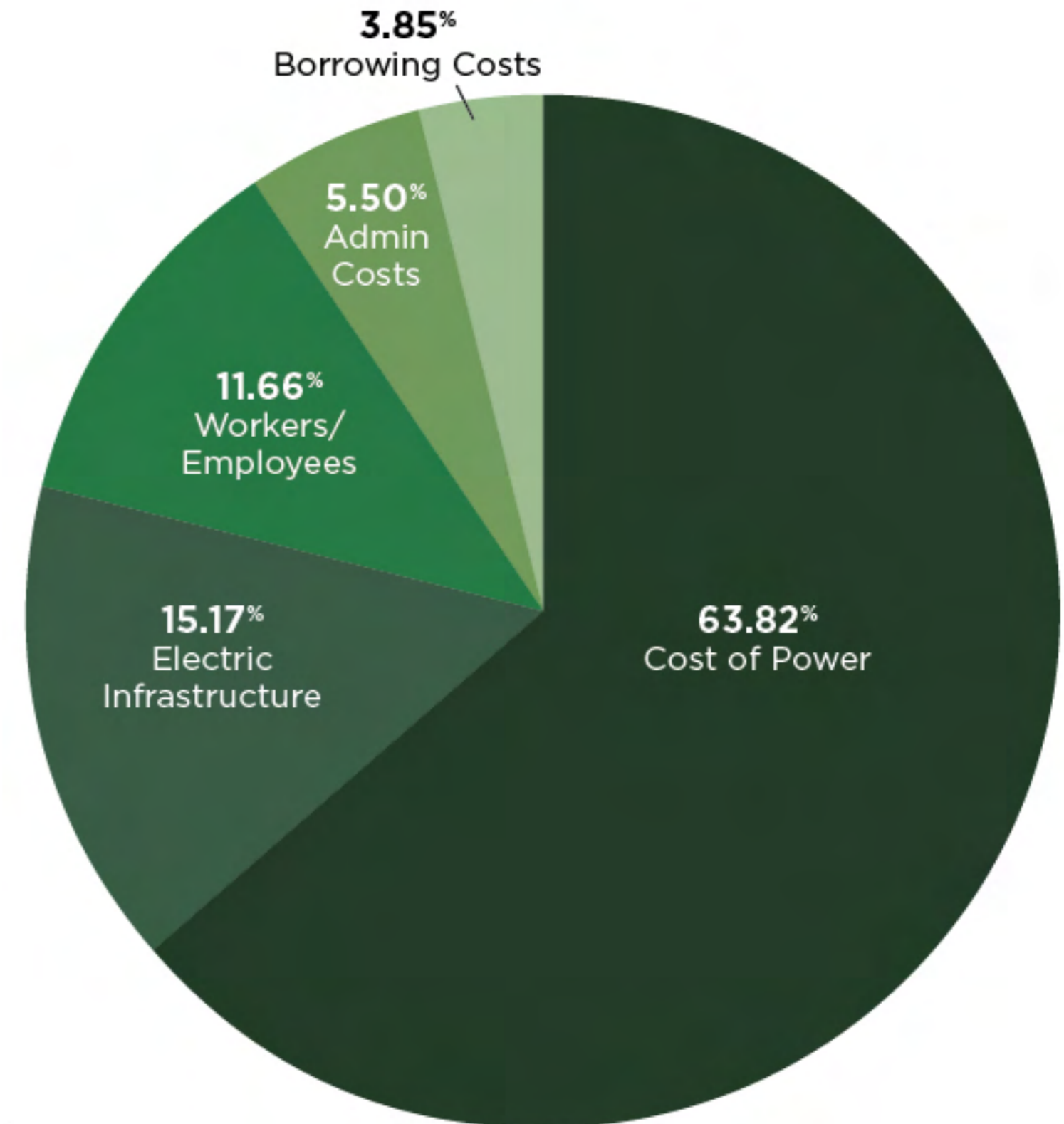


LPEA STRATEGIC GOAL

LPEA will strive to reduce its carbon footprint by 50% from 2018 levels by year 2030 while keeping members' cost of electricity lower than 70% of its Colorado cooperative peers.

Cost of Your POWER

- **\$68 million** of LPEA's annual budget is currently allocated to purchasing power from our wholesale power provider Tri-State.
- Power costs are the #1 driver of rates.

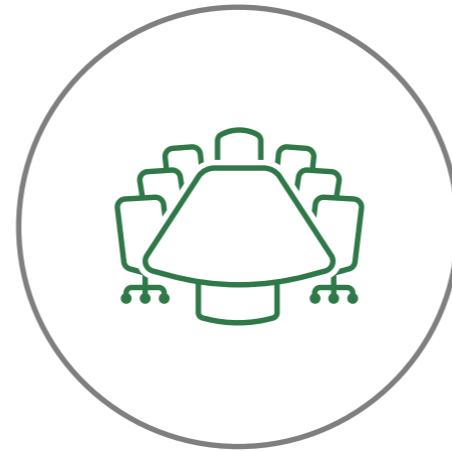


Board's 3-Prong Strategy



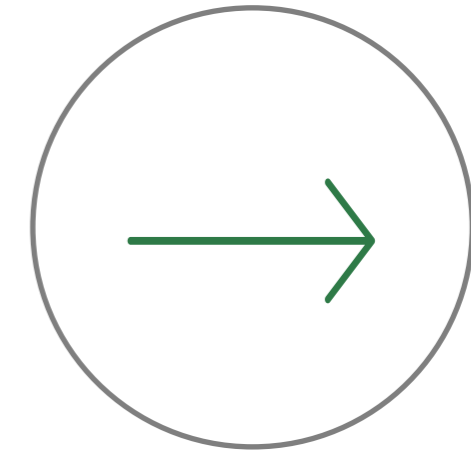
#1: Flexibility in current contact

STATUS: Acquired ability to install 2 MW community solar project. Secured 4% decrease in wholesale rates.



#2: Partial Contract

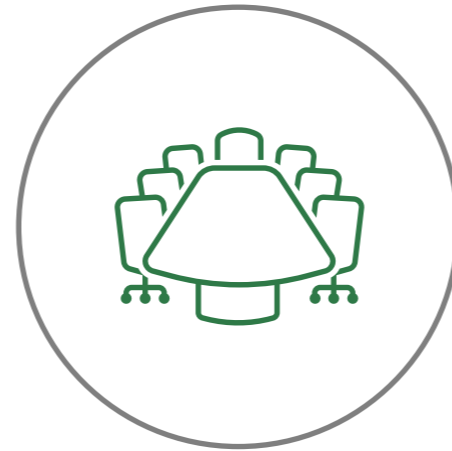
STATUS: Policy established at Tri-State. LPEA applied for, and was granted, the ability to shop for 50% of our power supply. Proposals were evaluated, a supplier was selected, and negotiations are underway.



#3: Full Exit

STATUS: Negotiations continue with Tri-State at FERC to acquire a fair Contract Termination Payment.

Board's 3-Prong Strategy

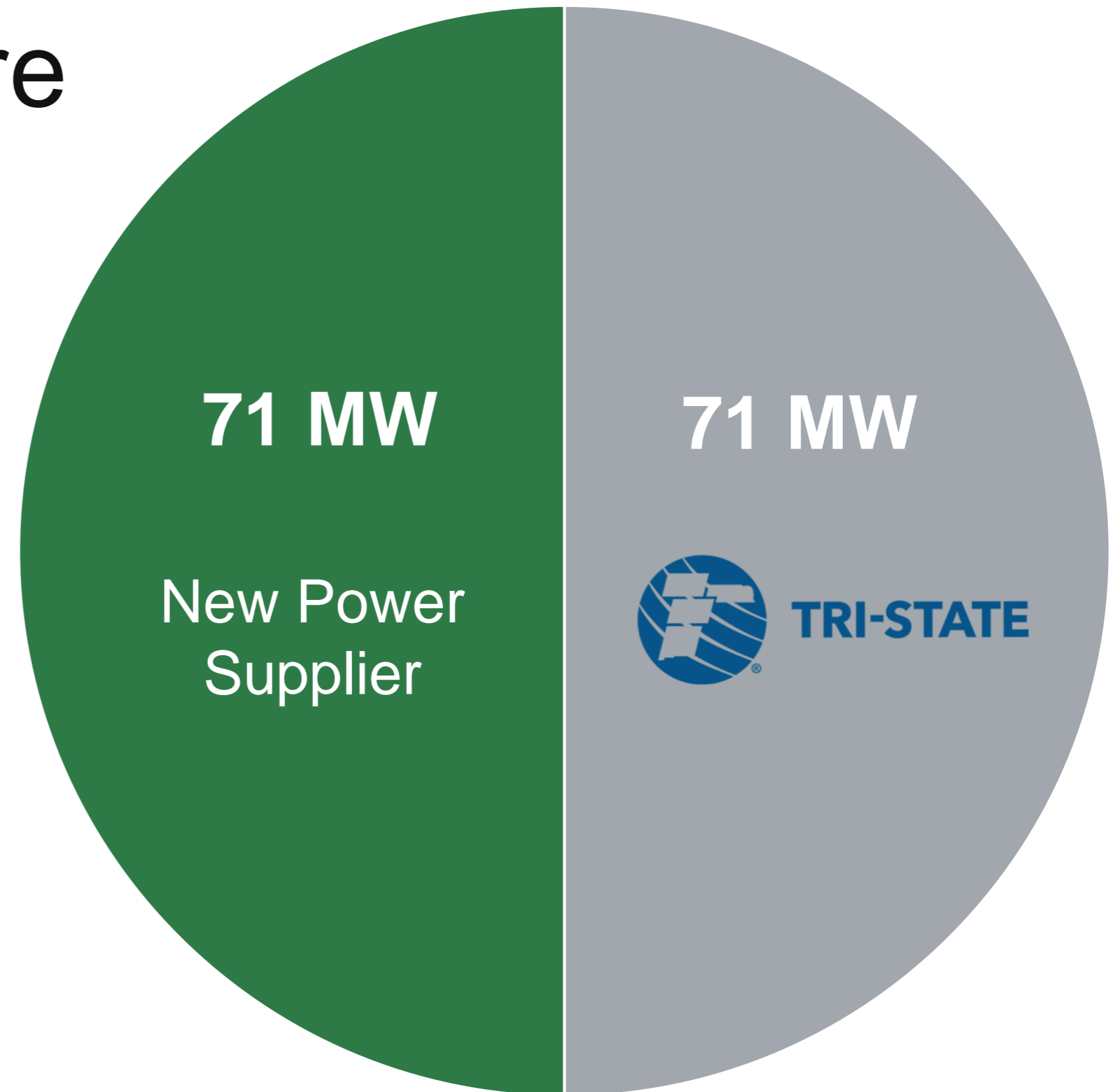


#2: Partial Contract

STATUS: Policy established at Tri-State. LPEA applied for, and was granted, the ability to shop for 50% of our power supply. Proposals were evaluated, a supplier was selected, and negotiations are underway.

Partial Contract Structure

- In October 2020, Tri-State approved a partial contract policy for up to 50% of LPEA's load.
- New policy allows Tri-State members to diversify their power supply portfolios.



Evolving Energy Markets

- Electric power markets are rapidly evolving.
- Tri-State is evolving too:
 - Retiring coal-based generation.
 - Making significant commitments to renewables.
- Cooperatives like LPEA want to better meet the needs of their members. And Tri-State wants to partner to facilitate this.
- The partial contract option can be a win-win for LPEA (and other co-ops) and Tri-State (and the G&T business model).



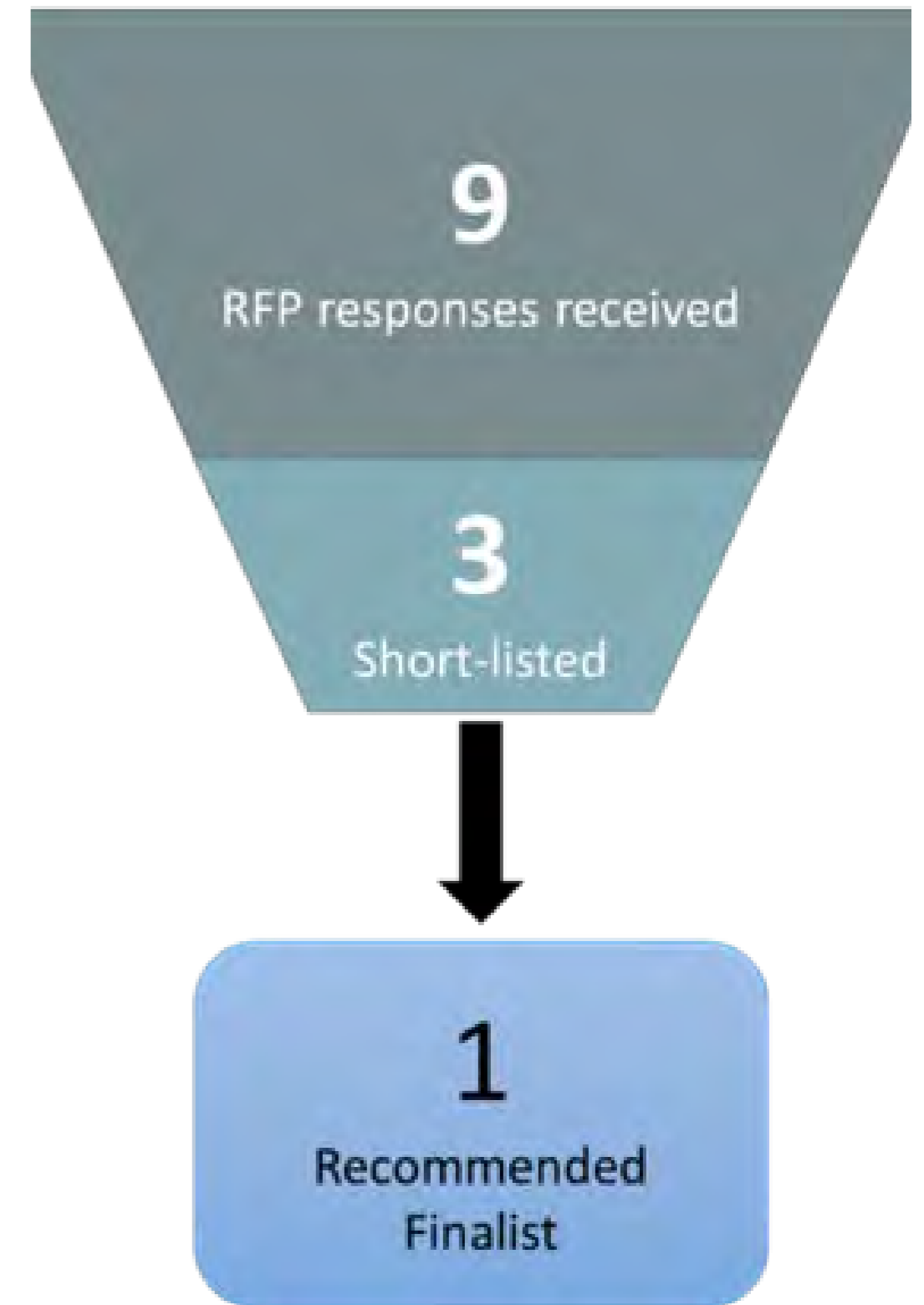
POWER SUPPLIER REQUEST FOR PROPOSALS



Request for Proposal Process

Proposals evaluated based on:

- Value
- Supply flexibility
- Environmental attributes
- Reliability/strength (of company and power supply)

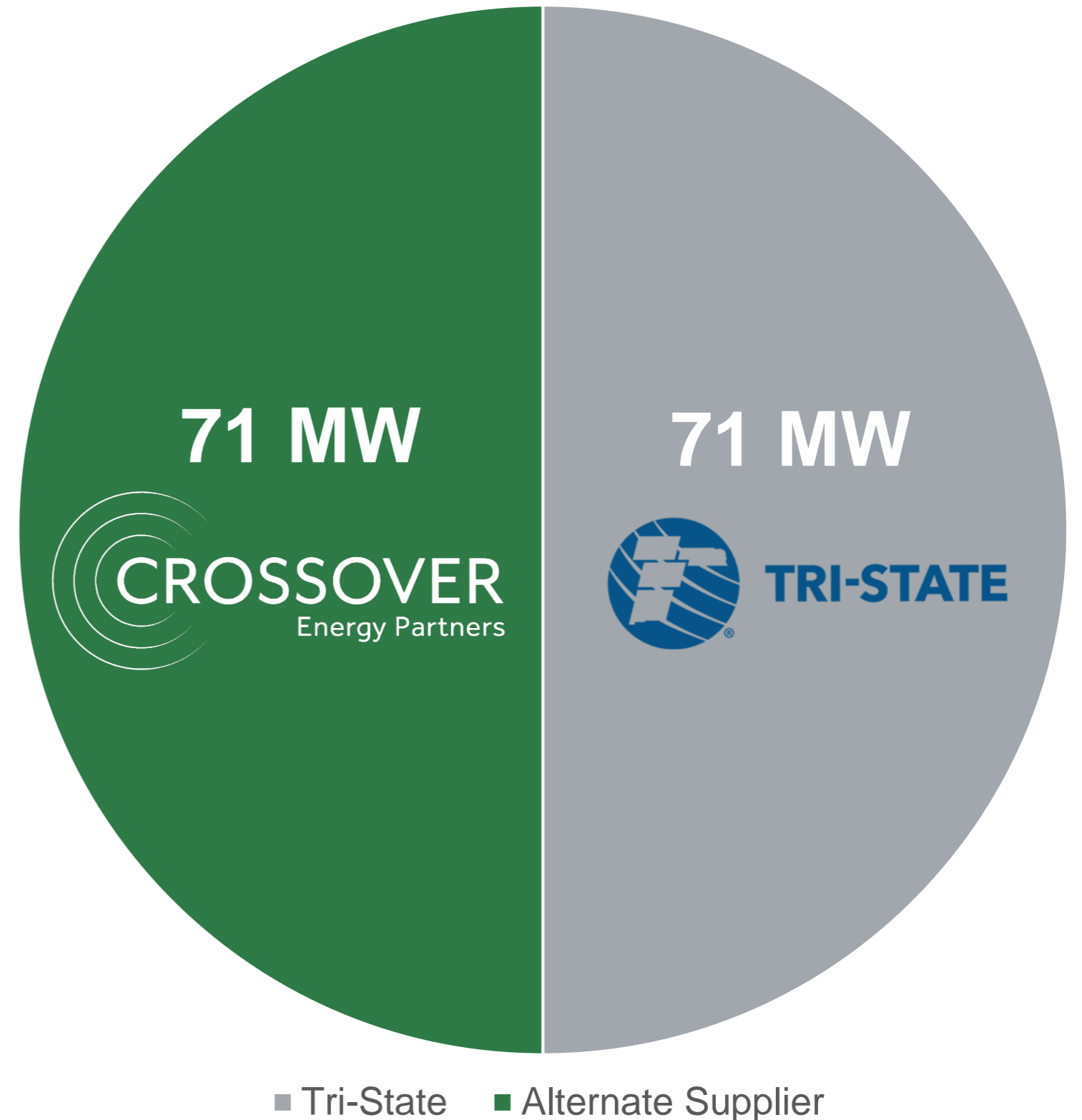


PROPOSED POWER SUPPLY PARTNERSHIP



Proposed Power Supply Partnership

- **Win-win for Tri-State and LPEA**
- Coordinated energy delivery between Tri-State and the alternate provider.
 - Alternate provider will supply 71 MW of capacity and Tri-State will provide the remainder.
- Tri-State will remain LPEA's transmission provider.
- LPEA will maintain key benefits provided by Tri-State.



Crossover Energy Partners

- Innovative partnership providing customized solutions.
- Best overall scores on cost, reliability, and clean energy.
- Strong financial backing.
- Established specialists who have developed more than 10,500 MW of renewable and traditional generation.
- New renewable generation construction dedicated to LPEA.
- Willing to seek creative local generation solutions.
- Proposal includes substantial commitment to community.

PARTIAL CONTRACT: TOP 5 BENEFITS



1 Cost Stability

- Power Purchase Agreement with Crossover will have set pricing for 20 years.
- Increased price certainty.
- Has financial backing to “weather the storm”.





2 Reliability

- Continued use of Tri-State's reliable transmission grid.
- Continued service from Tri-State for substation and transmission line maintenance.
- Additional transmission accessibility through Crossover's partners.
- New regional generation reduces LPEA's dependence on the transmission grid and far away generation.
- Increased resiliency and reliability.

3 Environmental Benefits

- New power supply could lower LPEA's overall carbon footprint by **50%**.
 - Exceeds LPEA's 2030 goal 6-7 years early.
- **75%** of the new power supply will be served by **new** renewable generation installations dedicated to LPEA.
- Tri-State's Energy Resource Plan further reduces our carbon footprint.





4 Commitment to Community

- \$1 million in educational grant funds.
- Local jobs for local projects.
- Tri-State's continued support of energy rebates.
- LPEA keeps its Tri-State Capital Credit balance.
- Keeps more money in local economy.

5 Estimated Cost Savings

\$7M

Average annual savings

\$35M

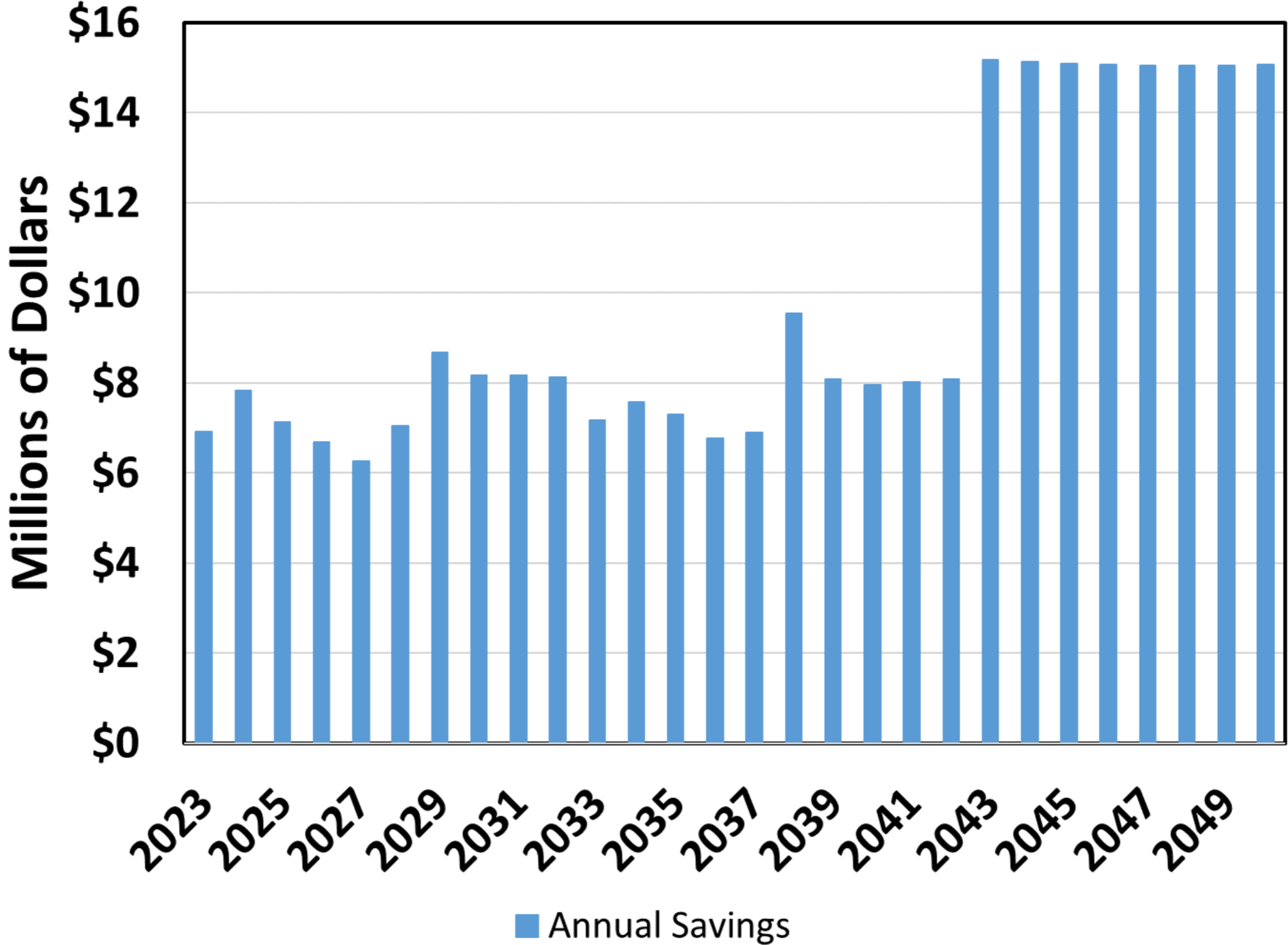
Savings in first 5 years

\$140M

Contract (20-year) savings



Estimated Annual Savings



Partial Contract Conclusions

- ✓ Reduced power supply costs
- ✓ Increased cost stability
- ✓ Increased reliability and resiliency
- ✓ Less carbon
- ✓ Continued commitment to community
- ✓ Continued partnership with Tri-State

WHAT COULD THESE
SAVINGS MEAN
FOR YOU?





Savings represent a significant reduction in LPEA's expenses, which could result in:

- Rate decrease.
- Flat rates well into the future.
- Increased funding for capital projects or fire mitigation to improve reliability.
- Increased Capital Credits to members.

NEXT STEPS – DECISION POINTS



- LPEA board to decide if the partial supply contract is a path to pursue.
- LPEA to finalize partial contracts with Crossover and Tri-State.
- Federal Energy Regulatory Commission (FERC) to approve the partial contract methodology.



LPEA

La Plata Electric Association, Inc.

Q&A

