What’s ahead for Colorado’s rural energy transition

DUANE HIGHLEY
Who we are

• Co-op association of 45 members
• Board of Directors comprised of representatives from all utility members
• We’re member-driven, not profit-driven
Where we’re focused

Tri-State is making strides toward being the best and most competitive option for our members

• Maintain high reliability
• Focus on reducing rates

• Develop member flexibility
• Increase clean energy
**Where we’re focused**

**TRI-STATE INTEGRATED STRATEGY MAP:**
*TO BE RECOGNIZED AS THE BEST AND MOST COMPETITIVE OPTION FOR OUR MEMBERS*

<table>
<thead>
<tr>
<th>MEMBER NEEDS</th>
<th>Provide members with reliable power</th>
<th>Keep member rates affordable and competitive</th>
<th>Develop opportunities for member flexibility</th>
<th>Increase clean energy delivered to members</th>
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<tbody>
<tr>
<td><strong>KEY GOALS</strong></td>
<td>Maintain 99.995% reliability rate for members</td>
<td>Reduce Class A wholesale rate to &lt;$70/MWh by the end of 2023</td>
<td>Enable members to self-generate &gt;15% of TS total load by 2030</td>
<td>70% of energy supplied system-wide to our members will be clean energy by 2030</td>
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<tr>
<td><strong>STRATEGIC PRIORITIES</strong></td>
<td><strong>RELIABILITY</strong></td>
<td><strong>AFFORDABILITY</strong></td>
<td><strong>FLEXIBILITY</strong></td>
<td><strong>RESPONSIBILITY</strong></td>
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<tr>
<td>Ensure adequate power supply to meet member load and meet reserve requirements</td>
<td>Significantly reduce annual operating expenses from 2020 levels</td>
<td>Implement policies supporting member self-supply up to 300MW system-wide by 2023 through Partial Requirements</td>
<td>Significantly reduce CO₂ emissions and increase clean energy</td>
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<td>Invest in transmission system improvements to limit outages and reduce outage time</td>
<td>Develop new or expand existing revenue streams in addition to Class A member revenue</td>
<td>Assist members with developing local renewable projects including solar</td>
<td>Implement an effective beneficial electrification and energy efficiency program</td>
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<td>Optimize life of facilities by continuing robust maintenance program</td>
<td>Promote efforts that result in member growth and economic development</td>
<td>Develop flexible programs and services based on member interest</td>
<td>Responsibly transition employees, communities and the environment during facility retirement</td>
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**ASSOCIATION PRIORITIES**
- Participate in an RTO or other organized market function
- Increase regulatory certainty at the state and federal level
- Maintain financial strength and meet all financial goals
- Focus on members and continually evaluate satisfaction

**EMPLOYEE FOCUS**
- Align our activities with our mission of serving our members and their priorities
- Build an engaged, diverse and inclusive workforce through leadership, organizational expectations, and opportunities for today and the future
- Embrace the cooperative culture in our business model and our interactions with one another and our partners
- Build a culture where all employees are empowered to bring forward new ideas, pursue cost effective solutions and deliver the best value to members

**OUR VALUES**
- Progress through action — look forward, innovate and embrace change
- Cooperative collaboration — bring together diverse perspectives and lead through adversity with compassion
- Responsive engagement — listen to understand, grow and serve
- Accountability through transparency — build trust and deliver on our promises
- Prioritize safety — foster the continued prioritization and development of our safety culture

**OUR MISSION**
To provide member systems a reliable, affordable and responsible supply of electricity in accordance with the cooperative principles
Reliable

Reliability is always job #1

Challenges to reliability

• Even during the pandemic, reliable service has not faltered
• While not experiencing CA’s or TX’s reliability issues, we face similar challenges
• Evaluating clean alternatives to replace baseload generation, including potential blue/green hydrogen pilots

Managing reliability together

• We help our members manage and recover from wildfire and wind events
Affordable

• Reducing rates 2% in 2021 and another 2% in 2022
• Evaluating all options for opportunities to further reduce rates:
  ○ Reduce costs
  ○ Increase margins from other sources
  ○ Sale of assets
  ○ Promote economic development in members’ areas
Existing member self-supply policies include:

• Local generation of 5%
• Community solar of 2% or 2MW
• Partial requirements membership totaling 10% of Tri-State’s total load (300MW)
Responsible Tri-State’s Electric Resource Plan preferred scenario

- 80% reduction in emissions associated with wholesale sales in Colorado by 2030
- 1,850MW of new renewables and 200MW of storage
2020 REP progress highlights

Increase clean energy
- **New goal:** 70% clean energy system-wide to members by 2030

Reduce emissions
- **New goal:** 80% reduction in emissions from wholesale electricity sales in CO by 2030

Increase member flexibility
- FERC accepted the membership’s partial requirements contract option

Extend clean grid benefits
- Over 1,000 test drives in our member EV Test Experience

Support our communities
- Signed 200MW solar at Escalante Station, and 145MW solar at Colowyo Mine

Create a brighter future
- **New goal:** reduce wholesale rates by 8% by the end of 2023
Looking to the future

Create a brighter future

• In 2020, SPP became the first RTO in the nation to have wind as its #1 fuel source
• Tri-State and other regional utilities evaluating joining SPP’s RTO
There’s more to come

- Community leadership is key
- Working together to support those initiatives and goals
  - NM elected officials
  - CO Office of Just Transition
  - CSU Center for the New Energy Economy
  - Federal support
  - Advocate engagement
Whatever the future holds, we’ll power it.

Cooperative power. Transformed.