

EXTERNAL AFFAIRS/MEMBER RELATIONS/COMMUNICATIONS AND PUBLIC AFFAIRS

1. Safety

- a. There were no OSHA Recordable Injuries/Illnesses in June 2022.

2. Environmental and Regulatory Activities

- a. For June 2022, 22 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. An on-site air quality inspection was conducted by CDPHE at Craig Station.

3. Government Relations

- a. The Government Relations report can be found at the following link –
<https://drive.google.com/file/d/1unChmKv-jg4uC9FEdSA6QDlo-MGfbhOy/view?usp=sharing>

4. Member Relations

- a. TS Member Relations activities report was provided.

5. Corporate Communications and Public Affairs

- a. TS Corporate Communications and Public Affairs activities report was provided.

6. Affiliated Organizations Reports

- a. Reports were given for NMRECA and Mid West.

REGULAR BOARD MEETING AND COMMITTEE MEETINGS

Please see the “July 2022 Meeting Highlights” and “July 2022 Board Report” in the PowerPoint board documents.

In the “July 2022 Meeting Highlights”, under “Reliability Concerns Discussed”, the **NERC 2022 Summer Reliability Assessment** on resource adequacy was mentioned. The link for this report is https://nam12.safelinks.protection.outlook.com/?url=https%3A%2F%2Fwww.nerc.com%2Fpa%2Frapa%2Fra%2FReliability%2520Assessments%2520DL%2FNERC_SRA_2022.pdf&data=05%7C01%7Ctim.rabon%40tristategt.org%7C8427e0dc07ae4d3cb60108da6126bcd6%7C09b4f2b009824ec2bc364de210fdc3ce%7C0%7C0%7C637929116540376631%7CUnknown%7CTWFpbGZsb3d8eyJWljojMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTil6Ik1haWwiLCJXVCi6Mn0%3D%7C3000%7C%7C%7C&sdata=%2Bedqor9kh5UblwdZ7hOCTUeVmAGCMf1gasvc9DRswTg%3D&reserved=0

The Report is in our Google Docs under **NERC_SRA_2022.pdf**. Duane Highley is Co-Chair of the Electricity Subsector Coordinating Council (ESCC) and the meeting mentioned was an emergency meeting to deal with projected resource adequacy. The leadership of FERC and NERC, as well as other Federal officials, were participants in the meeting.

Tri-State Board of Directors

July 2022 Meeting Highlights



Implications of West Virginia vs. EPA US Supreme Court Case on Tri-State's Responsible Energy Plan

On Thursday, June 30, the US Supreme Court issued a precedential 6-3 decision in *West Virginia vs. EPA*, narrowly drawing EPA's rulemaking authority under Clean Air Act Section 111(d), which regulates existing source emissions. The Court held that the EPA acted beyond its authority when it issued the 2015 Clean Power Plan (CPP), which the Court had previously stayed before implementation and the Trump administration repealed. Barbara Walz, SVP Policy & Compliance/CCO, presented on the ruling and its ultimately limited impact on Tri-State's Responsible Energy Plan.

- The Court decided that the EPA could not issue a rule that will impact the entire energy industry, but it was not a ruling on whether EPA can regulate greenhouse gas emissions (GHG).
- The impact of the decision in Colorado and New Mexico is limited because various other Federal and state laws that regulate emissions are already in place.
- For example, Craig Station's retirement schedule is federally enforceable under a different regulation, the Regional Haze Rule, and has also been approved in Colorado by the Air Quality Control Commission and the legislature.
- Future EPA rules, like the Good Neighbor rule proposed for Wyoming and a forthcoming rule to regulate power plant GHG emissions, may be impacted, but it remains unclear what the reach will be.

Update on Supply Chain Situation

Ashley Perkins, Senior Manager, Supply Chain Services, presented an update on the supply chain situation, its impacts at Tri-State and the association's efforts to manage those challenges.

- Perkins identified three types of inflation that are challenging the cost and availability of goods and services: pandemic inflation (durable goods like cars and semiconductors), conflict inflation (services and commodities like oil, gas, food, and metals), and some predatory/monopolistic inflation (like in travel, banks and meatpacking).
- Commodity prices are dramatically higher than in 2020, with significant impacts to Tri-State: chemical cost increases alone have resulted in millions of dollars of increased spending, with major elevated costs also appearing across generation, mining and transmission.
- Tri-State is striving to manage price increases and item delays by making measured decisions; collaborating internally on risks, planning and spending; coordinating externally with G&T counterparts and in the RAPID virtual utility inventory-sharing platform; leveraging our existing vendor relationships; and working to optimize our inventory, among other steps.
- While there is uncertainty about trends for the future, Tri-State forecasts that we're at about the inflation rate peak and, with cost reduction efforts like through Project Ascend, we will be able to offset some of these pricing challenges.

Reliability Concerns Discussed

Duane Highley, CEO, discussed recent reports on reliability challenges facing the country and how they may impact the way the utility energy transition is implemented. The 2022 Summer Reliability Assessment on resource adequacy, which was released by the North American Electric Reliability Corporation (NERC), cautions about elevated and high risk of operating reserve shortfalls west of the Mississippi River during the June – September period. In response to this and other reports, the Electricity Subsector Coordinating Council (ESCC), which Highley and Walz participate in, convened with numerous Federal administration officials to discuss the report and evaluate options for reducing the identified reliability risks.

- The convened participants noted key concerns impacting reliability including near-term challenges from supply chain delays and solar industry disruption and, later in the decade, the expected retirement of baseload generation despite insufficient replacement dispatchable resources.
- The group requested the government's help in continuing to make progress in the industry's transition while maintaining sufficient operating reserves, and it is coordinating with government agencies to evaluate national supply concerns and identify ways to alleviate those problems.
- The NERC assessment notes that conditions west of the Mississippi River create elevated risk of shortfalls due to reduced capacity from hydroelectric and thermal generators and increased demand due to high summer temperatures.

August and September Board Meeting Changes

The Board made adjustments to the August and September Board Meeting schedules, saving meeting costs and time.

- Instead of holding Strategic Planning, the August Board Meeting will be a regular in-person session on August 3, with all committees meeting on August 2.
 - Staff will use the next few months to revamp the Strategic Planning program ahead of the February session.
- The virtual September Board Meeting will be held September 9 without committee meetings.

This month's highlights

- Implications of West Virginia vs. EPA U.S. Supreme Court Case on Tri-State's Responsible Energy Plan
- Update on supply chain issues
- Reliability concerns discussed
- SPP RTO reliably serves new peak load
- Corporate flight operations recognized for safety
- August and September board meeting date changes
- Board electronic expense vouchers
- Updated Tri-State Directory App
- Operations and Financial Results
- Government Relations Report
- Upcoming Events

From the Chairman

I was saddened to report to the board that on July 1, Wayne Cobb lost his battle with cancer. Wayne served on the Tri-State Board of Directors for more than two decades and was a great leader in the development of our cooperative. Please keep the Cobb family, including Lucas Bear, Wayne's son-in-law and who now serves on our board, in your prayers during this difficult time.

I also want to note that we convened a Special Board Meeting on June 30 to review and act on a time-sensitive matter related to an energy resource contract amendment. I want to thank you all for taking the time to join that session, as we were able to provide the authorization necessary to meet an important deadline.

We notified the board of Wayne's passing and the special board meeting through our new text messaging tool, which Tri-State staff uses to deliver timely information to the directors. We performed a test of the system during the board meeting. If you did not receive a message, or want to change the number where messages are delivered, please contact Lee Boughey at 720-670-6696 or lboughey@tristategt.org.

I appreciate the continued engagement of the rate design committee, and note the committee's next meeting will be Tuesday, Aug 9. This will be an important meeting for the committee members, and we expect to poll the members on the specific direction of the committee's work as it moves forward.

As Tri-State moves through important regulatory processes at FERC, including the reserved issues, I want to thank Duane for his update and discussion with the board of Garland Light & Power board, which has a particular interest in the direct assignment issue. I encourage members that have concerns to reach out to Duane or me. I also attended a meet and greet with the Socorro Electric board, which was a great opportunity to get to know their new board member and introduce myself.

Finally, I do want to remind the Tri-State directors again that we are filing expenses through our electronic expense vouchers. Please see page 4 of this report for more information.

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

Since announcing our strategic reorganization, changes continue to flow through the organization as we reorganize staff duties. I continue to be amazed by the response of our employees, and our transformation continues to exceed my expectations. Many staff have new roles in our organization, and this allows for rethinking of how we do things and bringing forward new ideas. I appreciate the

board's continued support, as we have many balls in the air; we've caught most of them, and in areas we've missed, we're focused on addressing those issues.

At the board meeting, we discussed several important issues related to reliability and affordability, and the clean energy transition.

We discussed the North American Electric Reliability Corporation (NERC) 2022 Summer Reliability Assessment, including the challenges faced in areas west of the Mississippi, including the MISO RTO (see page 3 of this report). The Electric Subsector Coordinating Council (ESCC), which I have the privilege to co-chair, held a meeting with the Secretary of Energy and President of NERC to share utilities' concerns about reliability and the pace of change of grid resources. Of note, the SPP RTO reliably served a new peak load last week and has noted that it has sufficient resources to serve load within the RTO this summer (see page 4 of this report). Our board also had a presentation about supply chain and inflationary factors that are affecting Tri-State and utilities in general (see page 3 of this report).

Tri-State is cognizant of the issues related to the pace of the clean energy transition and unit retirements, and we remain focused on the reliability and affordability of the power we provide the membership. We are committed to our Responsible Energy Plan, but we recognize the need to move at a pace that protects our members from reliability and affordability risks.

After more than 17 years at Tri-State, SVP and General Counsel Ken Reif announced his retirement from Tri-State on October 1, 2022. Ken has competently led Tri-State through many legal issues, and we thank him for his service and wish him well in his well-deserved retirement.

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

May 2022 operations performance

- Coal fleet generation was at 66% availability and 38% of total power supply.
- Gas and oil fleet generation were above budget and accounted for 5% of total power supply.
- Renewable generation accounted for 36% of total power supply and 41% of member load.
- Tri-State had 759 MW of utility-scale wind and solar capacity. The average capacity factor for these resources was 44%, with 226 MW (30% of potential output) available at Tri-State's peak.
- Other purchased power (unspecified) was 21% of total power supply.
- Member energy sales volumes were 5.5% over budget and non-member energy sales volumes were 22.4% under budget.

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

May 2022 financial performance

- Member electric sales were 5.8% higher than budget.
- Purchased power was 26.6% higher than budget primarily due to the quantity and price being higher than budgeted.

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

Board Update

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View the [NERC 2022 Summer Reliability Assessment](#).

SPP RTO reliably serves new peak load

With much of the central U.S. under heat advisories and warnings, regional grid operator Southwest Power Pool (SPP) partnered with its member utilities to keep the lights on for millions of people over several days of record-setting electricity use and high temperatures.

At 4:30 p.m. Central time July 5, 2022, SPP’s region reached a new all-time peak load of 51,090 megawatts (MW), exceeding the previous record for instantaneous demand for electricity of 51,036 MW set July 28, 2021. Highlighting the important role fuel diversity plays in ensuring electric reliability, at the time of the new record SPP relied on a mix of energy sources including traditional fossil fuels, renewables, nuclear power and other types of generation. Demand response contributed 1.1 MW to the fuel mix.

As the summer progresses, SPP will continually monitor changing conditions and threats to reliability. All changes in regional grid conditions, including declarations of advisories and alerts, are communicated via SPP’s Grid Notice Exploder, to which anyone can subscribe on their SPP.org account page. Tri-State passes these advisories on to its members in the SPP RTO.

Read the [SPP press release](#).

Corporate flight operations recognized for safety

At its July meeting, the board passed a resolution recognizing corporate flight operations for its safety record, noting 60 years (approximately 40,000 flight hours) without a flight operations accident.

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Board electronic expense vouchers

All directors should use the new electronic expense voucher process for Tri-State meeting expenses. This will make submitting board expenses more efficient, reduce staff time and expedite reimbursement. Directors can contact Shannon Bradley (303-254-3009, sbradley@tristategt.org) or Lee Boughey (720-670-6696, lboughey@tristategt.org) with any questions.

Both the travel expense voucher and travel process are in the Resource Center of the director's BoardBooks app. The electronic expense voucher document is the first item in the Resource Center, and the travel information is in the folder titled "Board Resource and Information."

Updated Tri-State directory app available for iPhones, iPads and Android phones

Tri-State's mobile directory application for iPhones, iPads and Android phones is available in the [Apple iOS App Store](#) and [Google Play Store](#). Links are also on the Tri-State [web site](#).

The directory app provides convenient access to directory information, events and news. The app receives regular updates and is less expensive to maintain than the traditional print directory.

The app is navigated from the bottom of the screen. Content areas of the app include:

- Welcome screen with events and news
- Directory, including Tri-State, Member System and Affiliate Organizations
- Board member information
- Employee information
- Co-op contact information and statistics
- Events, including upcoming meetings
- News

View the app instructions in the Resource Center of the directors' BoardBooks app and in the [Member Information Center](#).

Government relations report

The July [Government Relations Report](#) can be found on the directors' BoardBooks app and in the Member Information Center.

Meetings and events**Quarterly Member CEO Meeting**

- Wednesday and Thursday, July 20-21, in Santa Fe, N.M.

August Executive Committee, Standing Committees and Board Meeting

Please note the revised schedule for the August meetings.

- Tues., Aug. 2:
 - Executive Committee Meeting, 8 a.m.
 - Engineering & Operations Committee, 9 a.m.
 - External Affairs/Member Relations Committee, 11:30 a.m.
 - Finance & Audit Committee, 2 p.m.
- Wed., Aug. 3
 - Tri-State Board of Directors Meeting, 8 a.m.

Rate Design Committee

- August 9, 8 a.m.
- September 13-14, beginning at 1 p.m. on the 13th

September Board Meeting Thursday, Sept. 8, and is virtual only

- With the Labor Day Holiday, the September board meeting will be virtual, on Thursday, Sept 8.
- There will be no standing committee meetings in September.