

La Plata Electric Association
Power Supply Town Hall —Member Questions & Answers
Meeting held September 14, 2026

About this document

This document compiles member questions focused on power supply submitted in-person and online during LPEA's September 14th Power Supply Town Hall. Where members asked the same or very similar questions, those have been combined to make it easier for members to review this document.

Natural Gas Supply and Potential Future Contract

How long is the gas contract?

We are evaluating gas contracts of various lengths, with built-in off-ramps and exit points after ten years for flexibility and given how quickly wind, solar, battery, and geothermal costs are improving. LPEA expects to need gas capacity for at least the next 10 years and will reassess in the mid-2030s whether other options can replace it.

Does LPEA have natural gas in its power mix today? If so, what percentage? Does LPEA's current contract with Mercuria include natural gas? Is coal part of the Mercuria contract?

LPEA's current contracts with Mercuria and Tri-State draw from a regional resource mix that includes natural gas and coal. In September 2026, the SPP Western Balancing Authority mix was roughly 33% gas, 40% wind, and 15% coal. LPEA members can track the SPP generation mix on the 'SPP Go' app or SPP's website.

Mercuria's supply is largely market acquisitions, but Mercuria has made financial hedges so LPEA pays a fixed rate regardless of market price. The current Mercuria contract runs through the end of 2027 but could be extended if needed. LPEA's power supply composition is getting greener and is already greener than pre-April Tri-State supply.

Is LPEA planning to build its own natural gas plant?

No, LPEA is not planning to build its own plant. Costs would be too high, and timelines are too long to deliver the energy and capacity LPEA must secure to provide power and meet our strategic goals. Instead, LPEA is evaluating RFP responses and market outreach and will bring the best options to the board.

How can you contract for gas and remain on the path to lowering greenhouse gas emissions?

Even with the gas contract, LPEA's overall portfolio is still on track for 90%+ decarbonization. Gas capacity opens the door to more wind and solar contracts in the future.

Who or what company is LPEA planning to contract with? Is it a local company?

LPEA received responses to its RFP from many companies including some local options. At this time, due to non-disclosure agreements that are standard in complicated business negotiations, LPEA is not able to publicly name the natural gas companies that we are considering.

Why isn't LPEA considering a 100 percent natural gas portfolio?

A 100% natural gas portfolio would be more expensive and would violate state law by failing to meet the required emissions reductions, so it fails both the cost and decarbonization criteria and is not on the table.

Wind Power

Is LPEA buying wind from the eastern Colorado plains?

LPEA is considering RFP responses from eastern plains companies. Western-slope wind isn't steady or economic enough for a wind farm. As part of the SPP market, LPEA benefits from "postage stamp" transmission pricing (same price regardless of distance within the transmission zone) and can therefore access eastern-plains wind at around \$50/MWh.

Weren't wind power tax credits eliminated as of 2026?

While there were significant changes to renewable energy tax credits in the One Big Beautiful Bill enacted by Congress, the tax credits have not been completely eliminated. LPEA is targeting wind projects that have "safe harbored" and qualified for credits worth roughly \$15/MWh on top of about \$50/MWh pricing. Such projects must be safe-harbored by an earlier date and fully installed by 2030.

LPEA plans to buy wind power from projects outside our area. What's the true delivered cost including transmission charges and line losses?

In SPP Transmission Zone 102 (where LPEA and many high-voltage transmission lines that deliver power to LPEA from SPP sit), the delivered cost is the same whether power travels 30 or 300 miles. We are considering partnering with wind projects that have a total delivered cost for roughly in the low \$50s/MWh versus a current average around \$70/MWh. Transmission costs are based on peak load, not distance; average system-wide line loss is about 4-5%.

Do wind projects need to be located close to transformers and existing transmission lines?

It's not strictly required, but proximity is preferred to minimize interconnection costs. LPEA is considering wind projects that are relatively close to interconnection points within its SPP transmission zone.

Wind turbines are expensive to remove when no longer functioning. Likewise, solar panels and their recycling, remediation, replacement. Have these costs been factored in before we do any investments?

Developers must have decommissioning plans in place to obtain county permitting. For LPEA-owned facilities like Sunnyside, LPEA must provide a decommissioning plan and financial assurances to remove equipment and restore the property; third-party wind developers likewise must have decommissioning plans.

Solar

What is the expansion plan from current number of solar panels at Sunnyside? What is the sound level and impact to cool BESS units? How many BESS buildings are planned?

LPEA's proposed new 5MW/20MWh battery installation at Sunnyside will store enough electricity to power 2,800 homes for several hours. LPEA is meeting, and in many cases, exceeding, county requirements for setbacks, fire safety, monitoring and noise management.

Sunnyside Phase 2 expansion will add an additional 3 MW of solar capacity. The original phase of 2 MW of community solar (already fully subscribed) will be combined with an additional 3 MW that serves the entire membership.

More balcony solar please. Please tell us about balcony solar. Can I get export credit for the power I can produce using plug-in solar?

Balcony/plug-in solar is a low-barrier, appliance-like technology (typically hundreds of watts) that plugs into a wall outlet. Plug-in solar is intended to offset a household's own usage rather than be net-metered. Standards for larger systems are still in development at national standards organizations (such as UL). Please contact LPEA if you are considering installing one of these systems, regardless of the size.
<https://lpea.coop/what-you-need-know-about-plug-or-balcony-solar>

Batteries & Energy Storage

What are the chances that LPEA could delay the battery purchases [for a planned BESS 5 MW facility at Sunnyside substation] until new technology -- higher safety, more efficiency, more longevity -- come to the market, thinking here in reference to sodium batteries?

LPEA evaluated many battery chemistries; LFP (lithium iron phosphate) is today's commercial state of the art and what's planned for near-term deployment at Sunnyside (within about 18 months). Sodium-ion, lithium-air, and flow batteries are promising future options, with cost/performance/safety improving roughly 10-15% per year. Rather than waiting indefinitely, LPEA plans incremental deployment -- a first phase of about 5 MW.

How much additional battery storage is LPEA planning because it has chosen to go beyond Colorado's required carbon-reduction target, and what will that extra cost members? Are you building storage in anticipation of getting out of gas?

We don't look at batteries and gas as an either/or. Batteries and gas both provide capacity but in complementary ways (batteries address hourly fluctuations, gas addresses longer weather-driven peaks). The portfolio mix will keep evolving as technology costs and performance change. We examine every investment, large or small, for the cost-saving benefits it can deliver to our members, and we believe that our incremental approach to adding utility-scale battery storage will help us manage costs and reduce greenhouse gas emissions. Eventually, LPEA could see a 30-40 MW battery portfolio across our service territory.

Geothermal

**When do you project geothermal could play a meaningful role in capacity and supply?
How many megawatts could Geothermal realistically provide for our area?**

Significant geothermal investment is happening in Utah (Fervo) and Nevada. Test wells are being drilled locally this year. Commercial local availability and the number of megawatts our area could deliver is hard to predict but we could see it in the early-to-mid 2030s. This aligns with a point in time where LPEA will once again need to look at replacing some power contracts that are part of our current portfolio. Local geothermal rock is roughly 50°C cooler than the Utah/Nevada sites but still considered a viable resource worth evaluating.

Hydropower & Pumped Storage

Can you assure us that LPEA is not considering any pumped storage projects?

LPEA is not currently pursuing pumped-hydro storage; the area lacks suitable large-scale sites/water resources, and LPEA isn't positioned to build/develop such a facility itself. We don't rule out a good small-scale opportunity or an offtake arrangement from a regional pumped-hydro project, but there are no current development plans locally.

Are you worried at all about hydro supply as we grapple with extreme drought?

Yes, generally concerned (e.g., Lake Mead near deadpool), but LPEA's direct exposure to Western Area Power Authority hydro resources is very low. Vallecito hydro is small-scale (megawatts, not gigawatts) and not comparable in risk to Colorado River-scale hydro. Still, this is a dynamic we watch because a broader Western hydro decline would still affect regional market conditions.

Rates, Costs & the Rate Stabilization Fund

We have mentioned publicly right after we left Tri-State that our wholesale power costs came down -- initially over a 20% reduction, now averaging about a 12% reduction over the last six months. Can

you share with us, with that reduction in wholesale costs, what does that look like for the future of rates, or what does that mean for members? Can you speak to this discrepancy between 25% and 12%?

Wholesale cost reductions were around 25% in the first month or two of our Tri-State departure. Market conditions meant that this reduction leveled out to around 12% over the summer. These significant reductions in wholesale power costs have helped offset rising non-power costs, such as equipment (e.g., transformer prices up ~90%/year), tariffs, inflation, labor, and medical costs. Wholesale power is roughly 60% of the total delivered cost of electricity; the remainder covers wires, crews, meter reading, and other operating costs.

Please elaborate on what components of LPEA's total bill to consumers are considered in the pay less than 70% of Colorado cooperatives.

The entire cost of electric service is counted -- total revenue collected divided by total kilowatt-hours sold, across all rate classes -- benchmarked against the roughly 24 other Colorado co-ops using publicly available EIA data.

How are the board and the leadership team going to talk about all of this in budget and rates, particularly regarding the rate stabilization fund?

Power supply contract decisions flow into the annual budget and multi-year revenue forecast, which determines next year's revenue requirement and rates. The board typically votes on the budget in November. As always, we encourage you to contact your local board member with budget priorities and to attend board meetings in-person or online.

Portfolio Strategy, Contracts, Oversight & Risk

We've just spent years figuring out how to exit a long-term power supply contract. Is it wise to enter into another medium to long term power supply contract? And how easy will it be to exit if desired? This energy market changes too quickly to make it a good decision. And the future promises even more progressive energy technology.

LPEA's portfolio is deliberately staggered/diversified: some contracts are short, while others are medium and long term. This allows LPEA to adjust over time as markets and technology evolve.

In calculating GHG emissions, do you consider actual emissions involved in manufacturing and installation of the sources?

No. Emissions are counted only from the production of each megawatt-hour, which is the standard applied to gas and coal plants as well and is what state law requires. The 80% target is a cut in absolute emissions (not just emissions rate), which is a more aggressive goal if load grows.

LPEA is moving to a really complicated power portfolio and multiple PPAs. Who inside LPEA has the technical expertise to oversee and independently evaluate all of this? Are we supplementing from outside?”

LPEA has strong in-house expertise supplemented by outside consultants, legal experts, and other markets expertise as needed, used judiciously since outside experts are costly. Where it makes sense, we are also leveraging AI in responsible ways to cut down on analysis (and therefore costs) from outside consultants.

Demand-Side Programs, Efficiency & EV Charging

Can you talk about your forecasted demand and how energy efficiency and demand response programming may impact your ability to meet supply, cost and goals?

LPEA runs time-of-use rates and has a dedicated "GRIP" (grid innovation and programs) team; a new voluntary program called "Lighten the Load" is being developed, offering bill credits for reducing usage during alert events, with potential to aggregate participants into a "virtual power plant." Longer term, we expect more two-way communication/response between members, in-home devices, and the co-op.

Are you working to reduce demand? Are you trying to get more people into the demand response program?

Yes. We are promoting awareness of time-of-use rates and peak-power impacts, offering rebates for batteries programmed to charge/discharge around peak times, and developing behind-the-meter battery enrollment programs to provide capacity during peak periods.

Data Centers & Load Growth

Data centers? Are they being proposed in our area?

There are no formal or active proposals in LPEA's service territory. LPEA has fielded informal inquiries/phone calls asking about available megawatt-hour capacity, but nothing has progressed beyond initial conversations.

Market Structure (SPP) & AI Use

Who are the utilities served by SPP and what percentage are co-ops as opposed to IOUs?

SPP's initial Western entrants were mostly Colorado public power entities -- 23 other co-ops plus municipal utilities such as PRPA (serving Fort Collins, Loveland, and Estes Park) have joined. Xcel and Black Hills (investor-owned utilities) have not joined SPP, instead opting into 'Markets Plus'; however,

state law requires them to join SPP or a similar market by the end of the decade, a direction reaffirmed by a same-day PUC ruling.

Are you using AI models to help blend in the choices?

Yes. LPEA staff are using AI for distribution system planning, load forecasting (e.g., extreme cold/hot day demand), and research support in portfolio-optimization analysis (such as the cost/emissions decision-frontier chart in the Power Supply Town Hall slide deck), with results always verified against other sources and institutional knowledge.

Local Generation & Community Partnerships

What is Harvest Energy Capture?

A facility on County Road 307 (formerly Williams Field Service) treats/dehydrates natural gas and formerly vented the heat from that process. The heat is now captured to generate electricity, resulting in a 5-megawatt, round-the-clock (24/7) resource.