Decision No. C25-0612

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 23A-0585E

IN THE MATTER OF THE APPLICATION OF TRI-STATE GENERATION AND TRANSMISSION ASSOCIATION, INC. FOR APPROVAL OF ITS 2023 ELECTRIC RESOURCE PLAN.

**PHASE II COMMISSION DECISION
APPROVING COST-EFFECTIVE RESOURCE PLAN,
GRANTING MOTION TO WAIVE CERTAIN
CPCN FILING REQUIREMENTS, AND
DENYING MOTION TO ENFORCE SETTLEMENT,
STRIKE COMMENTS, AND REQUIRE NEW MODELING**

Issued Date: August 26, 2025
Adopted Date: August 1, 2025

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I. <u>BY THE COMMISSION</u>

A. Statement

1. On April 11, 2025, Tri-State Generation and Transmission Association, Inc. (Tri-State) filed its Electric Resource Plan ("ERP") Implementation Report in Phase II of this ERP proceeding in accordance with the Commission's ERP Rules set forth in 4 *Code of Colorado Regulations* 723-3-3600 *et seq.*, and specifically Rule 3605. The ERP Implementation Report

summarizes the bid evaluation and selection resulting from Tri-State's competitive solicitations for new utility resources pursuant to the Commission's Phase I decision in this same ERP proceeding.

2. By this Phase II Decision, we establish Tri-State's Preferred Portfolio (also called Portfolio 4 or FLEXSR) as a cost-effective resource plan. The plan includes the acquisition of 400 MW of wind generation, 200 MW of solar generation, 650 MW of storage, and 307 MW of gas-fired generation between 2026 and 2031. Phase II of Tri-State's ERP also entails the replacement of the gas turbines at Tri-State's J.M. Shafer plant ("Shafer") to improve its capacity contributions. Importantly, the Preferred Portfolio maintains the previously announced retirements of certain coal-fired generation facilities at Tri-State's Craig and Springerville plants. Based on the record in this Proceeding and all required considerations, including those in §§ 40-2-123, 40-2-124, 40-2-129, and 40-2-134, C.R.S., and as set forth in Rule 3605, we conclude that the Preferred Portfolio includes clean energy resources that can be acquired at a reasonable cost and rate impact and with appropriate consideration to: Best Value Employment Metrics ("BVEM"); issues of energy security, economic prosperity, and environmental protection; and the energy policy goals of the State of Colorado.

3. We also grant the Motion for Partial Waiver of Rules 3102 and 3103 in Connection with a Gas Resource Addition and Craig Station Retirement ("CPCN Motion") filed by Tri-State on April 15, 2025.

4. We further deny the Motion to Enforce Settlement Agreement, Strike Comments, and Require New Modeling ("CC/WRA Motion") filed jointly by the National Resources Defense Council and Sierra Club (together the "Conservation Coalition") and Western Resource Advocates ("WRA") on June 18, 2025, consistent with the discussion below.

B. Discussion

1. Electric Resource Planning for Tri-State

5. This Proceeding addresses the second ERP application filed by Tri-State since the enactment of Senate Bill ("SB") 19-236. That statute directed the Commission to promulgate ERP rules for wholesale electric cooperatives such as Tri-State, considering whether such cooperatives serve a multistate operational jurisdiction, have a not-for-profit ownership structure, and have a resource plan that meets the energy policy goals of the State.[1]

6. The Commission promulgated Rule 3605 in Proceeding No. 19R-0408E in accordance with SB 19-236.[2] Under that rule, in Phase I of an ERP, the wholesale electric cooperative assesses the need for additional resources given its energy and demand forecasts, existing resources, planning reserve margins, and other factors, including statewide goals to reduce greenhouse gas ("GHG") emissions. The wholesale electric cooperative is directed to set forth a plan for acquiring resources either through a competitive process or an alternative method of resource acquisition, and to provide bid policies, requests for proposals (RFPs), model contracts, and criteria for bid evaluation, as necessary. Phase II begins after the Commission issues its Phase I decision.

7. Pursuant to Rule 3605(h)(II), the Commission must consider certain public interest and statutory criteria in its Phase II decision approving, conditioning, modifying, or rejecting the wholesale electric cooperative's preferred cost-effective resource plan. That is, pursuant to §§ 40-2-123 and 40-2-124, C.R.S., the Commission considers renewable energy resources, energy efficient technologies, and resources that affect employment and long-term economic viability of

[1] *See* § 40-2-134, C.R.S.
[2] Proceeding No. 19R-0408E, Decision No. C20-0155, issued March 10, 2020.

Colorado communities. The Commission further considers resources that, among other characteristics, provide beneficial contributions to energy security, economic prosperity, environmental protection, and insulation from fuel price increases. Additionally, the Commission determines whether the wholesale electric cooperative has provided sufficient BVEM information in accordance with § 40-2-129, C.R.S.; certified compliance with the objective standards for the review of such metrics based on the Phase I decision; and whether the utility has agreed to use a project labor agreement for the construction or expansion of a generating facility. The wholesale electric cooperative must request BVEM information from bidders through its RFP process, including information on training programs, employment of Colorado workers, and long-term career opportunities.

8. With respect to the establishment of a cost-effective resource plan in Phase II, the Commission also considers the net present value of revenue requirements ("NPVRR") for the potential resource portfolios to be established as the cost-effective resource plan, with and without the application of the social cost of carbon dioxide emissions pursuant to § 40-3.2-106(3), C.R.S. Ultimately, in accordance with § 40-2-134, C.R.S., the Commission determines whether the final cost-effective resource plan meets Colorado's energy policy goals.

2. Phase I Procedural Background

9. On December 1, 2023, Tri-State filed its 2023 ERP in this Proceeding, initiating Phase I.

10. A full procedural history of Phase I is set forth in Decision No. R24-0602 ("Phase I Decision").

11. By Decision No. R24-0080-I, issued by Administrative Law Judge ("ALJ") Aviv Segev, the Commission established the parties to this proceeding: Tri-State; Trial Staff of

the Colorado Public Utilities Commission ("Staff"); the Colorado Office of the Utility Consumer Advocate ("UCA"); the Colorado Energy Office ("CEO"); the City of Craig and Moffat County; Poudre Valley Rural Electric Association, Inc.; Highline Electric Association; K.C. Electric Association ("KC Electric"); San Isabel Electric Association, Inc. ("San Isabel"); Southeast Colorado Power Association; and Y-W Electric Association, Inc.; Big Horn Rural Electric Company, Carbon Power & Light, Inc., High West Energy Inc., Wheatland Rural Electric Association, Wyrulec Company, Inc., Niobrara Electric Association, High Plains Power, Inc., and Garland Light & Power Co. (collectively "Wyoming Cooperatives"); Colorado Solar and Storage Association ("COSSA") and Solar Energy Industries Association (collectively "COSSA/SEIA"); the Conservation Coalition; Colorado Independent Energy Association ("CIEA"); Southwest Energy Efficiency Project; Interwest Energy Alliance; and WRA.

12. The Phase I Decision, also rendered by ALJ Segev, approved a comprehensive and unopposed Settlement Agreement that resolved all contested issues in Phase I. The ALJ's recommended decision became the Phase I decision of the Commission on September 11, 2024, without modification.

13. The Settlement Agreement approved by the Phase I Decision contemplates three concurrent solicitations (RFPs) for Phase II, each meeting certain specifications: a Dispatchable RFP; a Standalone Storage RFP, and a Renewable RFP. The Settling Parties agreed that the Commission should approve a Phase II portfolio from among a set of defined portfolios to be modeled by Tri-State pursuant to the terms of the Settlement Agreement.[3] These portfolios include: Tri-State's Preferred Portfolio; the Preferred Portfolio with specific modifications; an "unconstrained portfolio that allows all resources to be selected by the model;" an additional

[3] Phase I Decision, Att. A, Unopposed Comprehensive Settlement Agreement, ¶ 4.2, pp. 5-9.

portfolio of Tri-State's choosing; and a "Contingent No New Gas Portfolio" if the other portfolios modeled select new gas-fired resources.[4] Notably, a provision in the Settlement Agreement requires Tri-State to solicit bids for a gas plant within Moffat County.[5] The Settlement Agreement also includes a provision that Tri-State will apply a $1/MWh price improvement over the life of the proposed project or contract in the evaluation and modeling of bids located in Moffat County.[6] The Settlement Agreement further sets out additional filing requirements for the Implementation Report to be filed in Phase II ("ERP Implementation Report") and spells out Tri-State's commitments related to processes and actions in its next ERP to be filed in 2027.

14. Tri-State issued the three RFPs on September 13, 2024, commencing Phase II. Tri-State received 145 individual eligible bid proposals as reported in its "45-Day Report" filed on December 12, 2024.

C. Tri-State's ERP Implementation Report

15. Rule 3605(h)(I) lays out the minimum requirements for the report that is filed by the wholesale electric cooperative in Phase II. Tri-State must present cost-effective resource plans in accordance with the Commission's Phase I decision and shall identify its preferred cost-effective resource plan. The report must: (1) apply the cost of carbon dioxide emissions to all existing and new utility resources in its modeling of the costs and benefits of all resource plans as required by the Commission's decision in Phase I; (2) present a calculation of the NPVRR for each portfolio required by the Commission's decision in Phase I and the NPVRR for each existing and new utility resource included in the portfolio, as well as the total cost of carbon dioxide emissions of the total portfolio, calculated using the cost of carbon set forth in the Commission's decision in Phase I and

[4] Phase I Decision, Att. A, Unopposed Comprehensive Settlement Agreement, ¶ 4.3, pp. 9-11.
[5] Phase I Decision, Att. A, Unopposed Comprehensive Settlement Agreement, ¶ 4.2.6.1, p. 7.
[6] Phase I Decision, Att. A, Unopposed Comprehensive Settlement Agreement, ¶ 5.4.1, pp. 24-25.

calculated without using the cost of carbon dioxide emissions; (3) present, for each portfolio, the net present value calculation of the total cost of carbon dioxide emissions calculated by multiplying the total emissions of that portfolio by the cost of carbon dioxide; and (4) provide the Commission with the BVEM information provided by bidders.

16. The ERP Implementation Report that Tri-State filed on April 11, 2025, addresses the requirements in Rule 3605(h)(I) and the requirements in the Settlement Agreement for six modeled portfolios of 52 bids advanced to Phase II modeling. Tri-State also summarizes the factors the Commission must consider in rendering its Phase II pursuant to pursuant to Rule 3605(h)(II) with respect to each of the six modeled portfolios.

17. The six modeled portfolios include:

Portfolio 1. New ERA Expanded (NEE)
Portfolio 2. New ERA Limited Gas (NELG)
Portfolio 3. New ERA Gas Flexibility (FLEX)
Portfolio 4. FLEX Shafer Replacement (FLEXSR) "Preferred Portfolio"
Portfolio 5. No New Gas (NNG)
Portfolio 6. No New Gas Shafer Replacement (NNGSR)

18. Tri-State used EnCompass resource planning software to complete capacity expansion and portfolio optimization analyses. The Resource Acquisition Period ("RAP") for Phase II is 2026 through 2031.

19. Tri-State explains in the ERP Implementation Report that its Preferred Portfolio, Portfolio 4, was selected for its overall performance across the established reliability, environmental, and financial categories as analyzed and described in the Report. Tri-State asserts that the portfolio meets both "Level 1" and "Level 2" Reliability Metrics. Tri-State clarifies that its Preferred Portfolio also meets Colorado emissions reduction targets for GHGs, the Colorado

Renewable Energy Standard, and the New Mexico Renewable Portfolio Standard. Tri-State further claims that it is the least-cost portfolio from the perspective of the rates its members will pay.

20. As stated above, the Preferred Portfolio comprises 1,350 MW of wind, solar, and storage resources. The Preferred Portfolio also maintains the retirement of coal capacity at Craig and Springerville by March 2031. Craig 1 is scheduled for retirement on December 31, 2025; Craig 2 is scheduled for retirement on September 30, 2028; and Craig 3 is scheduled for retirement on January 1, 2028; and Springerville 3 is scheduled for retirement on March 1, 2031.[7] The 307 MW gas combustion turbine included in the Preferred Portfolio will be located in Moffat County will have up to a 30 percent hydrogen blend capability and a planned operation date of 2029. The Preferred Portfolio further reflects Tri-State's plan to replace and upgrade the gas turbines at Shafer. According to Tri-State, the upgraded turbine replacements would require less maintenance expenses in the early four years, increase the capacity from 272 MW to 281 MW, and improve the heat rate at the plant.

21. Notably, the ERP Implementation Report presents Portfolio 6 (or "No New Gas/Shafer Replacement" or "NNGSR"), which replaces the 307 MW gas turbine project in the Preferred Portfolio with an additional 550 MW storage. Both the Preferred Portfolio and Portfolio 6 include the same 400 MW of wind, 200 MW of solar, and 650 MW of battery storage. Both portfolios also reflect the turbine replacements at Shafer.

22. In terms of environmental factors, Tri-State explains that the Phase II modeling indicates all six portfolios can achieve the Colorado GHG reduction targets in 2025, 2026, 2027,

[7] Tri-State ERP Implementation Report, Tables 7, 28, 49, 70, 91, and 112, pp. 21, 32, 43, 54, 64, 75, respectively.

and 2030. Tri-State concludes that the forecasted emissions reductions in 2030 meet the minimum statutory requirement and do not vary substantially across the six portfolios.

23. In the comparative financial analysis presented in the ERP Implementation Report, Tri-State states that the Preferred Portfolio is shown to have a lower cost (*i.e.*, the lowest NPVRR) without consideration of the social cost of emissions (or a cost that is $88 million less than Portfolio 6 or 0.5 percent). However, Portfolio 6 has a lower cost with social cost of emissions (by $329M, or 1.1 percent).

24. Tri-State explains that the Preferred Portfolio requires the least amount of resource additions with less transmission capital expenditures. Tri-State also raises concerns about the potential risk in overreliance on 4-hour batteries suggested by the resource additions in Portfolio 6. Tri-State admits that it has not yet deployed any batteries on its system. Tri-State also expects storage technologies, including longer duration storage options, to make advancements in the coming years.

25. Tri-State further states in the ERP Implementation Report that it remains in a capacity-long position until 2030. However, Tri-State explains that resource acquisitions are required through this Phase II for ensuring ongoing resource adequacy and reliability as the coal units at Craig and Springerville are retired in 2028 and 2031 and to maintain progress toward emission reductions for Colorado statutory compliance as well as for New ERA funding eligibility.[8] Tri-State explains that waiting to procure resources needed for 2030 until the 2027 ERP would not be prudent given that its Phase II process may not conclude until late 2028 or early 2029.

[8] Pursuant to the terms of the Settlement Agreement approved by the Phase I Decision, Tri-State filed a notice in this Proceeding on October 25, 2024, three days before the Phase II bid deadline, stating that Tri-State has been awarded New ERA funding from the U.S. Department of Agriculture and that the New ERA grants and loans support a clean energy transition for rural communities to achieve significant GHG reductions.

26. In terms of curtailments, Tri-State explains that none of the six portfolios result in wind curtailment costs for purchased power agreements ("PPAs"). However, significant solar curtailment costs are expected for all portfolios due to the integration of large amounts of intermittent resources into the system within a short time span. Tri-State succinctly states: "More intermittent resources leads to more curtailment, but storage additions mitigate curtailments."[9]

27. With respect to reliability, Tri-State explains that each of the six portfolios met Level 1 and 2 Reliability Metrics but that the Preferred Portfolio "achieves reliability in the most cost-effective manner."[10] Anticipating the potential interest in Portfolio 6 due to the terms of the Settlement Agreement, Tri-State states that the retirement of dispatchable coal resources cannot be affordably or reliably replaced solely with semi-dispatchable resources. The new resources, including the dispatchable gas plant in Moffat County, will provide jobs and tax base that support community vitality across many areas of Tri-State's system.

28. For transmission costing purposes, Tri-State explains that it completed interconnection optimization for the Preferred Portfolio and Portfolio 6. According to Tri-State, optimizing the Preferred Portfolio enabled the avoidance of an estimated $370 million in transmission capital expenditures during the RAP. Likewise, optimizing Portfolio 6 enabled the estimated avoidance of approximately $317 million in transmission capital expenditures during the RAP.

29. Tri-State also conducted Encompass modeling to identify three back-up bid pools. Tri-State explains that it will, to the extent necessary, utilize these backup bid pools to replace

[9] Tri-State ERP Implementation Report, p. 94.
[10] Tri-State ERP Implementation Report, p. 95.

Preferred Portfolio bids that fail. If a Preferred Portfolio bid cannot move forward, Tri-State aims to replace it with a similarly sized, similar technology type project, if possible, subject to limitations and economics. Tri-State states that upon any bid failure(s), it would utilize bids from the relevant back-up bid pool, along with the remaining viable Preferred Portfolio bids, and run a dispatch at that time to ensure continued adherence to the same affordability, reliability, and responsibility metrics and principles each Phase II portfolio was measured against. Tri-State will also: notify the Commission of any bid failures; identify steps taken to remediate the failed project, where feasible; and identify the back-up bid, or combination of backup bids, selected from the pools.

30. Finally, with respect to BVEM, Tri-State explains that Rule 3605(h)(I)(A)(iii) requires it to provide to the Commission certain BVEM information provided by bidders." The BVEM information provided by bidders whose bids were advanced to modeling is specifically provided in Attachment F-1 to the ERP Implementation Report. Tri-State explains that BVEM is a non-price factor ("NPF") analyzed by Tri-State as an element of bids' community stewardship.[11]

31. Tri-State requests that the Commission find its Preferred Portfolio to be a cost-effective resource plan and approve it through this Phase II decision. Tri-State concludes that its ERP Implementation Report provides extensive detail on the multiple portfolios modeled and "builds a clear record that supports approval of Tri-State's preferred portfolio."[12] Tri-State requests the Commission approve Tri-State's Preferred Portfolio as the final cost-effective resource plan for Phase II of the 2023 ERP, pursuant to Rule 3605(h)(II).

[11] Tri-State ERP Implementation Report, p. 13.
[12] Tri-State ERP Implementation Report, p. 95.

D. Independent Evaluator Report

32. In its Phase I application filing, Tri-State committed to using an Independent Evaluator ("IE") "to add further assurance of consistency and fairness in its bid evaluation process for both Build Transfer and PPA agreements."[13]

33. On April 15, 2025, 1898 & Co.—the IE retained by Tri-State— filed its Phase II report. The IE states that it was responsible for confirming that: all assumptions used in the RFP were reasonable; there is no discernable bias for or against any respondent or permitted technology; all respondents have access to the same information at the same time; and all bids are evaluated using the same assumptions and criteria.[14]

34. The IE concludes that Tri-State's RFP process was conducted fairly without bias towards or against any acceptable technology or respondent. The IE further concludes that the established protocols were adhered to and that it is unaware of any improper contact between Tri-State and any bidder.

35. The IE states that it was actively engaged throughout the RFP process: reviewing all RFP documents as the process commenced; reviewing all bids submitted and the communications between Tri-State and bidders; and holding frequent meetings with Tri-State throughout the engagement. The IE states that "all assumptions used in the EnCompass modeling were reasonable, and that the overall scoring process was conducted fairly without bias towards or against any acceptable technology or respondent."[15]

[13] Hr. Ex. 101, Tiffen Direct, p. 41.
[14] IE Report, p. 1.
[15] IR Report, p. 5.

E. APCD ERP Verification Report

36. On May 12, 2025, the Air Pollution Control Division ("APCD") of the Colorado Department of Public Health and Environment filed a Verification Report. The APCD report indicates that House Bill 21-1266, codified, in part, at § 25-7-105, C.R.S., requires Tri-State to submit an ERP to the Commission that achieves at least an 80 percent reduction in GHG emissions associated with the Tri-State's sales to customers within Colorado by 2030, when compared to a 2005 baseline. The APCD report also states, as part of House Bill 21-1266, the APCD is required to provide verification of the GHG emissions reductions projected in the ERP.

37. APCD concludes that the emission reductions for the Preferred Portfolio are 80 percent below baseline levels. APCD explains that the modeling data provided by Tri-State was used to cross-check entries in the calculation of emissions in accordance with APCD's Verification Workbook and associated guidance.

F. Phase II Party Comments

1. Staff

38. Staff asserts that it: "does not oppose approval of Tri-State's Preferred Portfolio (Portfolio 4) but also does not oppose approval of the No New Gas version of the Preferred Portfolio (Portfolio 6)."[16] However, Staff notes that the "transmission optimization" was only applied to the Preferred Portfolio and Portfolio 6, which "makes it impossible to directly compare those portfolios to the others."[17] Staff states that the additional transmission analysis revealed significant network upgrade costs that could be avoided by modifying the modeling assumptions and, for the Preferred Portfolio, making manual changes to a subset of the selected resources.

[16] Staff Comments, p. 23.
[17] Staff Comments, p. 4.

Staff highlights that such information was not used to re-optimize the four other portfolios. Staff thus requests clarification from Tri-State on certain aspects of the transmission optimization analysis.

39. Staff also states that Tri-State's proposal to replace the gas turbines at Shafer was not examined in Phase I, and, since the Preferred Portfolio and Portfolio 6 cannot be compared to other portfolios, it is not possible to determine the cost and benefits of the Shafer turbine replacements. Staff hence asks that Tri-State provide a better process for evaluation of any similar projects in future ERPs.[18]

2. UCA

40. UCA supports Tri-State's Preferred Portfolio because it has the lowest PVRR and because it provides gas-fired capacity in Western Colorado.[19]

41. UCA notes, however, that Tri-State's proposal to replace the turbines at Shafer were not disclosed in Phase I. UCA also raises questions about the capacity factors for new gas units because they appear inconsistent with the reported heat rates of the plants.[20] And while UCA generally supports the inclusion of transmission costs that relate to bids, which appears in Appendix G of the ERP Implementation Report, it offers the following suggestions related to transmission.[21] First, UCA states that wind and solar can share transmission as both reach their peak outputs at different times of the day. While some additional curtailment might result from this sharing, this could easily be included in the evaluation of projects. Additionally, wind and solar can share transmission with firm resources firming the capacity. Second, Tri-State only includes its transmission analysis for Portfolios 4 and 6, and the lack of transmission analysis for

[18] Staff Comments, p. 4.
[19] UCA Comments, p. 1.
[20] UCA Comments, pp. 4-6.
[21] UCA Comments, p. 6.

the other portfolios could pose difficulties because not all transmission costs will have been similarly applied.

3. CEO

42. CEO requests the Commission approve Tri-State's Preferred Portfolio.[22]

43. CEO argues the Preferred Portfolio aligns with clean energy and GHG emissions reduction policy requirements and goals.[23] CEO notes that although the Preferred Portfolio includes a new gas 307 MW facility and replacement of the Shafer turbines, the turbines are being proposed as both gas- and hydrogen-capable, which presents the opportunity to transition to even lower GHG emitting resources over the long term.[24]

44. CEO also contends Tri-State's Preferred Portfolio supports Just Transition efforts in Moffat County, consistent with what Tri-State, City of Craig, and Moffat County endorsed in the Phase I Settlement Agreement. CEO states: "Co-locating gas resources in Moffat County could provide additional support to the City of Craig and Moffat County and cost-saving opportunities for Tri-State's Members."[25]

45. CEO also suggests Tri-State should use the acquisition of 650 MW of storage to gain familiarity with the technology, reduce curtailments of renewable energy resources, and minimize the use of gas and coal resources.[26]

4. Moffat County and City of Craig

46. Moffatt County and City of Craig "fully support" Tri-State's Preferred Portfolio and note that the two resources proposed for Moffat County—the new gas plant and a 200 MW

[22] CEO Comments, p. 13.
[23] CEO Comments, pp. 7-8.
[24] CEO Comments, p. 8.
[25] CEO Comments, pp. 10-12.
[26] CEO Comments, p. 12.

storage asset—"have the potential to provide significant tax revenues for the local community and taxing districts… while also providing multiple employment opportunities for Northwest Colorado residents, including Craig Station, Hayden Station, and coal mine workers."[27] These parties also included letters of support from the Associated Governments of Northwest Colorado and the Craig Rural Fire Protection District.

5. San Isabel and KC Electric

47. San Isabel Electric Association and KC Electric Association each filed comments in the form of a standard letter submitted by non-party cooperatives members of Tri-State. They support the Preferred Portfolio, stating: "This portfolio identifies bid selections that result in a plan that meets both industry-standard and heightened extreme weather reliability metrics and state GHG and renewable requirements at a lower cost than the alternative portfolios."

6. Wyoming Cooperatives

48. The Wyoming Cooperatives state that they worked in coordination with Tri-State to help create the Level I and Level II reliability metrics but they remain concerned about the cost it will take to meet those metrics given Colorado's environmental policies.[28] They also state that while Tri-State's Preferred Portfolio is the lowest cost modeled plan, it still comes with a projected NPVRR of $16.4 billion dollars that will be recovered from Tri-State's member cooperatives. They explain that "it was imperative that Tri-State receive funding under the New ERA Program to help mitigate rate impacts during the clean energy transition."[29] They add, however, that "even with the addition of billions of dollars of New ERA funding projected to be in place, Tri-State's

[27] Moffat County and City of Craig Comments, pp. 3-4.
[28] Wyoming Cooperatives Comments, pp. 1-2.
[29] Wyoming Cooperatives Comments, p. 2.

rate payers are facing SUBSTANTIAL wholesale rate increase projections over the next 10 years, and double digit increases from 2026 - 2028 to implement the Preferred Portfolio."[30]

7. Conservation Coalition

49. The Conservation Coalition objects to Commission approval of Tri-State's Preferred Portfolio and instead supports Portfolio 6. The Conservation Coalition urges Tri-State to reconsider its decision and select Portfolio 6 as its preferred plan, and, if Tri-State does not make that change, it asks the Commission to approve Portfolio 6 instead of the Portfolio 4.

50. For instance, Conservation Coalition argues that Portfolio 6 has the lowest capital costs for generation and transmission during and the lowest PVRR when including the social cost of emissions. In addition, without the social cost of emissions, Tri-State's Preferred Portfolio only has 0.5 percent advantage over Portfolio 6 during periods of "highly uncertain cost estimates in the 2030s and 2040s." [31] Conservation Coalition goes on to argue that Portfolio 6 would save hundreds of millions of dollars in capital costs for generation and transmission during the RAP relative to the Preferred Portfolio.[32] Conservation Coalition adds that Portfolio 6 has lower risks than the Preferred Portfolio, such as a lower risk of overbuilding capacity and lower risks associated with making future off-system sales. [33]

51. Conservation Coalition further notes that the Preferred Portfolio would emit 4.2 million tons more carbon dioxide emissions relative to alternative portfolios such as Portfolio 6. Conservation Coalition argues Tri-State should not pass up the opportunity to select Portfolio 6 to accomplish 4 million tons of additional carbon dioxide emissions reductions in the

[30] Wyoming Cooperatives Comments, p. 2.
[31] Conservation Coalition Comments, p. 2.
[32] Conservation Coalition Comments, p. 7.
[33] Conservation Coalition Comments, pp. 10-13.

2030s and 2040s for little to no incremental cost.[34] Conservation Coalition also argues that Colorado law already requires Tri-State to eliminate its carbon dioxide emissions by 2050 and it is virtually certain that Colorado will adopt interim carbon dioxide emissions reduction requirements for the years before 2050.[35]

52. With respect to reliability, Conservation Coalition argues that both the Preferred Portfolio and Portfolio 6 meet the Level 1 and 2 Reliability Metrics "with both having no unserved energy or zero loss of load probability; and both have nearly identical reserve margins. Thus, reliability is not a basis for rejecting Portfolio 6, as the portfolio meets all of the same reliability metrics as Portfolio 4."[36] Conservation Coalition likewise states, to the extent that Tri-State is concerned that it may need a new gas plant to come online in 2031, Tri-State has better options than bringing a plant online in 2029 that it does not need for capacity purposes in 2029 or 2030.[37]

53. Conservation Coalition further challenges Tri-State's concerns about a potential "overreliance" on storage. Conservation Coalition states: "Because Portfolio 6 would add battery projects over a 5-year period, it would enable Tri-State to gain experience with the earlier projects before adding the later projects. Tri-State offers no explanation as to why the experience it gains in 2026 and 2027 with the early battery projects would not allow it gain the knowledge it needs to then operate additional battery projects in 2028–2030." [38]

54. Conservation Coalition also notes that the Preferred Portfolio and Portfolio 6 have the same local economic benefits because the Phase I settlement guarantees significant community

[34] Conservation Coalition Comments, p. 13.
[35] Conservation Coalition Comments, p. 3.
[36] Conservation Coalition Comments, p. 3.
[37] Conservation Coalition Comments, p. 11.
[38] Conservation Coalition Comments, p. 18.

assistance payments by Tri-State regardless of which portfolio the Commission approves here in Phase II. Specifically, under any portfolio, Tri-State will pay $22 million to an economic development fund administered by Moffat County and the City of Craig, as well as payments for lost tax revenue to Moffat County and the City of Craig totaling $48 million from 2028 through 2038.[39]

55. Conservation Coalition further suggests there are serious questions of accuracy of Tri-State's Phase II modeling. Conservation Coalition states: "Tri-State has taken at face value the bidder specifications that the heat rate of the new gas plant would be significantly lower (*i.e.*, more efficient) than any publicly available heat rates for comparable combustion turbines… Rather than verify these questionable assumptions or seek contractual guarantees that the bidder will actually achieve these unusually low heat rates, Tri-State simply plugged these values into the model and returned results that are as unusual as the heat rates: having a peaking gas plant run at a 40% capacity factor for multiple years. For these reasons, the Commission should view Tri-State's economic modeling of the new proposed gas plant with deep skepticism."[40] Conservation Coalition also argues that the quantity of off-system sales from the new gas plant that Tri-State assumes is so large that changing that assumption would alter the relative economic ranking of the portfolios.[41] More generally, Conservation Coalition raises concerns surrounding the Encompass model, stating that the model is "not completing on its own" but is rather "stopping" due to exceeding maximum run-time limits (with every single portfolio and simulation step).[42]

[39] Conservation Coalition Comments, p. 20.
[40] Conservation Coalition Comments, p. 2.
[41] Conservation Coalition Comments, p. 11.
[42] Conservation Coalition Comments, p. 22.

8. WRA

56. WRA raises many of the same arguments as Conservation Coalition, objecting to the approval of Tri-State's Preferred Portfolio and supporting Portfolio 6 instead. WRA similarly asks that the Commission direct Tri-State to pursue Portfolio 6 instead of its Preferred Portfolio.[43]

57. WRA claims, for example, that Portfolio 6 has the lowest capital costs over the planning period, the lowest renewable curtailment costs, and the lowest PVRR when accounting for social cost of emissions, the last of which "accounts for the real-world costs of the emissions associated with utility resource acquisitions."[44] WRA also stresses that Portfolio 6 has the least curtailment across all of the presented portfolios.[45] Furthermore, WRA echoes the position of Conservation Coalition, stating that in selecting a cost-effective plan, the Commission should consider the real risk that new gas-fired generation resources may become stranded assets. WRA argues that deferring or avoiding the acquisition of new natural gas units can help to reduce customer stranded cost risk, lower emissions and costs, and allow for consideration of new clean, dispatchable technology bids in future solicitations.[46]

58. In terms of Level 1 Reliability Metrics, WRA notes the ERP Implementation Report indicates that Portfolio 6 is associated with zero loss of load hours and zero expected unserved energy during the modeling period. Further, the planning reserve margin for Portfolio 6 exceeds Tri-State's requirements as established in Phase I. According to WRA, Portfolio 6 outperforms the Preferred Portfolio according to Level 2 Reliability Metrics, because the Preferred Portfolio is

[43] WRA Comments, p. 5.
[44] WRA Comments, p. 7.
[45] WRA Comments, p. 11.
[46] WRA Comments, p. 13.

associated with one loss of load event under the extreme weather event analysis, whereas Portfolio 6 experienced no loss of load.[47]

59. WRA also asks the Commission to recognize that all of the portfolios presented in the ERP Implementation Report, including the Portfolio 6, are accompanied by the Just Transition commitments established in Phase I of this proceeding (*i.e.*, \$70 million in payments, with \$22 million paid over first four years into an economic development fund and \$48 million paid over 11 years as property tax backstop payments, as well as a transfer of water rights).[48]

60. Turning to emission reductions, WRA asks that Tri-State provide, via its response comments, a quantitative and qualitative explanation for its projected system-wide and Colorado GHG emissions as well as Colorado GHG emissions through the entire planning period (ending in 2043), and a description of why the Company did not assess whether it was prudent to replace the Shafer turbines during Phase I.[49] For instance, WRA notes that the portfolios presented in the ERP Implementation Report only achieve an expected 80 percent emission reduction by 2030, as required by statute, but no further. According to WRA, this result contrasts with the Phase I modeling that indicated additional emission reductions were possible.[50] And with regard to Tri-State's modeling of Shafer, WRA states: "Tri-State's unilateral decision to construct the portfolios in this manner reflects a concerning lack of transparency in the Company's resource planning efforts. During Phase I, Tri-State did not indicate that it was considering replacement or repair of Shafer."[51] More generally, WRA asks the Commission to require Tri-State to present all Phase II portfolios on an analytically equivalent basis going forward.[52]

[47] WRA Comments, pp. 8-9.
[48] WRA Comments, pp. 13-14.
[49] WRA Comments, p. 4 and pp. 14-18.
[50] WRA Comments, Figures WRA-4 and 5, p. 15.
[51] WRA Comments, p. 20.
[52] WRA Comments, p. 21.

9. CIEA

61. CIEA primarily focuses on Tri-State's bid scoring process for this Phase II and concludes that its proposed reforms "are necessary to ensure a competitive and cost-effective resource acquisition process that serves the public interest."[53]

62. For example, CIEA contends that Tri-State was required to provide additional information on NPFs related to bid resources pursuant to Decision No. C23-0437, which required "[a]t minimum, [the 45-day report in Tri-State's next ERP] should include information on the number of bids that failed each screen, and the specific criteria within each screen that caused bids to fail… and assess whether any adjustments are advisable for future solicitations."[54] According to CIEA, Tri-State's 45-Day Report provided some of this information, but not in a meaningful way that was responsive to the Commission's concern. CIEA goes on to explain that neither the 45-Day Report nor the ERP Implementation Report provided sufficient detail as to the bids that failed each individual NPF screen and that both reports failed to explain why individual bids were eliminated by its NPF evaluation which, apparently, eliminated the majority of the bid pool prior to computer modeling.[55] CIEA also faults Tri-State for not including a discussion of how project characteristics aligned with its color-coding process, which went from three colors to five colors, in either its Report, the IE Report, or the 45-Day Report.

63. CIEA states that NPF screening data should be released in a disaggregated form prior to Tri-State's next RFP so that bidders better understand how Tri-State evaluates bids across NPF criteria.[56] CIEA suggests that this information, if released would also become public under Rule 3605(h)(III).

[53] CIEA Comments, p. 10.
[54] CIEA Comments, pp. 3-4, citing Proceeding No. 20A-0528E, Decision No. C23-0437, p. 25.
[55] CIEA Comments, pp. 5-7.
[56] CIEA Comments, p. 8.

10. COSSA

64. In its comments, COSSA asks Tri-State to explain the impacts of the launch of SPP RTO West on its interconnection process, specifically for projects that are a part of the Phase II portfolios. COSSA further requests that Tri-State provide any other relevant details about how the process for projects requesting interconnection on the Tri-State system that are not a part of this ERP will change under SPP RTO West.[57]

G. Phase II Public Comments

65. Several dozens of members of the retail cooperatives served by Tri-State filed individual comments objecting to the acquisition of new gas-fired resources while otherwise supporting Tri-State's plans to acquire renewables and storage. A petition filed by over 200 cooperative members was also submitted again favoring the acquisition of renewables and storage but objecting to the new gas plant.[58]

66. In addition, certain local government officials in Colorado communities served by Tri-State—including county commissioners, elected town officials, and local government employees—filed comments expressing support for the adoption of Portfolio 6, stating that it "maximizes clean energy acquisition and limits investment in new gas infrastructure for the sake of energy affordability and community resilience to climate change."[59]

67. The Craig Rural Fire Protection District filed comments in support of Tri-State's Preferred Portfolio.[60]

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[57] COSSA Comments, p. 2.
[58] Tri-State 2023 ERP Petition (Against NG).
[59] Comments 33 Local Government Reps.
[60] Comments Craig Rural Fire Protection District.

68. The Mayor of Ridgeway, San Miguel County, and San Miguel Power Association support the development of geo-thermal resources. [61]

H. Tri-State's Response to Party Comments

69. Tri-State defends the selection of its Preferred Portfolio in its responsive comments filed on June 10, 2025. Tri-State states that its projected costs are $88 million lower when compared to the next-closest alternative, which addresses a critical economic need for Tri-State's members. Additionally, Tri-State maintains that the Preferred Portfolio supports Colorado employment, provides stable tax revenue for Moffat County, and achieves APCD-verified emission reductions consistent with state requirements.[62]

70. With respect to the advocacy of Conservation Coalition and WRA to require Portfolio 6 over the Preferred Portfolio, Tri-State emphasizes that dispatchable combustion turbine capacity bids and semi-dispatchable battery capacity are not "identical." For example, Tri-State explains that it did not reject Portfolio 6 simply because of the potential overreliance on batteries.[63] Tri-State claims that Portfolio 6 does not offer the resources needed in the Western part of the state for spinning reserves and without a reliable resource to fill that gap, the stability of the system could be compromised, leading to increased operational risks and higher overall costs. Tri-State further argues the current low Effective Load Carrying Capability ("ELCC") of 45 percent for 4-hour batteries after the addition of 400 MW of storage indicates a substantial risk given its more limited contributions to system reliability during times of peak demand. Tri-State adds: "In contrast, long-duration batteries could potentially address this risk if those technologies further advance, offering a higher ELCC and therefore greater assurance of their

[61] Comments Ridgeway Mayor, San Miguel County Geothermal Support, San Miguel Power Association - Geothermal.
[62] Tri-State Response Comments, p. 6
[63] Tri-State Response Comments, p. 14.

contribution to reliability, and if their costs also decrease. However, it is important to recognize that, at present, gas plants provide a far more dependable solution, with an ELCC of 95 percent."[64]

71. Tri-State further argues its Preferred Portfolio includes robust, dispatchable generation resources that support grid reliability, especially during peak demand periods or when renewable sources are insufficient. Tri-State stresses that: "Although battery integration is important for a balanced energy strategy, the immediate needs of the Western Colorado system, particularly in the transition away from coal, require the inclusion of reliable dispatchable resources like gas plants to ensure overall system reliability."[65] More generally, with respect to reliability metrics, Tri-State explains that although they are critical, they "do not assess the benefits of a balanced energy strategy, including factors such as the value of reserves for system balancing."[66] Tri-State goes on to argue that, considering the minimal amount of Expected Unserved Energy ("EUE") shown in the Preferred Portfolio, and the portfolio's sufficient unused thermal capacity, it is difficult to draw a definitive conclusion that Portfolio 6 is more reliable.[67]

72. Tri-State generally agrees with Conservation Coalition's calculation of projected planning reserve margins during the RAP, acknowledging that the reserve margin will increase in 2029 and 2030 and then decrease rapidly in 2031 when the Springerville unit comes offline. Tri-State explains, however, that the timing of the resource additions in the portfolios presented in the ERP Implementation Report is not driven by the optimization of reserve margins but instead reflects resource acquisitions intended to ensure sufficient capacity is online by the time the Springerville unit is retired.[68] In other words, Tri-State argues there was no modeling assumption

[64] Tri-State Response Comments, p. 16.
[65] Tri-State Response Comments, p. 15.
[66] Tri-State Response Comments, p. 15.
[67] Tri-State Response Comments, p. 16.
[68] Tri-State Response Comments, p. 16.

around excess capacity. Rather, shifts in capacity seen in all portfolios are due to the timing of contracted sales coming offline and resource capacity coming online based on the modeled Commercial Operation Dates provided by bidders.

73. Turning to WRA's criticisms of Tri-State's portfolio selection through the lens of emissions, Tri-State objects to WRA's characterization of the projected emission reductions as "stalled." Tri-State states that it remains on track to meet all applicable emissions reductions requirements.[69] Tri-State also addresses the factors contributing to differences in expected emission reductions between Phase I and Phase II.[70]

74. Tri-State further explains that it has taken a conservative approach in modeling the economics of a new gas unit in the ERP Phase II modeling by limiting the depreciable life to 20 years.[71] In comparison, a recent generation plant depreciation study calculated a life span of 46-54 years for Tri-State's existing combustion turbine plants based on a database of over 9,000 U.S. power plants.

75. With respect to Conservation Coalition's contention that the heat rate for the selected gas-fired plant in the Preferred Portfolio appears to be lower than the specifications for comparable gas turbines, Tri-State admits that it used the heat rate as supplied by the bidder to conduct its Phase II modeling.[72] Nevertheless, Tri-States argues that the selection of the gas plant within the Preferred Portfolio is driven primarily by the need for dispatchable capacity and that, even if the heat rate for the plant is increased, the potential result will only be a reduction in the annual capacity factor of the plant but the model would likely still select that same resource.[73]

[69] Tri-State Response Comments, p. 20.
[70] Tri-State Response Comments, pp. 20-21.
[71] Tri-State Response Comments, p. 37.
[72] Tri-State Response Comments, p. 24.
[73] Tri-State Response Comments, p. 24.

Tri-State further explains that regardless of the heat rate guaranteed under the contract for the associated bid, it is committed to operating its system in a manner to achieve the Colorado emission reduction targets.

76. Tri-State goes on to argue that Conservation Coalition's and WRA's preference for Portfolio 6 due to lower risks of overbuilding is "counterintuitive," because Portfolio 6 results in building 1,900 MWs compared to 1,657 MWs.[74] Additionally, Tri-State argues that Portfolio 6 relies significantly on 4-hour duration battery energy storage, which increases risk by decreasing resource diversity, increasing supply chain issues around storage resources, and thereby increasing the likelihood of failed bids requiring additional considerations of back-up bids. Tri-State also faults the selection of Portfolio 6 instead of the Preferred Portfolio, because Tri-State argues that it needs to gain more operational experience with batteries before significantly increasing its reliance on the storage inherent in Portfolio 6.[75]

77. With respect to CIEA's concern regarding the number of bids that were eliminated in Phase II, Tri-State notes that a higher proportion of bids were advanced to modeling here than in the previous 2020 ERP.[76] Tri-State also clarifies that all bid screens, for purposes of determining bids advanced to modeling, were completed prior to the submission of the 45-Day Report and there were no "additional" NPF screens prior to computer modeling as CIEA suggested. Tri-State also explains that its 45-Day Report fully complied with Decision No. C23-0437, the Phase II decision in Tri-State's first ERP, which required Tri-State to work with interested stakeholders to attempt to arrive at mutually agreeable and practical level of information that can be provided.

[74] Tri-State Response Comments, p. 15.
[75] Tri-State Response Comments, p. 24.
[76] Tri-State Response Comments, p. 8.

78. With respect to CIEA's suggestion that the Commission require Tri-State to provide to individual bidders the "color" of the NPF analysis in which each area of their bid was categorized and the reasons for that categorization, Tri-State argues it has already provided detailed information on how it conducts its NPF analysis in Phase I testimony, the Bid Policy, the RFPs, the 45-Day Report, and the ERP Implementation Report.[77]

79. Tri-State further argues that disclosure of NPF information is unnecessary because, as stated above, Tri-State has already expressed its willingness to meet individually with bidders to discuss how their projects were evaluated.[78] Tri-State has also committed to including a numeric framework for its NPF analysis and to providing a scoring sheet as part of its direct filing in Phase I of its 2027 ERP, as provided in the 2023 Phase I Settlement Agreement.

I. Tri-State's CPCN Motion

80. On April 15, 2025, Tri-State filed the CPCN Motion. Tri-State requests that the Commission waive the requirement to file separate applications for Certificates of Public Convenience and Necessity ("CPCN") for two categories of actions: (1) the potential construction of a gas-fired generation resource that may be selected in Phase II; and (2) the retirement of the units at Craig. The Motion asserts that both issues are, or will, be fully addressed within this Proceeding and that duplicative filings would be inefficient and unnecessary.[79]

81. Tri-State notes that because it is not rate-regulated by the Commission, cost recovery considerations central to CPCN applications for investor-owned utilities are inapplicable here.[80] Accordingly, the primary regulatory objectives typically served by CPCN applications,

[77] Tri-State Response Comments, p. 11.
[78] Tri-State Response Comments, p. 13.
[79] CPCN Motion, pp. 11 and 16.
[80] CPCN Motion, p. 17.

such as prudence reviews, cost allocation, and rate impact analysis, are not applicable.[81] The Motion emphasizes that the Commission's oversight in this proceeding is grounded in ensuring that Tri-State's resource planning complies with the public interest and applicable law, which will be satisfied through the ERP process itself.

82. Tri-State also requests that the Commission waive subsections (b), (e), and (f) of Rule 3102 to the extent those provisions would otherwise require the resubmission of information, such as detailed project specifications and BVEM information, that will already be addressed in the Phase II filings in this Proceeding.[82] In support, Tri-State highlights the overlap between the requirements in Rule 3102(f) and those found in Rule 3605(h)(II)(C), which governs the treatment of BVEM information in Phase II bid evaluation.[83]

J. Motion to Enforce Settlement, Strike Comments, and Require New Modeling

1. Conservation Coalition's and WRA's Joint Motion

83. On June 18, 2025, Conservation Coalition and WRA ("Joint Movants") jointly filed the CC/WRA Motion. The Joint Movants allege that Tri-State violated terms of the Phase I Settlement Agreement, particularly in the assessment within Tri-State's response comments of the reliability attributes of the resource portfolios presented in the ERP Implementation Report.

84. The CC/WRA Motion asserts that: "The Commission cannot approve Tri-State's preferred portfolio when Tri-State itself acknowledges that its modeling of the preferred portfolio rests on an incorrect value for a key input."[84] They suggest that the Commission take two actions: (1) strike, and give no weight to, Tri-State's statements on pages 12–13 of its response comments stating that a portfolio is reliable only if it includes a new gas plant in western Colorado; and

[81] CPCN Motion, pp. 1, 9, 11, and 17.
[82] CPCN Motion, p. 12.
[83] CPCN Motion, p. 15.
[84] CC/WRA Motion, p.3.

(2) either require Tri-State to re-run the modeling of the Preferred Portfolio with the correct inputs for the gas plant and provide a summary of changes to the results for the portfolio including resource build decisions, system cost, emissions, and utilization of the new gas plant, or refuse to approve any portfolio that includes the gas plant, which was modeled with an incorrect input.

2. Tri-State's Response

85. Tri-State filed a response objecting to the relief sought in the CC/WRA Motion. Tri-State argues that the motion is an improper attempt to reply to Tri-State's response comments, a procedural step not contemplated in the Commission's ERP Rules. Tri-State further argues that, because time is of the essence for the Commission to issue its Phase II decision, granting certain of the relief sought in the CC/WRA motion, such as additional modeling, will prolong the process and "could expose Tri-State and its Members to higher prices or lost opportunities as developers adjust to tariffs or new legislation, and could delay resources being included in a Resource Solicitation Cluster ("RSC") for interconnection study... on the basis of speculative concerns that are unlikely to result in material changes to the record currently before the Commission."[85] Tri-State asserts that it complied with § 4.8.2 of the Settlement Agreement by ensuring that all portfolios were modeled to meet Level I and II reliability metrics. Tri-State further contends that: "Nothing in the Settlement Agreement or the Commission's rules supports excising Tri-State's statements simply because the Conservation Parties disagree with them."[86] Tri-State argues that: "Running the model again might change the projected net present value of Portfolio 4 or its emissions by a modest amount, but it would not likely lead to a different portfolio being superior. On the other hand, the harm of delay is tangible: potential higher costs to Tri-State's Members and

[85] Tri-State Response CC/WRA Motion, p. 3.
[86] Tri-State Response CC/WRA Motion, p. 7.

potential failure to meet planned in-service dates if procurement and interconnection is stalled. The public interest favors moving forward with a decision based on the best available information now, rather than perfection of information later."[87]

3. COSSA/SEIA Response

86. COSSA/SEIA do not take a position on the request to strike Tri-State's Phase II comments, but they oppose any re-modeling of the Preferred Portfolio 4, citing the urgent need to approve clean energy resources while current federal tax incentives are still available. They likewise warn that re-modeling would introduce delays that could result in lost funding opportunities.

87. COSSA/SEIA go on to emphasize that any delay in approving Tri-State's resource acquisitions could threaten the feasibility and affordability of its clean energy transition, especially given the time-sensitive nature of the New ERA grants. They also argue that Tri-State's Phase II process must be evaluated considering this broader policy context and pressing financial deadlines, even if the process was potentially imperfect.

88. COSSA/SEIA urges the Commission to immediately approve all renewable energy projects common to both the Preferred Portfolio and Portfolio 6 in the event that the Commission grants the CC/WRA Motion. They explain that this approach would allow Tri-State to move forward with acquiring those projects while the modeling dispute is resolved. They also propose that if the Commission finds the record inadequate to support the Preferred Portfolio, Portfolio 6 should be approved as a fallback, recognizing that this path, too, carries litigation and delay risks.

[87] Tri-State Response to CC/WRA Motion, p. 22.

89. Finally, COSSA/SEIA requests that the Commission require Tri-State to provide regular updates on its PPA negotiations, modeled on reporting requirements from Proceeding No. 21A-0141E. They suggest monthly updates showing project status, executed contracts, and any fallback bids being considered, to help ensure timely acquisition and minimize risk.

K. Discussion, Findings, and Conclusions

1. Cost Effective Resource Plan

90. We approve Tri-State's selection of the Preferred Portfolio as the cost-effective resource plan even though there are elements of Portfolio 4, we do not prefer when compared to Portfolio 6. The Commission's role in Phase II of this ERP is to ensure that Tri-State respects the stakeholders in this process, considers and responds to their requests, and presents a preferred plan that is reasonably supported by the evidence in the record. The Commission should not substitute its judgement for Tri-State's when the selection of its preferred plan could be deemed reasonable and an alternative could also be deemed reasonable based on the same record. The corollary to that orientation is that Tri-State takes responsibility for the risks it and its cooperative members assume by pursuing its preferred plan.

91. We are persuaded that the Preferred Portfolio is an economic selection based on the presentation Tri-State makes in the ERP Implementation Report. This is a nuanced conclusion, however, because the Phase II record is not as "clear" as Tri-State concludes in its ERP Implementation Report. While the Preferred Portfolio is shown by Tri-State's modeling to potentially be cheaper than Portfolio 6 by some financial measures, it is also shown to be more expensive when applying the social cost of carbon and could be more expensive when considering the cost risks in possible future scenarios for curtailments or emission reduction requirements

beyond 2030. Nevertheless, based on the record, we can reasonably conclude that, in terms of economics, the Preferred Portfolio and Portfolio 6 are likely equivalent.

92. The siting of the natural gas plant in Moffat County will help to bring development and tax base to the community in the face of the retirement of the units at Craig. We further acknowledge that the project is supported by a broad range of parties including the local communities. The City of Craig and Moffat County have filed support for the gas plant citing concerns about ongoing tax revenue.

93. We highlight the level of renewables in both the Preferred Plan and Portfolio 6, and, consistent with the parties' comments and Tri-State's response, we encourage Tri-State to secure those projects expeditiously. Critically, the record also shows that both the Preferred Portfolio and Portfolio 6 comply with Colorado's emission reduction targets.

94. We also highlight Tri-State's commitment to acquiring more than 650 MW of battery storage, which most of the parties' support and we conclude is reasonable. While we can understand Tri-State's interest in resource diversity through the inclusion of the gas plant in Moffat County, primarily because Tri-State persuades us that there are ancillary benefits from the operation of the proposed plant in Western Colorado, we are not convinced that a legitimate barrier to acquiring the additional storage in Portfolio 6 is Tri-State's lack of experience with operating such resources. Tri-State currently has so little experience with storage of such scale such that it is unclear whether there is any meaningful difference between the two portfolios in the development of storage over time, the point raised by the Conservation Coalition and WRA.

95. Notwithstanding our approval of the Preferred Plan, the record also reveals serious modeling challenges that have fostered doubts among certain parties. As discussed below, we intend to address those challenges, and other needed improvements to Tri-State's implementation

of ERPs, before Tri-State files its next ERP to achieve a clearer record on prudent economic planning in the future. We further reiterate the financial risks highlighted by certain parties in their comments on Tri-State's ERP Implementation Report and assume that Tri-State's board and cooperative members are aware of these risks as they relate to preferred Tri-State's resource selection.

96. We also remain concerned about Tri-State's policies that prevent its member cooperatives from investing themselves directly in energy storage to reduce their demand charges. Considering the positive demonstration of the role battery storage can service on its system, Tri-State would also benefit from changing its policy to allow their member cooperatives to manage their costs through additional strategic investments in energy storage, to lower system peaks, thereby lowering costs and reducing fuel price risk for its membership.

97. In sum, we find that Tri-State has adequately considered statutory requirements for §§ 40-2-123, 40-2-124, and 40-2-134, C.R.S., set forth in Rule 3605, including environmental and social factors and insulation from fuel price increases through the focused competitive bid process and the selection of a renewable resource. The Preferred Portfolio supports the energy policy goals of Colorado in putting Tri-State on the path to achieve 80 percent reduction of GHG emissions by 2030.

2. Best Value Employment Metrics

98. Rule 3605(h)(II)(C) states that the Commission's Phase II decision shall determine, in accordance with § 40-2-129, C.R.S., whether the utility has obtained and provided BVEM information and has taken certain other steps. BVEM information includes the availability of training programs such as apprenticeships; the employment of in-state instead of out-of-state labor; long-term career opportunities; and industry-standard wages, health care, and pension benefits.

As in is previous ERP, Tri-State's bid evaluation process applied BVEM information as a qualitative NPF within Community Stewardship.[88]

99. No comments were filed suggesting deficiencies in the BVEM data that was provided by bidders.

100. Upon review of the materials and the bid process, particularly Attachment F to the ERP Implementation Report, we find that Tri-State has complied with Rule 3605(h)(II)(C), and in accordance with § 40-2-129, C.R.S., Tri-State has provided the requisite BVEM information and has demonstrated objective standards for how it evaluated BVEM as between bids.

3. Motion for CPCN Waivers

101. No responses to Tri-State's CPCN Motion were filed. Tri-State's CPCN Motion is therefore deemed to be unopposed.[89]

102. On May 22, 2025, through Decision No. R25-0393-I ("Interim Decision"), ALJ Segev granted the CPCN Motion. Regarding the retirement of the units at Craig, the Interim Decision concludes that good cause exists to waive the requirements of Rule 3103(a). The ALJ states that the Commission approved the retirement of Craig unit 1 in its Phase I decision, concluding that it is consistent with the public interest and supported by the Settlement. The ALJ states that no further public convenience and necessity determination is required under Rule 3103, as the record in this proceeding has already fully addressed the timing, justification, and implications of the retirement. Accordingly, "A separate CPCN application would serve no additional regulatory purpose and would unnecessarily duplicate prior findings."[90]

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[88] Tri-State ERP Implementation Report, pp. 9 and 13.
[89] CPCN Motion, p. 2.
[90] Interim Decision, ¶ 26, p. 10.

103. By this Decision, we uphold the ALJ's findings and conclusions with respect to the retirement of the units at Craig. We therefore incorporate the findings entered in the Interim Decision with respect to the units at Craig. No separate CPCN filing is necessary to support the retirement of the units at Craig.

104. Regarding the gas plant in Moffat County within the Preferred Plan, the Interim Decision finds that because the Phase II ERP process will include a robust evaluation of the need, alternatives, costs, timelines, and employment metrics associated with the resource addition, rendering a separate CPCN proceeding would be duplicative and inefficient. The Interim Decision states: "a CPCN application may be waived when the proposed facility is subject to thorough evaluation and public review in a Commission approved ERP." [91] The Interim Decision also concludes that no prudence or cost-recovery determinations are implicated due to Tri-State's exempt status under § 40-9.5-103, C.R.S.

105. We also agree with the ALJ on this point and incorporate the findings entered in the Interim Decision with respect to the new gas plant. No separate CPCN filing is necessary to support the construction and operation of the facility by Tri-State.

4. Phase II Motion of Conservation Coalition and WRA

106. We deny the requests in the CC/WRA Motion for additional modeling and reject the suggestion that the Commission refrain from approving any portfolio that includes the gas plant included in the Preferred Plan because we instead conclude that the record in this Proceeding supports the adoption of Tri-State's Preferred Portfolio as a cost-effective resource plan.

107. Turning to the request to strike certain portions of Tri-State's responsive comments, we acknowledge the importance of ensuring that all parties adhere to the commitments in a

[91] Interim Decision, ¶ 24, p. 9.

Settlement Agreement. However, in this Phase II, the record reflects that Tri-State applied Level 1 and Level 2 reliability metrics to all six portfolios presented in the ERP Implementation Report, and that all of them passed those screens. No party disputes that point. The Settlement Agreement also provides that the parties in Phase II, including Tri-State, retain the right to take any position on the modeling. Notably, the Settlement Agreement does not constrain what those arguments can be, so long as the portfolios presented in the ERP Implementation Report meet the agreed reliability thresholds.

108. Here, the Joint Movants express concern that Tri-State's responsive comments create an impression that only the Preferred Portfolio is “reliable.” However, it is necessary to distinguish between modeling and compliance with the Settlement Agreement and the advocacy of any party. The Settlement Agreement required uniform modeling which Tri-State provided. The Settlement Agreement did not bind parties to silence on the issues of operational judgment or grid conditions in Phase 2.

109. We conclude that there is no evidence of the type of misrepresentations that would warrant the striking of portions of Tri-State’s responsive comments in Phase II or evidence that Tri-state failed to comply with the framework of the Settlement Agreement approved in Phase I. Selectively excluding portions of one party's advocacy, particularly when the Settlement Agreement explicitly preserves the right of any party to present such positions, would raise concerns about fairness and consistency.

110. Accordingly, we deny the request to strike any of Tri-State’s responsive comments and thus also deny the final element of the CC/WRA Motion. While we share COSSA/SEIA’s interest in Tri-State pursuing the renewable and storage projects in the Preferred Plan expeditiously, we deny their request that the Commission require Tri-State to provide regular

updates on its PPA negotiations. As explained above, it is incumbent upon Tri-State to implement its Preferred Plan to the benefit of its cooperative members.

5. Future Proceeding Prior to 2027 ERP

111. In Tri-State's last ERP proceeding, the Phase II decision addressed several requirements for Tri-State's next ERP.[92] The Phase I Settlement Agreement approved in this Proceeding also includes several provisions related to Tri-State's next ERP to be filed in 2027.[93]

112. In this Proceeding, CIEA, Staff, and others direct some or all of their comments on needed improvements to Tri-State's ERP practices, including improvements to modeling, disclosures and assessments of resource actions such as the replacement of the turbines at Shafer, and bid screening. As discussed above, the modeling challenges in this Phase II have raised concerns among certain parties and have complicated the establishment of a cost-effective resource plan. All these issues merit further consideration prior to Tri-State's next ERP.

113. However, we are also mindful of Tri-State's request for a Phase II Decision as soon as possible. Tri-State argues in its response to party comments that time is of the essence with respect to acquisition of any of the resources described in the ERP Implementation Report.[94] Tri-State points to the present volatility of the global market for renewable-energy equipment and recent U.S. tax and trade actions have introduced material pricing risks that Tri-State hopes to mitigate by promptly executing bid agreements.

114. In the interest of issuing this Phase II Decision as quickly as possible and due to the press of business before the Commission currently, we decline to render findings and directives related to the Tri-State's next ERP. Instead, because the next ERP will not be filed until late 2027,

[92] Decision No. C23-0437, issued June 30, 2023, Proceeding No. 20A-0528E.
[93] Phase I Settlement Agreement, pp. 15, 18, 19-20, 24-25.
[94] Tri-State Response Comments, pp. 4-5.

we conclude that it would be more efficient and appropriate to take up these issues in a separate future proceeding.

6. Craig Units Not Needed for Reliability

115. In their comments on the ERP Implementation Report, Conservation Coalition urges the Commission to make a factual finding in this Proceeding that Craig Unit 1 is not needed for reliability purposes after December 31, 2025. They argue that the Commission should make this finding because it is fully supported by the record and because the federal Department of Energy has threatened use of Section 202(c) of the Federal Power Act to force coal units to operate beyond their announced retirement dates.

116. We agree with Conservation Coalition Conservation Coalition that Craig Unit 1 is not required for reliability or resource adequacy purposes based on the record in this ERP. Every portfolio that Tri-State modeled assumes that Craig Unit 1 retires at the end of 2025 and does not provide any energy or capacity after 2025. At the same time, Tri-State convincingly concludes that every portfolio meets all reliability metrics and is reliable.

7. Waiver of Rule 3605(h)(II)(A)

117. By its own motion, the Commission waives Rule 3605(h)(II)(A), which requires the Commission to issue a written decision on Phase II within 90 days after the receipt of the wholesale electric cooperative's report. Additional time has been needed in this Proceeding given the Commission's significant caseload at this time and the unanticipated complexity of the Phase II decision caused in large part by the modeling challenges discussed above.

II. ORDER

A. The Commission Orders That:

1. The Commission approves as a cost-effective resource plan the Preferred Portfolio presented by Tri-State Generation and Transmission Association ("Tri-State") in its 2023 Electric Resource Plan Phase II Implementation Report filed on April 11, 2025, in accordance with the Electric Resource Planning Rules set forth at 4 *Code of Colorado Regulations* 723-3-3600 *et seq*., and consistent with the discussion above.

2. The Motion for Partial Waiver of Rules 3102 and 3103 in Connection with a Gas Resource Addition and Craig Station Retirement filed by Tri-State on April 15, 2025, is granted, consistent with the discussion above.

3. The Motion to Enforce Settlement Agreement, Strike Comments, and Require New Modeling filed jointly by the National Resources Defense Council, Sierra Club, and Western Resource Advocated on June 18, 2025, is denied, consistent with the discussion above.

4. Rule 723-3-3605(h)(II)(A) is waived, consistent with the discussion above.

5. The 20-day period provided for in § 40-6-114, C.R.S., within which to file an Application for Rehearing, Reargument, or Reconsideration, begins on the first day following the effective date of this Decision.

6. This Decision is effective upon its Issued Date.

B. ADOPTED IN COMMISSIONERS' DELIBERATIONS MEETING August 1, 2025.

(S E A L)

ATTEST: A TRUE COPY

Rebecca E. White,
Director

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

ERIC BLANK

MEGAN M. GILMAN

TOM PLANT

Commissioners