

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

PROCEEDING NO. 20A-0528E

IN THE MATTER OF THE APPLICATION OF TRI-STATE GENERATION AND
TRANSMISSION ASSOCIATION, INC. FOR APPROVAL OF ITS 2020 ELECTRIC
RESOURCE PLAN.

**PHASE II COMMISSION DECISION
APPROVING A COST-EFFECTIVE RESOURCE PLAN
AND ADDRESSING TRI-STATE’S
2023 ELECTRIC RESOURCE PLAN FILING**

Mailed Date: June 30 ,2023
Adopted Date: May 10, 2023

TABLE OF CONTENTS

I. BY THE COMMISSION	2
A. Statement	2
B. Background.....	3
1. Electric Resource Planning for Tri-State	3
2. Procedural History.....	6
C. Tri-State’s ERP Implementation Report and the RPP.....	9
D. Overview of Party Comments	12
1. CEO	12
2. COSSA/SEIA	13
3. Conservation Coalition.....	13
4. Interwest	14
5. Staff	14
6. UCA	15
7. WRA.....	15
E. Tri-State’s Response to Party Comments.....	16
F. Discussion, Findings, and Conclusions	17
1. Cost Effective Resource Plan.....	17

2. Best Value Employment Metrics	18
3. Modeling, Bid Evaluation, and Plan Development	19
a. Extreme Weather	19
b. Load Reduction	22
c. Bid Evaluation Process	24
4. Coal Unit Retirements	26
a. Craig Unit 3	26
b. Springerville Unit 3	30
5. Treatment of Federal Funding	31
6. Requests Not Explicitly Addressed	33
7. Waiver of Rule 3605(h)(II)(A)	34
II. ORDER	34
A. It Is Ordered That:	34
B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING May 10, 2023	35

I. BY THE COMMISSION

A. Statement

1. On February 13, 2023, Tri-State Generation and Transmission Association, Inc. (Tri-State) filed a report regarding the evaluation of bids and selection of a preferred resource portfolio for its 2020 Electric Resource Plan (ERP). The ERP Implementation Report or 150-Day Report was filed in Phase II of this ERP proceeding in accordance with the Commission's ERP Rules set forth at 4 Code of Colorado Regulations (CCR) 723-3-3600 *et seq.*, and specifically Rule 3605.

2. By this Phase II Decision, we approve Tri-State's Revised Preferred Plan (RPP) as a cost-effective resource plan. The plan primarily includes the acquisition of a 200 MW wind resource through a power purchase agreement. The acquisition of the wind resource during this

resource acquisition period (RAP) will enable Tri-State to make incremental progress toward achieving 2030 and interim-year emissions reduction targets.

3. This Phase II Decision further addresses technical and policy considerations for Tri-State's next ERP. For instance, we address the emissions and economic modeling of the retirement of Tri-State's Craig Unit 3 and additional information Tri-State should submit in its forthcoming 2023 ERP filing, to ensure as robust a record as possible given economic and other uncertainties and lessons learned in this Proceeding.

4. Furthermore, based on the record in this 2020 ERP 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 Revised Preferred Plan portfolio includes a renewable resource that can be acquired at a reasonable cost and rate impact and with appropriate consideration to Best Value Employment Metrics; issues of energy security, economic prosperity, and environmental protection; and the energy policy goals of the State of Colorado.

B. Background

1. Electric Resource Planning for Tri-State

5. This Application addresses the first ERP filed by Tri-State before the Commission in response to legislative changes made by Senate Bill 19-236. SB 19-236 directed the Commission to promulgate ERP rules for wholesale electric cooperatives, and in so doing, to consider 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

¹ See § 40-2-134, C.R.S.

6. The Commission adopted amendments to the ERP Rules at 4 Code of Colorado Regulations (CCR) 723-3-3600, *et seq* of the Rules Regulating Electric Utilities² which set forth a process in Rule 3605 under which the Commission would review Tri-State's ERP in a manner that reflected the time-tested Phase I and Phase II process applied to investor-owned utilities, with an additional pre-filing assessment of existing resources which provided an opportunity for education of the parties and the Commission as to Tri-State's system and operations.³

7. In accordance with Rule 3605, Tri-State 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 emissions, in Phase I of the ERP proceeding. Tri-State is also 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.

8. 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 utility's preferred cost-effective resource plan. We describe these briefly here.

9. 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 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.

² Proceeding No. 19R-0408E, Decision No. C20-0155, issued March 10, 2020.

³ See *generally* Proceeding 20M-0218E.

10. Additionally, the Commission determines whether the utility has provided Best Value Employment Metrics (BVEM) 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. BVEM includes information the utility must request from bidders through the RFP process, including information on training programs, employment of Colorado workers, and long-term career opportunities.

11. With respect to the establishment of a cost-effective resource plan in Phase II, the Commission also considers the net present value of the revenue requirement for utility portfolios, with and without the net present value 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.

12. While recognizing these statutory obligations, we also note that Tri-State's inaugural ERP filed pursuant to Rule 3605 is being decided during a time of significant uncertainty for the wholesale cooperative. This includes supply chain challenges⁴; the prospect of additional member departures that have been announced since the Phase I decision became final⁵; planned, but not yet confirmed, entry into an organized wholesale market⁶; and the potential for new opportunities for financial mechanisms under the Inflation Reduction Act (IRA).⁷ Public comments, including those from representatives served by Tri-State's member cooperatives,⁸ urge

⁴ Tri-State ERP Implementation Report at 5.

⁵ Conservation Coalition Comments at 18.

⁶ Colorado Energy Office Comments at 4.

⁷ COSSA/SEIA Comments at 6-7.

⁸ See, e.g., Public Comment of John Clark, Mayor of Town of Ridgway (April 10, 2023).

the Commission to consider these factors carefully. Moreover, the Commission recently approved postponing Tri-State's filing of its 2023 ERP from June 1, 2023, to no later than December 1, 2023.⁹ All of these complex factors weigh into the Commission's decision, as set forth below.

2. Procedural History

13. On December 1, 2020, Tri-State filed its 2020 ERP in two volumes along with Direct Testimony of six witnesses and other attachments. Tri-State's application was subsequently supplemented in response to Decision No. C20-0820¹⁰ and Staff's Notice of Deficiency.¹¹

14. Tri-State previously announced its Responsible Energy Plan in January 2020, which included actions to reduce carbon dioxide emissions from resources owned and operated by Tri-State in Colorado by 90 percent by 2030, as compared to 2005 levels, including through planned retirements of the coal units located at Craig.¹² While Tri-State did not file its 2020 ERP as a Clean Energy Plan,¹³ the ERP nonetheless reflects increases in renewable energy, decreases in carbon dioxide emissions, and coal unit retirements while also delaying investments in new gas-fired generation.

15. On February 2, 2021, Natural Resources Defense Council, Sierra Club, and Western Colorado Alliance (collectively, the Conservation Coalition) filed a Proposed Motion Requesting that the Commission Instruct Tri-State to Revise its Application (CC Motion). The Commission set a deadline for response to the CC Motion by Decision No. C21-0139-I, issued March 10, 2021.

⁹ Proceeding No. 23V-0050E, Decision No. C23-0107, issued February 16, 2023.

¹⁰ Proceeding No. 20M-0218E, Decision No. C20-0820, issued November 25, 2020.

¹¹ Staff's Notice of Deficiency was filed on January 25, 2021, and Tri-State's supplemental direct testimony and attachments were filed on February 12, 2021.

¹² Hearing Exhibit (HE) 101, Direct Testimony and Attachments of Brad Nebergall, at Att. BN-1.

¹³ Settlement Agreement at ¶ 2.2.

16. Also pursuant to Decision No. C21-0139-I, the following parties to this Proceeding are intervenors as of right: the Office of the Utility Consumer Advocate (UCA), the Colorado Energy Office (CEO), and Trial Staff of the Commission (Staff). Permissive intervenors include the 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); Poudre Valley Rural Electric Association, Inc. (Poudre Valley), Empire Electric Association, Inc. (Empire), Highline Electric Association (Highline), K.C. Electric Association (K.C.), Morgan County Rural Electric Association (Morgan County), Mountain View Electric Association, Inc. (Mountain View), Southeast Colorado Power Association (Southeast), and Y-W Electric Association, Inc. (Y-W) (collectively, Joint Cooperative Movants); Colorado Solar and Storage Association and Solar Energy Industries Association (COSSA/SEIA); the Conservation Coalition; Colorado Independent Energy Association (CIEA); Southwest Energy Efficiency Project (SWEEP); Interwest Energy Alliance (Interwest); Western Resource Advocates (WRA); International Brotherhood of Electrical Workers, Local No. 111 (IBEW Local 111); and Vote Solar. Delta-Montrose Electric Association was granted intervener status for a limited purpose.¹⁴

17. In responses to the CC Motion, parties proposed various alternative scenarios that we found could enhance the record of this Proceeding, and Tri-State set forth an alternative proposal in which additional scenarios could be modeled subject to modifications to the procedural schedule. Decision No. C21-0263-I, issued April 30, 2021, directed Tri-State to confer with parties

¹⁴ A Motion to Intervene Out of Time filed by the Office of Just Transition was denied by Recommended Decision No. R21-0682-I, issued November 1, 2021.

and to submit a consensus proposal for a procedural schedule that would accommodate the modeling of up to five additional scenarios.

18. On June 8, 2021, the Commission issued Decision No. C21-0334-I. The Application was deemed complete for purposes of § 40-6-109.5, C.R.S., and referred to an Administrative Law Judge (ALJ).

19. Tri-State submitted Supplemental Direct Testimony reflecting additional scenario modeling on September 28, 2021.

20. Answer Testimony was filed by CEO, CIEA, Conservation Coalition, Interwest, Staff, SWEEP, UCA, and WRA on November 23, 2021.

21. Cross-Answer Testimony was filed by CEO, Conservation Coalition, Interwest, SWEEP, and WRA on January 4, 2022.

22. On January 4, 2022, Tri-State filed Rebuttal Testimony of four witnesses. Attached to the rebuttal testimony of Lisa K. Tiffin, Tri-State submitted as Highly Confidential Attachment LKT-4, a Verification Workbook (Verification Workbook) produced consistent with the March 2021 Clean Energy Plan Guidance (CEP Guidance) developed by the Colorado Department of Public Health and Environment's (CDPHE) Air Pollution Control Division (APCD).

23. On January 14, 2022, CDPHE filed its Motion for Limited Participation. The Motion was granted by Decision No. R22-0109-I, issued on February 23, 2022.

24. On January 18, 2022, Tri-State filed a Joint Motion to Approve Unopposed Comprehensive Settlement Agreement (Joint Motion). The Settling Parties¹⁵ stated that they had

¹⁵ All parties except Vote Solar and Delta-Montrose Electric Association, which took no position.

reached a comprehensive settlement (Settlement Agreement). The Settlement Agreement not only resolved certain modeling inputs and assumptions and set forth additional process for Phase II, but also established commitments to greenhouse gas emissions reductions, including interim reductions in years prior to 2030 that expressly survive the conclusion of this Proceeding. Furthermore, the Settlement Agreement also set forth commitments for its next ERP, including enhanced assumptions around demand-side management and beneficial electrification, and a commitment to host multiple stakeholder meetings around topics like scenario selection.

25. By Decision No. R22-0097-I, issued February 16, 2022, the ALJ issued clarifying questions regarding the Settlement Agreement. On March 2, 2022, Tri-State filed its Consensus Response to Interim Decision No. R22-0097-I (Consensus Response). The answers provided by the parties in the Consensus Response addressed all questions of the ALJ and the Joint Motion was approved by Recommended Decision No. R22-0191, issued March 28, 2022. No exceptions were filed, and it subsequently became the final decision of the Commission, thus initiating the Phase II process.

C. Tri-State's ERP Implementation Report and the RPP

26. Tri-State submitted its ERP Implementation Report pursuant to Rule 3605(h)(I) and the terms of the Settlement Agreement on February 13, 2023, or 150 days after bids were due. Tri-State requests the Commission find its RPP to be a cost-effective resource plan and approve it through this Phase II decision.

27. Pursuant to the Settlement Agreement as approved by the Commission, Tri-State presents a RAP of 2022 through 2030, and focuses only on acquisition of resources in 2025 and 2026. Tri-State received 274 eligible bid proposals and applied a screening process considering

completeness, economics, transmission interconnection, and non-price factors. Eleven bids were advanced to portfolio modeling.

28. Tri-State modeled five scenarios or portfolios: the RPP, which is Tri-State's preferred portfolio and would lead it to acquire a 200 MW wind power purchase agreement in 2025; Early GHG Reduction (EGHG), which expedites interim greenhouse gas emissions (GHG) targets by one year and acquires an additional 200 MW solar PPA in 2026; Reduced Load (RL), reflective of the departure of United Power; Wind Back-Up (Wind BKUP), in the event the primary bid fails; and Early Craig Retirement (EC3), which retires Craig Unit 3 at the end of 2026. Tri-State provided certain analyses related to the net present value revenue requirement, the impact of the Social Cost of Carbon (SCC) and the Social Cost of Methane (SCM), transmission interconnection, and reliability, for each portfolio. Tri-State also applied gas price and extreme weather event (EWE) sensitivities to each portfolio.

29. Tri-State recommends the Commission approve its selection of the RPP and the backup wind bid from the Wind BKUP portfolio should the primary bid fail, and affirm a December 31, 2029 retirement date for Craig Unit 3.¹⁶ First, Tri-State states that it is in a capacity-long position until 2030 and resources acquired through Phase II are focused on incremental progress toward 2030 and interim-year emissions reduction targets rather than needed for resource adequacy or reliability. Second, Tri-State states that it must be cautious about acquiring new resources while the certainty and timing of member exists is still being reviewed in various regulatory proceedings. Finally, Tri-State argues that the RPP is the least-cost portfolio for Tri-State members. Tri-State states that 14 percent of end-use customers served by Tri-State members live below the federal poverty line and up to half of residential end-use customers suffer

¹⁶ Response Comments by Tri-State at p. 39-40.

from some form of energy burden. Tri-State argues that maintaining a 2029 retirement date for Craig Unit 3 is essential for Tri-State to maintain sufficient dispatchable capacity until replacement gas capacity or other utility-scale dispatchable technologies are in place for reliability and resource adequacy, and to provide certainty to the Craig community and plant staff.

30. While Tri-State did not file a Clean Energy Plan,¹⁷ Recommended Decision No. R22-0109-I, issued February 23, 2022, established the path by which the APCD of CDPHE would verify Tri-State's portfolios in Phases I and II. The APCD submitted Verification Workbooks for Tri-State's Phase II portfolios on March 22, 2023.¹⁸ APCD's filing (1) verifies that CEP guidance and the Verification Workbook have been used properly to calculate emissions reductions requirements, including updates to expected member load requirements; (2) verifies that 2005 baseline emissions used are supported by historical data and reflect changes to the utility's customer base; and (3) verifies the projected emissions for calendar year 2030 produced by each portfolio. APCD finds that all portfolios achieve 81 to 83 percent emissions reductions by 2030 and Tri-State achieves a safe harbor from future Air Quality Control Commission regulations.

31. Additionally, Tri-State explains that it developed, in consultation with stakeholders, a set of robust reliability criteria and tested an extreme weather event (EWE) sensitivity on portfolios to ensure future resource additions can meet the necessary reliability and resource adequacy needs of member cooperatives.¹⁹

32. With its ERP Implementation Report, Tri-State included numerous attachments in response to provisions of the Settlement Agreement approved in Phase I, including documentation

¹⁷ Settlement Agreement at ¶ 2.2.

¹⁸ Decision No. C23-0198, issued March 22, 2023, granted an extension for the submission of the Verification Workbooks.

¹⁹ ERP Implementation Report at 17 and Attachment E.

of updated modeling assumptions (Attachment B), bids advanced to modeling (Attachment C), maps of bids as compared to disproportionately impacted communities (Attachment G), and heat maps related to topics like emissions and renewable resource curtailment (Attachment H).²⁰

D. Overview of Party Comments

33. The following parties timely filed comments on the ERP Implementation Report on March 30, 2023: CEO, the Conservation Coalition,²¹ COSSA/SEIA, Interwest, Staff, the UCA, and WRA. Tri-State submitted its response to parties' comments on April 14, 2023. We have carefully considered all of these filings and summarize the principle themes of the parties' advocacy below.

1. CEO

34. CEO does not recommend that the Commission adopt a specific portfolio. However, it observes that the EGHG portfolio achieves earlier, and greater, cumulative emissions than the Revised Preferred Portfolio—and while the capital cost is \$111 million higher, the EGHG portfolio is actually \$576 million less when the SCC is applied. CEO further acknowledges the uncertainty of Tri-State's member load and the prospect of new federal funding opportunities, but observes that investments in additional renewable resources during this resource acquisition period may reduce cumulative GHG emissions over time. Finally, while supporting a retirement date of no earlier than summer 2027 for Craig Unit 3—and expressing concerns that the Craig community has been planning around the previously announced 2029 retirement date—CEO notes that

²⁰ While many of Tri-State's attachments are marked as confidential or highly confidential, per Rule 3605(h)(III), Tri-State shall file a proposal addressing the public release of bid information after the completion of Phase II.

²¹ This time, comprised of the Natural Resources Defense Council and the Sierra Club.

additional renewable acquisitions may result in lower dispatch of the Craig unit when Tri-State joins an organized market.

2. COSSA/SEIA

35. COSSA/SEIA do not opine on the selection of a portfolio for Tri-State, and focus their comments on proposals to improve the competitive bid process in the 2023 ERP, both generally and due to new opportunities for generation asset ownership given the Inflation Reduction Act (IRA).

3. Conservation Coalition

36. Conservation Coalition recommends the Commission reject Tri-State's request to approve its RPP because of significant deficiencies in modeling related to the EWE sensitivity and its implications for the retirement of Craig Unit 3. Significantly, as we discuss further below, Conservation Coalition recommends the Commission decline to approve Tri-State's proposal to retire Craig Unit 3 by the end of 2029, and instead address the appropriate retirement date in the 2023 ERP. Conservation Coalition alleges significant defects in the Phase II modeling, including the construction and application of the EWE sensitivity, which Conservation Coalition argues includes reliability criteria and assumptions that have not been fully vetted, lack a basis in reality, and contravene common industry practices.

37. Conservation Coalition also recommends the Commission defer a decision on Craig Unit 3 to more fully consider federal funding options and because of emerging information about potential additional member departures, including not only United Power but also Northwest Rural Public Power District (NRPPD) and Mountain Parks. Even the RL portfolio overstates Tri-State's load, Conservation Coalition states. However, Conservation Coalition does not oppose the

Commission approving Tri-State's acquisition of the 200 MW wind project, arguing that energy from the new project will displace more expensive and polluting energy.

4. Interwest

38. Interwest recommends the Commission approve the EGHG portfolio rather than the RPP, as the latter is no longer the least-cost portfolio when the SCC and SCM are appropriately considered. Given recent gas price swings, Interwest also believes the EGHG portfolio has the greater price risk mitigation benefits. It specifically supports the 200 MW wind acquisition in eastern Wyoming and recommends the 200 MW solar acquisition in eastern Colorado also be acquired under the EGHG portfolio as it would contribute complementary operating characteristics and diverse locations.

5. Staff

39. Staff supports the RPP, or alternatively, the EGHG portfolio. Given modeling issues related to the EWE sensitivity and a range of uncertainties, Staff considers these to be the most realistic scenarios. While acknowledging the portfolios are similar in many ways, such as their system-wide GHG emissions and bids selected during the RAP, Staff explains that the RPP portfolio is less expensive than the EGHG portfolio based on NPVRR, but more expensive when SCC and SCM are considered.

40. Staff also raises concerns regarding the mechanics of Tri-State's Phase II modeling. There were significant variations between Phase I and Phase II which Tri-State did not explain, according to Staff. Staff also points out unexplained annual cost differences between portfolios that create questions as to the validity of Tri-State's selection of the RPP on cost grounds. Moreover, while stating its belief that Tri-State complied with the terms of the Settlement

Agreement around sensitivity modeling approaches, Staff critiques the limited information that Tri-State presents regarding the initial portfolio for each scenario, and suggests that repeated failures may indicate that the EWE sensitivity was not effectively constructed. In particular, Staff notes how annual planning reserve margins exceed 30 percent in all years beginning in 2025, despite a 15 percent minimum requirement.

41. However, Staff generally supports Tri-State moving forward with the acquisition of 200 MW of wind PPA to support compliance with GHG reduction requirements at a reasonable cost and given uncertainties Tri-State currently is operating under—including member load, future wholesale market participation, IRA tax credits and other funding opportunities, and the expectation of enhanced transmission capacity being available by 2028.

6. UCA

42. UCA supports Tri-State's proposal to select a 200 MW wind project given it is long on capacity and is experiencing uncertainty related to member load, supply chain issues, and federal incentives. UCA also raises that the 2023 ERP is fast approaching.

7. WRA

43. WRA argues that the Commission should refrain from approving any portfolio in its entirety in Phase II, as all portfolios were manually adjusted to meet the EWE sensitivity, and Tri-State did not present the original portfolios under base case conditions. WRA suggests this is problematic because the Commission cannot compare base case portfolios with the adjusted extreme weather portfolios to understand which incremental capacity additions are driven by the sensitivity, which is relevant to the decision regarding the Craig Unit 3 retirement date.

44. Ultimately, however, WRA recommends the Commission approve Tri-State's proposed acquisition of a 200 MW wind project in 2026. WRA asserts that despite flaws in the modeling, the portfolios indicate that deeper GHG emissions reductions are more cost-effective. Specifically, for the EGHG and EC3 portfolios, which have lower system-wide and cumulative emissions, the cost of incremental additional emissions reductions is well below the SCC. WRA thus recommends that Tri-State acquire an additional 200 MW solar resource in 2026.

E. Tri-State's Response to Party Comments

45. Tri-State points out that only 7 parties to the Settlement filed comments, with 21 parties filing no comments. While filed comments disagree regarding portfolio selection, they are largely supportive of Tri-State's proposal to acquire 200 MW of wind. Tri-State argues that parties' critiques are largely cherry-picking rather than holistically considering modeling outcomes, and it continues to support the RPP scenario as incorporating the most reasonable modeling assumptions. Tri-State also emphasizes that it is the first Colorado utility to incorporate binding interim-year and 2030 commitments for emissions reduction which it is meeting through the RPP. Moreover, Tri-State notes that an ERP is modeled using the best available information at any given point in time—future uncertainty in its load forecast does not warrant special action by the Commission, nor do modeling critiques warrant deferring a decision regarding the modeling of Craig Unit 3. Tri-State believes the best way to address uncertainty is to adopt the RPP, which reflects a reasonable path forward given current circumstances.

46. Tri-State further argues that it deserves the opportunity to fully prepare and present its 2023 resource plan as established by Rule 3605, and that the Commission should not take action on its 2023 ERP at this time. Tri-State raises concerns that not all parties have addressed the same issues; that the Commission does not have a full and comprehensive record on which to address

matters pertaining to the 2023 ERP; and accordingly, it would give a small subset of parties a disproportionate voice to make findings here. Finally, Tri-State argues that various items are already established for its 2023 ERP through the Settlement Agreement, and that it has been engaged in stakeholder discussions on that filing since January 2023, making additional Commission intervention unnecessary and potentially devaluing its collaborative stakeholder efforts. Ultimately, Tri-State asks the Commission to reject requests by parties to provide additional direction for its 2023 ERP.

F. Discussion, Findings, and Conclusions

1. Cost Effective Resource Plan

47. In consideration of the comments of all parties and given the broader perspective of the issues raised throughout this Proceeding, we approve Tri-State's selection of the RPP as the cost-effective resource plan. Acquiring 200 MW of wind through a power purchase agreement represents a no-regrets path forward, at a reasonable cost and rate impact to Tri-State members and with carbon emissions reduction benefits, given the uncertainties Tri-State has faced during this ERP. We further 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, and that the RPP supports the energy policy goals of Colorado in putting Tri-State on the path to achieve 80 percent reduction of greenhouse gas emissions by 2030.

48. While an additional solar acquisition consistent with the EGHG portfolio could potentially also be cost-effective as compared to continuing to utilize coal generating units which, as we describe below, have significant direct expenses, we agree with Tri-State that such an action

is premature at this time as the process and timeline of member departures remains complicated and uncertain.

49. However, while approving Tri-State's RPP overall, we are not prepared to endorse Tri-State's decision to retain the December 31, 2029, retirement date for Craig Unit 3 as final based on the record in this Proceeding. As explained in more detail below, parties have made a reasonable showing that an earlier retirement of Craig Unit 3 might be preferable for emission reductions and economic purposes upon further analysis in Tri-State's next ERP. Retirement before 2029 may also be shown to be feasible for Tri-State with respect to reliability and resource adequacy with more refined modeling and analysis. For example, we have concerns regarding the treatment of the EWE sensitivity in the Phase II modeling process in this ERP. At the same time, however, we recognize that the coal plant retirement timing decision also involves a host of other factors including providing adequate and timely host community assistance, on-site construction management issues, the cost and benefits of potential replacement power, load uncertainty, and the future value of capacity in evolving regional market structures. Accordingly, we choose to tread cautiously in this area at the current time and direct further modeling and presentation of information in Tri-State's 2023 ERP, as described below.

2. Best Value Employment Metrics

50. Rule 3605(h)(II)(C) states that the Commission's Phase II decision shall determine in accordance with § 40-2-129, whether the utility has obtained and provided best value employment metrics (BVEM) and taken certain other steps.²² BVEM include the availability of training programs such as apprenticeships; the employment of in-state instead of out-of-state labor;

²² The Commission has not yet initiated a rulemaking regarding BVEM, although it has committed to do so in response to a legislative audit in July 2022.

long-term career opportunities; and industry-standard wages, health care, and pension benefits. Tri-State's bid evaluation process treated BVEM as a qualitative or non-price factor within the "community stewardship" category, which was considered along with counterparty profile, project feasibility, and project capability.²³ Tri-State also presented a ranking approach for reviewing non-price factors and submitted the documentation provided for bids advanced to modeling in Highly Confidential Attachment F to its ERP Implementation Report.

51. No comments were filed suggesting deficiencies in the BVEM data that was provided by bidders. IBEW Local #111 is a party to this proceeding and did not provide comments on the sufficiency of the materials in the ERP Implementation Report. Upon review of the materials and the bid process, particularly Highly Confidential Attachment F, we find that Tri-State has complied with Rule 3605(h)(II)(C), and in accordance with § 40-2-129, Tri-State has provided BVEM and objective standards for how it evaluated BVEM as between bids. As Tri-State has not proposed to construct or expand a generating facility, it has not proposed any PLAs.

3. Modeling, Bid Evaluation, and Plan Development

a. Extreme Weather

52. Parties raise various concerns about the content and application of the EWE sensitivity in the 2020 ERP and recommend modifications to the 2023 ERP.

53. Conservation Coalition argues that Tri-State's target reliability criteria are uncommon and lack support; the assumptions of the EWE lack support and are not reflective of historical experience; and the EWE sensitivity modeling led to implausible outcomes, including excessively high planning reserve margins. Moreover, Conservation Coalition states that Tri-State

²³ Tri-State 150-Day Report, pp. 12-13.

modified each modeling run to meet the EWE and did not present “base” portfolios, in contrast with typical resource planning practices. In its next ERP, Conservation Coalition argues that the Commission should direct Tri-State to make significant changes to EWE modeling, including implementing a detailed, four-step probabilistic assessment or at minimum, presenting portfolios with and without the sensitivity applied, and incorporating more realistic and better-documented assumptions.

54. Both Staff and WRA note that this issue is appropriately addressed in Tri-State’s upcoming ERP, and state that stakeholder discussions are already revisiting how to define the EWE to better reflect weather conditions, duration, renewable resource performance, and other factors.

55. Tri-State explains that the EWE sensitivity was incorporated in the Settlement Agreement and then more specifically described as part of its Consensus Response. Tri-State contends it communicated frequently with the parties, but no parties expressed concerns with or suggested alterations to reliability criteria before it initiated modeling. Moreover, Tri-State alleges that Conservation Coalition misrepresents how it presented the portfolios, indicating that the sensitivity analysis was applied only to the dispatch and not to capacity expansion itself. Tri-State further rejects requests from parties that direct it to modify its EWE sensitivity modeling in specific ways in its next ERP, arguing that the Commission has an incomplete record here and that stakeholder discussions are ongoing leading up to the 2023 ERP.

56. Broadly, we have been pleased with the work that parties have done to develop a robust record for this Proceeding and to come together through the Settlement Agreement and other activities. We do not believe that disagreements around the EWE sensitivity undermine what has been achieved through this ERP process. However, discussion around this issue reveals the need for more transparent and detailed information around the treatment of sensitivities and

reliability indicators to be presented with sufficient timeliness to enable robust evaluation by the parties and by the Commission. While we decline to adopt the specific remedies the Conservation Coalition recommends with regard to EWE modeling, we direct Tri-State to present in the direct case of its 2023 ERP thorough descriptions of and justifications for all assumptions used in its modeling of an EWE, including its impact on load, its duration, its frequency, its geographic scope, the technology and operational options available to the model (e.g., market purchases both before and after joining an RTO), and any anticipated reduction in output from all generator types during the EWE. Tri-State should also discuss any probabilistic modeling applied in weather sensitivities or describe in its direct case the limitations it faces in doing so.²⁴

57. We note that some parties have recommended that the parameters used in modeling an EWE should be based on historical events. While we agree that there must be some anchoring of EWE parameters to history, recent experience in Colorado suggests that history may not be fully predictive of future weather extremes given climate change, and an EWE that merely replicates past heat waves or winter storms might be an insufficient test of the resource adequacy of the portfolios under consideration in future ERPs.

58. Finally, we agree with parties that one role of a sensitivity analysis is to present results with and without the sensitivity applied. Without a full understanding of the cost, environmental and reliability characteristics of each portfolio under the base case, neither the Commission nor the parties can understand the many tradeoffs involved in selecting an alternate portfolio that may exhibit superior characteristics in response to a sensitivity run. Accordingly, in its 2023 ERP, we direct Tri-State to present the modeling results of portfolios under sensitivity

²⁴ Tri-State Response Comments, p. 33.

conditions as additions to, not substitutions for, the results of portfolio performance under base case assumptions.

b. Load Reduction

59. Tri-State's portfolios include a base load profile, with the exception of the RL portfolio, which removes load attributable to United Power.

60. Parties, including Staff and WRA, acknowledge the uncertainty caused by the prospect of member cooperatives departing the Tri-State system.

61. Conservation Coalition specifically contends that the Commission should not make a decision on key issues in the 2023 ERP, such as the retirement date for Craig Unit 3, given the prospect of member departures. United Power and NRPPD filed non-conditional notices of withdrawal from Tri-State at the Federal Energy Regulatory Commission on April 29, 2022, and Mountain Parks announced an intent to exit in January 2023. Conservation Coalition states that these members represent at least 25 percent of Tri-State's load, meaning that even the RL scenario potentially overstates Tri-State's load. However, Conservation Coalition also acknowledges that the parties agreed upon certain load forecasts in the Phase I Settlement Agreement. Thus, it recommends that in the next ERP, Tri-State should use a load forecast for every scenario that removes all load from member cooperatives that have provided notice of intent to exit, or negotiated partial requirements contracts, as of May 1, 2023. It recommends further that the Company should be required to file a notification with the Commission for any load changes announced following that date.

62. Tri-State responds that an ERP is a decision made at a point in time, and that it is not possible to change every input at every time. Moreover, it argues that it would be inappropriate

to set specific requirements for the next ERP in this venue, with comments from a limited subset of parties and with an ongoing stakeholder process.

63. We find the uncertainty attached to Tri-State's load forecast to be a troubling aspect of this ERP that will extend into the next, which is fast approaching. For instance, notices of intent to withdraw from Tri-State are not guarantees that member cooperatives will depart the system and reduce Tri-State's resource obligations. Recognizing this uncertainty, we have approved Tri-State's acquisition of 200 MW of wind as a no-regrets opportunity. However, given the magnitude of load that may leave Tri-State's system, we are concerned that the load forecast be more robustly vetted in the next ERP. We request that Tri-State submit a load forecast that is indicative of anticipated member departures at the time of filing, and if this is not the baseline, Tri-State should address why not. Moreover, we direct Tri-State to propose a process to notify the Commission of material changes to the load forecast at any time such a change occurs before the due date for bids in any competitive solicitation proposed in the next ERP.

64. Furthermore, we note that the appropriate incorporation of distributed energy resources remains a work in progress for Tri-State, given its position as a wholesale cooperative. We recognize that pursuant to the Settlement Agreement, Tri-State submitted an informational filing regarding demand-side management and beneficial electrification.²⁵ We encourage Tri-State to further explore the potential benefits of strategically locating distributed energy storage within member cooperative territories, and to address their approach to this process as part of their description of their load forecast for the 2023 ERP.

²⁵ 2023/24 Colorado Demand-Side Management Plan (September 1, 2022).

c. Bid Evaluation Process

65. Staff and COSSA/SEIA raise concerns that out of 274 bids, only 11 were advanced through the screening process for modeling. In light of this, Staff suggests that Tri-State should provide better guidance to bidders in its next ERP. First, COSSA/SEIA recommends that Tri-State be required to provide more information to bidders on the thresholds, criteria, and outcomes of each bid evaluation step in the 2023 ERP. Bidders do not know what cost thresholds were used in the economic screen, for example, and which screens failed which bids. Second, COSSA/SEIA states that unlike investor-owned utilities, Tri-State is not required to notify bidders at day 45 whether their bids advanced to computer modeling and if not, why not. According to COSSA/SEIA, this process should be applied along with a dispute resolution process so that modeling errors can be corrected in a timely way. Third, COSSA/SEIA alleges that Tri-State only advanced 4 percent of bids whereas prior ERPs by Public Service Company of Colorado advanced 52 percent of bids in 2011 and 38 percent of bids in 2016. Because a smaller bid pool reduces flexibility, COSSA/SEIA urges the Commission to require that at least 25 percent of bids be advanced to modeling in the 2023 ERP. Finally, COSSA/SEIA contends that the IRA has changed the incentives for Tri-State to participate in its future competitive solicitations, because due to the “direct-pay” provisions of the IRA, it will now be able to monetize federal tax credits for renewable generators. This, COSSA/SEIA suggests, means that an independent evaluator is needed to oversee future ERPs.

66. Tri-State argues that comments provided by COSSA/SEIA are outside the scope of the Commission’s decision in a Phase II proceeding, as they would impact Tri-State’s next ERP. Tri-State states that it has already been engaged in discussions with parties regarding its Phase II process and lessons learned for evaluation of bids in the next ERP. Tri-State rejects the proposal

to advance a set number or percentage of bids to modeling because it may advance bids that are not viable given screening criteria, instead proposing to provide more guidance to bidders in future ERPs. Tri-State also opposes the request to provide additional insight at each bid screen to bidders given its limited resources. It does state that it is considering an independent evaluator, but it reserves the right to make that proposal based on discussion with stakeholders.

67. We share the concerns expressed by Staff and COSSA/SEIA regarding the limited bids advanced to modeling and the limited information that Tri-State has thus far provided about the factors that resulted in only four percent of bids being advanced to modeling. While we decline to require most of COSSA/SEIA's specific recommendations, we do agree that more information and transparency into the inner workings of the bid selection process is warranted. Accordingly, we ask Tri-State to work with interested stakeholders to attempt to arrive at mutually agreeable and practical level of information that can be provided in the 45-day report. At minimum, this report should include information on the number of bids that failed each screen, and the specific criteria within each screen that caused bids to fail. Such information will enable parties and the Commission to better understand the criteria that are causing bids to fail and assess whether any adjustments are advisable for future solicitations. We further request that Tri-State either propose as part of its 2023 ERP the selection of an independent evaluator to review its bid selection and modeling process in Phase II of that proceeding, or explain why, in its view, an independent evaluator is unnecessary.

4. Coal Unit Retirements

a. Craig Unit 3

68. The retirement of Craig Unit 3 on December 31, 2029, is essential for Tri-State to achieve emission reduction targets by 2030,²⁶ the date by which significant reductions in emissions must be achieved pursuant to a Clean Energy Plan for a Colorado investor-owned electric utility.²⁷ In this Proceeding, the parties stress in their comments that additional emission reductions could be achieved if Craig Unit 3 is retired before 2030. The Commission further received dozens of public comments from individuals identifying themselves as being served by Tri-State member cooperatives that asked the Commission to require Tri-State increase its use of renewable resources and accelerate the retirement of coal-fired generating units like Craig Unit 3 to as early as 2025.

69. Tri-State identifies December 31, 2029, as the optimal retirement date for 448 MW Craig Unit 3 in the RPP. It claims that this date is essential to maintain sufficient dispatchable capacity until replacement capacity is in place to meet reliability and resource adequacy needs in 2030 and that the Phase II modeling has served to highlight the importance of this unit remaining online through 2029 under current system conditions. Additionally, Tri-State explains that this will create continuity for the City of Craig and Moffat County, which it is engaging through a third-party facilitated stakeholder process to explore community assistance opportunities.

70. CEO recommends clear and firm closure dates for all Craig units, with at least two but ideally three years or more between the submission of workforce and community assistance plans and a plant closure. According to CEO, Tri-State submitted its workforce transition plan to the Office of Just Transition and is expected to submit an informational community assistance plan

²⁶ See, e.g., ERP Implementation Report at Attachment D-1.

²⁷ § 40-2-125.5(3)(a)(I), C.R.S.

in the summer of 2024. CEO states that workers, the City of Craig, Moffat County, and Tri-State have been planning around a 2029 retirement date for Craig Unit 3. If the Commission leaves open modifying a date in Tri-State's 2023 ERP, CEO recommends the Commission at minimum specify the earliest and latest possible retirement dates for Craig Unit 3, and suggests the window of summer 2027 through December 31, 2029.

71. Conservation Coalition urges the Commission to delay a decision on the Craig Unit 3 retirement date to Phase I of the 2023 ERP, as setting a date in this Proceeding is not justified by the current modeling, including flawed load forecasts and sensitivities. However, Conservation Coalition argues that if the Commission decides to set the unit's retirement date in this Proceeding, it should be set no later than January 1, 2027. Conservation Coalition asserts that the member departures will make Craig Unit 3 financially and environmentally expensive surplus capacity as soon as the end of 2025. Furthermore, full consideration of the SCC and SCM makes the retirement of Craig Unit 3 by 2027 the lowest-cost option, and a more realistic version of the EWE scenario suggests that early retirement is preferable.²⁸

72. Staff states that it does not oppose including a firm retirement date for Craig Unit 3 here, but also suggests that it may be appropriate to consider earlier alternatives and the Commission's decision-making may benefit from additional modeling. Staff states its agreement that Community Assistance and Workforce Transition Plans should be established at least two years before the actual retirement date and thus indicates that Craig Unit 3 should be retired no earlier than January 1, 2027.

²⁸ ERP Implementation Report, Attachment I at 3.

73. WRA finds the modeling of the EWE faulty to the point that it recommends that the Commission refrain from approving a retirement date for Craig Unit 3 until it has more robust and useful modeling results. WRA refers to ongoing discussions with Tri-State which are likely to lead to better data on which to base a retirement date decision in the 2023 ERP proceeding.

74. Tri-State disagrees with parties' characterizations of the modeling results. Tri-State contends that the model's selection of December 31, 2029, as the optimal retirement date for Craig Unit 3 across all portfolios despite its ability to select any time between 2026 and 2029 (except where an earlier retirement was forced) affirms its long-standing plans for retirement. Tri-State argues that Conservation Coalition inflates the importance of the EWE to support its dissatisfaction with the resulting retirement date; that achieving reliability metrics was a more significant factor in portfolio selection; and that Craig Unit 3 is necessary until additional firm replacement capacity is available. In response to parties suggesting that the retirement date be modeled in the 2023 ERP, Tri-State argues that such a delay would do a disservice to those affected by the closure and would achieve, at most, a date that is one or two years earlier than currently planned. It argues that this would make little sense since the unit is already retiring well in advance of its useful life and the RPP will achieve necessary emission reductions. Tri-State further points to administrative complexities in staging retirements at Craig Station.

75. We recognize that this Proceeding is being conducted at a time of significant uncertainty for Tri-State, and that there are factors extending beyond the scope considered here that influence Tri-State's judgement about when to retire Craig Unit 3. We are thus reluctant to substitute our judgement for that of the utility in this case. At the same time, we find that the modeling flaws identified by the Conservation Coalition, Staff, and others are significant, and render the record in this Proceeding inconclusive with regards to the optimal retirement date for

Craig Unit 3. We see our role as ensuring that this process provides sufficiently accurate and actionable information to support the retirement decision, even if factors external to the ERP process may play a significant role in that decision.

76. Selecting an optimal date to retire a fossil generating unit includes a complex constellation of financial, contractual, construction, and other decisions. In this instance, there are also the considerations of a fair transition for the Craig community, including at least two and ideally more than three years for plant closure.²⁹ In addition, while parties have proposed dates as early as 2027 for retirement, and there is some evidence suggesting that earlier retirement could produce economic benefits for Tri-State's member-customers, we are concerned about a variety of factors that may impact the costs of replacement power, ranging from supply chains to inflation. While we would have preferred to establish a specific date for retirement in this Decision, we cannot in good conscience do so given critiques of the modeling process and these uncertainties.

77. Because we find that the record in this Proceeding does not clearly support December 31, 2029, or any other date, as the optimal retirement date for Craig Unit 3, we will not affirm a retirement date for that unit in this Proceeding.³⁰ Instead, we will direct Tri-State to evaluate alternate retirement dates for Craig Unit 3 in its 2023 ERP filing. We further request that Tri-State continue to work with interested parties to refine modeling assumptions and practices in an attempt to forge as great a degree of consensus as possible, by using its model to analyze the benefits and costs associated with various retirement dates for Craig Unit 3, including identifying economically optimal retirement dates as part of the direct case it will file in its 2023 ERP. We

²⁹ HE 1103, Cross-Answer Testimony of Wade Buchanan Rev. 1 (January 4, 2022) at p. 6:12-18.

³⁰ We note here that Commissioner Plant's preference during deliberations was to select a date certain for Craig 3 retirement within this proceeding to provide certainty to the Craig community, to allow sufficient time for the development of a community transition plan in advance of the plant's closure, and to ensure sufficient time for the community to apply for community assistance grants funded by the Inflation Reduction Act.

anticipate that this additional modeling will provide important analyses and information that can be balanced against other considerations as part of the process of developing a reasonable and appropriate retirement date.

b. Springerville Unit 3

78. Conservation Coalition argues that Springerville Unit 3, which, unlike Craig Unit 3, is located in Arizona and not Colorado, is Tri-State's most expensive generating unit and that the Commission should therefore reject Tri-State's proposal to continue its operation until 2040. Conservation Coalition states that Tri-State chose this year because its contract with the Salt River Project (SRP) expires in 2036, and that Tri-State erred in failing to model its retirement on economic grounds.

79. Conservation Coalition argues both that supplemental modeling in Phase I showed that Springerville Unit 3 was uneconomic as early as 2022, despite potential contract penalties, and that Tri-State's primary responsibility should be to its members rather than to SRP. Conservation Coalition thus recommends the Commission direct that Tri-State allow Springerville Unit 3 to economically retire in any year in every scenario modeled in Phase I of its 2023 ERP, and that all such modeling should incorporate the Company's best estimate of costs associated with early retirement. In the alternative, it asks the Commission to instruct Tri-State to model at least one portfolio that requires the model to retire Springerville Unit 3 during the RAP to enable comparisons across portfolios.

80. Tri-State states that Conservation Coalition has failed to provide any factual support for its contention that an early retirement for Springerville Unit 3 would save Tri-State customers money or that the unit would be surplus capacity following the announced load departures. Tri-State also criticizes Conservation Coalition for failing to identify the additional financial costs

(which include financing and equity partner penalties) to Tri-State members of an early retirement, which it claims are correctly reflected in all portfolio modeling. It notes further that even in the RL portfolio, Springerville Unit 3 is forecast to operate through January 1, 2040. Finally, referring to paragraph 3.11.14 of the Settlement Agreement, Tri-State notes that it has already agreed through the Settlement Agreement to model stakeholder-requested reductions or eliminations of the dispatch of Springerville Unit 3 in at least one of the Phase I scenarios in the next ERP.

81. We agree with the parties that address Springerville Unit 3 in their comments that the facility is expensive for Tri-State to continue to operate, and that its early retirement should be modeled as part of the 2023 ERP. However, as Tri-State indicates, it has already committed to model stakeholder-requested reductions or eliminations of the dispatch of Springerville Unit 3 in at least one of the Phase I scenarios in its next ERP based on discussions with stakeholders.³¹ Given the Settlement Agreement, we find it would be procedurally unfair to direct the specific actions requested by Conservation Coalition. However, we acknowledge the concerns raised by Conservation Coalition regarding the expense of Springerville Unit 3 and expect that Tri-State's next ERP will accurately reflect the costs associated with early retirement in its modeling.

5. Treatment of Federal Funding

82. Parties raised two primary issues related to federal funding in Tri-State's 2023 ERP. The first relates to the modeling of IRA tax credits. The second relates to the treatment of federal funding, including whether Tri-State should be encouraged to pursue it and if so, how it should be modeled in future cases.

³¹ Settlement Agreement at ¶ 3.11.14.

83. As to the first issue, Staff states that since the IRA was passed in August 2022, significant tax credits and other funding opportunities now exist which apply specifically to not-for-profit entities like Tri-State. These credits may result in cost-effective bids in the next ERP solicitation. More specifically, Conservation Coalition notes IRA provisions that maintain certain tax credits until the later of either 2032 or the year in which annual GHG emissions from electricity production fall below 25 percent of their 2022 level, and recommends that the Commission instruct Tri-State to assume in its modeling that those tax credits continue for the duration of the analysis period it uses in its next ERP—presumably, at least 2040. Tri-State responds that it made best efforts to incorporate the impact of IRA tax credits into Phase II modeling, despite the tight timeframe, and it continues to evaluate IRA-related assumptions for the 2023 ERP.

84. As to the second issue, CEO states that Tri-State submitted to Senators Bennet and Hickenlooper and Representative Perlmutter a proposal for funding to study the feasibility of a Craig Energy Center to test and demonstrate clean and low-emission technologies. CEO recommends the Commission encourage Tri-State to pursue community assistance opportunities for the City of Craig and Moffat County, as identified in the stakeholder engagement process, and to pursue federal funding for just transition. Similarly, Conservation Coalition recommends that the Commission direct Tri-State to incorporate at least one portfolio in its next ERP regarding U.S. Department of Agriculture Section 22004 funding, as well as detailed information on applications, timelines, collaboration, and other federal funding opportunities for which it may be eligible.

85. Tri-State states that it appreciates and shares CEO's concerns regarding a just transition for affected communities but argues that CEO's recommendations have limited relevance to Phase II and that it is participating in the development of a facilitated Community Assistance Plan, in partnership with the Office of Just Transition, the City of Craig, Moffat County,

CEO, and UCA. Tri-State states that it already submitted a Workforce Transition Plan for Craig Station to OJT in December 2022 and has voluntarily provided information to the Commission regarding federal funding pursuits in Proceeding No. 23M-0053ALL. Ultimately, it argues that it need not be persuaded to seek funding and urges the Commission to reject parties' requests. Moreover, it notes that modeling federal funding opportunities in the next ERP may not be appropriate, as not all funding opportunities are generation-related, they require complex financial analysis, and Commission oversight may impede efforts to rapidly secure funding.

86. We agree with Staff and Conservation Coalition that the treatment of tax credits under the IRA is an emerging and potentially significant area, and ask Tri-State to specifically address related modeling assumptions in its next ERP. Beyond that, while the funding mechanisms and incentives established in the Infrastructure and Jobs Act and the IRA are anticipated to create significant opportunities for Tri-State and its members, we agree that it has strong incentives to pursue such funding on behalf of its members. Nevertheless, we do encourage Tri-State to pursue all relevant funding to support community transition and the broader clean energy transition, and direct Tri-State to provide a narrative description of all federal funding it has or intends to pursue as part of its direct case for the 2023 ERP.

6. Requests Not Explicitly Addressed

87. Various other concerns and suggestions were raised by parties in addition to the issues explicitly addressed in this Decision—including for example, procedural issues related to the next ERP. While we support and encourage continuous improvement towards transparency, we find that it is not necessary to address each of these items, many of which are premature. Any request not addressed in this Decision is denied.

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

88. 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 utility's ERP Implementation Report. While the Commission has completed its deliberations, it finds that additional time is necessary for the circulation of this Decision prior to issuance given the Commission's significant caseload at this time.

II. ORDER**A. It Is Ordered That:**

1. The Commission approves as a cost-effective resource plan the Revised Preferred Plan presented by Tri-State Generation and Transmission Association (Tri-State) in its ERP Implementation Report filed on February 13, 2023, in accordance with the Electric Resource Planning Rules set forth at 4 *Code of Colorado Regulations* (CCR) 723-3-3600 *et seq.*, consistent with the discussion above.

2. In its next Electric Resource Plan (ERP) filing, Tri-State shall incorporate modifications to its modeling and present in its direct case certain information, consistent with the discussion above.

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

4. The 20-day period provided for in § 40-6-114, C.R.S., within which to file applications for rehearing, reargument, or reconsideration, begins on the first day following the effective date of this Decision.

5. This Decision is effective on its Mailed Date.

**B. ADOPTED IN COMMISSIONERS' WEEKLY MEETING
May 10, 2023.**

(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