



TRI-STATE

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At Tri-State, we believe in meeting our mission to reliably, affordably and responsibly power our members in a way that works not only today, but well into the future. For over 70 years, we've done that by being good stewards of our natural resources, partners in our communities and through democratic member governance.

Whatever the future holds, we'll power it.

FORWARD LOOKING/SAFE HARBOR

Forward-looking statements detail our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, future regulatory filings, potential member withdraws, or intentions relating to acquisitions, construction, or closure of facilities, business trends and other information that is not historical information. When used in this report, the words “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes” “ensures”, “potential”, “intend”, and “forecasts” or future or conditional verbs, such as “will,” “should,” “could” or “may,” and variations of such words or similar expressions, are intended to identify forward-looking statements.

These forward-looking statements are subject to a number of risks, uncertainties and assumptions, including those described from time to time in our filings with the Securities and Exchange Commission. All forward-looking statements, including, without limitation, management’s examination of historical operating trends and data, are based upon our current expectations and various assumptions. Our expectations and beliefs are expressed in good faith, and we believe there is a reasonable basis for them. However, we cannot provide certainty that management’s expectations and beliefs will be achieved. There are a number of risks, uncertainties and other important factors that could cause our actual results to differ materially from the forward-looking statements contained in this report.



DUANE HIGHLEY, CEO

A word from our CEO

At Tri-State Generation and Transmission Association, our job is to keep the lights on with increasingly clean power at affordable rates. As a cooperative, this responsibility drives everything we do, because we know our members and communities count on us to power whatever the future holds.

We are committed to meeting our mission to provide our member systems a reliable, affordable and responsible supply of electricity in accordance with cooperative principles. While some of the tools we use have changed since we started this work over 70 years ago – and we know they'll change faster than ever as we continue to lead the rural energy transition – our commitment to our mission remains the same.

Tri-State's not-for-profit business model also endures and it ensures that our members' priorities and their communities' goals are not only brought to our boardroom each month but guide our decisions and inspire our actions. Our membership, including our member-composed board of directors, is the driving force behind our cooperative clean energy transition. With their leadership, Tri-State has set ambitious yet attainable goals for our generation portfolio, member flexibility, electrification programs for consumers, and support for a just transition in energy communities. As we make progress toward these targets, we're prioritizing reliability and affordability that are critical to our members and their communities.

With our board and membership's strong support, we are working together to establish new programs and practices to create cooperative solutions to meet the challenges of this transition. Underpinning our mission and transition is a dedication to strong environmental, social and governance (ESG) practices that has been part of our business since the beginning, because being a responsible steward of our natural resources, taking care of each other and our communities, and maintaining democratic member governance are important not only to Tri-State, but to our members, too.

Still, just as the tools of our work have changed over time, so have our ESG practices. Our ESG Report details some of the ways we are working today to responsibly operate our business, engage and support our communities and employees, and leverage the cooperative model to meet the needs of our members for the future.

Duane Highley, CEO



RELIABLE



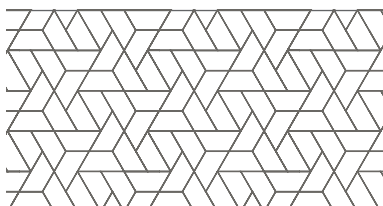
AFFORDABLE



RESPONSIBLE



FLEXIBLE





TRI-STATE TRANSMISSION IN LORDSBURG, NM

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THE 7 COOPERATIVE PRINCIPLES

Cooperatives around the world operate according to the same set of core principles and values. These seven principles are a key reason that electric cooperatives like Tri-State operate differently from other electric utilities, putting the needs of our members first.

1. OPEN AND VOLUNTARY MEMBERSHIP
2. DEMOCRATIC MEMBER CONTROL
3. MEMBERS' ECONOMIC PARTICIPATION
4. AUTONOMY AND INDEPENDENCE
5. EDUCATION, TRAINING AND INFORMATION
6. COOPERATION AMONG COOPERATIVES
7. CONCERN FOR COMMUNITY

**5,849 MILES OF TRANSMISSION**

We own 5,849 miles of high voltage transmission line, serving more than 1 million people.

**45 MEMBERS**

We are a power supply cooperative of 45 members, including 42 electric distribution cooperatives and public power districts across nearly 200,000 square miles of the West.

COOPERATIVE GOVERNANCE



TIM RABON, CHAIRMAN OF THE TRI-STATE BOARD OF DIRECTORS

Note from the Chairman

Tri-State's Board of Directors shares the responsibility of setting the direction for this association as we transition to a cleaner portfolio while preserving the reliability our communities count on, ensuring the affordability our families and friends need, and offering the flexibility to chart our own paths when desired. Striking this balance with a director from each of our 42 utility members across four states is a challenge, but even more, it is an unparalleled opportunity to look ahead and define a direction for the association that prioritizes the needs of the membership.

Over the past few years, Tri-State has made major changes in response to these member needs: changes to allow alternative membership options and new members, changes to our regulatory jurisdiction so the regulator hears all members' voices, and the development and ongoing implementation of the Responsible Energy Plan, to name a few.

As Tri-State has moved forward with each of these decisions, the landscape around us has moved, too. There are greater tensions and growing expectations around the role of this industry in society. This means the board's governance responsibility is more important than ever: to ensure that Tri-State can successfully meet the needs of our membership and deliver on our mission today and into a changing future.

As a board, I believe we are rising to this challenge, and that whatever the future holds, Tri-State will be positioned to power it.

A handwritten signature in black ink, reading "Tim A. Rabon".

Tim Rabon, Chairman of the
Tri-State Board of Directors



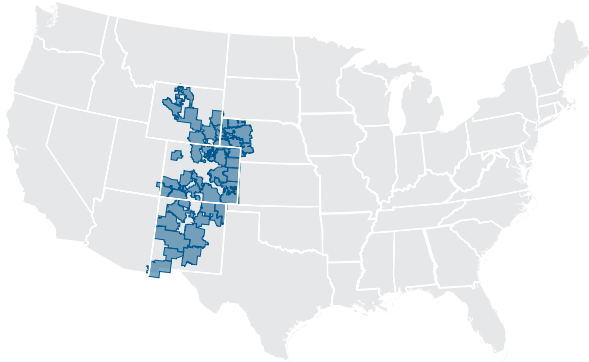
OUR STORY

Our cooperative history

Tri-State Generation and Transmission Association is a cooperative power supplier operating on a not-for-profit basis serving 45 members, including 42 electric distribution cooperatives and public power districts in Colorado, Nebraska, New Mexico, and Wyoming. With our members, we power more than a million electricity consumers across nearly 200,000 square miles of the West. Our mission is to provide our member systems a reliable, affordable and responsible supply of electricity in accordance with cooperative principles.

Tri-State was formed over 70 years ago to bring electricity to our members in the rural West when other power providers would not. Our original 27 members created Tri-State to capture economies of scale while distributing the costs and risks of generating and transmitting power over wide areas with few member-owners, the consumers at the end of the line. Even today, some of our members serve as few as one connection per mile of distribution line. But whether they're located in the desert, mountains, towns, or plains, all our members have the same need for reliable, affordable, responsible electric power. Tri-State is proud to work 24 hours a day, 365 days a year to meet that need.

Tri-State and other generation and transmission associations are different from other types of wholesale utilities in that, as cooperatives, we operate on a not-for-profit basis. So rather than seeking to maximize profits, we manage our resources to provide electricity at cost plus a modest margin which is returned to our members over time. As a cooperative, our members own and govern Tri-State and have a voice and a vote in where our association is going and how we're getting there. It's our job to meet their diverse needs as we work to deliver on our mission, and our members have a say every step of the way.



SERVING THE UNDERSERVED

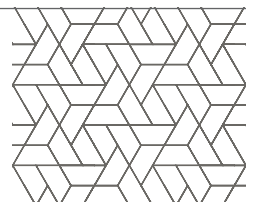
We serve members from northern WY to southern NM, across some of the most rural parts of the U.S.

While most utilities have an average of 32.4 consumers per mile, Tri-State averages 5.32. Despite making less revenue per mile than investor-owned or municipal utilities, cooperatives believe electricity is not only a necessity, but also a bridge between socio-economic divides.



BETTER TOGETHER

Our members' service territories create the largest electric cooperative service territory in the United States. Our geographic service territory is larger than the state of California.





Our cooperative future

Tri-State and our members are leading the cooperative clean energy transition with our Responsible Energy Plan (REP) which outlines our path to deliver on our mission and work toward ambitious but actionable commitments and challenging but attainable goals. In 2019, our board set a goal for our transition: to meet environmental and renewable energy targets while striving to reduce members' rates, preserve electricity reliability, and maintain our financial strength. With the REP, Tri-State is reducing emissions and increasing clean energy, creating flexibility for members, expanding the benefits of a clean grid through EVs and other products, and working to support our employees and communities in transition as we strive to create a brighter future, together.

As we've taken steps to implement our transition, we have continued to refine the REP as our members' needs change and technologies and market conditions evolve. In 2022, we saw upheaval from inflation, solar panel tariff uncertainty and disruption of supply chains for critical infrastructure; but our members' core need from Tri-State – for reliable, affordable and responsible electricity – is unchanged, as is our commitment to that mission. Despite the challenges, Tri-State has continued to make progress in our energy transition and is working to leverage opportunities like the potential benefits available through federal funding opportunities to support our plans.

Tri-State's environmental, social and governance practices, and the cooperative principles that are foundational to those practices, remain central to guiding Tri-State's transition. The REP builds on our progress and achievement across ESG categories, and our continued investment in these practices ensures that our transition will adhere to the core values that Tri-State and our members have nurtured since we first began providing electricity in 1952.

Our Responsible Energy Plan

INCREASING CLEAN ENERGY

By 2025, 50% of the electricity our members use will come from clean resources

Between 2020 and 2025, we are bringing over 1,000 MW of utility-scale wind and solar projects online, doubling our renewables portfolio to over 2,000 MW of clean energy. By 2030, our goal is for 70% of the electricity our members use system-wide to come from clean sources.

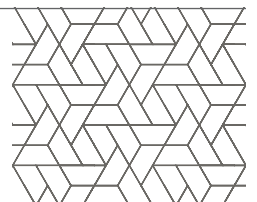
PROGRESS IN 2022

- Over 33% of the energy our members used came from clean sources, and we set a renewable penetration record of 66%.
- Anticipate under-contract solar resource Power Purchase Agreements to come online by 2025 despite delays and price uncertainty from supply chain disruption and the U.S. Department of Commerce solar industry investigation.
- Issued a request for proposals (RFP) for new renewable, storage and hybrid technology resources for 2025-2026 emissions-free generation, receiving over 270 individual eligible bids, as part of our Electric Resource Plan.
- Gained approval from the Colorado Public Utilities Commission (PUC) to build new transmission lines and make additional transmission upgrades that will support connecting up to 700 MW of new renewable capacity and improve system reliability.



REDUCING COAL EMISSIONS

Not only are we adding hundreds of megawatts of renewables to our portfolio, but we are also committed to a 100% reduction of emissions from our coal plants in CO by 2030.



REDUCING EMISSIONS

Eliminate emissions from our coal plants in CO and NM by 2030

We eliminated CO₂ emissions from Tri-State-owned coal generation in New Mexico in 2020. In Colorado, by 2030, we are targeting a 100% reduction in CO₂ emissions from Tri-State-owned coal generation, a 90% reduction in CO₂ emissions across generation we own or operate, and an 80% reduction in CO₂ emissions associated with wholesale electricity sales.

PROGRESS IN 2022

- Retired Rifle Generating Station in September 2022 following PUC approval of unanimous settlement to close the 85 MW combined-cycle natural gas power plant.
- Established our glidepath to reduce emissions associated with wholesale electricity sales in Colorado relative to a 2005 baseline by 26% in 2025, 36% in 2026, 46% in 2027, and 80% by 2030.

COMMITTING TO COMMUNITY AND EMPLOYEES

Support community and employee transition

Our efforts include retraining and transition support for employees affected by facility retirements and working with impacted communities to find meaningful economic development opportunities. We also work with local, state and federal leaders to support a just transition from coal.

PROGRESS IN 2022

- Worked in partnership with state and local leaders on facilitator-led discussions to explore community assistance opportunities for the City of Craig and Moffat County, and submitted a transition plan to the state Office of Just Transition in preparation for the retirement of Craig Station by 2030.
- Donated \$50,000 for local economic development to the Rifle Regional Economic Development Corporation following the retirement of the Rifle Generating Station.
- Collaborated with partners to advance opportunities to retain employment and revenue in transitioning communities through co-location of clean energy projects at power plants, including by responding to federal requests for information.
- Continued working with Nucla, Colorado area officials to explore economic development opportunities following the power plant's 2019 retirement.

INCREASING MEMBER FLEXIBILITY

More local renewables for members through contract flexibility

Our members worked together to develop a more flexible contract structure so they can self-supply more power than ever before, and we're working together to make it a reality.

PROGRESS IN 2022

- Allocated an additional 97 MW of "open season" self-supply capacity to three additional members interested in taking a more active role in providing power in their communities, with a total allocation of 300 MW to six members.
- Worked with our interested members and the Federal Energy Regulatory Commission (FERC) to advance proceedings related to partial requirements memberships that support the "open season" self-supply for interested members.
- Continued to work with our members to advance options that create flexibility for members that desire it without raising costs for other members.

EXTENDING CLEAN GRID BENEFITS

Expanding beneficial electrification, including EV infrastructure and heat pumps

We committed nearly \$2 million to extend the public electric vehicle (EV) charging network across members' service areas and are promoting EVs and EV solutions in rural areas. We're expanding programs to help consumers save money and energy while cutting emissions through energy efficiency (EE), beneficial electrification (BE) and other initiatives.

PROGRESS IN 2022

- Launched an energy innovations team to develop pathways for consumers to reduce their energy burden and emissions with a focus on efficient electrification that reduces barriers to energy transition participation.
- Worked with stakeholders to establish incremental annual energy efficiency savings targets for our Colorado member load of at least 0.35% in 2023, 0.5% by 2024, 0.75% by 2025, and 1% by 2030.
- Initiated development of a demand response platform and programs designed to control at least 4% of Colorado member peak load by 2025.

- Since 2020, our EV infrastructure program has supported member installations of nearly 1,000 EV chargers, including 33 DC fast chargers with a value of over \$268,000.
- We put \$1.7 million towards our heat pump Quality Install Program and rebates. We saw more than 940 air source heat pumps installed in 2022, with over 72% of installs either replacing fossil fuel heat or in new construction.

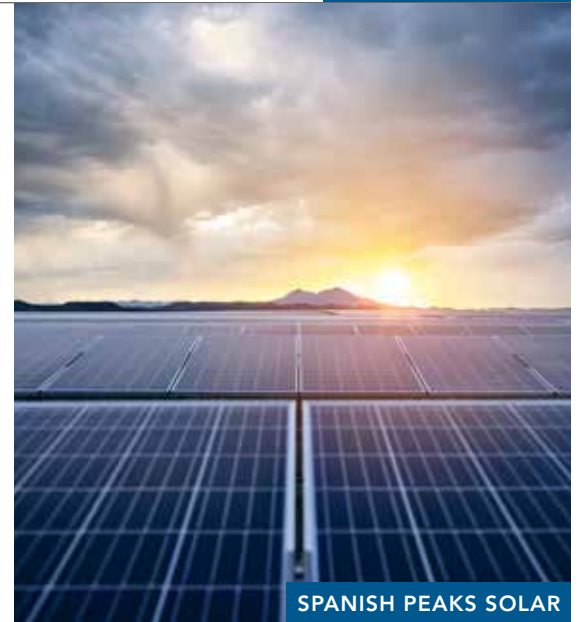
LOOKING FORWARD TO A BRIGHTER FUTURE

Working together to accomplish more

As we implement the REP, our goal is to maintain affordable rates for members in all states. We are also promoting a western regional transmission organization (RTO) to reliably and cost-effectively integrate more renewables into the grid while striving for 100% clean energy in Colorado by 2040.

PROGRESS IN 2022

- Reduced wholesale rates to members by 2% following a previous 2% wholesale rate reduction in 2021 as we strive to reduce association costs while we transition.
- Actively participated in multiple efforts to develop an organized market in the West as we continue to work toward RTO entry in 2025/2026 and the greater reliability and affordability available in an organized market.
- Collaborated with federal and state government, cooperative, eNGO, and other stakeholders to develop cooperative clean energy provisions in the Inflation Reduction Act, resulting in over \$15 billion in funding options and direct pay tax credits.



TRI-STATE'S INCREASINGLY CLEAN ENERGY MIX

2018	↑	TWIN BUTTES II WIND	+75 MW
2019	☀	SPANISH PEAKS SOLAR	+100 MW
2019	🏠	NEW HORIZON MINE RETIREMENT	
	🏠	NUCLA STATION RETIREMENT	
2020	🏠	ESCALANTE STATION RETIREMENT	
2021	↑	CROSSING TRAILS WIND	+104 MW
2022	↑	NIYOL WIND	+200 MW
2022	🏠	RIFLE STATION RETIREMENT	
2024	☀	AXIAL BASIN SOLAR	+145 MW
	☀	COYOTE GULCH SOLAR	+120 MW
	☀	DOLORES CANYON SOLAR	+110 MW
	☀	ESCALANTE SOLAR	+200 MW
	☀	SPANISH PEAKS II SOLAR	+40 MW
2025	🏠	CRAIG STATION UNIT 1 RETIREMENT	
2028	🏠	CRAIG STATION UNIT 2 RETIREMENT	
2029	🏠	CRAIG STATION UNIT 3 RETIREMENT	

1000+ MW OF RENEWABLES SINCE 2018

WE ARE ELIMINATING COAL EMISSIONS IN COLORADO BY 2030.



APPROXIMATELY 735 MW OF SOLAR PROJECTS are scheduled to come online by 2025 through power purchase agreements for a total of 820 megawatts.



INCREASING WIND ENERGY

Niyol Wind and Crossing Trails Wind, approximately 300 MW together, had their first full year of electricity production in 2022.



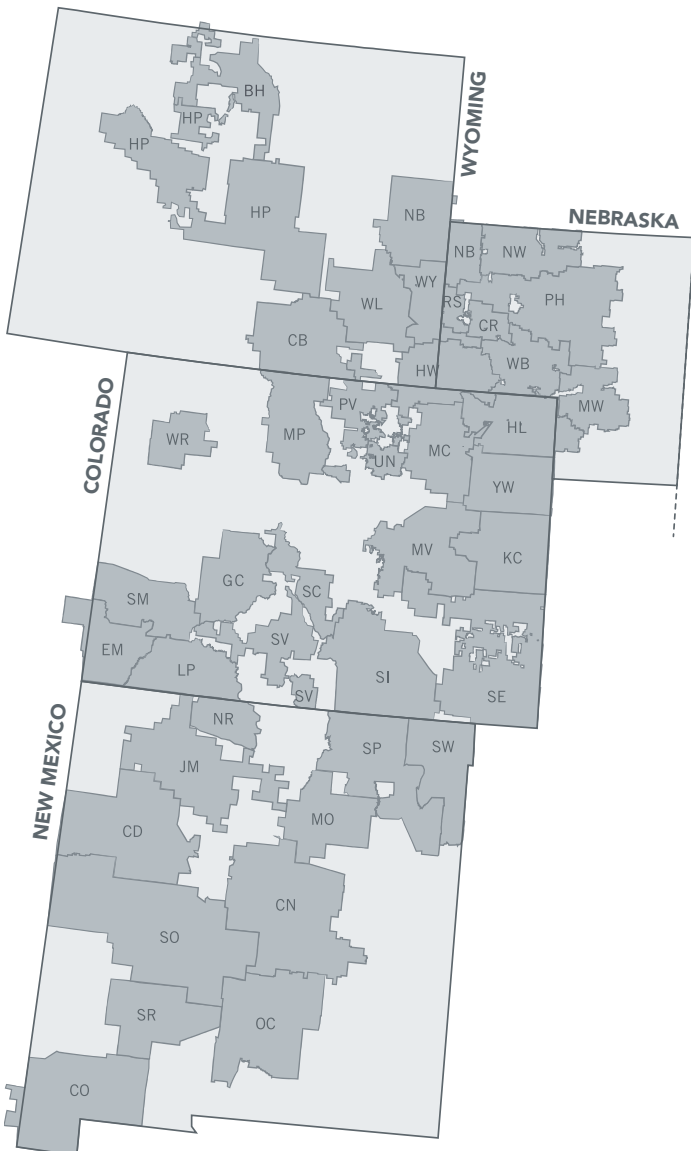
Democratic member governance

One of the fundamental features that sets associations like Tri-State apart from other types of electricity providers is our member-led governance structure, and that democratic member control is at the heart of our business. As a not-for-profit cooperative, we are owned by, and ultimately responsible to, our 45 members. Tri-State's Board of Directors is entirely composed of representatives appointed by our 42 distribution utility members, who themselves are diverse not-for-profit electric cooperatives and public power districts governed by locally-elected boards of directors.

Each of our 42 diverse board members brings a unique background from their experience across a variety of industries, and together they leverage this expertise to make governing decisions for Tri-State based on the seven cooperative principles, sound financial principles, utility industry best practices and, most importantly, the needs of our members. With Tri-State's members as our owners, they are the driving force behind our association strategy, our business decisions and our ongoing energy transition. At Tri-State, it's our job to engage our members, meet their changing power needs and goals, and provide the services they value; and it's our mission to do so reliably, affordably and responsibly.

Board responsibilities and leadership

Tri-State's board members bring their communities' priorities to Tri-State, and together determine the path forward to meet those diverse needs through the association, for both today and the future. To do so, the board leads our cooperative association by making business decisions and setting priorities driven by members' needs and goals. Directors inform this decision-making by dedicating considerable time to building a thorough understanding of Tri-State's business and our changing industry and regulatory landscape.



POWERING THE WEST

Tri-State's 42 distribution utility members serve over 200,000 square miles across CO, NE, NM and WY.

When the board faces significant policy decisions – like those regarding rates, local generation and contracts – it often establishes special committees to thoroughly evaluate options and develop recommendations for the full board to consider.



ETHICS REPORTING POLICY

Tri-State is committed to providing a respectful, safe and welcoming workplace where all employees' unique ideas and experiences are recognized. We facilitate this environment through open, honest communication and compliance with Tri-State's Ethical Conduct and Conflict of Interest program. This program prohibits illegal or unethical practices by any of our employees. Any employee may anonymously report potential violations of policies, standards and laws, and unethical practices or conflicts of interest via a third party-hosted website and/or phone hotline.



MEMBER FLEXIBILITY

When our members formed Tri-State over 70 years ago, they charged the association with the contractual responsibility to generate and transmit 100% of the power that the membership required. More recently, some of our members have sought to supply a portion of that power themselves. To accommodate this desire, the board has established several policies over the years to allow for this flexibility. The past two years marked a particular flexibility milestone for this effort, as Tri-State allocated 300 MW – about 10% of our peak load – to six members who requested the capacity to self-supply more of their power.

These changes were the result of extensive collaboration among the membership, through which they worked to develop flexibility for members that wanted it, while at the same time preserving the service expected by the members that did not want to use this option. The result is a testament to the strength of the cooperative model and an illustration of the cooperative principle of Cooperation among Cooperatives.

The board also conducts strategic planning sessions each year to focus on the association's strategic initiatives.

Board members adhere to policies regarding conflicts of interest and have a fiduciary duty to both the association and their distribution member. These responsibilities are rooted in the association bylaws and policies, which are regularly reviewed to ensure Tri-State meets or exceeds best practices for leadership and accountability.

Member oversight

Tri-State's member-composed board of directors ensures that each utility member has a regular, formal opportunity to raise concerns and be equally represented within the association. However, there are many additional forums at which members may share their priorities and shape the future of our cooperative.

Tri-State hosts monthly member CEO town hall meetings to provide updates to member management and facilitates triannual member CEO meetings to share more detailed presentations on key issues and foster discussion. In addition, each of our members delegates a representative to attend the annual membership meeting.

A Member CEO Committee and a Technical Advisory Committee also function within Tri-State's membership to advise Tri-State's CEO, and there are other opportunities for member system staff to engage through five advisory councils:

- Accounting and Finance Advisory Council
- Communications Advisory Council
- Information Technology Advisory Council
- Products and Services Advisory Council
- Renewable and Distributed Generation Advisory Council

In addition, in 2021, Tri-State adopted policies that further increased transparency around our unique cooperative governance structure to facilitate member, consumer and news media access to board meetings as association governance is discussed. Members and consumers also have the option to formally address the board during board meetings and provide written comments.

Through these and other avenues, Tri-State receives input from our members on our performance and their priorities. This feedback helps shape Tri-State's services, business and our strategy for the future.

RATE DESIGN COMMITTEE

In preparation for Tri-State's 2023 rate filing with the FERC, the board of directors convened a Rate Design Committee (RDC) composed of representatives appointed by each member system. The RDC's objective in 2022 was to evaluate the various factors that are part of a wholesale rate and the possible forms that a rate filing may take.

Guiding the RDC's work are several principles, which the committee members agreed near the outset of the process to bear in mind as they conducted their work. A well-designed rate would balance optimization, risk, stability, equity and opportunity.

Financial transparency

Tri-State is supporting our responsible energy transition with a healthy financial profile. We set our rates in accordance with our board-approved financial goals and lender agreements to achieve margins that result in suitable debt coverage, equity and liquidity levels. With this balance between cost management and financial strength, we effectively meet our mission of serving our members reliably, affordably and responsibly. Effectively balancing these factors helps us maintain investment grade credit with all three major rating agencies.

Our financial filings and adherence to best practices provide significant transparency into the financial health and management of our association. We prepare our financials in accordance with generally accepted accounting principles (GAAP) and the uniform system of accounts (USofA), and these statements are audited annually by an independent auditor. We also file quarterly and annual financial statements with the Securities and Exchange Commission (SEC) and the FERC. As an SEC debt filer, our management is responsible for establishing and maintaining adequate internal control over financial reporting and makes an annual attestation regarding the adequacy and effectiveness of these internal controls. These public and comprehensive filings provide significant transparency into the financial health and management of our association.

FERC also regulates Tri-State's wholesale rates and is charged with ensuring that our proposed rates and terms are just and reasonable. This federal-level regulation means we have one consistent rate regulator across our four-state service territory. This ensures that our members, no matter which state they are located in or their size, can participate fully in the regulatory process, be treated equally and have a voice on wholesale rate and contract matters.

PATRONAGE CAPITAL

As a not-for-profit organization, Tri-State's net margins are set aside over the years as capital credits, which represent members' financial return of their ownership and investment in the association. Over time these credits are returned to our members as cash. As of December 2022, we have returned patronage capital for 40 consecutive years, and we have retired all patronage prior to 2004. We have allocated approximately \$1.5 billion to members since 1952.

AFFORDABILITY

One of the pillars of Tri-State's mission is affordability, and our commitment to this priority carries through to the clean energy transition outlined in our REP. Wholesale rate reduction has been a foundational element of our transition and has resulted in wholesale rate reductions of 2% in 2021 and another 2% in 2022. Even as the electric utility industry continues to grapple with the headwinds of inflation, supply chain and solar industry disruption and labor and manufacturing shortages, we have worked hard to develop and pursue opportunities to reduce costs and increase revenue. As a not-for-profit, controlling costs where we can helps our members to pass as much of those savings as possible on to their own member-owners.

Enterprise risk management

As an electric utility, Tri-State provides a critical service that rural Americans depend on, and therefore it is important we manage company-wide areas of risk, including compliance, operational, regulatory, financial, strategic, reputational and environmental. To that end, we use the strategic business discipline of Enterprise Risk Management (ERM) to identify, assess, mitigate and monitor all forms of relevant risk. Through our ERM program, Tri-State identifies and addresses the spectrum of risks that are presented across various levels of the company and promote proactive risk mitigation and management of the combined impact of those risks to create an interrelated risk portfolio.

Understanding of these enterprise risks is embedded into business processes and decision-making throughout the association and is overseen by Tri-State's Risk Assessment Committee (RAC). The RAC is made up of executive management who meet quarterly to review areas of risk that may impact the enterprise. The goal of the RAC is to assist Tri-State as an overall enterprise in mitigating current and potential negative risks, while taking advantage of, and acting upon, opportunities that will ensure the achievement of strategic, operational and financial goals. Risks are continuously evaluated and, if necessary, are added to a risk registry for Tri-State to monitor. For example, a solar panel tariff investigation was instituted by the Department of Commerce in 2021, and since Tri-State has approximately 700 MW of solar projects scheduled to come online by 2025 through PPAs, a solar PPA risk was added to the risk registry.

To help ensure the reliable power our members and communities count on, Tri-State routinely tests our systems and conducts various table-top and full-scale mock drills to identify any gaps in our response procedures and



POLICY COLLABORATION IN ACTION

Tri-State partnered with diverse stakeholders to advocate for federal legislation that would allow rural electric cooperatives to more effectively compete in the clean energy transition. These organizations represent not only a wide geographic breadth, including many of the nation's rural areas, but also a variety of viewpoints and priorities. By setting our differences aside, we built partnerships to focus on helping rural cooperatives and communities overcome some of the challenges of the energy transition. These efforts played a significant role in the eventual inclusion of rural electric cooperative energy provisions in the Inflation Reduction Act of 2022 (IRA), including Section 22004, which designates \$9.7 billion for rural electric cooperative clean energy projects. This program is a once-in-a-generation opportunity for cooperatives like Tri-State to advance the needs of our members and rural communities as we strive to make a reliable and affordable clean energy transition.

document lessons learned. Among these drills is the North American Electric Reliability Corporation's (NERC) biennial GridEx grid security exercise, which we participate in to test and refine our incident response program. Additionally, ERM delivers updates for situational awareness of current events, facilitates Crisis Management Team response when necessary, and coordinates with federal, state and local emergency management

Cyber Security

Tri-State's Cyber Security program is continually maturing to adapt to the latest threats in the electric utility industry. We perform annual evaluations of our controls relative to industry-recognized frameworks including the National Institute of Standards and Technology Cyber Security Framework, and we use Center for Internet Security controls to identify gaps that may exist. In addition, we adhere to the North American Electric Reliability Corporation Critical Infrastructure Protection requirements, which are a set of standards aimed at regulating, enforcing, monitoring, and managing the security of the Bulk Electric System. Alongside control evaluations, rapidly evolving risks are identified, reported and addressed through our Cyber Security program.

Tri-State participates in a partner program that monitors all inbound and outbound internet traffic for malicious indicators. We also maintain a Cyber Security Center, which provides centralized monitoring, reporting and incident response for Cyber Security events. We also implement defense-in-depth security controls including endpoint detection and response (EDR), network segmentation, deep packet traffic inspection and phishing reporting with automated mitigation capability.

Policy and regulation

At Tri-State, we engage with a wide variety of stakeholders, including policymakers, environmental non-governmental organizations and economic development groups to share the unique nature of the cooperative business model and describe our goals for a reliable and affordable clean energy transition. It is important for us to engage in regulatory and legislative processes, as they can have a significant impact on our operations. Regulations and legislation are often interrelated, dynamic and complex, and the landscape is continuously changing, which requires us to be informed and flexible.

Tri-State analyzes various policy proposals at the state, regional and federal levels along dimensions of legality, scientific integrity, availability of demonstrated technologies, reasonableness of compliance timeframes, cost-effectiveness and cost-benefit analyses. Based on the outcomes of these evaluations, we interact with regulatory agencies, policymakers and other external stakeholders to provide input, comment on proposals, and leverage the capacity of larger associations to promote a stable regulatory environment and identify opportunities to advance Tri-State's business and support the rural communities we serve.

We also work with elected officials to inform legislation that will impact Tri-State and our members' business operations. Legislative engagement is critical for identifying and influencing current and emerging public policy issues and opportunities, and we strive to proactively identify policy and funding opportunities in order to advance our mission to deliver reliable, affordable and responsible electricity to our members.

ENVIRONMENTAL



Retired 85 MW natural gas-fired Rifle Generating Station in September 2022.



2010-2021 EMISSIONS REDUCTIONS

↓59% NO_x EMISSIONS
↓43% SO₂ EMISSIONS
↓20% CO₂ EMISSIONS



TRI-STATE'S COLORADO GHG EMISSIONS REDUCTION TARGETS

(2005 baseline)

2025	26%
2026	36%
2027	46%
2030	80%

Protecting our resources

Tri-State's long-standing environmental stewardship and resource management are rooted in the strong conservation ethic of our members and the rural communities they serve. This commitment begins with outstanding compliance, and goes beyond to voluntarily support conservation initiatives, and execute ambitious plans for a dramatic and rapid reduction of greenhouse gas emissions. Tri-State is committed to complying with all applicable federal and state environmental requirements and has an exemplary compliance history. Our board has regularly reviewed our Policy for Environmental Compliance, which commits us to comply with all environmental laws and regulations since its development in 1971. We also maintain a separate Corporate Environmental Compliance Policy that complements the board policy, which all our employees are expected to adhere to.

Tri-State's Environmental Management System (EMS) enables environmental compliance and promotes environmental stewardship. Our comprehensive EMS guides activities and ensures compliance with a systematic approach to environmental goals and facilities' efficient operation. Tri-State was among the first cooperatives in the nation to adopt an EMS. We continue to meet or surpass federal and state clean air and water protection standards.

Air quality

Responsible energy production is one of the central tenets of Tri-State's mission. Tri-State works with state and federal regulators to ensure our facilities meet the dynamic air quality requirements and standards that protect the communities we serve. Over the past year, Tri-State has expanded the use of our software to track air quality compliance requirements and emissions data to ensure we maintain our excellent compliance record.

Emissions of nitrogen oxide (NO_x), sulfur dioxide (SO₂), particulate matter, mercury and greenhouse gases from our generation resources continue to decrease. Tri-State has reduced our annual carbon emissions by more than one million tons over the past 10 years, with plans for continued reductions accompanying our retirement of coal facilities and our transition to more renewable resources. By 2025, 50% of the electricity used by Tri-State members is expected to come from clean energy, and by 2030 all emissions will be eliminated from our coal plants in Colorado. We have already eliminated those emissions in New Mexico.



TRANSMISSION DEVELOPMENT

ELECTRIC POWER SYSTEM PLANNING

ENVIRONMENTAL DATA COLLECTION

SITING

PUBLIC ENGAGEMENT

STATE & FEDERAL PERMITTING

COUNTY & LOCAL PERMITTING

LAND ACQUISITION

ENGINEERING

Transmission planning and management

WORKING WITH LANDOWNERS

Often, when Tri-State needs to construct a new transmission line, we must obtain the right to cross property owned by consumers of Tri-State's member systems, and it is becoming common for prospective routes to cross land that is leased for wind or solar generation. Tri-State coordinates between landowners and leaseholders to avoid or address physical constraints and to comply with legal requirements contained in the lease document while obtaining the rights we need. Landowner and leaseholder acceptance of the proposed route greatly reduces risk to Tri-State in the permitting process and facilitates easement negotiation.

ENVIRONMENTAL CONSIDERATIONS

Tri-State incorporates environmental considerations into our decision-making process for the planning, siting, design, construction, operation and maintenance of transmission facilities.

- We assess the potential impacts of our actions on land use as well as biological, physical, cultural, socioeconomic, and aesthetic resources and modify projects to the extent economically and technically feasible to minimize effects.
- As applicable, we coordinate with federal, state, local and Native American governments to minimize the impact of our facilities on land use and to optimize the compatibility of utility facilities with the environment.
- We ensure the environmental laws that apply to transmission facilities (e.g., National Environmental Policy Act, Endangered Species Act, Clean Water Act, National Historic Preservation Act, Archaeological Resources Protection Act) are factored into supporting compliance processes, procedures, tools and training programs.

A critical component of reducing Tri-State's impact on the environment from the construction and maintenance of our transmission and substation facilities is to ensure successful reclamation of native and agricultural landscapes. Reclamation activities reduce soil erosion and loss and promote the successful establishment of native vegetation. Areas disturbed during construction and maintenance activities are monitored and reseeded, if necessary, to create successful results.



OPHIR TREE REMOVAL

OPHIR VEGETATION MANAGEMENT PROJECT HIGHLIGHTS

- Right-of-way clearing was extended from varying widths in previous easements to a consistent 100 feet to minimize wildfire risk.
- Vegetation management activities were conducted by hand in some areas.
- A helicopter removed trees along most of the project length where topography precluded use of forestry equipment. Helicopters were used for sensitive areas in the town of Ophir.
- U.S. Forest Service approved the use of four helicopter landing areas for the project, but we and our contractor wanted to reduce ground disturbances as much as possible and used only two areas.

Transmission line vegetation management

Tri-State completed the first phase of a critical vegetation and fuels management project near the town of Ophir, Colorado in 2022 with completion of the second phase scheduled for 2023. The project area contained significant wetlands.

To minimize ground disturbance to these sensitive resources to the greatest extent possible, helicopters were used to remove material from the transmission right-of-way. Tri-State also consolidated the decks required for the removal of large amounts of timber to one decking location and have used state-of-the-art reclamation techniques to promote the establishment of native vegetation. Tri-State coordinated frequently with stakeholders and the U.S. Forest Service to avoid project impacts to recreation events and activities.

Wildfire mitigation

Successful wildfire mitigation programs are always addressing current issues while looking ahead to assess future threats. For Tri-State, a wildfire-resilient power system is envisioned as one that not only possesses the qualities of a traditionally defined resilient grid, but that also mitigates wildfire ignitions through a combination of planning, prevention, operation, and response strategies.

In Tri-State's service territory, high temperatures and dry conditions can make large regions susceptible to wildfires. We use situational awareness tools to actively monitor conditions as they can vary drastically from one region to the next. Different soil and vegetation types and other environmental characteristics can create challenges for Tri-State crews working to achieve consistent results.

Tri-State's maintenance crews regularly work to inspect and assess the vegetation around Tri-State-owned facilities, while unmanned aerial vehicles or drones are often used to patrol and identify threats in our highest risk areas. This ongoing detailed surveillance allows maintenance crews to inspect our facilities and identify threats that pose a wildfire risk or jeopardize electrical transmission reliability.

Tri-State and other utilities across Colorado sponsored a Wildfire Summit for Utilities in the spring of 2022. During the summit, utility and industry professionals, wildfire experts, and involved community groups from across Colorado came together to inform and engage each other about the challenges of wildfires, share their best practices and lessons learned, and share cutting-edge technology that can help us better predict and mitigate these types of events.

Tri-State firmly believes that communication and collaboration among our members, other utilities, federal and state land managers, and community fire districts is critical in addressing the challenges we all face when dealing with and preventing wildfires across our large and diverse territory.



MITIGATING WILDFIRE RISK

Tri-State has 300+ miles of vegetation management projects ongoing and planned through 2026.



WILDFIRE POLICY ENGAGEMENT

Tri-State participates in the Electricity Subsector Coordinating Council (ESCC) Wildfire Working Group, which provides an interface with federal government executive leadership. Tri-State CEO Duane Highley co-chairs the group, which routinely engages with leadership from the U.S. Forest Service; Department of the Interior; National Security Council; Department of Energy's Cybersecurity, Energy Security, and Emergency Response office; and the Bureau of Land Management. The group explores a variety of solutions to the industry's wildfire challenges including the permitting process, master agreements, policy initiatives, and other items. One important area of discussion has been around the potential for utilities to operate under a master special use permit to streamline vegetation management processes in wildfire areas. The group has seen success in fostering interactions with executive leadership from both utility and agency leadership to identify actionable objectives to mitigate this risk.

"Vegetation management is very important. Vegetation management is keeping danger trees and any trees that can grow up into the lines under control and it's quite the effort."

– BRAD HAUGER TRI-STATE LINE SUPERVISOR



WESTERN BURROWING OWL

AVIAN CONSERVATION:

- **Avian Protection Program**

Tri-State continues to design and site new infrastructure to minimize impacts to bird species. We continue to implement our voluntary Avian Protection Program to manage bird interactions on our system to reduce impacts in our service territory and maintain reliability.

- **Long-term/continued member of the Avian Power Line Interaction Committee (APLIC)**

Tri-State's APLIC representative was elected as the vice chair of the committee in the fall of 2022 and is actively working to update the Suggested Practices for Avian Protection on Power Lines Manual, which is the guiding document for utilities, agencies, and consultants working to reduce avian electrocution risk.

- **Participation in Central Grasslands Roadmap initiative**

Tri-State has been an active participant in the development of the Central Grasslands Roadmap, which is a collaborative guide to increasing the conservation of North America's central grasslands, including birds. This effort includes federal agencies, NGOs, farmers and ranchers, large-scale producers, tribes, and the energy industry. Tri-State participated in a summit held at Colorado State University in the summer of 2022 with summit members from Canada, the United States, and tribal nations and continues to act as the planning committee's industry lead as roadmap implementation begins.

Wildlife management

COLOWYO WILDLIFE AND HABITAT EFFORTS

As Colorado's population continues to grow and expand into rural areas and wildlife habitats, creating opportunities to protect wildlife is a valuable commitment. While there are multiple barriers to wildlife movement, one that we can control is fences at the Colowyo coal mine in northwest Colorado. Colowyo continues to make significant efforts to install wildlife-friendly fences, provide wildlife crossings, remove sheep fences, and replace fences as resources allow.

REMOVAL OF OLD FENCES

We value the ability to work with Colorado Parks and Wildlife (CPW) and the Bureau of Land Management (BLM) on habitat and beneficial natural resources projects. We removed and recycled 8.5 miles of old fence within designated significant summer and winter range for elk, deer, pronghorn, and sage grouse habitats. Working together maximized the effort, with CPW leading the project and using grant funds to pay for labor.

ESTABLISHING WILDLIFE CROSSINGS

In 2014 we began working with contractors to establish wildlife-friendly fencing and identify significant corridors with high wildlife traffic. These areas are a concern as they cause increased mortality and injury to wildlife. We identified opportunities to modify, remove fences or add wildlife crossings. Wildlife crossings include either a large gate or a lay-down fence. These work well as livestock barriers while not interfering with wildlife patterns. These are located on Tri-State property and not on public roadways to maintain safety and property boundaries. Colowyo installed 12 crossings in the 10 miles of new wildlife fence built over the past six years. These have proven to work well: when livestock are not being grazed, the fences are opened and/or laid down to allow for open access to wildlife, which decreases wildlife being caught in the fences or crossings and provides open access during harsh and snowy winters. We have observed a significant decrease in wildlife-fence interactions in these areas, resulting in fewer injuries.



WILDLIFE FENCE REPLACEMENT

Tri-State has removed and recycled 8.5 miles of old fencing in addition to installing 12 crossings in the 10 miles of new wildlife fence built over the past six years.

**TANK MANAGEMENT**

Tri-State owns assets at over 800 generation stations, transmission substations, field facilities, and warehouses throughout our four-state territory. Many of these facilities contain oil in quantities that require Spill Prevention, Control, and Countermeasure (SPCC) plans. For non-SPCC facilities, Tri-State maintains corporate plans and inspection procedures that mirror regulated facilities. Our plans follow requirements to prevent, prepare for, and respond to spills by:

- Using the American Petroleum Institute's Standard 653, and the Steel Tank Institute's Standard SP001
- Conducting regular inspections and drills per the National Preparedness for Response Exercise Program (PREP) guidelines
- Using state-of-the-art methods to evaluate tank integrity
- Three 7,500 gallon oil tanks at the retired Nucla Generating station were decommissioned and recycled

Colowyo natural resource monitoring

Tri-State owns a significant amount of land near the Colowyo mine and actively maintains and improves conditions on our landholdings. Over the past six years Tri-State has hired summer interns to collect data on vegetation, water, range condition, and wildlife on our non-mining properties. Field work establishes current conditions and results in databases and maps of existing resources. Tri-State manages lands for the long term and we have goals to better understand existing natural resource conditions in order to make informed management plans.

Some of the considerations within these plans are:

1. Review opportunities for multiple use with wildlife and livestock
2. Evaluate and develop weed control opportunities
3. Evaluate, monitor, and modify livestock grazing and forage availability
4. Determine appropriate livestock types
5. Manage riparian areas near waterways to exclude livestock
6. Remove fences that are hazards and no longer used

Modern mining reclamation

Tri-State's mine reclamation focuses on minimizing disturbances while enhancing implementation to result in post-mining conditions that benefit local ecosystems and communities. Tri-State follows required regulations and permits, and prior to commencement of mining, plans our mining operations to minimize ground disturbance and mitigate potential impacts. We view land reclamation as an essential part of the mining process and place a high value on returning lands to an ecological condition that exceeds required revegetation success standards.

One example of Tri-State's high level of ecological commitment is evident in the reclamation planning stage at our Colowyo Mine South Taylor Pit. Colowyo recognized an opportunity to create a post-mine landform using natural regrade software and geomorphic reclamation techniques. Natural regrade software incorporates geomorphic reclamation techniques in the design to create a post-mining topography with natural channel sinuosity including numerous smaller watersheds which increases topographic diversity. Once constructed, this landform will exhibit greater erosional stability compared to conventional reclamation techniques with straighter and more linear channels.

Tri-State worked with federal and state regulatory agencies including the local Bureau of Land Management (BLM), the Colorado State Land Board (CSLB), and the Division of Reclamation Mining and Safety when designing this geomorphic post-mine topography for the South Taylor Pit. These agencies all provided positive feedback on Tri-State's initiative with geomorphic reclamation. The BLM and the CSLB are also the land managers and in this role, expressed a strong preference for geomorphic reclamation techniques versus conventional reclamation.



VEGETATION MONITORING FOR RECLAMATION

Interns near Craig, CO insure Tri-State is meeting reclamation standards. We monitor annually to make sure we leave the land as we found it.



ELKHEAD RESERVOIR

In an effort to help alleviate drought conditions that recently led to a historic second call for water use restrictions on the Yampa River, Tri-State and the Colorado River District teamed up to release up to 1,500 acre-feet of water from Elkhead Reservoir to support irrigators and habitat.

Water supply and use

Water is an essential resource throughout Tri-State's service territory, and we adhere to all local, state and federal laws and regulations, in addition to using water-conserving strategies. As a result, Tri-State has responsibly operated thermal power plants in the water-constrained, semi-arid and arid West for more than a half century. For example, Craig Station in Colorado employs cooling towers to reuse and recycle diverted Yampa River water many times, reducing the volume of cooling water we use compared to once-through cooling systems. Tri-State also employs water reuse and recycling methods at our other generation stations.

Tri-State's substantial allocation of federal hydropower relies on Colorado and Missouri River Basin water to generate affordable, renewable and reliable power. There are major challenges in the Colorado River Basin due to a multi-decade drought and we are actively working with other preference power customers to find meaningful solutions that address these challenges.

Due to the various ways Tri-State uses this finite resource, we are steadfast in our effective and efficient stewardship, being sure to track and participate in local, state and regional planning processes individually and with our trade associations. Tri-State participated in Colorado's 2015 and 2023 State Water Plans and New Mexico's 2018 Water Plan. Tri-State is also an important collaborator in the water communities where we manage our water rights. Our staff serve on several boards and committees, including the Colorado Water Conservation Board, the Colorado Water Congress and the Yampa-White-Green Basin Roundtable.

Tri-State further demonstrates our partnership in managing this scarce resource by actively working with other water users to minimize the effects of dry and drought conditions. For example, we coordinate water use and reservoir releases to benefit communities and individual water users along the Yampa River. Tri-State's reservoir releases increased river flows to downstream communities during the 2020 and 2021 drought years, enhancing recreational opportunities and agricultural uses, while also improving habitat for endangered fish and supporting river health. In 2021, Tri-State funded and participated in a study that analyzed multi-benefit reservoir management scenarios in the Yampa Valley as part of a longer-term water security discussion.

Since an initial commitment in 2019, Tri-State made financial contributions and staff commitments to The Yampa River Fund through 2022. The fund was created to enhance water security for communities, agriculture, the economy, and the natural environment in northwestern Colorado's Yampa Valley. The fund has since exceeded its endowment goal of \$5 million and has issued grants exceeding \$400,000 for river enhancement and restoration projects.

 BUILDING A RESILIENT FUTURE

Long-range power system planning

ELECTRIC RESOURCE PLAN

Resource planning is essential for delivering on our mission to our members, not only today but in the coming decades. These plans maintain reliable and affordable power as we responsibly implement our clean energy transition. Tri-State engages in two similar planning processes, an Electric Resource Plan (ERP) for the Colorado Public Utilities Commission (PUC) typically in four-year intervals, and an Integrated Resource Plan (IRP) for the Western Area Power Administration (WAPA) every five years. Our ERPs are completed in two phases, with phase I focused on long-range planning and scenario analysis, and phase II centering around new generation procurement through issuance of requests for proposals (RFPs).

Phase I of Tri-State's 2020 ERP concluded in April 2022. Our revised preferred resource plan reflects an 80% reduction in greenhouse gas emissions associated with wholesale electric sales in Colorado by 2030 as calculated from a 2005 baseline. In our 2020 ERP Phase I settlement, we committed to emissions reduction targets and incremental annual energy efficiency savings targets. Cost-effective energy efficiency savings programs can reduce the amount of load we need to serve on our system, helping to delay, reduce or avoid new generation investments over time.

Phase II of Tri-State's 2020 ERP is ongoing at the time of this report and is anticipated to result in renewable generation procurement for the 2025-26 timeframe. Through phase II modeling Tri-State analyzed the reliability of potential resource portfolios. Reliability assessments included review of planning reserve margins, loss of load probability and expected unserved energy.

We continue to work with the PUC and participating stakeholders to ensure we are able to offer a reliable, affordable and responsible resource plan that meets our members' needs and accomplishes other energy transition goals.

TRI-STATE'S COLORADO ENERGY EFFICIENCY TARGETS

Target Year	% Target (Colorado Util. member system load)	Estimated Gigawatt-hours Equivalent
2023	0.35%	39.0
2024	0.50%	51.6
2025	0.75%	77.5
2030	1.00%	113.4



“When challenged with record cold weather affecting much of the U.S., our members’ investment in Tri-State ensured that power was delivered reliably and affordably. Our diverse portfolio of resources and power contracts, and our vast transmission network, mitigated risks and enabled us to avoid any significant operational and financial issues.”

– DUANE HIGHLEY, TRI-STATE CEO

Diverse generation fleet avoids high costs during winter storm

The most meaningful measure of a utility is how it performs when conditions are at their worst. Analysis of the operational and financial impacts from the February 13-17, 2021 winter storm that created difficulties for many electric utilities across the United States show that the storm had an immaterial operational and financial impact on Tri-State.

Our coal generation fleet performed well during the weather event, providing reliable and low-cost power. Tri-State’s solar resources, which are the most of any G&T cooperative in the country, performed adequately, but were below forecast. Wind resources were more significantly impacted and performed poorly due to low wind speeds or icing conditions and were unavailable during this period of high power demand.

In response to the limited availability and high price of natural gas, Tri-State made the decision to use fuel oil at our dual-fuel combustion turbine generating plants. This action significantly reduced Tri-State’s exposure to record-high natural gas prices, which were driven by lower supply and higher demand as space heating needs increased.

Tri-State’s entry on February 1, 2021 into the Southwest Power Pool’s (SPP’s) Western Energy Imbalance Service (WEIS) market also supported our members through the weather event.

“Despite being only two weeks old when the severe weather event started, the WEIS market performed well, maximizing the efficient use of the transmission system and dispatching the lowest-cost resources,” Highley said.

Renewable energy credits

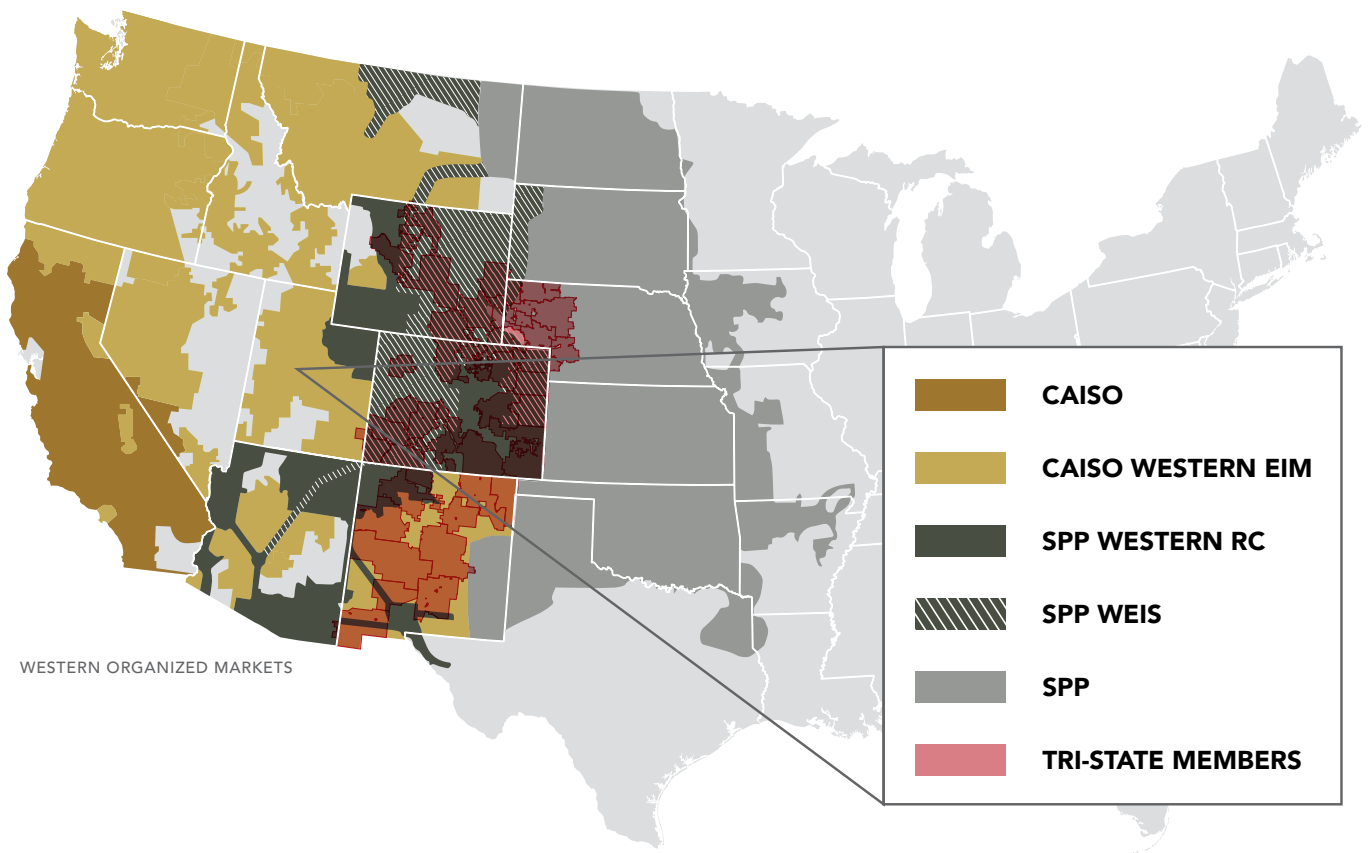
Renewable energy credits (RECs) offer additional value from the renewable energy that Tri-State generates and purchases, representing the environmental attributes of renewable generation. One REC is equal to 1 MWh of renewable generation.

In 2021, our owned and contracted resources combined with our member projects produced over 4.1 million RECs. Tri-State is subject to Renewable Portfolio Standard (RPS) requirements in two of the states we operate in — Colorado and New Mexico. The RECs from both Tri-State resources and member projects contribute to Tri-State's RPS compliance. As we rapidly expand our renewable resources to meet GHG reduction goals and continuing RPS requirements, we currently have RECs in excess of RPS compliance and member voluntary program needs. Some of these excess RECs are sold in the REC market, creating additional value and reducing rate pressure for Tri-State members. Starting in 2025, we have committed to retire all RECs generated and/or purchased for serving wholesale electricity sales in Colorado, as needed to support emissions reduction target commitments made in the 2020 ERP Phase I.

Organized markets

Since April 2021, approximately 80% of Tri-State's load has been included in energy imbalance markets (EIMs) or RTOs. With the remaining 20% of Tri-State's system-wide load moving into the Western Energy Imbalance Service (WEIS) in 2023, 100% of Tri-State's load will be in an EIM or RTO, further maximizing the value of our generation fleet. Tri-State is also actively working with other electric providers in the region toward adding a portion of its system to the Southwest Power Pool's (SPP's) RTO in 2026, which we believe is our best option for timely, cost-effective market participation. In July 2022, Tri-State also began active participation in the Western Markets Exploratory Group (WMEG), a forum for utilities to coordinate and discuss new market options that could emerge in the West.

Entering an RTO in the West will facilitate integration of the significant level of renewables forecasted to come online to meet our REP goals, by ensuring access to a broader footprint of market demand and diverse resources. Market entry at a time of resource transition will support Tri-State in maintaining system reliability and expanding affordability for our members. Participation in an RTO will also increase the value of Tri-State's existing and future resources by enabling access to additional benefits that are not available to us in energy imbalance markets. The cooperative model enables Tri-State to pass on the benefits of RTO participation directly to our members.





In 2021, Tri-State created the Electrify and Save brand to help members promote electrification through outdoor power tools, heat pumps for space or water heating, and EV charging. The program is designed to reduce consumer cost, increase electric sales, and flatten the load curve, especially for homes or businesses using propane. Electrify and Save provides a low-cost opportunity for members to co-brand marketing materials and amplify a unified message.



We are foundational sponsors of the Beneficial Electrification League (BEL) and help drive beneficial electrification nationally through our role on BEL's Advisory Board.

"Beneficial Electrification includes the application of electricity to end-uses where doing so satisfies at least one of the following conditions, without adversely affecting the others: saves consumers money over time; benefits the environment and reduces greenhouse gas emissions; improves product quality or consumer quality of life; fosters a more robust and resilient grid."

– BE-LEAGUE.COM

Electrification

One of the central elements of Tri-State's REP is to expand the benefits of a clean grid through electrification. When designing electrification programs, Tri-State considers how these efforts will lower energy costs for participants, improve their quality of life, mitigate their carbon footprint, and increase grid resilience. Our electrification and efficiency programs drive the achievement of this goal.

Tri-State's EV support programs include incentives for all members, ranging from residential charging to direct current (DC) fast charger installations, and a specialized fund set up to assist our member cooperatives and public power districts with larger public charging projects. Initiated in 2020 to help increase the availability of EV charging in our rural communities, the program has already supported the installations of nearly 1,000 EV chargers, including 33 DC fast chargers, with many more projects in the planning phase. Tri-State spent over \$268,000 on EV chargers in 2022.

Additionally, Tri-State is working with our membership to address challenges of charging in rural communities. One such project was the installation of a FreeWire Boost Charger in Julesburg, Colorado in collaboration with Highline Electric Association. This charger helped address expensive infrastructure requirements and reduce the demand on the grid by using a DC fast charger with an integrated battery.

The electrification of home heating systems is also playing a role in the reduction of greenhouse gas throughout our communities. Tri-State has collaborated with utilities across the region to help accelerate market transformation for heat pumps, including implementing rebate programs aligned with trade ally development. The trade ally program engages with contractors throughout our membership's service territories and provides additional training to help understand the effectiveness of heat pumps, and how to properly size and commission heat pumps to ensure indoor comfort. The program also provides consumers with access to knowledgeable, licensed contractors in their area, eliminating the need for multiple calls to find an installer. For the second year in a row, our service territory has seen an increase of more than 30% in the installation of heat pumps. Out of 940 installations, 72% either replaced a fossil fuel heating unit or were selected as the heating option for a newly constructed home. Tri-State spent over \$1.7 million in 2022 on heat pump installations.

In addition to helping our members electrify, Tri-State's programs also support the efficient use of energy. In 2022, these programs have helped our members conserve approximately 251,373 megawatt hours of electricity over the lifetime of the equipment installed.

By empowering our members and their consumers with the knowledge and support to be part of the energy transition, Tri-State is helping to increase electrification and efficiency throughout our service territory. We'll continue to explore new technologies that drive energy efficiency and help consumers reduce their energy costs, improve quality of life, reduce emissions, and increase grid resilience.



EV RIDE AND DRIVE PROGRAM

Tri-State's EV Experience program enables member-consumers to test drive electric vehicles. Since the program's launch, our electric fleet has been driven 162,135 miles.

Research and development

Tri-State's research and development work regularly embodies facets of ESG. We are focused on the future, driving technology innovation through carbon-free and low carbon technologies, bulk energy storage, and heat pump research. All three of these areas improve our environmental impact and benefit the communities in which we operate.

LOW-CARBON RESOURCE INITIATIVE

Tri-State is a member of the Low-Carbon Resource Initiative (LCRI). Led by the Electric Power Research Institute (EPRI) and GTI Energy, LCRI is a collection of 52 other utilities and energy companies focused on accelerating the large-scale development of low and zero-carbon energy technologies such as clean hydrogen, bioenergy, and renewable natural gas. Since its launch on August 10, 2020, LCRI has completed or is currently conducting over 60 studies and demonstration projects ranging from the production, delivery and storage of hydrogen and ammonia to developing recommended safety standards to the production of renewable fuels.

BULK ENERGY STORAGE

Tri-State continues to study the feasibility of a 300 MW and 10-hour thermal energy storage system at Craig Station. The system would be charged by the grid when energy prices are low or when renewable resources would otherwise be curtailed. The system would then discharge when energy prices are high to serve load or to provide ancillary services necessary for grid stability, which could be particularly important for a region experiencing significant retirements of dispatchable generation resources. A detailed cost estimate has been completed and the project is being modeled and reviewed for viability.

COLD CLIMATE HEAT PUMP RESEARCH

As part of our electrification efforts, Tri-State is funding the construction and operation of a novel cold climate heat pump at Purdue University in West Lafayette, Indiana. A prototype has been built and is operational in single and two-stage heating and cooling modes. Testing has been performed in temperatures as low as 5° F (-15° C) with acceptable results. Next steps include further optimization of the evaporator size and data collection to verify designed operation.

HYDROGEN HUB

Tri-State continues to be a stakeholder and participant in the Western Interstate Hydrogen Hub (WISHH) collaboration, a multi-state partnership between Colorado, New Mexico, Utah, and Wyoming. WISHH submitted a concept paper in 2022 and received a positive recommendation from the U.S. Department of Energy Regional Clean Hydrogen Hubs Program to move forward with a full application.



1,000+ EV CHARGER INSTALLS

Tri-State supported the installations of nearly 1,000 public and private EV chargers for members.



TRI-STATE QUALITY INSTALL PROGRAM

Tri-State has partnered with experts to initiate a training program for heat pumps. To date, 44 contractors have enrolled in our Quality Install Program, and Tri-State developed an on-demand training program in 2022 to increase participation.



At Tri-State, our values are safety, service, integrity and teamwork.

Whole person focus when caring for our employees

Tri-State takes pride in hiring and retaining the most talented and knowledgeable employees in their respective fields. As our most valuable resource, Tri-State continually works to make sure compensation and benefit offerings are competitive to attract, develop, motivate and retain a diverse and inclusive staff. Tri-State believes in supporting each employee as a whole person from when they join our organization until they are ready to leave, and works to provide a safe environment where everyone can bring their authentic selves to work. In accordance with our mission, Tri-State empowers employees to work safely and efficiently as we continue to adapt and evolve with the industry.

With those priorities in mind, Tri-State has worked to improve or create new offerings to better support our employees.

BENEFITS

- Improved mental well-being options were added this year, both online and in-person to allow flexibility in use.
- Greater work schedule flexibility was added to allow employees to better manage work/life harmony.
- New financial wellness classes, facilitated in-person and hybrid, were provided.

LEARNING AND DEVELOPMENT

- A badging program was added to our learning management system, with curated classes in a variety of areas to better support self-directed learning.
- Our Leaders as Teachers all-employee educational series, and our in-person Leadership Development Program were brought back post-pandemic.
- A mobile learning trailer was created so essential staff can learn at their work location, saving time and money through travel avoidance.

PEOPLE AND CULTURE

- A volunteer marketplace was created to connect interested employees with organizations in need of help in our communities.
- Additional methods of employee recognition, including mentions at all-employee town hall meetings and through peer survey acknowledgment, were implemented.
- Our employee survey offerings (new employee, engagement, exit and retiree) were improved to better capture the employee experience and allow for organizational improvements.



MOBILE LEARNING TRAILER

Tri-State's unique mobile learning trailer allows for plant employees to train on skills in electrical, instruments and controls, mechanical, hydraulics and pneumatics at the location they report to, reducing travel time and expense.



Nakos Georgiou (top) and Matt Williams (below) from Colowyo Mine received Excellence in Individual Safety Awards from the Colorado Mining Association for working in the mining industry for 30 years without injury.



This year marks 10 years of continued, unbroken participation in the OSHA VPP culminating in the OSHA VPP Decades of Excellence Award. Every year our Flight Operations department provides a voluntary protection program (VPP) self-evaluation to OSHA and their Special Government Employee (SGE) partners. The information helps determine the effectiveness and impact of the Flight Operations' safety and health management programs.

Safety

OUR SAFETY VISION

We attend to the safety of our employees, our contractors, and our communities before all other priorities. We aspire to prevent all fatalities and all serious injuries. We put the protection of human life and the prevention of injuries above all else.

At the beginning of 2022, the Transmission Maintenance West Region received the Perfect Record Award from the National Safety Council for no lost workdays from April 2019 to September 2022 with a total of 505,512 hours worked. The National Safety Council's Perfect Record Award recognizes companies or corporate divisions that have completed a period of at least 12 consecutive months without an occupational injury or illness involving days away from work.

- Colowyo Mine Company achieved five years without a Mine Safety and Health Administration Significant and Substantial (S&S) citation.
- Colowyo Mine received an Outstanding Safety Performance Award from the Colorado Mining Association (CMA) for 2021 performance.
- The following recipients were given the Superior Safety Performance Award for achieving 10 or more consecutive years without incurring an occupational injury or illness resulting in days away from work.
 - Burlington Station – Burlington, Colorado
 - Pyramid Generating Station – Lordsburg, New Mexico
- Escalante Station, which retired in 2020, completed its final year as a New Mexico OSHA Voluntary Protection Program (VPP) participant in February 2022. Escalante has voluntarily withdrawn from future VPP participation due to the non-operational status of the plant but will continue to maintain its exemplary safety programs according to the VPP model for as long as Tri-State manages the facility. Participation in VPP has been extremely valuable to Escalante Station and a real source of pride.



CLEAN ENERGY INNOVATOR FELLOWSHIP

Tri-State was selected by the Department of Energy to participate in the Clean Energy Innovator Fellowship. Fellowship candidates are recruited from diverse backgrounds to increase access to clean energy career opportunities. Our fellow will spend two years helping us to address energy inequities in our region.



DEPARTMENT OF DEFENSE SKILLBRIDGE PROGRAM

Tri-State also participated in the Department of Defense SkillBridge program, which helps military service members bridge the gap between the end of service and the beginning of their civilian careers. This program was a perfect fit for our organization as we take great pride in our employee veteran population.

Participation in this program led to our hiring of an Air Force veteran, whose specialty lies in safety and health.

Diversity, Equity and Inclusion (DEI)

As Tri-State moves towards a sustainable future, we are also working toward a diverse, equal, and inclusive culture for our current and future employees. We are committed to providing a respectful, safe, and welcoming atmosphere where all employees can have their unique ideas and experiences recognized. As leaders who make an impact in our communities, we at Tri-State must celebrate a collaborative, inclusive, creative, and diverse workforce that truly embodies the cooperative spirit.

Tri-State has increased offerings in education and training in all areas of Diversity, Equity and Inclusion (DEI). We provide diversity education through articles and postings on our intranet that highlight holidays, designated awareness months and other special events related to diversity. We also provide training to employees through a designated learning and development DEI badge and we integrate DEI concepts into leadership training.

We support diversity in our workforce by focusing on recruiting channels that increase the diversity of our applicants. We also understand the importance of minimizing bias in the recruiting and promotion process, which we address by providing unconscious bias training to hiring managers and diversifying interview panels.

We work to promote equity whenever possible. In support of those efforts, we use a variety of studies, surveys and data to ensure that salaries and benefits are competitive and fair. We have established and promoted a process for posting all open positions where a promotion is available on our employee intranet site. This allows employees to better understand opportunities available to them, and how they can access those opportunities.

We support an inclusive working environment for all employees by offering workplace schedule flexibility through telecommuting and a compressed workweek. We also offer many opportunities for employees to connect and engage with one another and management through regular town hall meetings, employee recognition events and company celebrations.

Employees have the opportunity to provide feedback through many avenues, including company surveys that focus on employee morale and engagement and DEI, an anonymous ethics hotline and an employee suggestion program.



COMMUNITY FOOD SHARE

Tri-State employees repackaged 1,500 pounds of pinto beans.



DOG FOOD DONATION

In the fall of 2022, a group of Tri-State employees started a holiday contribution plan for the community.

The result – they donated 1,500 pounds of pet food to Skipper's Cupboard in Gering, NE.

The Tri-State cooperative family

Tri-State is a cooperative family. In addition to supporting our member systems and encouraging our employees to take advantage of a volunteer paid day off, we also find other ways to help cooperative communities.

EMPLOYEE VOLUNTEER PAID DAY

Tri-State recognizes the importance of contributing to our surrounding communities in support of the seventh cooperative principle: Concern for Community. We encourage employees to model this principle by lending their time and effort to programs that positively impact the quality of life in the communities where we live and work. Tri-State offers non-bargaining employees eight paid hours of volunteer time each year.

ENVIRONMENTAL SERVICES AT COMMUNITY FOOD SHARE

Several members of our Environmental Services team used their 2022 Volunteer Paid Day at Community Food Share, a food bank providing millions of pounds of food each year to families and individuals in need in Broomfield and Boulder counties in Colorado. Volunteering for a day inside Community Food Share's clean room, the team repackaged more than 1,500 pounds of pinto beans for Coloradans in need. The team scooped, bagged, weighed, sealed and boxed the food so it could be made available at Community Food Share events.

Employees giving back

Every year, Transmission Maintenance South (TMS) employees participate in holiday giving projects to demonstrate the cooperative principles of Concern for Community and Cooperation Among Cooperatives. In December 2022, TMS employees collaborated with Jemez Mountains Electric Cooperative (Española, New Mexico) and donated 126 pairs of shoes to Chimayo Elementary School. Chuck Martinez, Substation Foreman, attended Chimayo Elementary and recommended the school for the donation. TMS, as part of Tri-State's community outreach program, also donated food items to Tri-State members Jemez Mountains Electric Cooperative, Sierra Electric Cooperative (Elephant Butte, New Mexico) and Springer Electric Cooperative (Springer, New Mexico) to help people in their communities.

2022 CHARITY EFFORTS



656 HOURS
of paid volunteer
time used by
employees
since 2020.



19 CHARITIES
supported by
employees.



\$88,912
donated by
employees, matched
by Tri-State for a
total of \$177,824.



36 NON-PROFITS
supported by
employees across
our service
territory.



TRI-STATE EMPLOYEES TEAM UP

A friendly competition in October 2022 between softball players at our Craig Station and Colowyo Mine, and from Xcel Energy's Hayden Station generated more than \$5,000 for United Way in northwestern CO. Those proceeds were split between United Way of Moffat and Routt counties.

**CO LEOPOLD WINNER**

Pankey Ranch was awarded in 2022 for implementing practices that improve wildlife habitat, water quality, and soil health.

NE LEOPOLD WINNER

Wine Glass Ranch was awarded for conservation practices that enhance modern farming and ranching profitability while also improving the land.

NM LEOPOLD WINNER

Carrizo Valley Ranch was awarded for 60+ years of regenerative ranching.

Investing in our communities

Tri-State is proud to support a variety of organizations within our service territory. From agricultural business groups to economic development corporations, we know the value of supporting our members' communities.



WATER STEWARDSHIP IN COLORADO

The surface water rights that Tri-State owns and manages are located primarily in Colorado. Therefore, we support many collaborative, water-specific committees and organizations in Colorado with both staff resources and monetary support. We believe in educating Coloradans on our water resources and enhancing grassroots solutions to solve difficult problems. We also practice excellent stewardship and best management practices of our water resources in a way that supports the local river basins and the needs and goals of all water users, including the natural environment.

SUPPORTING AGRICULTURAL CONSERVATION

The Leopold Conservation Award recognizes private landowners for voluntary conservation activities and advances private land conservation by connecting diverse partners from agriculture, government, environmental organizations, industry and academia.

The program builds bridges between agriculture, government, environmental organizations, industry and academia to advance the cause of private lands conservation. Tri-State sponsors this award and views it as an opportunity to align ourselves with outstanding agricultural families, while helping to ensure that these landowner conservationists receive the recognition they deserve. In 2022, landowners in our service territory won Leopold Conservation Awards in three states: Colorado, Nebraska and New Mexico. Environmental stewardship is a value shared not only at Tri-State, but also with our members' end consumers.

SUPPORTING COMMUNITIES DURING EMERGENCIES

When a fire erupted outside of Las Vegas, NM in April 2022, Tri-State donated emergency supplies including water, non-perishable food items and personal hygiene products to fire evacuation centers in the community. The supplies helped people in the area served by Tri-State member Mora-San Miguel Electric Cooperative (Mora, NM).





ESCALANTE STATION, NM

TRI-STATE DONATED \$5 MILLION
to four organizations that will support communities affected by the retirement of Escalante Station.

\$1.25 MILLION
Cibola Communities Economic Development Foundation.

\$1.25 MILLION
Greater Gallup Economic Development Corporation.

\$250,000
Northwest New Mexico Council of Governments.

\$2.23 MILLION
McKinley County Electric Generating Facility Economic District.

Transition assistance

As Tri-State implements its energy transition, the cooperative principle of Concern for Community is top of mind. We strive to work with communities impacted by facility retirements to prepare for closures and support their transitions. When Tri-State announced the closures of our coal facilities in Colorado and New Mexico, we found creative ways to assist the communities in this transition.

In Nucla, we donated \$500,000 to the West End Pay It Forward Trust (WEPIFT) and created a resiliency grant program. The goal of these resiliency grants is to facilitate economic development and resiliency, and to promote the overall well-being of the community. Grant applications that demonstrate longevity, collaboration, resiliency, promise and innovation, as well as applications that leverage other funds and focus on community and economic development are prioritized. Six rounds of resiliency grants totaling nearly \$300,000 have been awarded to West End organizations.

In Craig, Tri-State is set to close Craig Station Units 1, 2 and 3 in 2025, 2028 and by 2030, respectively. To help the community prepare for these closures, we have hired a grant writing firm to identify state and federal grant opportunities for the City of Craig and Moffat County. Additionally, in March 2022, Tri-State and Colorado's Office of Just Transition formed a team comprised of elected officials and community leaders to identify economic development opportunities. This team will hire a facilitator in 2023 to guide these discussions.

Tri-State retired the Escalante Station in McKinley County, New Mexico in August 2020. We donated \$5 million to four organizations that will support communities affected by the power plant's closure. Cibola Communities Economic Development Foundation received \$1.25 million, the Greater Gallup Economic Development Corporation received \$1.25 million, Northwest New Mexico Council of Governments received \$250,000 and McKinley County Electric Generating Facility Economic District received \$2.23 million.

In Colorado, Tri-State retired Rifle Generating Station in September 2022. We provided support to the plant's four employees, and made a donation of \$50,000 for local economic development to the Rifle Regional Economic Development Corporation. The funds are expected to be used to promote economic development activity in the Colorado River Valley.



NUCLA, CO

"The WEPIFT board appreciates the confidence that Tri-State has in us to administer the \$500,000 in funds that it is donating to our community."

– JANE THOMPSON, WEPIFT BOARD PRESIDENT



TRI-STATE

For over 70 years, Tri-State has been committed to responsible environmental, social and governance practices. Today, this commitment matters more than ever, to our association of employees and members, to the communities we serve together, and to the many stakeholders who are counting on us to deliver on our clean energy transition reliably, affordably and responsibly.

Whatever the future holds, we'll power it.

WWW.TRISTATE.COOP



SUPPORTING OUR MEMBER GCEA
WITH ELECTRIC BIKE REBATES