



2010 ELECTRIC RESOURCE PLANNING PUBLIC PARTICIPATION PROCESS

SUMMARY OF JUNE 10, 2010 PUBLIC PARTICIPATION MEETING

Tri-State Generation and Transmission Association, Inc. (Tri-State) held the fourth Public Participation Process (PPP) meeting regarding its long term resource plan on June 10, 2010. The meeting was noticed at previous meetings and on Tri-State's Website. The meeting was held at Tri-State's Westminster office and was attended by approximately 25 members of the public, either in person or through the Web broadcast.

The primary purpose of this meeting was for Tri-State to present the initial results of the first 10 alternative resource expansion plans that Tri-State has modeled. In addition to the presentation of scenario results, the agenda included a presentation of the assumptions that will be used to model additional expansion scenarios, including several proposed scenarios that were developed in response to the recommendations of public participants. The agenda also included a presentation of some of the projected operational constraints and difficulties arising from incorporating large amounts of intermittent renewable resources on Tri-State's system.

The PowerPoint slides presented at the June 10, 2010 meeting are available on Tri-State's Website.

Following are questions and responses from the public meeting.

- Q. With respect to the list of assumptions, what does electric price mean?
- A. Electric price refers to the forecasted wholesale market prices of electricity.
- Q. Is the calculated Net Present Value of Revenue Requirements (PVRR) just for Tri-State's operations, or does it include the revenue requirements of Tri-State's Members?
- A. The PVRR is only for Tri-State's capital expenditures and operations and does not include Member costs.
- Q. Is the cost of electric transmission only for additional fossil generation?
- A. No, the transmission costs are also required for renewable generation.
- Q. Are the transmission costs that are included sunk costs, or do they also include the costs of incremental investments to attach to new generation sources? Is the treatment of transmission costs used in scenario modeling consistent with the costs in Tri-State's "June 3, 2010 Load and Resource Transmission Analysis 2010-2019?"

- A. The transmission expansion plans are consistent with the presentation made by Andy Leoni at the first Public Participation Meeting and the June 2, 2010 study.
- Q. Are there any Demand Side Management costs included in Tri-State's Business As Usual (BAU) case?
- A. Yes, the existing levels of DSM costs that reflect the expenditures in Tri-State's Energy Efficiency Credit program are included.
- Q. Are there any price elasticity assumptions built into Tri-State's modeling?
- A. No, elasticity is not currently modeled.
- Q. Are the impacts of the carbon adder modeled into the revenue requirements?
- A. Yes, carbon adders are modeled in as required costs, similar to a tax.
- Q. Why did Tri-State choose to close off off-system sales in its Default scenarios and not in the Business As Usual scenarios?
- A. The Default scenarios closed off-system sales to constrain the modeling so that the expansion model was focused on supplying the needs of Member loads. An "open system" could result in expansions occurring to serve off-system sales. Tri-State did not constrain BAU scenarios when it initially did the modeling, so the difference between the results of BAU and later scenarios is somewhat non-comparable. Tri-State believes the Basic Default Scenario should be used to compare the outputs of later scenarios.
- Q. The expansion scenarios that include more renewable resources appear to be meeting that resource need only with wind generation. Is wind the only renewable alternative available in the model?
- A. No. The model includes a number of alternative renewable resources, but the model is selecting wind generation as the most cost-effective solution.
- Q. Tri-State is modeling a 20-year planning period. In the DSM expansion scenarios, it is adding efficiency measures throughout this period. The savings benefits will extend beyond the 20-year period. Is Tri-State including any of the savings benefits that accrue outside of the planning period?
- A. No. The model is only valuing the costs and benefits included in the 20-year period.
- Q. If the Tri-State Default Scenarios are modeling a "closed system," why are there still so many market purchases?
- A. The model is selecting to purchase energy when the assumed market price is less than the cost of generation using on-system resources. The "closed system" assumption applies to sales, not purchases.

- Q. It was recommended that Tri-State consider combined heat and power resources in its modeling.
- A. This was taken under advisement.
- Q. There was an offer by the Governor's Energy Office (GEO) to discuss the costs of alternative Distributed Generation.
- A. This was taken under advisement.
- Q. Are the costs of the resources included in the expansion model static, or do they reflect possible improvements in technologies and manufacturing that could reduce future costs?
- A. The cost of the resources included in the expansion model do not change over the planning period. They are in constant 2009 dollars.
- Q. What specific use, if any, did Tri-State make of the REDI report that was sponsored by GEO?
- A. The report was reviewed, but the results were not specifically used in Tri-State's modeling.
- Q. Western Resource Advocates asserted that Tri-State needed to correct the escalation factor used for its carbon modeling.
- A. Tri-State agreed that the presentation of the escalation was incorrect and it needed to correct this treatment, however, the modeling of carbon escalation has been proper.
- Q. It was suggested that Tri-State should relax some of its constraints to allow more off-system sales, since they would be allowed in reality.
- A. Tri-State has done some modeling of off-system sales, but believes that using a "closed system" assumption across all Default Scenarios will allow for consistent comparisons among the modeled scenarios and will provide a good representation of the costs to serve firm load obligations.
- Q. There was a request that Tri-State rerun the DSM scenarios using lower cost DSM.
- A. This was taken under advisement. Tri-State has determined to only use the costs included in the Nexant System-wide Energy Efficiency Study and will not reduce the DSM costs used in its modeling.
- Q. There was a suggestion that Tri-State consider modeling carbon costs using something other than the assumed base price of \$20 per ton.
- A. This was taken under advisement.
- Q. Tri-State was asked whether it intended to model a 30% Renewable Portfolio Standard Scenario.

- A. No it is not. The GEO Scenario already represents high and unworkable amounts of renewable resources. It is unreasonable to model a scenario that is even more unworkable.