



Kit Carson NM Electric Cooperative Completes First Phase of Energy Independence Transition Plan

Six years later and \$37 million in Tri-State exit cost fully repaid, KCEC has lower electricity rates than any Tri-State member coop and will reach 100% daytime solar powered in 2022

TAOS, NM – August 18, 2022 – After a six-year process, Kit Carson Electric Cooperative (KCEC) has reached a significant milestone in its plan to become one of the [cleanest, most cost-effective energy cooperatives](#) in America. KCEC has made the final payment on the \$37 million it was charged to exit its decades-long contract with Tri-State Generation and Transmission (Tri-State) in order to stabilize and lower rates while shifting to more renewable, locally-generated power.

A Distribution Cooperative Exit

Since 2013, KCEC's member owners have been set on creating change. At that time, the coop had experienced 12 wholesale power rate increases in 13 years, was serving a costly, fossil-heavy power mix to its members, and its ability to self-generate renewable power was capped at 5%. KCEC sought price stability, cost decrease, the ability to serve additional renewable energy resources, and to restore local decision-making ability to better serve its member owners.

"We wanted to prepare for a new energy transition and serve our members' specific needs. We wanted to take direction from our community on what they wanted from us, and within the contract with Tri-State we were unable to deliver," said Luis A. Reyes, Jr., CEO of KCEC.

At that time, KCEC requested changes from Tri-State on these issues but was denied. Without having to resort to litigation, the coop reached an agreement with Tri-State in 2016 that allowed it to exit its contract for a cost of \$37 million. The methodology used to calculate the \$37 million figure was based on KCEC's portion of Tri-State's generation related debt. KCEC remained a Tri-State Transmission customer. In essence, KCEC pre-paid its financial obligation as a member owner of Tri-State at that time. Remaining Tri-State member coops still owe their portion of Tri-State financial obligation. In this exit model, all remaining Tri-State members were kept whole.

KCEC partnered with [Guzman Energy](#), a wholesale power provider to help finance the exit cost and signed a new, 10-year wholesale power supply contract. The agreement with Guzman Energy provides for lower, fixed wholesale power rates – estimated to save the coop \$50-70 million over the term of the contract; no limits on local renewable energy generation; and a return to local decision making that is focused on members and local economic growth.

Phase 1 Transition Delivers Cheaper, Cleaner Power Milestones

In the first six years since the shift, not only has KCEC made the final payment on the exit cost, but it has also achieved the following milestones:

- KCEC has [lower power rates](#) than any Tri-State member coop and has some of the lowest power rates among all NM coops
- Total 41 MW of distributed solar, local power generation throughout KCEC's service territory



- Reaching its goal of providing 100% of daytime energy through solar power
- Developed 15 MW of accompanying battery storage for reliability and resiliency
- Progress toward New Mexico's statewide objective to reduce greenhouse gas emissions by 45% by the year 2030

"We gave our members a voice to influence the cost and type of power they are served," added Reyes. "We paid a formula-based exit cost with nothing extra. This is what energy independence and restoration of local community decision-making looks like."

"KCEC has provided a blueprint for all local coops and their members to be ready for the energy future. We are moving into a world that is going to be less dependent on fossil fuels and more focused on local distributed generation, and KCEC has shown it can be done," said Jeffrey M. Heit, Principal and Managing Director, Guzman Energy. "Guzman is incredibly proud to be part of KCEC's energy transition, and we look forward to helping them continue to innovate and move toward their next phase."

Looking ahead to Phase 2, KCEC will continue to work with Guzman Energy on developing modern, resilient and renewable energy initiatives. KCEC is putting 40 electric vehicle charging stations in place to help reshape the local energy economy in the vision of its member-owners. It will also continue to expand distributed energy resources along with local storage.

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About Kit Carson Electric Cooperative

Formed in 1944, Kit Carson is a member owned electric distribution cooperative in northern New Mexico and is the second largest cooperative in the state. Kit Carson is one of 16 electric cooperatives that serve rural New Mexico communities, serving nearly 30,000 members in Taos, Colfax and Rio Arriba counties. To learn more about Kit Carson, visit www.kitcarson.com.

About Guzman Energy

Guzman Energy is a wholesale power provider dedicated to communities in search of affordable and reliable energy. We partner with cooperatives, municipalities, companies, and tribes across North America to customize energy portfolios that make economic and environmental sense for today and tomorrow. Together, we are lighting the way forward. Visit www.guzmanenergy.com.

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