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June 17, 2022

Submitted electronically to rule-comments@sec.gov

Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File number S7-10-22
Tri-State Generation and Transmission Association, Inc. comments on The Enhancement and Standardization of Climate-Related Disclosures for Investors

Dear Chairman Gensler:

Tri-State Generation and Transmission Association, Inc. (Tri-State) appreciates the opportunity to comment on the proposed rule *The Enhancement and Standardization of Climate-Related Disclosures for Investors* (File number S7-10-22) (Proposed Rule). Tri-State recognizes the Securities and Exchange Commission (SEC) has an opportunity to consolidate and standardize the myriad of greenhouse gas (GHG) emissions reporting frameworks and, by extension, some of the Environmental, Social and Governance (ESG) reporting frameworks, by promoting communication of climate risk in a standardized way.

Tri-State is a wholesale electric power generation and transmission cooperative operating on a not-for-profit basis that serves its 42-member utility cooperatives across four western states (Colorado, Wyoming, Nebraska, and New Mexico). Tri-State is a voluntary non-accelerated SEC filer that has certain bonds that were registered under the Securities Act of 1933, as amended. Tri-State is a cooperative that does not have any common stock. Instead, Tri-State's debt is held by various lending institutions and other qualified entities. As a smaller wholesale power company with streamlined staffs, the Proposed Rule will be burdensome and will have the perverse consequence of making it more difficult and expensive to raise debt capital for us to continue the transition to a lower carbon future, and to provide affordable power to our member utility cooperatives. Currently, a significant majority of Tri-State's capital expenditures are for transmission upgrades in preparation for greater renewable penetration.

Due to the myriad of comments and questions asked by SEC, variations on comments by respondents, and the how SEC could potentially change the current Proposed Rule, Tri-State requests SEC re-notice this Proposed Rule on the basis that any proposal with so many modifications to the basic framework deserves public review of unpublished requirements before they become regulation.

Tri-State has several concerns including value for its bond holders, multiple regulations for utilities around GHG emissions disclosures, climate-risk scenario analysis, technical GHG disclosure considerations, and financial statement metrics.

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1. Limited Value to Bond Holders for Smaller Companies – Comment 201 (87 FR 21412)
   Are there other phase-ins or exemptions regarding any or all of the proposed rules that we should provide?

   Recommendation: Remove requirement for non-accelerated filers or smaller reporting companies to comply with the Proposed Rule. Tri-State requests smaller companies, including those with no public float/common stock, to be exempted from the Proposed Rule for several reasons:

   i. The SEC states large accelerated filers and accelerated filers account for approximately 93.6% and 0.9% of the market cap of filed annual reports, respectively (87 FR 21436). This equates to 94.5% of the market cap. Further, the SEC's data polling and quantitative analysis discussion of filers was largely confined to the Russel 1000 as well as the S&P 500. Further, the cited Governance & Accountability Institute analysis of sustainability reports were solely of Russell 1000 filers issuing sustainability reports (87 FR 21422).
   ii. Tri-State does not issue stock and we fall outside of the scope of SEC analysis for the Proposed Rule; therefore, Tri-State is a data outlier and should not be subject to the same rules as filers within the major indices. Also, risk to Tri-State's investors is not measurably the same as large-accelerated and accelerated filers primarily targeted by the Proposed Rule because Tri-State is outside of the Russell 1000 and S&P 500. Tri-State raises debt capital through various lending institutions.
   iii. Risk to investors through lack of communication about climate-related risk is not measurably the same as the companies polled for the Proposed Rule because Tri-State does not issue stock, nor are we considered a large accelerated or accelerated filer with market cap exposure through stock issuance or otherwise.
   iv. Tri-State has developed voluntary reporting mechanisms with its debt lenders, working in a one-on-one fashion to evaluate risk. Voluntary disclosures are already developing through ESG with Tri-State's lenders and guidance is being simplified through the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). Tri-State is prepared to utilize appropriate guidance documents as external benchmarking tools to assist in further ESG development that is meaningful for Tri-State's debt capital acquisition efforts.

2. Multiple Regulations for Utilities - Comment 201 (87 FR 21412)
   Are there other phase-ins or exemptions regarding any or all of the proposed rules that we should provide?

   Recommendation: Exempt from GHG disclosure requirements companies that already disclose emissions or transition plans to other regulatory agencies.

   i. Multiple regulatory agencies require disclosure of climate emissions in some fashion. Because of the varying nature of the multiple regulations that currently exist, sometimes those emissions are not consistent. Compliance with state-specific air permits elicit a patchwork of unit-specific emissions factors that also change through time as they are recertified. For examples, the Colorado Department of Public Health and Environmental requires GHG disclosures with a goal of tracking GHG emissions through time to comply with state-level legislation for GHG emissions reductions. The Colorado Public Utilities Commission also utilizes state air quality compliance workbooks with a similar goal of quantifying GHG emissions to comply with state GHG reduction requirements. The EPA also requires emissions disclosures through the Toxic Release Inventory Program, which are published for the public through the Enforcement Compliance History Online database. The Proposed Rule attempts to quantify GHG emission inventories related to climate-risk, albeit with the intention for filers to utilize the GHG Protocol, based on EPA emissions factors. With many methods of calculating GHG emissions, among other emissions, along with a variety of emissions factors to select from, filers face burdens of justifying a litany of differing methods when comparing disclosures across multiple regulatory requirements.

ii. As more utilities integrate operations through market purchases and alternative generation sources are brought online, companies are forced to search for emissions data where they can find it; therefore, data quality is of concern as well.

iii. It will be difficult to educate investors about this data quality concern and will likely result in several years of changes to methodology year-over-year. These nuances will also create inconsistencies among filers within similar industries because data decisions as well as low-carbon generation integration are company-specific.

3. Transition Plan Disclosure Requirement - Comment #47 (87 FR 21363)
If a registrant has adopted a transition plan, should we require it, when describing the plan, to disclose, as applicable, how the registrant plans to mitigate or adapt to any identified physical risks, including but not limited to those concerning energy, land, or water use and management, as proposed? Are there any other aspects or considerations related to the mitigation or adaption to physical risks that we should specifically require to be disclosed in the description of a registrant's transition plan?

Recommendation: Current SEC regulations address the disclosure of transition plans when material. Outright disclosure of transition plans would incorporate some information that is not necessarily material.

4. Imposition of Carbon Price - Comment #48 (87 FR 21363)
If a registrant has adopted a transition plan, should we require it to disclose, if applicable, how it plans to mitigate or adapt to any identified transition risks, including the following, as proposed: Imposition of a carbon price?

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Recommendation Tri-State supports the SEC's current stance of not mandating an internal carbon price. Tri-State also supports not requiring disclosure of an internal carbon price if it is not identified as a material risk.

5. Physical Risk Zip Code Disclosure - Comment #12 (87 FR 21353)
For the location of its business operations, properties or processes subject to an identified material physical risk, should we require a registrant to provide the ZIP code of the location or, if located in a jurisdiction that does not use ZIP codes, a similar subnational postal zone or geographic location, as proposed? Is there another location identifier that we should use for all registrants, such as the county, province, municipality or other subnational jurisdiction? Would requiring granular location information, such as ZIP codes, present concerns about competitive harm or the physical security of assets? If so, how can we mitigate those concerns? Are there exceptions or exemptions to a granular location disclosure requirement that we should consider?

   Recommendation: Tri-State believes requiring zip code identification presents a physical security issue and recommends removal of the line-item requirement, or exemption for critical infrastructure filers like utilities.
      i. Since utilities are part of critical infrastructure, requiring location disclosure of potentially susceptible infrastructure increases reliability risk on the electric grid.
      ii. Filers like Tri-State operate critical infrastructure in rural portions of Colorado, Wyoming, Nebraska, and New Mexico. Identification and inventory of critical infrastructure via zip code with potential risks identified elevates risks associated with potential attacks on the grid.
      iii. Tri-State believes that inclusion of specific zip codes as a requirement to identify physical risks is not necessary.

6. Technical GHG Disclosure Considerations

   a. Emissions Factor Selection - (87 FR 21385)
   The EPA has published a set of emission factors based on the particular type of source (e.g., stationary combustion, mobile combustion, refrigerants, and electrical grid, among others) and type of fuel consumed (e.g., natural gas, coal or coke, crude oil, and kerosene, among many others). The GHG Protocol's own set of GHG emission calculation tools are based in part on the EPA's emission factors. Whatever set of emission factors a registrant chooses to use, it must identify the emission factors and its source.

   Recommendation: In response to discussion over emissions factor selection, Tri-State recommends the SEC requirements be as consistent as possible with requirements of other federal agencies, such as EPA. This would encourage filers to use the same emissions factors as their applicable EPA emissions disclosure submittals, if possible, regardless of the GHG Protocol emissions calculation tool's use of EPA emissions factors.

b. Operational Boundary Selection - Comment 119 (87 FR 21388)
Alternatively, should we require registrants to use the organizational boundary approaches recommended by the GHG Protocol (e.g., financial control, operational control, or equity share)? Do those approaches provide a clear enough framework for complying with the proposed rules? Would such an approach cause confusion when analyzing information in the 204 context of the consolidated financial statements or diminish comparability? If we permit a registrant to choose one of the three organizational boundary approaches recommended by the GHG Protocol, should we require a reconciliation with the scope of the rest of the registrant's financial reporting to make the disclosure more comparable?

Recommendation: Operational and organizational boundaries should be consistently set between the GHG Protocol and current SEC reporting requirements. Lack of consistency between the two will cause confusion and will require filers to justify those differences, causing confusion for investors.

i. The Proposed Rule incorporates the Task Force on Climate related Disclosures (TCFD) framework, which utilizes the GHG Protocol for emissions data. The GHG Protocol has many different methods of setting operational boundaries, which is essential for defining the boundary between the various scopes (Scope 1, 2, and 3). As such, investors may not understand how ownership-based reporting differs from equity share-based reporting, nor the impacts those differences have on GHG disclosures.
ii. The ability to meaningfully compare emissions, even across various utilities, will not be consistent due to the variability in organizational structures. Since all GHG disclosures will not be the same because of organizational differences, this information will be inherently confusing for investors and in some cases may be misleading or may create inconsistent information within a single utility.

c. GHG Disaggregation - Comment 94 (87 FR 21381)
Should we require a registrant to disclose its GHG emissions both in the aggregate, per scope, and on a disaggregated basis for each type of greenhouse gas that is included in the Commission's proposed definition of "greenhouse gases," as proposed? Should we instead require that a registrant disclose on a disaggregated basis only certain greenhouse gases, such as methane (CH4) or hydrofluorocarbons (HFCs), or only those greenhouse gases that are the most significant to the registrant? Should we require disaggregated disclosure of one or more constituent greenhouse gases only if a registrant is obligated to separately report the individual gases pursuant to another reporting regime, such as the EPA's greenhouse gas reporting regime or any foreign reporting regime? If so, should we specify the reporting regime that would trigger this disclosure?

Recommendation: Tri-State supports disclosure of GHGs most important to the registrant. Reporting aggregated GHGs would allow filers to make technical materiality assessments on GHG application and would be more in-line with current SEC requirements.

d. CO2e Conversion - Comment 96 (87 FR 21381)
Should we require a registrant to express its emissions data in CO_2e, as proposed? If not, is there another common unit of measurement that we should use? Is it important to designate a common unit of measurement for GHG emissions data, as proposed, or should we permit registrants to select and disclose their own unit of measurement?

Recommendation: If required, Tri-State supports CO2e as a common comparison unit. The unit conversion to CO2e is utilized amongst other regulatory agencies, like EPA, for their reporting requirements. Standardizing CO2e would streamline Tri-State's greenhouse gas disclosure standard efforts.

e. GHG Emissions Data for Historical Periods – Comment 114 (87 FR 21384)
Should we instead only require GHG emissions metrics for the most recently completed fiscal year presented in the relevant filing? Would requiring historical GHG emissions metrics provide important or material information to investors, such as information allowing them to analyze trends?

Recommendation: Tri-State requests only the most recent fiscal year's GHG emissions metrics be reported. Requiring historical GHG emissions would not provide material information to investors.

i. Changes in any of the GHG emissions factors would require recalculating historic GHG emissions as reported. Detailing these changes to investors will likely lead to confusion for investors.
iii. Limiting the GHG reporting to current fiscal year would help small companies like Tri-State ensure data accuracy and consistency year-over-year without the need to generate additional volumes of non-financial data.

f. Scope 3 Emissions Data and Reporting Concerns – Comment 100 (87 FR 21381)
Should Scope 3 emissions disclosure be voluntary?

Recommendation: Scope 3 emissions should be voluntary because some companies have not set transition plans nor goals to reduce these emissions. While Tri-State has significant emission reduction goals, Scope 3 emissions also present substantial departure from data quality control, operational, and organizational boundary-setting practices identified in current SEC and GHG protocol requirements. As such, SEC must reassess the real value of incorporating Scope 3 emissions in the Proposed Rule because a true comparison or evaluation of company responses to Scope 3 emissions cannot accurately be made for the benefit of investors.

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i. Scope 3 emissions are based on another company's ability to generate quality data and the ability for companies to collect, translate, and report that data as Scope 3 emissions sources. As discussed previously, data quality is likely to change appreciably over time. With no method of data quality control, Scope 3 data is not useful for investors and is outside of SEC's current data control standards.

ii. Scope 3 emissions do not align with SEC or the other GHG disclosure scope operational or organizational boundary requirements. Accordingly, Scope 3 emissions are not useful for investors as a comparison tool.

7. Financial Statement Metrics Recommendations

a. Multiple Risk Factor Contribution - Comment # 60 (87 FR 21368)

Would the impact from climate-related events and transition activities yield decision useful information for investors? Would the climate-related events (including the examples provided) and transition activities result in impacts that are easier to quantify or disaggregate than climate-related risks more generally? Would a registrant be able to quantify and provide the proposed disclosure when the impact may be the result of a mixture of factors (e.g., a factory shutdown due to an employee strike that occurs simultaneously with a severe weather event)? If there are situations where disaggregation would not be practicable, should we require a registrant to disclose that it was unable to make the required determination and why, or to make a reasonable estimate and provide disclosure about the assumptions and information that resulted in the estimate?

Recommendation: Tri-State believes most events or impacts that could be identified within the scope of the Financial Impact Metric requirement would be a result of a mixture of factors; therefore, it would be impossible to quantify individual risk contributing factors on a financial statement. Tri-State requests removal of quantification of factor-specific risks.

b. Comment 61 (87 FR 21368)

Alternatively, should we not require disclosure of the impacts of identified climate-related risks and only require disclosure of impacts from severe weather events and other natural conditions? Should we require a registrant to disclose the impact on its consolidated financial statements of only certain examples of severe weather events and other natural conditions? If so, should we specify which severe weather events and other natural conditions the registrant must include? Would requiring disclosure of the impact of a smaller subset of climate-related risks be easier for a registrant to quantify without sacrificing information that would be material to investors?

Recommendation: Tri-State agrees that SEC should not require disclosure of the impacts of identified climate-related risks. If disclosure is required, it should be restricted to impacts from severe weather events only. Severe weather events are more easily identified and allow Tri-State's staff to quantify material impacts on consolidated financial statements.

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c. Comment 63 (87 FR 21369)
Is it clear which climate-related events would be covered by "severe weather events and other natural conditions"? If not, should we provide additional guidance or examples about what events would be covered? Should we clarify that what is considered "severe weather" in one region may differ from another region? For example, high levels of rainfall may be considered "severe weather" in a typically arid region

Recommendation: Tri-State supports further clarification of which climate-related events would be covered by "severe weather events and other natural conditions." Tri-State also supports providing additional guidance and examples around the threshold of what is considered a "severe weather event." For example, the definition of natural condition identifies wildfire. Are there thresholds for wildfires that should be reported? When does a wildfire cross from a natural condition into a severe weather event?

d. Comment 65 (87 FR 21369)
We are proposing to allow a registrant to aggregate the absolute value of negative and positive impacts of all climate-related events and, separately, transition activities on a financial statement line item. Should we instead require separate quantitative disclosure of the impact of each climate-related event or transition activity? Should we require separate disclosure of the impact of climate-related opportunities that a registrant chooses to disclose?

Recommendation: Tri-State supports SEC allowing filers to aggregate the absolute value of climate-related events on a financial statement line item. Aggregation would allow for more accurate, realistic reporting.

e. Comment 73 (87 FR 21371)
Would the disclosure required by the expenditure metrics overlap with the disclosure required by the financial impact metrics? If so, should we require the disclosure to be provided pursuant to only one of these types of metrics?

Recommendation: Tri-State recommends combining the Expenditure and Financial Impact Sections because they functionally read the same. For Tri-State, the requirements for both Expenditure and Financial Impact would functionally be the same and Tri-State response would overlap due to how Tri-State has structured its financing.

f. Comment 74 (87 FR 21371):
Should the same climate-related events (including severe weather events and other natural conditions and identified physical risks) and transition activities (including identified transition risks) that we are proposing to use for the financial impact metrics apply to the expenditure metrics, as proposed? Alternatively, should we not require a registrant to disclose expenditure incurred towards identified climate-related risks and only require disclosure of expenditure relating to severe weather events and other natural conditions? Should we require a registrant to disclose the expenditure incurred toward only certain

examples of severe weather events and other natural conditions? If so, should we specify which severe weather events and other natural conditions the registrant must include? Would requiring disclosure of the expenditure relating to a smaller subset of climate-related risks be easier for a registrant to quantify without sacrificing information that would be material to investors?

Recommendation: Tri-State recommends that SEC not require disclosure of climate-related risks in the scope for Expenditure Metrics and only require disclosure for severe weather events. Functionally this meets the need of SEC for filers to disclose either capitalized or expensed costs of events that have occurred or are risks that are reasonably likely to occur.

g. Comment 76 (87 FR 21371):
Should we apply the same disclosure threshold to the expenditure metrics and the financial impact metrics? Is the proposed threshold for expenditure metrics appropriate? Should we use a different percentage threshold (e.g., three percent, five percent) or use a dollar threshold (e.g., less than or greater than $1 million)? Should we use a combination of a percentage threshold and a dollar threshold? Should we only require disclosure when the amount of climate-related expenditure exceeds the threshold, as proposed, or should we also require a determination of whether an amount of expenditure that falls below the proposed quantitative threshold would be material and should be disclosed? Should we require separate aggregation of the amount of expense and capitalized costs for purposes of the threshold, as proposed? Should we require separate aggregation of expenditure relating to the climate-related events and transition activities, as proposed?

Recommendation: Tri-State requests SEC use at least a 10% threshold for disclosure as the current 1% requirement threshold is exceedingly low and would collect unintended expenses such as those allocated for maintenance or smaller capitalized projects like replacement of equipment unrelated to potential climate-related risks, physical risks, or transition risks. Since Tri-State is a non-stock issuing filer, debt capitalization is Tri-State's main source of financing activities. The 1% threshold would capture very small capital projects not associated with the Proposed Rule and would inundate investors with immaterial information not useful for investing decisions. That information would be confusing and likely eventually disregarded as not being useful.

h. Comment 89 (87 FR 21373)
Should we require the disclosure to be provided outside of the financial statements? Should we require all of the disclosure to be provided in the proposed separately captioned item in the specified forms?

Recommendation: Tri-State recommends that the disclosure be provided outside of the financial statements. As noted above, the definitions are currently not clear. This vagueness would require significant staff time to understand, analysis and articulate and further exponential increase in costs for companies from auditors as such explanation would be subject to audit.

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As a wholesale electric power cooperative, Tri-State's perspective is that the Proposed Rule will be burdensome and will have the perverse consequence of making it more difficult and expensive to raise debt capital for us, to continue the transition to a lower carbon future, and to provide affordable power to our member utility cooperatives. We hope these comments provide insight into the impacts the Proposed Rule could have on our cooperative utility and provide sufficient information to exempt non-accelerated filers or smaller reporting companies from the requirements of the Proposed Rule.

Sincerely,

DocuSigned by:
Andy Berger on behalf of
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Barbara A. Walz
Senior Vice President
Policy and Compliance
Chief Compliance Officer