



APS RPAC Meeting

8/24/2022



MEETING AGENDA



Welcome & Meeting Agenda
Matt Lind
1898 & Co.



2023 IRP Schedule
Mike Eugenis
Manager, Resource Planning



RPAC Updates
Todd Komaromy
Director, Resource Planning



ACC Update
Todd Komaromy
Director, Resource Planning



2022 ASRFP Update
Matt Lind
1898 & Co.



Next Steps & Discussion



APS Resource Acquisition Update
Derek Seaman
Manager, Resource Acquisition



Meeting Guidelines

- RPAC Member engagement is critical. Clarifying questions are welcome at any time. There will be discussion time allotted to each presentation/agenda item, as well as at the end of each meeting.
- We will keep a parking lot for items to be addressed at later meetings.
- Meeting minutes will be posted to the public website along with pending questions and items needing follow up. We will monitor and address questions in a timely fashion.
- Consistent member attendance encouraged; identify proxy attendee for scheduling conflicts.
- Meetings and content are preliminary in nature, and prepared for RPAC discussion purposes. Litigating attorneys are not expected to participate.



Following Up

- Action Items from previous meetings:
- Ongoing Commitments:
 - ☐ Distribute meeting materials in a timely advance fashion (3 bd prior)
 - ☐ Transparency and dialogue





Meeting Recaps

- We've covered a lot of ground
 - Load forecasting
 - Regional supply and evolving resource adequacy concerns
 - 2022 All Source RFP and resource procurement
- More to go
 - 2022 All Source RFP evaluation and selection
 - 2023 IRP



A word on Inflation Reduction Act

- Legislation signed into law 1 week ago (August 16th)
- Ongoing exploration of impacts
- Today is too early for any conclusions





RPAC Updates

RPAC Updates

- Feedback received from RPAC members
- Satisfied with current meeting framework:
 - Provide materials in advance
 - Overview of materials
 - Opportunities for open discussion
 - Continue making modifications to approach based on RPAC feedback
 - Current meeting logistics
 - General group make-up



RPAC Updates continued



- Suggested changes to consider:
 - Updates in lieu of meetings, if warranted
 - Notice of relevant filings and/or Commission appearances
 - If feedback is needed, make direct ask in advance





2022 ASRFP Update



Overview & Schedule

- RFP publicly available at aps.com/rfp
- Proposals received July 15
- Weekly calls ongoing between APS, 1898 and IM
- IRA impacts may be further understood by short list negotiations

Event	Important Date
RFP Release	(Mon.) May 16, 2022
Confidentiality agreement DUE	(Mon.) May 30 (Tues.) May 31, 2022
Bidder's Conference	(Wed.) June 8, 2022
Proposal(s) DUE	(Fri.) July 8, 2022
Proposal Fee(s) DUE	(Fri.) July 15, 2022
Shortlist Respondents notified	August 2022
Final selections	September 2022
Anticipated contract execution	September – December 2022

Participation Data

- 187 Registered PowerAdvocate Entities
 - Includes duplicate companies per RFP requirement for multiple submissions
- 78 Signed Confidentiality Agreements
- 46 Different Entities submitted into the ASRFP
- 74 Unique Project Sites
 - Approximately 95 base bids into PowerAdvocate with 110-130 pricing variations

Minimum Participation Screening

- Notified Respondents of non-conformance with opportunity to cure
- Proposed cure period and accepted modifications reviewed by IM
- All but 1 Proposal was cured and moved through to next evaluation stage

Total Base Bids	Conforming Bids at Submission	Non-Conforming Bids at Submission	Non-Conforming Bids after Curing Period
95	58	36	1

ASRFP Early Reactions

- Diverse resource offerings including
 - Standalone battery energy storage, solar and wind
 - Hybrid solar plus energy storage
 - Thermal resources
- Proposal evaluation ongoing
- Early stage evaluation price comparisons to previous ASRFP show significant increases (+20-60%) across all technology types
- Observed price increases consistent with other recent 1898 & Co. resource solicitations

Remaining Steps

Completion Target

- | | |
|--|---------|
| • Complete Quantitative/Qualitative Scoring Screen | August |
| • Complete Portfolio Evaluation Screen | October |
| • Identify short list for contract negotiations | October |
| • Execute contracts with selected Proposals | Q1 2023 |



Discussion & Questions



Break



APS Resource Acquisition Update

Market Review – 2022 YTD

February 24th

- Russo-Ukrainian War

March 18th

- Shenzhen lock-downs

March 28th

- Shanghai lock-downs

March 28th

- Commerce Department investigation into AD/CVD

April 12th

- Inflation hits 40-year high

April 19th

- Port of Durban force majeure

April 25th

- Beijing lock-downs

June 6th

- Solar module tariffs paused for two-years

August 16

- Inflation Reduction Act signed

- ☐ War impacts metal and fuel pricing
- ☐ China's no-COVID policy disrupts clean energy supply chain
 - ☐ Key ports lock-down
 - ☐ Energy storage components stalled
 - ☐ Overall freight delays and costs increases
- ☐ Solar industry grinds to a halt
- ☐ Price increases are felt by all markets
- ☐ Further supply chain challenges
 - ☐ Port of Durban largely shuts down cobalt shipments
 - ☐ EV manufactures shift from NMC to LFP chemistry
- ☐ Solar projects flood the market, increasing demand and pricing
- ☐ Energy markets still evaluating legislation but will certainly increase demand for clean energy



Discussion & Questions



2023 IRP Schedule



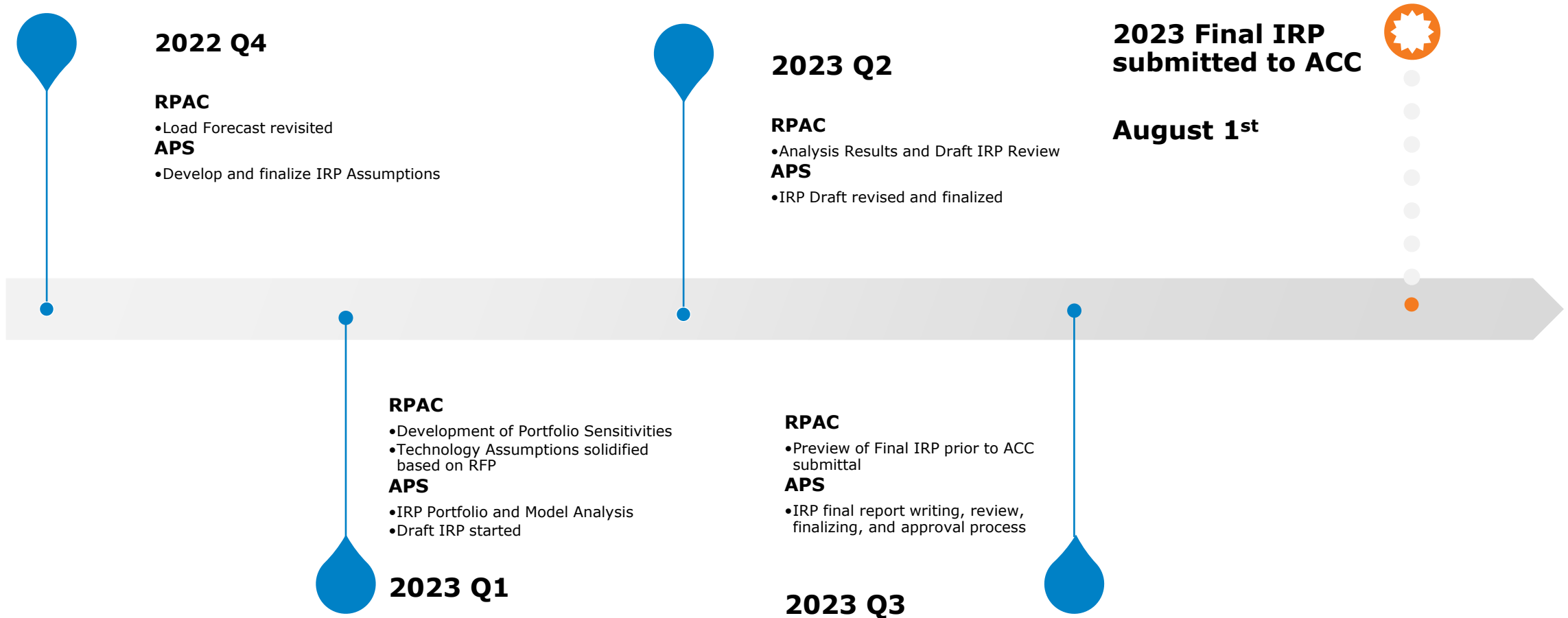
RPAC Phase 2 Meeting Overview

- Upcoming Meeting Dates:
 - September 23rd
 - October 26th
 - December 14th
- Future Meeting Topics
 - RFP Updates
 - Load Forecast Revisit
 - 2023 IRP Intro





Preliminary Timeline: 2023 IRP





Discussion & Questions



ACC Updates



Next Steps & Open Discussion