



# 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 16<sup>th</sup>)
- 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](https://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	<del>(Mon.) May 30</del> (Tues.) May 31, 2022
Bidder's Conference	(Wed.) June 8, 2022
Proposal(s) DUE	<del>(Fri.) July 8, 2022</del>
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 28<sup>th</sup>

- Shanghai lock-downs

March 28<sup>th</sup>

- Commerce Department investigation into AD/CVD

April 12<sup>th</sup>

- Inflation hits 40-year high

April 19<sup>th</sup>

- Port of Durban force majeure

April 25<sup>th</sup>

- Beijing lock-downs

June 6<sup>th</sup>

- 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



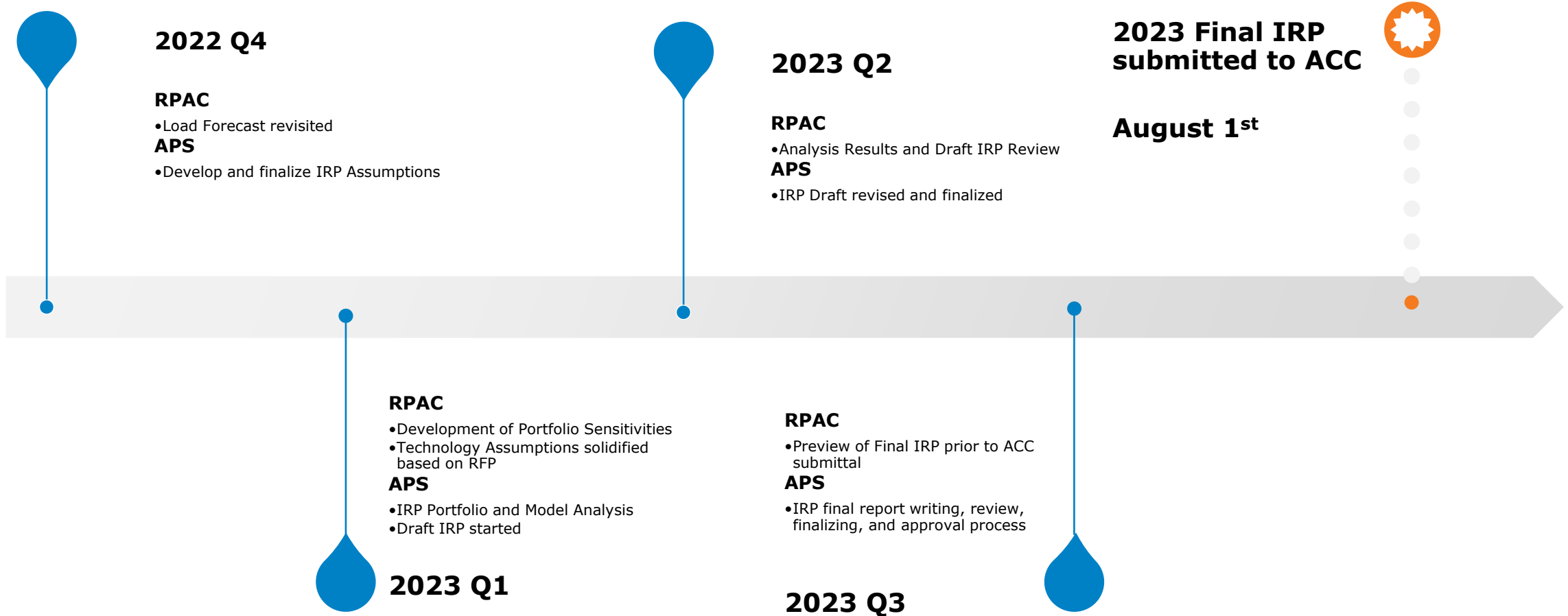
# RPAC Phase 2 Meeting Overview

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





# Preliminary Timeline: 2023 IRP





# Discussion & Questions





# ACC Updates



## Next Steps & Open Discussion