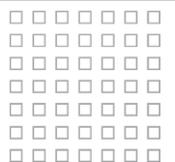


Meeting Objectives

- Recap April RPAC meeting and provide status of previous action items.
- Summarize the results of the 2020 ASRFP negotiations and highlight the amount of clean energy resources procured.
- Provide an update on the 2022 ASRFP and inform RPAC members on upcoming milestones.
- Provide RPAC members with an update on industry trends centered around current supply chain conditions and important legislation.
- Discuss APS's summer readiness and regional reliability requirements.

Meeting Subject: June RPAC Meeting
 Meeting Date: 06/07/2021
 Start Time: 09:00am
 End Time: 11:30pm
 Location: APS Headquarters / Virtual

Attendees	Organization	Title/Role
Justin Joiner	APS	Vice President of Resource Management
Jessica Hankins	APS	RPAC Lead/Liaison
Todd Komaromy	APS	Manager of State Reg. Compliance
Mike Eugenis	APS	Manager, Resource Planning
Yessica Del Rincon	APS	Communications Consultant
David Peterson	APS	Advisor, Corporate Strategy
Jill Freret	APS	Director of Resource Acquisition
Daniel Haughton	APS	Director, Customer to Grid Solutions
Kent Walter	APS	Manager, RM Analysis & Engagement
Kerri Carnes	APS	Manager, Customer to Grid Solutions
Dawn Baker	APS	Consultant, Power Procurement
Elizabeth Lawrence	APS	Manager, State Regulatory Strategy
Lakshmi Alagappan	E3	Partner
Nick Schlag	E3	Partner
Matt Lind	E98	Director of Resource Planning
Debashis Bose	E98	Project Manager
Evan Lipsitz	E98	Consultant
Chase Kilty	E98	Consultant
Mark Ibarra	E98	Managing Director
Alex Routhier	Western Resource Advocates	Senior Clean Energy Policy Analyst
Nick Meyers	Arizona Corporation Commission	Policy Advisor
Erin Ford Faulhaber	Arizona Corporation Commission	Policy Advisor
Autumn Johnson	Western Resource Advocates	AZ Gov. Affairs Manager





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Gary Dirks	ASU	Director
Laurie Woodall	AZ RUCO	Director
Lisa Hickey	New Law Group	Attorney
Devi Glick	Synapse Energy Economics	Principal Associate
Johnny Key	Freeport-McMoRan	Director
Caryn Potter	SW Energy Efficiency Project	Utility Program Manager
Teresa Brown	PG&E	Operating Clerk
Brendon Blake	AARP	Associate State Director of Advocacy
Blan Holman	Pine Gate Renewables	Vice President
Diane Brown	Arizona PIRG	Executive Director
Cynthia Zwick	Wildfire	Executive Director
Mackenzie Salomonson	ACC	Engineer
Nicole Hill	Nature Conservancy	AZ Thrives Program Lead
Nitin Luhar	Mitsubishi Power	Regional Director
Sandy Bahr	Sierra Club	Chapter Director
Rikki Seguin	Interwest Energy Alliance	Executive Director

Matt Lind (E98/Director of Resource Planning) – Introduction/April RPAC Recap/Updated Meeting Guidelines

- **Slide 3 – April RPAC Meeting Recap**
 - All-source RFP document was completed and released on May 16th.
 - The RFP document was edited and updated based on feedback throughout the RPAC process.
- **Slide 4 – Following Up**
 - RFP document was published along with a press release to the RPAC members.
 - APS is committed to continuing transparent communication throughout the RFP evaluation process.
- **Slide 5 – Meeting Guidelines**
- **Slide 6 – Ice Breaker / Introductions**

Justin Joiner (APS/Vice President of Resource Management) – APS Updates

- **Slide 7 – APS Updates**
 - **Comment – Justin Joiner:** I wanted to note how much has changed since we repurposed the RPAC last November. The 2020 RFP has come to close. A massive quantity of projects has been signed as a result. The 2022 ASRFP is out the door in the middle of a DOC tariff investigation. As most of you know, there is a 24-month reprieve that is underway. We have been doing a lot of our own analysis and there is still more to be understood about what the 24-month reprieve actually does. This seems to be a short-term solution for a longer-term item that is still open for debate. There will never be an ideal time when everything is perfect so we made the decision to move forward, and the 24-month reprieve may give APS an opportunity to take advantage of that now that the All-Source has been released. There are more details to come on that. I want everyone to know that we really value everyone here in the RPAC. I hope you all feel heard, and I look forward to the dialogue today. I wanted to formally introduce Todd Komaromy as our director of resource planning. Todd has been with the company quite some time. Todd was in the regulatory group before he



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joined us in resource planning. He is going to be consistent, and he is going to follow up with RPAC members throughout his tenure.

- Comment – Todd Komaromy: Thank you for the introduction and I am really looking forward to getting to know everyone a lot closer. I have been a member of this group in a different capacity, and I have seen the good work that has been done. I am looking forward to building upon that with the new activities that we are going to be taking as next steps with this group. If you need anything, please contact me and I look forward to getting to know everyone and continuing to work with you all.

Jill Freret (APS/Director of Resource Acquisition) – 2020 ASRFP Update

- Slide 9 – 2020 RFPs
 - The 2020 RFP has been brought to a close.
 - Almost 1700 MW have been contracted across nine different contracts with almost 1100 MW of clean resources.
 - One extension with an existing gas facility. APS is excited and nervous with the sheer amount of battery storage that will be integrated into the system in the near future.
- Slide 10 – 2020 Procurement Updates
 - There is one more negotiation outstanding with the ability to add an additional 200 MW of clean energy that is expected to be complete in the next month or so.
 - Transaction is a part of APS's Green Power Partners program that enables large customers to meet their sustainability goals.
 - Negotiations expected to be finalized by July 2022.
- Slide 11 – Discussion & Questions
 - Question: The additional transaction is a part of the Green Power Partners program. Does APS make sure that these types of projects are not being double counted? How do resources from the Green Power Partners program account into APS's total goals if the Green Power Partners are also accounting for it to meet their goals?
 - Response – Justin Joiner: Because they would still be one of our customers in our territory, the project would still count towards APS goals. The Green Power Partners helps ensure the timing of projects. Because they are a customer in our service territory, I don't view it as being double counted. I view it as more as them ensuring that the MWs are online in a certain time period. They are not the sole facilitator of a project being done but they are a driving force of a project being done in a specific timeline.
 - Response – Jill Freret: Each MWh sold is also an offset to their load. So as the load continues to grow as there are more Green Power Partners, there is also growth in clean energy production.
 - Response – Justin Joiner: The Green Power Partner will also take the RECs.

Matt Lind (E98/Director of Resource Planning) – 2022 ASRFP Update

- Slide 13 – Overview & Schedule
 - RFP was released on May 16th which was on schedule with the initial target date.
 - RFP schedule includes bidders' conference, proposal window, and negotiation period that is targeted to be completed by the end of 2022.
 - Comment: Thank you for including the Bidders conference in the schedule. The RPAC does appreciate that.



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- Question: To attend the Bidders' conference do you have to have the NDA signed?
- Response – Matt Lind: Yes, you have to have the NDA signed to participate in the bidders' conference.
- **Slide 14 – Early Look at Participation**
 - 130 members registered for PowerAdvocate access. A large percentage of participants represent renewable energy resources.
 - 78 confidentiality agreements have been signed.
 - Question: Is this the way the meeting is going to proceed? With a review of the PowerPoint?
 - Response – Matt Lind: We have a break and then E3 will provide a primer on industry headwinds. After that background is provided, there will be at least one RPAC member that provides their insight on those industry headwinds and then there will be an open discussion.
 - Question: How long will the interlude of discussion take?
 - Response - Matt Lind: Approximately 20 or 30 minutes. After that, there will be an open discussion among RPAC members.
 - Question: I appreciate the note that you made just now on the amount of RFPs being live right now in the region. Utilities are issuing RFPs for a little over 4 GW of need which is exciting from a developer standpoint. I'm curious how you think that will impact what is bid into the current RFP. Do you think it will increase or dampen the response?
 - Response – Matt Lind: In general, I would say the more activity the better. Developers will see it as an exciting trend, and they will be more engaged and come in with good solutions to be considered. It may slow down some of the responses with developers being busy but based on the projects they have in the works they may be more focused on what projects provide the most value.
 - Question: Are the 565 MW of gas from 2020 RFP PPAs?
 - Response – Jill Freret: Yes, a short-term extension.
 - Question: How long?
 - Response – Jill Freret: For six years.
 - Question: Can you explain the thermal resources that are participating?
 - Response – Matt Lind: This was an approximation. 15 out of the 130 entities may be representing thermal resources based on entity names and other factors.
 - Question: I am assuming these thermal resources are gas? Could you explain directly what those resources represent within the thermal category?
 - Response – Matt Lind: I would assume 100 percent of those bidders are gas. There is nothing else being bid within that category.
- **Slide 15 - Break**

Lakshmi Alagappan (E3/Partner) – Industry Supply Chain Perspective

- **Slide 17 – New Resource Procurement Difficulties**
 - Record demand for new resource development is currently being met with a disrupted supply chain. Over 20 GW of procurement over the next five years across the west.
 - Headwinds include shipment costs, manufacturing facility lockdowns, Department of Commerce AD/CVD investigation, commodity price volatility, and interconnection and permitting delays.



- **Slide 18 – Shipping Cost Impact**
 - Shipping cost has been increasing from mid-2020 to date.
 - Cost increases is largely driven by Covid related supply chain issues and energy was not excluded from the delays.
 - In 2022, increases in oil prices and other commodity prices have caused shipping costs to remain at record levels.
- **Slide 19 – Manufacturing Facility Covid Lockdowns**
 - Covid led to many manufacturing lockdowns in 2020 that disrupted supply chains. Lockdowns are returning in areas that have implemented “zero-Covid” policies.
 - The lockdowns are not seen as long-term impacts, but they do impact supply chains and should be continued to be considered as a risk for supply chain disruption.
- **Slide 20 – New AC/CVD Investigation Impacts**
 - Allegations that Chinese companies were avoiding tariffs by manufacturing in other Asian countries.
 - Major disruption to the solar industry supply chain have occurred due to the investigation.
 - 50+ GW of solar is at risk of delay or cancellation which is creating even tighter capacity positions in the west.
- **Slide 21 – AC/CVD Impacts on Arizona**
 - 1.7+ GW of solar capacity is at risk in Arizona specifically. This is equivalent to approximately \$1.8B in investment that is impacted.
 - Arizona is one of the top 10 states most impacted by the investigation.
 - Recent 24-month reprieve issued in related to the tariff will change the impact that the investigation has in the short-term.
- **Slide 22 – Lithium and Cobalt Price Increase Impacts**
 - Lithium and Cobalt prices are two large components of battery technology.
 - Global demand, shipping delays, and geopolitical developments are all impacting the price of lithium and cobalt.
 - It is unclear on when supply chain will reach an equilibrium. Demand is currently outpacing supply leading to cost increases.
 - Raw materials currently make up roughly 70% of total cell costs.
- **Slide 23 – Interconnection Queue Trends**
 - Interconnection queues have been growing and now total ~1.5 TW of capacity nationally.
 - Historically queues have lasted an average of 2 to 4 years with a 15% to 25% completion rate.
 - The average completion time in the non-ISO west is approximately two years which is much shorter than the national average.
 - ISOs are looking at new strategies to implement interconnection queue reform and prevent the backlog from growing further.
 - Question: Is interconnection timeline factored into RFPs?
 - Response – Matt Lind: Interconnection timeline is taken into consideration. In an attempt to account for resource technologies at different levels of maturity, it is not a requirement in the RFP. The RFP is flexible but wants to consider and understand potential costs associated with interconnection.
- **Slide 24 – Coal Plant Retirement Delays**
 - Industry headwinds have led to coal plant extensions due to delays in replacement projects.

- PNM & NIPSCO have both announced extensions to coal plants totaling ~1.2 GW of capacity. The solar industry tariffs are a large driver.
- Not enough data to determine if this is an industry trend but it is enough to monitor and determine if extensions will become more common.
- **Slide 25 – Discussion and Questions**
 - Comment: The Biden administration used executive action to do two things related to the solar investigation. The first was to put a two year pause on tariffs applied to solar manufacturing in the four listed countries. This means that even if the tariff should apply to solar projects, there will be no impact for the next two years. A primary problem with the investigation is that the impact could have been retroactive tariffs back to April 1st of this year at some number that is unknown and could have been anywhere from 50% to 250% of the cost of the panel. Importers weren't importing and purchasers weren't buying because they didn't know the price but now the two year pause is saying that even if the Department of Commerce were to say that the tariffs should be applied, nothing will be impacted over the next 24 months which helps solve the cost uncertainty that has been plaguing the industry. The second point is using the National Defense Production Act to spur domestic manufacturing of various clean energy products within the supply chain. What it does not do is stop the Department of Commerce investigation process. We see it as positive because it means that likely we can get panels into the US again, but the bad news is that manufacturing in the four Southeast Asian countries has stopped since the beginning of the investigation in April. This means that it will likely not be until early fall when companies can get their hands on any panels. This reprieve won't solve the issue overnight, but companies are able to start manufacturing and shipping again to complete projects that need to be completed.
 - Comment – Justin Joiner: Thank you very much for that update. Last time I heard DPA was with Trump around coal. It was to exempt or delay coal retirements for the security of energy in North America. I want to bring that up because that was legally challenged and there was no merit to it, and it went away. Is there any opinion at this stage on if this tariff investigation will be threatened three to six months from now? What is your expectation on this 24-month bailout staying?
 - Response: I don't know. As I understand the 24-month pause is separate from the Defense Production Act part of the action that is spurring domestic manufacturing. We have all been conditioned that any announcement from the White House will be legally challenged and perhaps that is true. This is not something that I have seen as a large concern but that does not mean that it is not true.
 - Question – Kent Walter: You mentioned that panel manufacturing has all but stopped during the time that the investigation was announced, how do you anticipate that will impact new resource development over the next year or two? How long will it take for the backlog that was developed during the time frame of stopped production to be resolved?
 - Response: The manufacturing that I was referring to was specific to those four Southeast Asian countries. The reason manufacturing has stopped is because there is nowhere for the panels to go. Typically, the product would go from the manufacturer to the importer and be shipped over to where the buyer has purchased it. Right now, you can't actually move the product due to unknown cost and factories have been forced to shutter during that time because they cannot move the modules. The time impact will depend on the size of the buyer and importer. Companies with a larger market share often have a dominant negotiating position for getting panels first. So, I think that might be something we will see. I have heard from local installers that they are expecting to be hit the worst due to being a smaller market



segment. What I have heard is that best case scenario would be to get hands on panels this fall but I have also read articles that are projecting up to a one-year delay.

- Question: What percentage of global supply comes from those four Southeast Asian countries?
- Response: I don't know the percentage of global supply but for the US, 80 percent of modules come from the four targeted countries. Domestic manufacturing is not responsible for the same type of module manufacturing as the four targeted countries but that is part of the DPA action at the federal level that is trying to spur different types of manufacturing in the US.
- Response: It is a little hard to predict exactly what this tariff does, especially for larger companies with robust procurement programs that have been advanced procuring. Advanced procurement makes tariff impact a little bit harder to predict. I think that there is a variation in how quickly manufacturing will be resumed by the companies that are in the four targeted countries. It could be shorter than four months before we start seeing them back in the United States. Our company is very excited about the Biden administrations decisions and its implications over the next two years.
- Comment: Following up on Mr. Joiner's question about the lawfulness of the solar tariffs, is APS going to be looking into that? I am sure it has a direct bearing on their procurement decisions. If the answer is that APS has not looked into it yet but will look into it in the future, I understand that, but apparently it is an issue.
- Response – Justin Joiner: Because it is hot off the press, we are still chewing on it and working with our internal and external experts to form our own opinion because it will dramatically shape a large segment of our resource dependency. There are details on the 24 months that have uncertainty. Can the panels be ordered but not in service within the 24 months or do they have to be in service 2024? This RFP is focused on 2025 to 2027 so we want to know how that will be impacted. To answer your question, yes, we want to have our own level of comfort and I am trying to get as much insight from many different parties to help provide a diversity of opinion. We will definitely form our own opinion on it.
- Comment: Hopefully at some point you will be providing the RPAC with the APS opinion once it is determined.
- Response – Justin Joiner: Yes.
- Question: I think yesterday's announcement was fantastic news and I am not that surprised that we need more information given that it was yesterday. I think more information will be forthcoming shortly. I wanted to highlight a few things with Lakshmi's presentation given that there was a lot to unpack. I want to highlight that there have been large price changes in oil and natural gas impacting costs and supply chains. Also, with the China lockdowns, I thought that was something that was easing or being resolved. Is that true? For the slides on the tariffs, I think the reasoning for the investigation is to spur federal action on the issues and not dissuade utilities from proceeding with renewables or anything of that kind of nature. What is APS doing with policy makers on the tariff and supply chain issues? When I asked a few people at APS it did not seem like that was a lot of activity there which was surprising to me. I would like you to touch on what APS is doing at a policy level. My last comment is about the coal plant issue, I think this is very concerning. A lot of the coal plants were being retired for specific economic reasons and climate change. I have raised the concerns about coal plant closure extensions with Justin and Todd and I was wondering if you could touch on APS' positioning with coal plants and when those types of decisions would be made.



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- Response – Lakshmi Alagappan: I can touch on the first part about lockdowns, and you are right the lockdowns are done. The purpose was to illustrate the impacts that lockdowns have on the supply chain when they do happen in case they are to happen again in the future. I will hand it over to you Justin to answer the rest of the questions.
- Response – Justin Joiner: The first one on APS' engagement with policy makers. We have a gentleman by the name of Robbie Aiken that is our VP of federal affairs. He has been in DC for 40 years and is very connected and engaged and following these tariffs. APS voiced displeasure with the investigation in terms of its impact on reliability in the region. We are a participant in EEI, which has been running point for a lot of utilities and we are waiting to see how things proceed to see if we need to change our strategy for involvement. We are still in the information gathering phase. The second question, which I think is much more complex, and I want to make sure I answer it in a public forum. The way I took your question was, and correct me if I am wrong, is what are our intentions around coal in relation to what NIPSCO and New Mexico have done and what are we thinking about a dispatchable need? Is that fair?
- Response: Yes, I think that is fair. I want to get a sense if APS thinks this is an anomaly or is it something that is being considered?
- Response – Justin Joiner: To relay what Lakshmi said, there is not enough data to determine if this is a trend, so my personal opinion is that it is an anomaly. Two entities in two different states but if we see a few more of these then it will be something to consider as a trend. I will take the same opinion. In regard to if there is any serious consideration or notion to extending our coal retirements, I can unequivocally say no there is not. As I have said from day one here, APS is dedicated to its Clean Energy Commitment. We need to make decisions that are consistent with the Clean Energy Commitment and responsive to reliability challenges that exist not just in our service territory, but in the state of Arizona and in the western interconnect. We are going to look at all the existing resources, at what is in the RFP, at our existing tolling agreements, and look to extend agreements as it makes sense. That is the playbook, we look at existing resources and sign up for them as we need them over the next five years. We are not delaying the retirement of our coal plants. We are looking at all existing resources and seeing where there are efficiencies to be gained and where we can get more MWs out of the same amount of gas and improve our emissions profile. All things have to lead to zero percent by 2050 and out of coal by 2031 and we will look at anything that allows that to happen.
- Question: Could we talk a little bit more about the interconnection piece of the presentation? From APS' perspective, how is your queue and what are you doing about that? Are you watching what other utilities in the area are doing about their queue?
- Response – Justin Joiner: When I saw the data, I was concerned because ISOs were almost double what non-ISOs were showing in terms of interconnection queue length. Everybody is looking at queue reform. MISO, PJM, and SPP have been working on it for what feels like close to a decade now and it feels like any movement that is made is wiped out by the magnitude of applications coming in. As we look at markets and ISOs, interconnection queue reform is something that APS should consider when making decisions. We want to make sure we know what the ISO is planning to do to ensure timely processing of queue requests. I would say that our interconnection queue is consistent with what Lakshmi shared on the non-ISO western entities. We want to make sure that the projects we are spending time and resources on are real projects and more likely to come online. APS is always looking for ways to improve but APS is consistent with what was shared in the slides timing wise.



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- Comment: With queues this size, many projects are very real, and I am hearing you agree that this is something that needs to be resolved. There are many entities in the non-ISO west that have undertaken queue reform efforts to improve the process. I would like to brainstorm ideas in the future when the time is right.
- Question: I wanted to switch gears for a second because one part of the announcement by the Biden administration was related to heat pumps and insulation, which is a huge consideration. What conversations has APS been having when it comes to working directly with manufacturers or distributors to building stock of higher volumes for specific high efficiency essential items that are critical for not only the DSM portfolio, but also the IRP as a whole. What conversations are happening in that place? Even through the supply chain crunches that we are seeing right now; many DSM programs are operating as originally intended.
- Response – Justin Joiner: APS is always working with our customers to find ways to focus more on the demand side and focus on the highest efficiencies. We will be able to revisit it during our 2023 IRP efforts to see what all is available. I hear you that we need to focus on the demand side and that is a tool in our belt, but I also want to point out that as we look at demand side and EE, we will also be revisiting our EV numbers. I think it is very timely that we refocus on both the demand side and the additional load that may be more accelerated based on \$5-\$6 gas. The C2G team has great dialogue with our C&I customers as well as our residential customers and APS wants to be sure to continue that process.
- Comment: I think this is especially important on the manufacturer and distributor side and I would encourage APS to elevate offerings and it will be interesting to see what comes from the latest RFP that was issued in terms of DR and efficiency. I have one other question related to the portion on cost increases with raw materials. I was wondering how this relates to lithium battery recycling and other programs in Arizona.
- Response – Daniel Haughton: We actually do a good amount of work in our organization to look at the life cycle management of the battery technologies that APS implements. We are excited to get involved and promote more programs involved with battery recycling.

Kent Walter (APS/Manager, Analysis & Engagement) – Summer Preparedness and Regional Reliability

- Slide 27 – Summer Preparedness Summary
 - APS is well prepared with sufficient generation, fuel supply, and transmission capacity to meet summer of 2022 demand.
- Slide 28 – How are Cascading Reliability Challenges Prevented Across the West?
 - There are controls in place and reliability standards in place to prevent cascading events from occurring.
- Slide 29 – APS Islanding Capabilities
 - APS cannot island all of its customers to operate separately from the Western Interconnect.
 - APS shares generation and transmission assets with other entities.
 - APS has a broad, non-congruent service territory.
 - Islanding would remove some of the benefits of having an interconnected system.
- Slide 30 – Balancing Authorities
 - Western Interconnect is made up of 38 Balancing Authorities (BA) that are responsible for maintaining reliability.
 - BA's are governed by standards determined by NERC, WECC, and FERC.



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- **Slide 31 – Reliability Coordinators**
 - Reliability coordinators (RC) oversee the individual BA's.
 - Two reliability coordinators oversee the west.
 - Reliability coordinators determine the severity of emergency events and determine remediation to prevent cascading effects.
- **Slide 32 – Resource Shortages**
 - BA maintains communication with RC
 - RC declares emergency decision
 - BA will seek to mitigate the emergency through purchases, dispatching of reserves for up to a one-hour period, news announcements, or other tactics.
 - In the event of a reliability need, firm transactions will be cut to allow entities to meet demand.
- **Slide 33 – Reliability Impacts that Spill Over**
 - When an area is deficient, prices for electricity will continue to rise which presents challenges and opportunities. Excess that can be sold to deficient areas can provide value back to customers.
 - Reliability in Arizona is the main priority.
- **Slide 34 – Discussion & Questions**

Matt Lind (E98/Director of Resource Planning) – Next Steps

- **Slide 35 – Next Steps**
- **Slide 36 – What's Next?**
 - Monthly RPAC meeting cadence to be paused with next meeting anticipated to be in the August/September time frame.
 - RPAC mission and membership to be revisited.
 - Upcoming discussion points include the 2022 All-Source RFP and the 2023 IRP.
 - Question: In the RFP that was just issued, how does the price of gas get factored into the bids because obviously the actual fuel source will be covered through adjusters? Are you considering that on the RFP side or is that something that will be dealt with in the future?
 - Response – Matt Lind: I would say that fuel cost is a part of the consideration in the evaluation. The qualitative and quantitative screening is done across technology type, so it won't differentiate itself across resources with the same fuel source. Beyond that, the portfolio evaluation will also look at the fuel cost across all resources blended with APS' fleet so fuel cost will be a factor across that portfolio optimization. Fuel absolutely will be factored into the RFP evaluation process.
 - Question: If you get to a point where you need to have load shed and you have interruptible service customers, how much of that the load shed is the interruptible customers?
 - Response – Kent Walter: Energy alert level two would require APS to exercise all of its demand response and interruptible service customers. Today, APS have contracted demand response programs with customers, but APS does not have any interruptible service customers beyond that.
 - Question: Is APS anticipating a difficult time this summer if California has already put in emergency equipment just for this summer?



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- Response – Kent Walter: A big part of APS’ strategy to manage both reliability components and affordability, is APS will look at summertime only purchases of resources to target times that customers need the power in Arizona. Part of that is because there is such a seasonal difference between APS customer demands but APS is always looking to maintain the 15 percent reserve margin above the forecasted peak.
- Question: Is the 15 percent reserve margin in real time or is that what APS plans for?
- Response – Kent Walter: We have a planning reserve margin that is 15 percent but when APS gets into operations it uses NERC required standards around frequency response, spinning and non-spinning reserves, and a replacement reserve that sits on top of that so APS has the ability to replace reserves in case of a contingency event. The planning reserve margin is how you plan for miscellaneous unplanned events in the future but when there is more certainty around temperature, transmission, etc. in real time there are different standards in place to maintain reliability.
- Comment – Matt Lind: I appreciate everyone’s engagement and I look forward to RPAC meetings in the future.

New Action Items:

- APS will provide written response in regard to its procurement decisions around the solar tariff investigations.