Arizona Public Service - February RPAC Meeting Minutes

Date	Location	Start	Stop
2/13/2026	APS Corporate Headquarters	10:00 a.m.	12:00 p.m.

MEETING OBJECTIVES

- Recap the November RPAC meeting and provide the status of previous action items.
- Discuss APS's recent resource adequacy study that will inform the 2026 IRP.
- Follow-up on the resource costs discussion from the November RPAC Meeting.
- Provide an overview of RPAC touchpoints through the 2026 IRP process.
- Forecast next steps and future RPAC engagement opportunities.

Attendees	Organization	Title/Role
Carlos Aguiar H	City of Phoenix	Energy Manager
Sandy Bahr	Sierra Club	Director, Grand Canyon Chapter
Adam Beckermann	ACC	ACC Staff
Diane Brown	Arizona PIRG	Executive Director
Kevin Carranza	GPEC	Vice President, Research & Analytics
Seamus P. Crowley	Arizona Large Customer Group	Associate
Gary Dirks	ASU	Senior Director, Global Futures Laboratory
Gwen Farnsworth	Western Resource Advocates	Deputy Director, State Advocacy
Remy Franklin	Interwest	Senior Analyst, Markets, Transmission, and Regulatory
Jason Goguen	Western States Carpenters	Regional Business Representative
Hari Gopalakrishnan	Mitsubishi	Manager, Market Intelligence & Strategy
Nicole Hill	The Nature Conservancy	Director
Autumn Johnson	AriSEIA	CEO
Nitin Luhar	Mitsubishi	Director, Regional Sales and Marketing
Taylor McNair	Gridlab	Consultant
Claire Nguyen	The Nature Conservancy	Energy Economist
Amanda Ormond	Western Grid Group	Director
Alex Palomino	Energy Strategies	Senior Consultant
Greg Patterson	AZ Competitive Power Alliance	Director
Andy Tobin	AZ Attorney General	Director

Adam Constable | APS/Consultant, Federal/State Regulatory | Welcome & Meeting Agenda

- No Questions.

Akhil Mandadi | APS/Leader, Resource Planning, Resource Plan & Analysis | Resource Adequacy Update

Summary: Akhil kicked the meeting off with an update on APS's most recent Resource Adequacy (RA) study, which will serve as the Company's foundation for 2026 IRP modeling. Akhil addressed how APS calculates reliability, constrained periods on the system due to pipeline limitations, and the declining Effective Load Carrying Capability (ELCC) of renewable resources as APS adds more of those resources to its portfolio over the next five years. Akhil also highlighted the increased rigor associated with this iteration of APS's RA study work. As system conditions have evolved, APS recognizes that RA is no longer a peak-hour exercise but now requires an evaluation of reliability across the system's critical periods. Akhil explained that as energy limited resources are added to the portfolio, their incremental reliability contribution declines, and that resolving fuel deliverability constraints materially improves system reliability.

- Participants expressed confusion about APS's use of different capacity accreditation methods, including questions about whether shifting between Perfect Capacity (PCAP) and Installed Capacity (ICAP) in its RA studies impacts outcomes, and whether the Planning Reserve Margin (PRM) is chosen or calculated. APS explained that while APS selects the industry-standard 0.1 Loss of Load Expectation (LOLE) reliability target, the resulting PRM is calculated by determining the amount of "perfect" capacity needed to meet that target relative to expected load. APS emphasized that the shift from ICAP to PCAP better represents resource availability during critical periods and avoids distortions caused by fuel constraints or derates. This change is methodological and does not introduce a new reliability target. Participants noted that utilities across the country reporting PRMs using different accounting approaches can cause confusion when comparing PRM values across jurisdictions. Participants asked APS to provide a tutorial on PCAP accounting. APS distributed supplemental materials to the RPAC following the meeting.
- Participants asked questions about how APS's transition from ICAP to PCAP would affect its PRM. These included whether the PRM would change under PCAP, what APS's current PRM is and what it will be applied to, and how the change relates to resource costs. Participants also asked how much discretion APS has over its PRM target and what role regulators play in setting reliability standards. APS explained that the updated PRM is still being finalized but is expected to be near the 6% value referenced in the presentation and clarified that the percentage is applied to APS's baseline gross BAU load forecast, not net load. APS also stated that while no regulator mandates a specific LOLE, the 0.1 LOLE standard is widely used across the industry. APS and E3 noted that major system operators—including CAISO, NYISO, and PJM—are moving toward PCAP because it evaluates resources consistently and aligns capacity accounting with reliability risk, which is why identical systems can produce different PRMs under ICAP and PCAP accounting. APS also clarified that the increase in its ICAP PRM—from roughly 15% to 20%—was driven by changes in system conditions, not by the shift in methodology.
- Participants also sought clarification on APS's winter natural gas needs and how those needs were represented in the study. APS explained that Slide 17 is intended to show system conditions under pipeline-limited fuel availability and illustrates how reliability risk can shift to winter periods when existing gas transport rights are insufficient to serve projected load.

Nathan Miller | E3/Senior Director | Resource Costs Follow-up

Summary: Nathan Miller, Senior Director at E3, followed Akhil's presentation with follow-up on the resource costs presentation that APS shared during the November RPAC Meeting. Through its evaluation of APS's resource cost assumptions, E3 confirmed that APS's proposed 2026 IRP capital cost assumptions are reasonable and aligned with both E3's internal projections and the ranges shown in current public benchmarks. While some public sources, such as the NREL 2024 ATB, may understate near-term costs for technologies affected by tariffs and federal content requirements, E3 found that APS's assumptions appropriately reflect recent market conditions and provide a sound basis for long-term planning.

- Participants asked about how APS's cost assumptions for natural gas resources compare with other industry sources. E3 explained that APS's capital cost assumptions for both combined cycle (CC) and

combustion turbine (CT) units fall within the ranges of the published cost estimates considered. In response to questions about long-term trends, E3 stated that elevated turbine prices are expected to persist due to strong demand and limited manufacturing expansion.

- Participants asked about APS's renewable resource cost assumptions. E3 clarified that the APS IRP assumptions for solar, wind, and geothermal all fall within the ranges defined by E3's "Mid" projections and public benchmarks, as shown on Slide 45. E3 added that although the NREL 2024 ATB provides a familiar reference point, its near-term projections likely understate costs for technologies exposed to tariffs and federal content requirements. E3 emphasized that APS's assumptions appropriately incorporate recent price escalation and align with observed market dynamics despite ongoing supply-chain and trade-policy uncertainty.
- Participants also raised questions about emerging storage and nuclear technologies. E3 noted that APS's assumptions for 6-hour battery storage track closely with E3's own projections, which incorporate current development costs and expected improvements in efficiency. E3 explained that many long-duration technologies have not yet reached economies of scale, and round-trip efficiency remains a key factor affecting future cost-effectiveness. For advanced nuclear, E3 indicated that APS's assumptions are consistent with E3's "Mid" case, starting in the 2030s, and reflect the uncertainty and limited commercial data available prior to that point.

Adam Constable | APS/Consultant, Federal/State Regulatory | Next Steps & Closing Remarks

- No Questions