



# APS RPAC Meeting

2/14/2025



# MEETING AGENDA



Welcome & Meeting Agenda  
Matt Lind  
1898 & Co.



Western Markets Update  
Kent Walter  
APS



ASRFP Update  
Derek Seaman  
APS



2026 IRP Workplan  
Mike Eugenis  
APS



Southwest Resource Adequacy Study  
Nick Schlag  
E3



Next Steps & Closing Remarks  
Matt Lind  
1898 & Co.



Break

# Meeting Guidelines



## Member Engagement

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.



## Action Items

We will keep a parking lot for items to be addressed at later meetings.



## Meeting Minutes

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.



## Preliminary Content

Meetings and content are preliminary in nature and prepared for RPAC discussion purposes.



## November Meeting Recap

- APS discussed the ACC's acknowledgement of the 2023 Integrated Resource Plan (IRP), thanking members for their participation in the IRP stakeholder process.
- APS provided an overview on the total capacity procured from its 2023 ASRFP.
- APS informed members of its decision to join SPP's Markets Plus Day Ahead Market, following up on the Western Markets Update shared during the September RPAC Meeting.





# Following Up

- Action Items from Previous Meetings:
  - Western Markets Follow-ups
- Ongoing Commitments:
  - Distribute meeting materials in a timely fashion
  - Transparency and dialogue





# 2024 ASRFP Update

Derek Seaman, APS



# Overview & Schedule

- RFP publicly available at [aps.com/rfp](https://aps.com/rfp)
- Proposals received February 5<sup>th</sup>
- Weekly calls ongoing between APS and Independent Monitor.
- Results are still being finalized

| Event                             | Important Dates      |
|-----------------------------------|----------------------|
| RFP Release                       | November 20, 2024    |
| Bidder's Conference               | December 18, 2024    |
| Proposal(s) & Proposal Fee(s) DUE | February 5, 2025     |
| Shortlist Respondents Notified    | April – July 2025    |
| Anticipated Contract Execution    | June – December 2025 |





# Remaining Steps

February – April\*

April – July\*

July – December\*

## CONFORMING/INITIAL SCREENING

Verify eligible resource  
Verify completion of datasheets  
Verify completion of requested documents

IM  
Review

## QUALITATIVE EVALUATION

Verify Experience  
Verify Site Control, Interconnection  
Safety ratings  
Financial risk review

## QUANTITATIVE EVALUATION

Review pricing  
Review technical details for compliance

## SHORTLIST

Review scoring  
Portfolio Evaluation  
Identify bids for presentations

## NEGOTIATIONS

Begin negotiations with selected bids

- Bids will be screened in batches, with earlier in-service dates screened first
- Currently monitoring tariff implications, AD/CVD investigations and any other implications for bids
  - Major changes may require bids to be refreshed which will be solely determined by APS
  - APS will prioritize agreements that insulate customers from future tariff risk

\*Timelines are estimates and will adjust to balance customer reliability and affordability







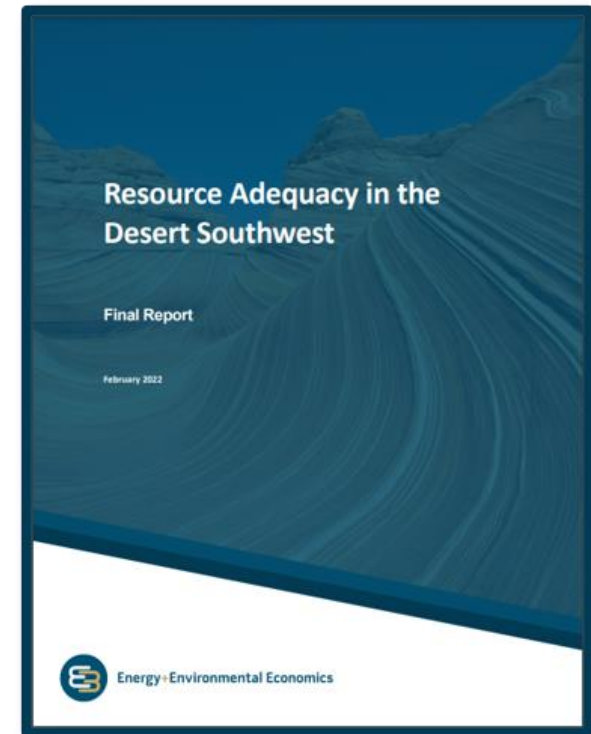
# Southwest Resource Adequacy Study

Nick Schlag, E3

# Key Findings: *Resource Adequacy in the Desert Southwest* (2021)

In 2021, six utilities in Arizona and New Mexico funded an E3 study to conduct a ten-year outlook on regional resource adequacy informed by utility plans. The analysis informed a number of significant conclusions:

1. Load growth & resource retirements are creating an urgent need for new resources in the Southwest
2. Utilities' current resource plans have identified sufficient capacity additions to maintain reliability
3. A significant share of the region's long-term needs are expected to be met by solar and storage resources
4. Even as solar and storage grow, the region's remaining firm resources – including nuclear and natural gas – will be needed for reliability
5. Substantial reliability risks remain as the region's electricity resource portfolio transitions



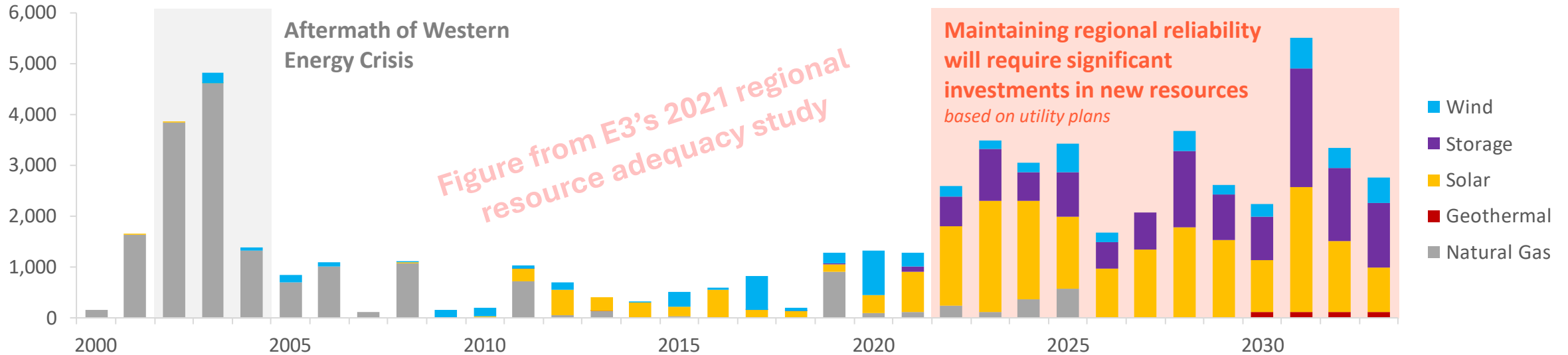
*[Resource Adequacy in the Desert Southwest](#)*

# Maintaining reliability will require immediate and sustained action over the next decade

- + The rate of new resource additions required in the next ten years is nearly unprecedented in the history of the Southwest
- + With project development timelines measured in years and near-term supply chain risks looming, advance planning and prompt action by utilities are needed to avoid falling behind in the transition

- + Utilities, regulators, developers and stakeholders will share responsibility for working cooperatively to ensure new resources are in place as needed
  - Plans for new resource additions should account for reasonable risks of project delays and cancellations
  - Failure to develop new resources in a timely manner will either result in (1) a degradation of reliability or (2) the need to retain existing plants with scheduled retirements

New Installed Capacity Additions by Year (Southwest Region)  
(Nameplate MW)



# Since E3's 2021 study, several developments have occurred that present additional challenges



## Industrial and electrified load growth

*New industrial and data center loads and consumer adoption of electric vehicles have accelerated, increasing utilities' future load expectations*



## Supply Chain Tightness

*Utilities' planned investments have been hamstrung by global supply chain dynamics, leading to slower than expected additions of solar and battery storage projects.*



## Climate change impacts on extreme weather

*Increased frequency and intensity of extreme heat events results in more frequent extreme peak demand*



## Resource shortfalls in other regions of the West

*Leading to delays in retirement across the western Interconnection and delaying regional resource adequacy programs like WRAP*

### Other Factors:

- + Hydro availability due to droughts
- + Continued and increased reliance on variable and energy-limited resources
- + Natural gas generator performance



# An updated examination of resource adequacy to inform dialog within the region

In light of these developments, the same group of utilities is currently sponsoring an updated regional resource adequacy study to refresh analysis and delve deeper into future reliability risks

## Phase 1: Near- and Mid-Term Resource Adequacy Evaluations

- + Incorporate updated load and resource projections for the next decade into loss-of-load-probability modeling
- + Identify specific extreme conditions likely to lead to greatest grid stress (e.g. extreme heat exacerbated by climate change, sustained renewable droughts)
- + Conduct additional stress-tests on examine events to assess resilience of electric system

## Phase 2: Assessment of Long-Term Regional Resource Needs

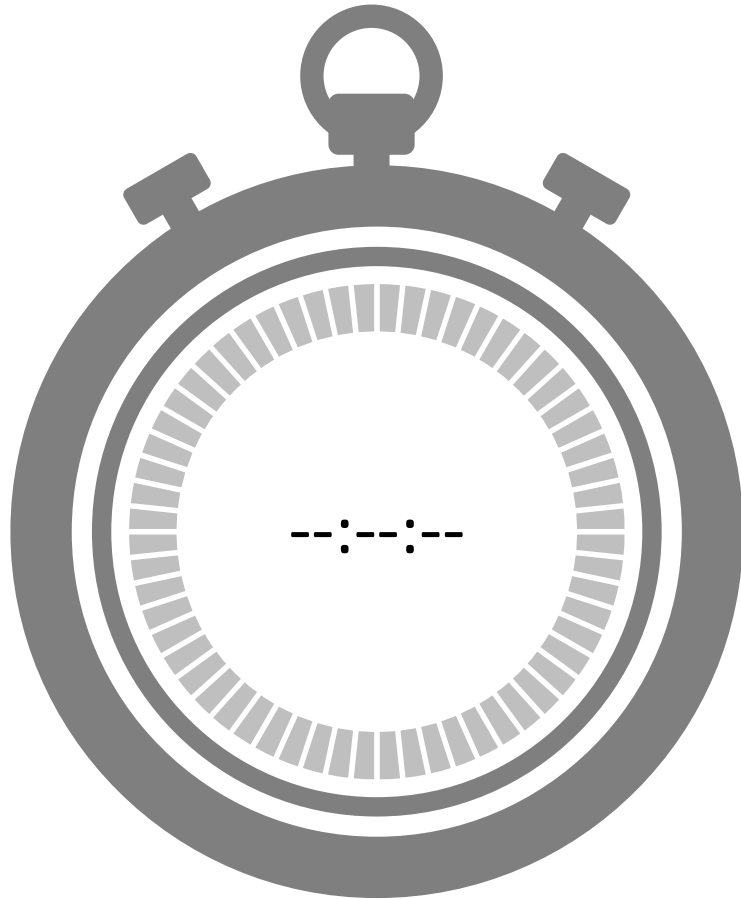
- + Use long-term capacity expansion modeling to identify a range of potential portfolios to meet region's long term (2050) resource needs
- + Characterize roles and contributions of different types of resources based on common themes across portfolios
- + Examine how new and emerging technologies may affect region's long-term outlook



Break



# Time for a Break



Break Duration 10 min.

Meeting will resume at

hh:mm



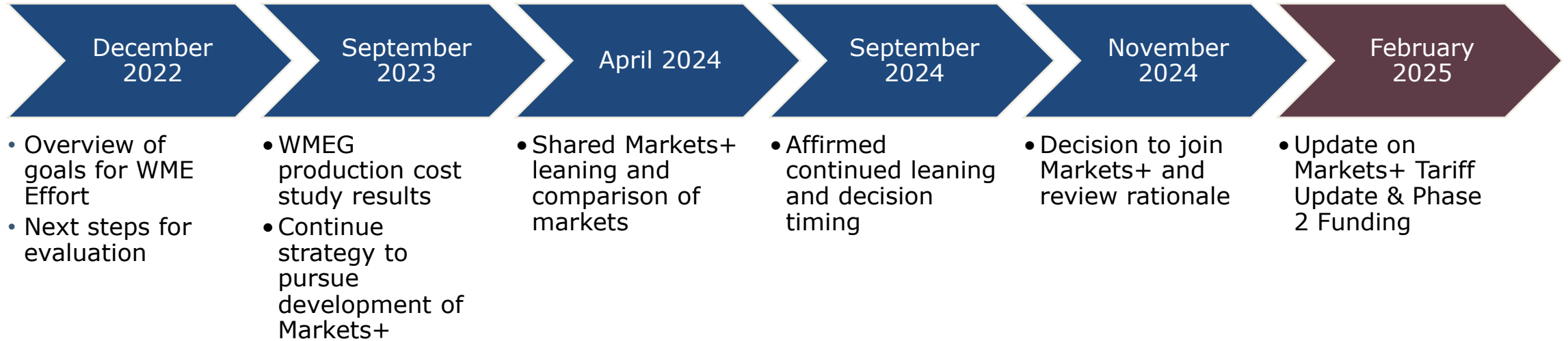


# Western Markets Update

Kent Walter, APS



# Stakeholder Engagement



## ACC Docket on Western Markets



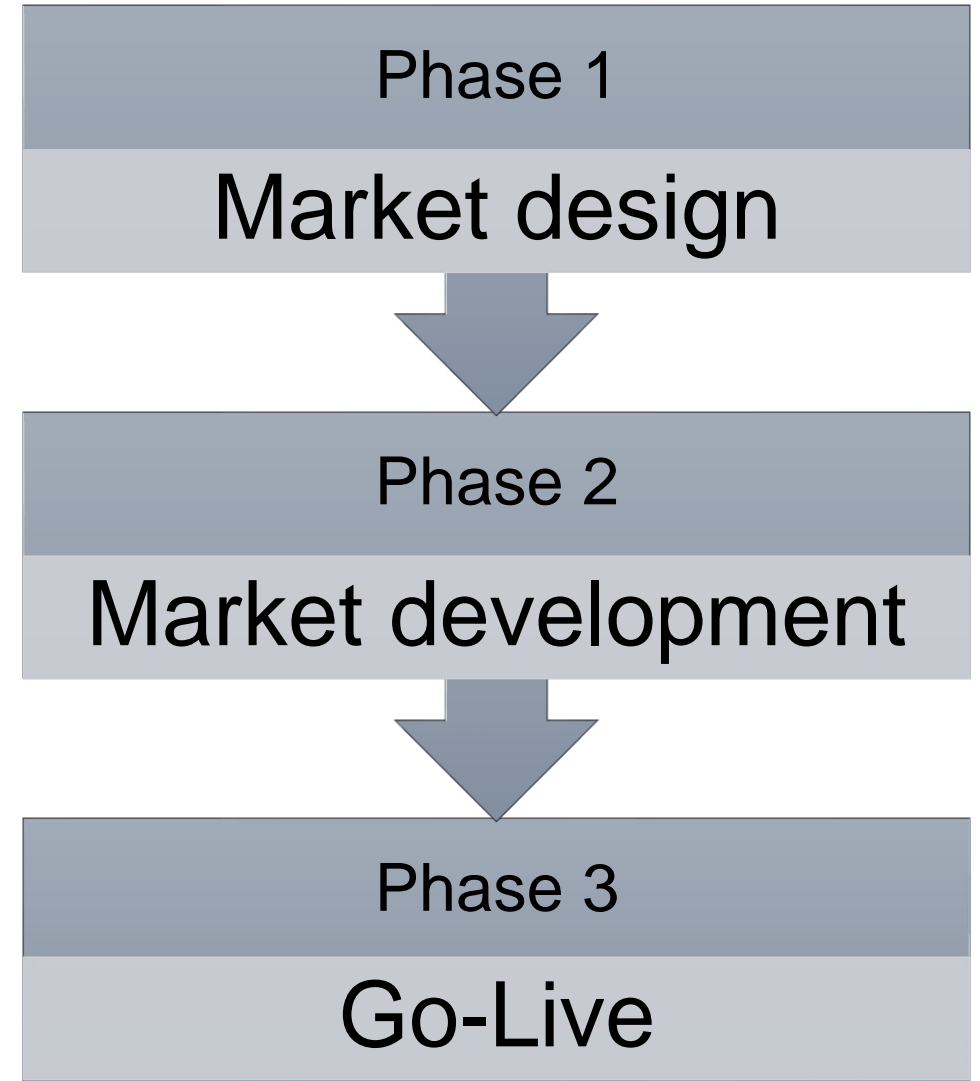
## Follow-up from Nov meeting

| Request  | Response   |
|--|--|
| <ul style="list-style-type: none"> <li>• Access to non-public study data</li> </ul>  | <ul style="list-style-type: none"> <li>• Public study results are filed in the ACC markets docket and provided to RPAC in the pre-read materials</li> <li>• APS does not have visibility to non-public data</li> </ul> |
| <ul style="list-style-type: none"> <li>• Third party capacity study for market decision</li> </ul>                               | <ul style="list-style-type: none"> <li>• Markets+ is only day-head market design that could support capacity reductions</li> <li>• APS will further explore capacity impacts from markets in 2026 IRP</li> </ul>       |
| <ul style="list-style-type: none"> <li>• Customer meetings for market decision</li> </ul>  | <ul style="list-style-type: none"> <li>• APS materials for market decisions are publicly available and are filed at the ACC for interested customers</li> </ul>  |
| <ul style="list-style-type: none"> <li>• Compare and share why other entities may have arrived at a different outcome</li> </ul> | <ul style="list-style-type: none"> <li>• APS will not speak for other utilities decisions and the balance of their priorities</li> </ul>   |



## Markets+ Updates Since Nov RPAC

- Jointly announced APS, SRP, and TEP joining Markets+
- FERC conditionally accepts Markets+ Tariff
  - SPP to file compliance filing within 30 days
  - Joint informational filings
- Phase II funding agreement update
- Kicking off implementation efforts
- Market Go Live targeting Q2 2027



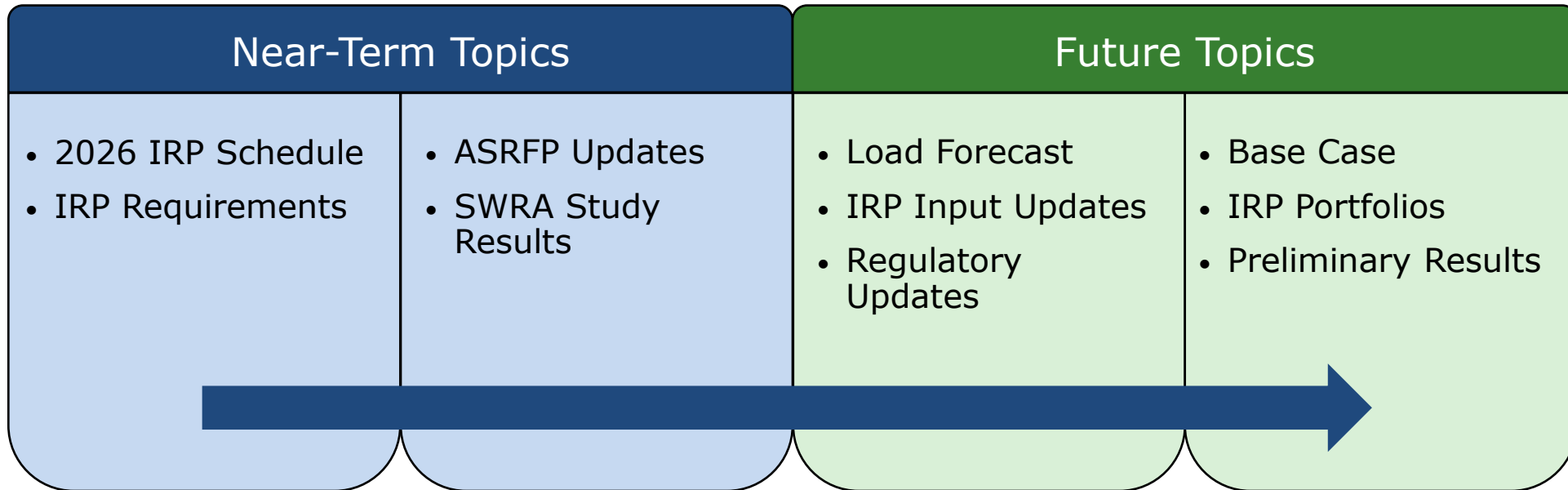


# 2026 IRP Workplan

Mike Eugenis, APS



# 2026 IRP RPAC Touchpoints

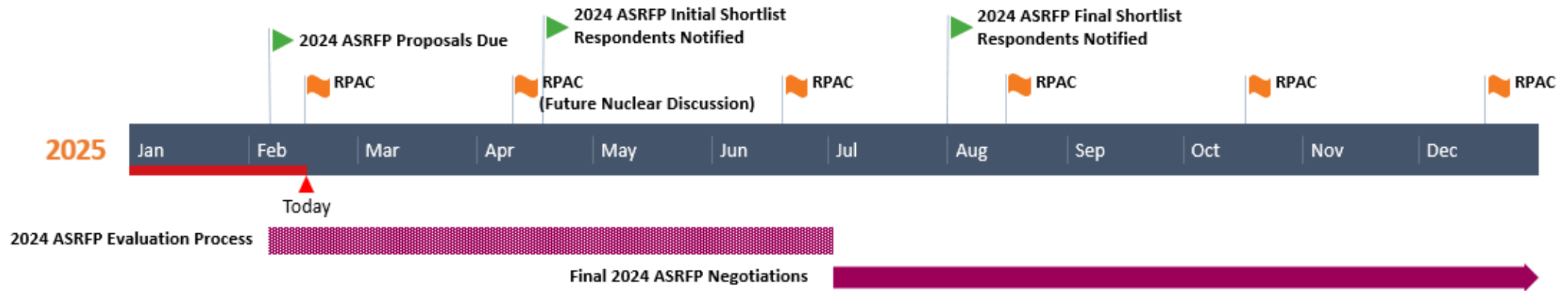




# Next Steps & Closing Remarks

Matt Lind, 1898 & Co.

# Forward Plans and Meetings



\*Disclaimer: This timeline is an estimate and is subject to change depending on the quantity and complexity of bids received

## Key Milestones

April RPAC Meeting: 4/9/2025  
Time: 9:00am

2024 ASRFP Shortlist Respondents Notified:  
Expected prior to the end of Q3

