Arizona Public Service - November RPAC Meeting Minutes

Date	Location	Start	Stop
11/14/2025	APS Corporate Headquarters	9:00 a.m.	12:00 p.m.

MEETING OBJECTIVES

- Recap the September RPAC meeting and provide the status of previous action items.
- Provide an update on APS's procurement activity.
- Clarify the intent of the large customer subscription program.
- Discuss resource pricing sources for the 2026 IRP and seek Stakeholder input.
- Provide an overview of APS's load forecasting process.
- Forecast next steps and future RPAC engagement opportunities.

Attendees	Organization	Title/Role
Thomas Abshire	ACC	ACC Staff
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
Carla De La Chapa	City of Phoenix	Chief Sustainability Officer
Gary Dirks	ASU	Senior Director, Global Futures Laboratory
Zoe Fehlau	Energy Strategies	Analyst
Remy Franklin	Interwest	Senior Analyst, Markets, Transmission, and Regulatory
Will Greene	SWEEP	Arizona Representative
Chad Heinrich	National Federation of Independent Business	Arizona State Director
Autumn Johnson	AriSEIA	CEO
Nikhil Kumar	Gridlab	Program Director
Nitin Luhar	Mitsubishi	Consultant
Flavia Martini	Energy Innovator Fellow	Navajo Nation
Taylor McNair	Gridlab	Deputy Director
Claire Michael	Wildfire	Climate Equity Director
Claire Nguyen	The Nature Conservancy	Energy Policy Advisor
Amanda Ormond	Western Grid Group	Director

Alex Palomino	Energy Strategies	Senior Consultant
Greg Patterson	AZ Competitive Power Alliance	Rotational Program Associate
Caryn Potter	AZ Attorney General	Environmental/Energy Specialist
Alex Routhier	Western Resource Advocates	Senior Policy Advisor
Mia Wei	Navajo Nation	Energy Innovator Fellow
Laura Wickham	SWEEP	Senior Arizona Associate
Ryan Witt	ACC	ACC Staff
Cynthia Zwick	RUCO	Director

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

- No Questions.

Jill Freret & Mike Eugenis | APS/Director, Resource Acquisition, Resource Integration & Fuels | APS/Director, Resource Planning | All-Source RFP Update

Summary: Jill and Mike opened the meeting with an update on APS's 2024 All-Source RFP (ASRFP), and a preview of the upcoming ASRFP. Jill addressed the status of the 2024 ASRFP and outlined details of the upcoming ASRFP, including APS's planned treatment of the identified opportunity at Desert Sun Power Plant. Additionally, Jill noted that APS's approach is consistent with prior ASRFP projects such as Agave, Ironwood, Redhawk, and Sundance, and reaffirmed APS's commitment to a fair and transparent process. Mike discussed APS's evaluation process, emphasizing that all resource types will be required to compete on an equal basis, and that the Desert Sun Power Plant will be evaluated within that competitive framework.

- Stakeholders raised questions about how much APS has already spent towards its pipeline commitment and how APS's natural gas pipeline investment might influence the ASRFP. APS explained while it will not begin making any payments under the pipeline contract until gas is actually flowing (expected end of 2029), the commitment to make those payments is firm, with a majority of the gas expected to support existing facilities out into the future and normal load growth. There is also a portion of the pipeline capacity that would be available to serve Extra High Load Factor (XHLF) customers as that load materializes. Additionally, stakeholders asked whether the new pipeline capacity would replace APS's existing contracts. APS clarified that the new capacity is incremental and that, while it expects to retain current transport agreements, it will have flexibility to let those contracts roll off depending on future load needs.
- Stakeholders inquired about APS's announcement of the Desert Sun Power Plant and questioned how APS's messaging aligns with the ASRFP process, given the focus on a specific resource at a specific location. APS clarified that the RFP remains an all-source process, with bids accepted from all resource types and evaluated first within each technology category before competing in a portfolio analysis to identify the least-cost, reliable mix. APS explained that they are following the same protocol exhibited in previous projects, like Agave and Ironwood, where APS identified a potential project while still inviting market competition.
- Stakeholders also inquired about the application of metrics such as water use and carbon emissions. APS explained that these metrics are used to assess and rank bids within each technology type before advancing them to cross-technology evaluation.
- APS discussed with stakeholders the way it evaluates resource flexibility and dispatchability in its ASRFP process. APS confirmed that dispatchability factors into multiple points of their analysis. APS explained that Effective Load Carrying Capability (ELCC) is fundamental to its reliability and economic analyses, helping identify which resources contribute most to serving incremental load. ELCC informs the selection process, where bids are evaluated by technology before competing against one another.

Patrick Bogle | APS/Director, Datacenter Strategy | Large Customer Subscription Program Update

Summary: Patrick followed Jill and Mike's presentation with an overview of APS's large customer subscription program. Patrick discussed the current size of APS's large customer queue and the Company's approach for meeting datacenter load growth. APS continues to prioritize reliability and affordability. Patrick explained the two pathways to serve datacenter customers: an Extra High Load Factor (XHLF) Tariff with a load commitment agreement, or the Subscription Model. The XHLF Tariff fully assigns all incremental costs required to serve the customer classes causing growth, protecting against cost shifts. The subscription model is designed to accelerate service for large-scale customers by leveraging customer financing. Customers would share risks in exchange for speed to market. Patrick noted that APS has launched its first subscription offering, targeting up to 1.2 GW of service beginning in 2028, with plans for additional offerings in the future.

- Stakeholders asked questions about the formal application process for datacenters joining the committed queue, the size of committed datacenter loads, and the terms of the agreements.
- APS confirmed that a formal application is required to enter the queue and explained that commitments depend on the ability to reliably serve the datacenter based on load forecasts and existing infrastructure capacity.
- APS noted that committed datacenter loads range from less than 100 MW to over 400 MW, and some customers must provide additional resources such as microgrids or demand response products to be served. APS added that about 30-40% of datacenter projects are expected to be real, and that it is focused on prioritizing reliability and affordability for existing customers.
- APS also discussed the energy usage of datacenter customers with the RPAC. Utilization is typically 75-80%, and while additional reserve is held, it varies by customer. Additionally, it is evolving as datacenter use shifts towards increased AI workloads. APS added that claw back mechanisms and Load Commitment Agreements are an option to manage underutilized allocations and ensure resources are efficiently deployed.
- Customers have the ability choose between the XHLF Tariff or Subscription model, but service before 2032 is not guaranteed. The subscription model allows datacenters to accelerate service by funding incremental infrastructure. APS clarified that the second phase of the Desert Sun Power Plant may serve datacenters, but no contracts have been signed. APS also clarified that in the subscription model, the utility identifies resources needed to reliably serve the portfolio, but customers may request additional clean resources. Contracts would be executed only after ACC approval.

Mike Eugenis | APS/Director, Resource Planning | 2026 IRP Resource Pricing

Summary: Mike Eugenis kicked off a discussion on APS's 2026 IRP resource pricing sources. Mike shared which sources were used for each resource type, technology maturation curves, and 2028 resource prices for various technologies. After providing an overview, Mike sought questions and input from the group.

- The group emphasized the value of public sources for leveraging established research and added that private sources can provide additional rigor. APS agreed with stakeholders that benchmarking public sources with private data is a good approach, but unique project profiles and procurement specifics may lead to variations.
- APS discussed cost metrics with the RPAC. Stakeholders asked about APS's use of cost metrics beyond capital cost, including Levelized Cost of Energy (LCOE), Levelized Avoided Cost of Energy (LACE), and fuel costs. APS noted that fixed and variable O&M and fuel costs are all considered in IRP modeling. Stakeholders expressed interest in seeing more information on fuel costs and Demand Side Management (DSM) cost analysis. APS explained that DSM is evaluated separately and will be a candidate resource in the IRP, with study work performed in partnership with Guidehouse.
- Stakeholders noted that capital cost estimates can vary by up to 30% due to market conditions and procurement specifics, emphasizing the importance of considering regional factors for equipment costs for all resources, including solar. Additionally, stakeholders highlighted the potential geopolitical risks to natural gas fuel, noting that, while it may not be an immediate concern, it should be considered in long-term planning.
- **After Mike's presentation on 2026 IRP resource pricing, Alex Routhier delivered a presentation from WRA reviewing recent capital cost forecasts for key generation technologies**. Sources

included NREL ATB, Lazard, EIA AEO, APS's IRP, and other western utility IRPs. The presentation highlighted the variability across these sources.

Ross Mohr | APS/Manager, Energy & Revenue Analysis / Forecast | Load Forecast Update

Summary: After the discussion on 2026 IRP resource pricing and resource pricing sources, Ross Mohr provided an overview of APS's 2026 IRP load forecast. Ross shared that the forecast anticipates continued growth in energy sales and peak demand, driven by data centers and residential customers. Energy sales are projected to grow to 24,100 GWh during the 2026 IRP planning period and 59,800 by 2041. The presentation emphasized that the load forecast includes only committed customers, and not the 19 GW uncommitted queue. Ross also noted weather impacts and challenges in planning for XHLF projects due to uncertainty in timing and ramp rates.

- APS and stakeholders discussed where the load forecast will be seen in the 2026 IRP. APS clarified that it will include at least as many scenarios as requested by the Commission but is still developing the scenario list. Stakeholders also asked whether APS only considers the full 15-year load forecast, or if APS looks at averages over shorter periods as well. APS clarified that it forecasts each year individually. This approach allows APS to reflect both near-term trends and longer-term planning needs. APS followed up with average growth rate information for the next five years.
- Stakeholders questioned how APS reconciles the projected increase in retail sales with the rapid growth in datacenter load and the large uncommitted queue discussed during the Large Customer Subscription Program Update. APS explained that the IRP's extra-high load factor forecast only includes committed customers, not the 19 GW uncommitted queue.
- APS discussed the uncommitted queue with the RPAC in further detail. APS provided clarity on how much of the uncommitted queue is made up of companies building their own facilities, relative to datacenters leasing their space. APS highlighted that colocation operators actively manage occupancy metrics and maintain very low vacancy rates. APS also emphasized that developers and hyperscalers are generally cautious in their deployment, aiming for projects with the highest return and minimizing risk, countering perceptions that this growth is speculative.
- APS and Stakeholders agreed on the importance of promoting power and water efficiency among datacenter developers. Stakeholders inquired about load growth patterns and peak impacts. APS explained that residential customers are increasingly responsive to time-of-use and demand-based rates. For extra-high load factor customers, APS noted that their load tends to be fairly constant, resulting in a level shift in peak demand rather than altering its shape.

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

- No Questions