

Arizona Public Service - November RPAC Meeting Minutes

Date	Location	Start	Stop
11/15/2024	Virtual	9:00 a.m.	12:00 p.m.

MEETING OBJECTIVES

- Recap the September RPAC meeting and provide the status of previous action items.
- Discuss the acknowledgement of APS's 2023 Integrated Resource Plan.
- Provide an update on APS's 2023 ASRFP.
- Update members on APS's Western Markets decision.
- Forecast next steps and future RPAC engagement opportunities.

Attendees	Organization	Title/Role
Sandy Bahr	Sierra Club	Director, Grand Canyon Chapter
Kate Bowman	Vote Solar	Regulatory Director
Diane E. Brown	Arizona PIRG	Executive Director
Ian Calkins	Copper State Consulting Group	Vice President of Public Affairs
Walter Clemence	Capital Power	Senior Advisor, US Regulatory
Gary Dirks	ASU	Senior Director, Global Futures Laboratory
Ben Fitch Fleischmann	Interwest Energy Alliance	Director, Markets and Transmission
Lisa Hickey	Interwest Energy Alliance	Senior Regulatory Counsel
Nicole Hill	The Nature Conservancy	AZ Climate Program Director
Stephen Jennings	AARP	Associate State Director
Autumn Johnson	Tierra Strategy	CEO
Sam Johnston	Interwest Energy Alliance	Policy Manager
Sam Kidd	Holland & Hart LLP	Of Counsel
Nitin Luhar	Mitsubishi	Consultant
Amanda Ormond	Western Grid Group	Director
Greg Patterson	AZ Competitive Power Alliance	Director
Caryn Potter	SWEEP	Arizona Representative
Alex Routhier	Western Resource Advocates	Senior Clean Policy Analyst
Jason Schmidt	Leeward Energy	VP Transmission
Jackie Solares	St. Vincent de Paul	Director, Sales and Business Development
Kayla Teeple	Western Freedom	Research & Policy Associate
Katherine Urasky	National Renewable Solutions	Senior Origination Manager
Laura Wickham	SWEEP	Senior Arizona Associate

Scott Yaeger	Rockland Capital	Vice President, Power Marketing
--------------	------------------	---------------------------------

Matt Lind | 1898 & Co./Director of Resource Planning | Welcome & Meeting Agenda

- No questions.

Mike Eugenis | APS/Director, Resource Planning | 2023 IRP Acknowledgement

Summary: Mike Eugenis, Director of Resource Planning, began the meeting with a brief update on the acknowledgement of APS's 2023 IRP. Mike thanked members for their participation in the RPAC and their involvement in the IRP Stakeholder process and expressed that the RPAC group would continue to meet as APS began the development of the 2026 IRP.

Dawn Baker | APS/Power Origination Consultant, Resource Acquisition | ASRFP Update

Summary: Dawn Baker, Power Origination Consultant, followed Mike's update with a recap of APS's 2023 ASRFP. Dawn provided an overview of the total capacity procured from the 2023 ASRFP, including a breakdown of the amount of capacity procured by resource. Additionally, Dawn informed members that APS plans to launch the 2024 ASRFP in the coming month.

- **Question - RPAC Member:** On slide 9, are storage resources counted as clean, but not renewable?
 - **Response - Derek Seaman:** That is correct, yes.
- **Question - RPAC Member:** Can APS give an indication of how much of the storage procured from the 2023 ASRFP is paired with another resource, and how much is standalone?
 - **Response - Derek Seaman:** 650 MW of the approximately 3,600 MW of total storage is stand-alone.
- **Question - RPAC Member:** Does APS evaluate different scenarios for where storage resources are located, in relation to load pockets and substations?
 - **Response - Derek Seaman:** We look at that with a degree of granularity. Part of this involves the interconnection process. Our Transmission team evaluates smaller opportunities, such as transmission batteries, which can be used to defer the need for additional transmission lines. These opportunities are evaluated, but we do not see them flow through the ASRFP. In the ASRFP, we are more focused on larger-scale resources.
- **Question - RPAC Member:** Is the planning process the stage where APS determines the most suitable locations for storage on the system?
 - **Response - Derek Seaman:** That would be addressed by our Transmission Planning team during the planning stage, correct.

Kent Walter | APS/Director, Western Market Affairs | Omayya Ahmad | APS/Manager, Regulatory Compliance | Western Markets Update

Summary: Kent Walter, Director of Western Market Affairs, and Omayya Ahmad, Manager of Regulatory Compliance, informed members of APS's decision to join SPP's Markets Plus day-ahead market. Kent and Omayya emphasized the importance of the customer benefits, reliability assurances, and other key market design features that favor Markets Plus. Kent shared that APS is aligned with other Arizona entities in its market decision. The go-live for Markets Plus is expected in Q2 2027.

- **Question - RPAC Member:** How much has APS agreed to fund to stand up Markets Plus? And over what period of time?
 - **Response - Kent Walter:** APS anticipates signing the Markets Plus Phase Two Funding Agreement after FERC has approved the tariff for Markets Plus. The Phase Two Funding Agreement will range based on the number of participants. APS currently anticipates that cost will be \$15 to \$20 million, but that will vary depending on who ultimately signs on to the Phase Two funding.
- **Question - RPAC Member:** SRP estimates that their costs will be \$21 million, and they are asking to spread their costs over 10 years. Is APS thinking about this similarly?
 - **Response - Kent Walter:** SPP will apply the same duration of repayment to all participating entities through market charges.

- **Question - RPAC Member:** Where is APS in its decision-making process?
 - **Response - Kent Walter:** Currently, APS expects to sign on Phase Two and, ultimately, participate in Markets Plus beyond that. There are some pending items that could impact APS's participation, like critical mass or FERC denying the Markets+ tariff, but we believe that those things are heading in the right direction.
- **Question - RPAC Member:** If California changed its legislation to allow an independent entity, could that cause APS to change its decision?
 - **Response - Kent Walter:** No, Governance is just one limiting factor for EDAM participation. The customer economic benefits are not comparable to Markets+, and new governance doesn't fix the market design that has been proposed for EDAM. These markets are designed differently, and the EDAM market design is not structured to protect customers in a way that APS is confident supporting.
- **Question - RPAC Member:** As other Western entities announce their commitment to EDAM, how does that effect APS's analysis?
 - **Response - Kent Walter:** APS has performed a durability analysis around this decision, where we look at different footprints that create different results. We evaluated our most pessimistic and optimistic cases to find the range of outcomes to evaluate this decision. After reviewing ranges of benefits, we are confident that Markets+ is a durable benefit for our customers.
- **Question - RPAC Member:** Could you please provide additional detail on the customer protections APS has looked at in Markets Plus?
 - **Response - Kent Walter:** APS is looking at customer protections across multiple dimensions, including governance, reliability, and customer economic benefits (including market design that protects customers from congestion pricing).
- **Question - RPAC Member:** How do market savings impact APS customers?
 - **Response - Kent Walter:** The benefits from Markets Plus flow directly to customers through offsets to the Power Supply Adjuster (PSA). This results in lower costs, either because APS is buying energy at a price lower than we can produce, or because we are able to sell at a margin. Either way, those FERC accounts go directly to customers, through lower costs or margins that offset costs.
- **Question - RPAC Member:** Does APS produce reports that track results of specific trades?
 - **Response - Kent Walter:** APS's PSA filings track activity at a broader scale.
- **Question - RPAC Member:** Can you give an indication of how much of the market footprint Arizona entities would represent?
 - **Response - Kent Walter:** The combined footprint of APS, TEP, and SRP is around 80,000 GWh.
- **Question - RPAC Member:** What do the blue columns in the chart shown on slide 16 represent?
 - **Response - Kent Walter:** Those represent the amount of demand for CAISO, SPP, and entities leaning towards EDAM.
- **Question - RPAC Member:** When does APS plan to leave the Western Energy Imbalance Market? Did APS weigh the loss of those benefits in its analysis?
 - **Response - Kent Walter:** APS anticipates that we will leave WEIM when Markets Plus goes live. We did not weigh the loss of those benefits into our analysis because we will exit at the same time of going live with Markets+. There may be a short period of parallel testing. However, it would be a small, one-time cost.
- **Question - RPAC Member:** Can you tell us about the development status of RTO West?
 - **Response - Kent Walter:** I don't have any specific information to share about RTO West.
- **Question - RPAC Member:** As of now there is no RTO West, correct?
 - **Response - Kent Walter:** That is correct. It is expected to be in place ahead of Markets Plus, but it is not a running market today.
- **Question - RPAC Member:** If Markets Plus did not materialize, would there be an RTO West?
 - **Response - Kent Walter:** That would be a decision for those entities. None of those entities have indicated that there is a dependency associated with Markets Plus.
- **Question - RPAC Member:** Does APS plan on joining RTO West?
 - **Response - Kent Walter:** No, APS does not anticipate joining RTO West. There are unique design features for Markets Plus that are different from RTO West. We anticipate that, over time, we will

have efficient seams with RTO West because of the shared market operator and interest in efficient seams among the parties.

- **Question - RPAC Member:** If APS is not interested in joining RTO West, could APS join EDAM and eventually move to Markets Plus? Who is providing the full RTO services?
 - **Response - Kent Walter:** APS intends to continue to incrementally explore a range of different regional services, similar to how we evaluated EIM as a real-time market and now a day-ahead market. Our experience from real-time market participation informed us to make a next step while knowing what important details to look for. Markets Plus continues the trajectory towards an ISO and RTO market. Its design is already similar to an ISO or RTO market from a day-ahead standpoint. We are confident that this platform will serve as a key vehicle that we will be able to take steps into the future with. Regarding the ability to change markets in the future, market participation is voluntary.
- **Question - RPAC Member:** Is APS essentially tagging onto the middle of the West for an eventual RTO service by joining Markets Plus?
 - **Response - Kent Walter:** SPP is the operator of Markets Plus and RTO West. We do not anticipate that Markets Plus and RTO West will eventually meld into a single market, but rather SPP having facilitation of two separate markets.
- **Question - RPAC Member:** If APS doesn't plan on joining an RTO West, the only other market that would be available is SPP, correct?
 - **Response - Kent Walter:** Markets Plus has its own unique set of rule structures that are different than RTO West and SPP's traditional market. The markets would not meld together because of these different rules. We would expect the markets to maintain their rule structures as separate markets, but with the same operator.
- **Question - RPAC Member:** So, for APS to get into an RTO, you're anticipating that the Markets Plus structure that is operated by SPP will expand to provide other services to eventually be an RTO, correct?
 - **Response - Kent Walter:** That is correct, yes.
- **Question - RPAC Member:** To clarify, if Markets Plus were not to materialize, APS would still not join EDAM. Is that correct?
 - **Response - Kent Walter:** That is correct, APS would not recommend joining EDAM in its structure.
- **Question - RPAC Member:** What is the time horizon for APS's \$15 million commitment to Markets Plus? Is that money committed if Markets Plus doesn't materialize?
 - **Response - Kent Walter:** The Phase Two funding agreement is a commitment to fund the development of the market, whether the market moves forward or not. There are protections in place before it moves forward, including defining critical mass and a funding threshold for entities so that if the market is not going to materialize, there is an opportunity to pause the dollars spent towards market development.
- **Question - RPAC Member:** What is the duration of that commitment?
 - **Response - Kent Walter:** The duration that SPP will collect repayment for Phase II costs has not been determined yet.
- **Question - RPAC Member:** What connectivity does APS assume is available in the market between the Pacific Northwest and Arizona in its analysis?
 - **Response - Kent Walter:** That ranges from a couple hundred megawatts to something much larger, depending on the footprint that was modeled.
- **Question - RPAC Member:** Has APS updated its production cost model to reflect recent leanings from other entities?
 - **Response - Kent Walter:** PNM's decision is not reflected in the materials that we are sharing today because it is fairly recent, but we have looked at that and it largely falls in line with the results we will share today.
- **Question - RPAC Member:** Given what we expect the footprint to look like today, what connectivity does APS assume is available in the market between the Pacific Northwest and Arizona?

- **Response - Kent Walter:** In the WMEG study, it is in the hundreds of megawatts. We anticipate that it will be larger, considering the leaning entities that have transmission rights between the two market footprints. The WMEG study represents a conservative result.
- **Question - RPAC Member:** On the pie chart on Slide 17 that shows the potential market footprints, should the size of the Pacific Northwest entities be shrunk to the size of connectivity that APS has access to?
 - **Response - Kent Walter:** From a short-term perspective, you are correct. In the long term, we expect additional connectivity through the way the market manages congestion revenue.
- **Question - RPAC Member:** Does APS's analysis incorporate assumptions related to whether entities that hold long-term transmission rights will be able to opt them out of the EDAM entities on which they are held, or if they will be able to donate them to Markets Plus for market optimization?
 - **Response - Kent Walter:** Higher levels of connectivity than what was studied is a bonus for APS. The numbers we are walking through today reflect a more reduced connectivity.
- **Question - RPAC Member:** Does the WMEG study utilize dynamic schedules, or fixed hourly transfers?
 - **Response - Kent Walter:** Dynamic schedules are used in the WMEG study.
- **Question - RPAC Member:** Was the WMEG study performed at a sub-hourly time step?
 - **Response - Kent Walter:** E3 would be able to provide more detail on the granularity.
- **Question - RPAC Member:** Is APS's primary motive for finding a complement for its system the ability to sell power to the market, or is this intended to solve APS's capacity needs directly?
 - **Response - Kent Walter:** Capacity and energy sales both benefit from a complementary market and were considered in our choice for Markets Plus.
- **Question - RPAC Member:** Does APS plan to perform more modeling to explore the changing weather patterns?
 - **Response - Kent Walter:** No, weather differences are captured through the production cost model in load and resources.
- **Question - RPAC Member:** Are the results of the WMEG study still relevant?
 - **Response - Kent Walter:** The WMEG study results are still relevant. The study was published about one year ago. The results spanned around seven footprints and a number of scenarios, so it captured a lot of potential outcomes. The footprints that were studied for the various costs that were included are shown at the bottom of the graph on slide 20.
- **Question - RPAC Member:** You mentioned that APS anticipates that there is around a few hundred megawatts of connectivity available between the Western Interconnect and what I'll call Eastern SPP. Can you specify the upper range of what APS estimates could be available?
 - **Response - Kent Walter:** That could be an additional five hundred to one thousand megawatts.
- **Question - RPAC Member:** When you mention that congestion revenue rights could build additional capacity, does that imply that APS relies on 1500 megawatts of transfer capacity for each entity in Markets Plus?
 - **Response - Kent Walter:** The economic studies are based on today's transmission system. Additional connectivity can enhance the benefits in Markets Plus.
- **Question - RPAC Member:** Why hasn't APS shared the data and assumptions used in the WMEG study?
 - **Response - Kent Walter:** The WMEG study is publicly filed in the markets docket at the ACC. There is an agreement in place that governs what we are permitted to share because the WMEG study has the benefit of real data from its broad participants. If there is something specific being sought that is not already publicly available, APS is not opposed to sharing the assumptions, provided we are not violating the NDA associated with non-public or third-party data.
- **Question - RPAC Member:** You mention the importance of finding a market that is compatible with APS's system. Has APS considered the maintenance schedules of other entities in its analysis?
 - **Response - Kent Walter:** That highlights the importance of a common resource adequacy platform in the market's design. Leaning on WRAP as a fundamental element of the Markets Plus design is a hugely differentiating feature because that ensures that outage planning is coordinated to ensure that no one is deficient inside a WRAP season.

- **Question - RPAC Member:** Has APS verified that EDAM does not have the same resource adequacy standards as Markets Plus? And is it confirmed that all Markets Plus participants will have the same resource adequacy standards as APS?
 - **Response - Kent Walter:** Yes. CAISO's real-time market was a come-as-you-are market that involved a series of sufficiency tests to limit leaning on other entities. EDAM carries a similar approach and has no resource adequacy requirements, but it leverages a similar sufficiency test approach, meaning that resource adequacy is a risk decision for those entities interested in participating, not a requirement. Markets Plus requires that all loads inside the footprint be members of WRAP, establishing a common resource adequacy requirement. As changes occur in WRAP, those changes will apply to all participating entities, rather than uncoordinated, unilateral decisions by different entities.
- **Question - RPAC Member:** Does APS think about resource adequacy standards in the same way as reliability standards?
 - **Response - Kent Walter:** There is a connection between reliability and resource adequacy, but they are not exactly the same. WRAP is a resource adequacy standard that supports reliability, but that doesn't mean it encompasses all aspects of reliability. Also, WRAP has limitations on access to resource adequacy in the program. Resource adequacy is a fundamental part of reliability, but it is one piece.
- **Question - RPAC Member:** When you say that entities in EDAM and under RSE framework could show up short, potentially causing reliability concerns for APS, are you referring to CAISO participants?
 - **Response - Kent Walter:** Yes, CAISO does not have the same RA standards of WRAP today. As we think about this from a long-term perspective, it is not guaranteed that will hold true for entities that are WRAP participants leaning towards EDAM. The market design lacks an obligation to resource adequacy.
- **Question - RPAC Member:** Can you talk about why APS is reaching different results in its production cost model than other Western entities?
 - **Response - Kent Walter:** I'm happy to talk about our analysis. I will not be able to opine on the decision-making processes of other entities.
- **Question - RPAC Member:** Does APS need approval from its Board for this decision?
 - **Response - Kent Walter:** No, The APS Board has been informed but does not need Board approval on this item.
- **Question - RPAC Member:** What impact do the production cost savings shown on slide 21 have on APS's revenue requirement?
 - **Response - Kent Walter:** The production cost savings shown on slide 21 are savings related to the Power Supply Adjuster (PSA). There would be an impact on our fuel and purchase power costs.
- **Question - RPAC Member:** Could this be thought of as a reduction in costs APS would need to collect from customers?
 - **Response - Kent Walter:** That is correct, yes.
- **Question - RPAC Member:** Are the savings shown on slide 21 the total benefits from joining Markets Plus, or just production cost savings?
 - **Response - Kent Walter:** The savings shown on slide 21 are only production cost savings.
- **Question - RPAC Member:** Does APS's production cost model include wheeling revenue and congestion revenue?
 - **Response - Kent Walter:** Yes, APS's production cost model does include those components.
- **Question - RPAC Member:** How do the expected savings from the Western Energy Imbalance Service Market (WEIS) compare to those of the Energy Imbalance Market (EIM)?
 - **Response - Kent Walter:** Markets+ does have a real-time market whose benefits are included and compared in the WMEG study results. The WMEG study compares different EDAM and Markets+ scenarios to a business-as-usual case. The business-as-usual case includes EIM activity.
- **Question - RPAC Member:** Do the numbers shown on slide 21 include the WEIS and EIM numbers?
 - **Response - Kent Walter:** The Markets+ scenarios include both the Day-ahead and Real-time markets. WEIS is a different market than the Markets+ Real-time market.

- **Question - RPAC Member:** If APS saved \$70 Million in EIM in 2023, how can slide 21 show that the savings is only \$13 Million?
 - **Response - Kent Walter:** APS's participation in EIM is the baseline of the business-as-usual case. Slide 21 shows the difference from the EDAM and Markets+ cases from the business-as-usual scenario. The \$13 million is incremental benefits above EIM participation.
- **Question - RPAC Member:** If APS pulls out of EIM, will it lose those savings, or bear additional costs?
 - **Response - Kent Walter:** The analysis performed includes any lost benefits from EIM participation.
- **Question - RPAC Member:** Does the loss of EIM savings show up somewhere else in APS's analysis of costs and benefits?
 - **Response - Kent Walter:** No, the loss of EIM savings is already included in the analysis as part of the business-as-usual case, because it is a part of the baseline used for comparison. To include this elsewhere would double count the loss of EIM benefits.
- **Question - RPAC Member:** If Markets Plus includes both a Real-time market and WEIS, what savings does APS subscribe to WEIS in comparison to the day ahead market aspect?
 - **Response - Kent Walter:** The analysis does not separate the market run detail to subscribe to one market or another.
- **Question - RPAC Member:** Why is this not included in APS's analysis?
 - **Response - Kent Walter:** This is not included separately in APS's analysis because the analysis is a comparison of the different potential statuses. In one state, APS is operating as we are today, in a bilateral Day-ahead market and in EIM. In another state, APS is operating in EDAM, which includes EIM. And then in the other state, APS is operating in Markets Plus, which includes a day-ahead market and a five-minute market as well. It is not differentiating the value between the different markets individually, instead it considers the total net costs of those cases. Using this approach, we are able to capture the total costs and benefits of our market decision.
- **Question - RPAC Member:** Are there fees associated with APS leaving EIM?
 - **Response - Kent Walter:** No there are not.
- **Question - RPAC Member:** Could this be considered a false baseline if the assumption drops when out when APS drops EIM to move to Markets Plus?
 - **Response - Kent Walter:** It is not a false outcome because it considers the total net cost for customers.
- **Comment - RPAC Member:** It would be good for APS to include the loss of EIM savings in Slide 21, or point us to where you showed us this in the past.
 - **Response - Kent Walter:** The EIM savings are built into the business-as-usual cases shared at previous RPAC meetings.
- **Question - RPAC Member:** Does the chart on slide 21 include the cost of funding/creating Markets Plus?
 - **Response - Kent Walter:** This chart shows the recurring costs, it does not include upfront costs. That will be discussed in the following slide. (Slide 22)
- **Question - RPAC Member:** Is the data shown on slide 21 third-party verified, or are these internal figures?
 - **Response - Kent Walter:** None of these are internal figures. The production cost savings come from the WMEG study, which is a collaboration between a substantial portion of the West to develop a production cost study that shows savings on an individual basis. This reflects APS's portion that in terms of recurring expenses. The recurring expenses were provided by CAISO and SPP for their grid management charges and were also informed by a third-party telecast. The one-time expenses are driven by that same third party, and by the stand-up costs for the market provided by CAISO and SPP.
- **Question - RPAC Member:** Do these numbers include capacity savings?
 - **Response - Kent Walter:** No, capacity savings will be addressed in the upcoming slides, but this is a holistic third-party picture as it relates to our production cost savings and our day-ahead market decision.
- **Question - RPAC Member:** Does APS plan on doing a capacity benefits study?

- **Response - Kent Walter:** We have considered capacity savings as part of the decision. However, more formal study of those benefits will be part of the IRP process.
- **Question - RPAC Member:** Why hasn't APS performed a capacity benefit study like other Western entities?
 - **Response - Kent Walter:** Based on the respective market decisions and as it relates to this decision, a capacity benefit study can only yield positive results for Markets Plus and no benefit for EDAM.
- **Question - RPAC Member:** Does APS hold any long-term transmission rights in the Pacific Northwest?
 - **Response - Kent Walter:** No, APS does not hold any long-term transmission rights in the Pacific Northwest.
- **Question - RPAC Member:** Will APS share more of the information supporting this decision with stakeholders?
 - **Response - Kent Walter:** APS has remained open on this topic, including sharing our leanings and learnings along the way. The only challenge area related to information sharing that I heard was asking for more details regarding the WMEG analysis. APS will look into where there is additional information that can be shared apart from what has been filed at the ACC.
- **Comment - RPAC Member:** APS should share data publicly, like we have seen for other capacity savings studies.
 - **Response - Kent Walter:** We are happy to continue the discussion on capacity savings. As it relates to this decision, any and all capacity savings support continuing to move forward with Markets Plus.
- **Question - RPAC Member:** Why wouldn't APS proceed with a capacity study and make that information public?
 - **Response - Kent Walter:** We are looking at production cost benefits and they favor a decision to join Markets Plus and not EDAM. The capacity study can only benefit the Markets Plus environment because the EDAM market rules don't require common Resource Adequacy or the ability to access Resource Adequacy through the market. APS is willing to look into capacity benefits, but as it relates to this decision, we have a known zero MW and dollar benefit for EDAM participation and a potential increase in benefits on the Markets Plus side. Capacity benefits will be explored in our next IRP and only further support APS joining Markets+ Plus.
- **Question - RPAC Member:** What commitments is APS willing to make to ensure transparency on this topic for ratepayers and public interest organizations?
 - **Response - Kent Walter:** APS and Markets+ are committed to ensuring transparency throughout this process. Interest organizations like WRA have been members in Markets Plus working groups, including serving as voting members on the Markets Plus Participants Executive Committee. Markets Plus is unique as nothing occurs outside of the public process, where everything is discussed, modified if appropriate, and voted on. Additionally, Stakeholders have access to that process through SPP's Western Events Calendar. Any public interests seeking to also participate in the Markets Plus process are also welcome to register and participate in a similar manner.
- **Comment - RPAC Member:** APS should continue to make sure that there is transparency in its decision making with the Commission and the public.
- **Question - RPAC Member:** What qualities of EDAM's market design make it challenging to see potential capacity benefits through EDAM?
 - **Response - Kent Walter:** Slide 23 highlights some of the differences, with the key challenges being the lack of a common resource adequacy program, access to resources, and the ability to not have the footprint watered down by those resources being committed elsewhere. These are all fundamental to APS's decision, and we don't see reliability supporting components of the EDAM design today.
- **Comment - RPAC Member:** APS should hold a meeting specifically to discuss its Western market decision.
- **Question - RPAC Member:** Could you provide information on how PowerEx is expected to participate in Markets Plus, and how much APS will rely on PowerEx for delivery of resources from the Pacific Northwest?

- **Response - Kent Walter:** I can't speak on behalf of PowerEx in terms of their engagement in Markets Plus, but I can confirm that APS's benefits are not reliant on their connectivity.
- **Follow-Up:** APS confirmed that APS benefits are not reliant on third party transmission rights; however, APS mischaracterized transmission rights as not being included when some small amounts of transmission connectivity were included in the WMEG cases.
- **Question - RPAC Member:** Is sole authority proposed over markets policy? And would the step one proposal be in place once the trigger is met?
- **Response - Omayya Ahmad:** Those are two separate things. The trigger is associated with the step one proposal. The trigger has not been met, but the proposal has already been approved. As soon as another entity announces plans to join EDAM, the governance will shift from joint to primary authority, not sole authority yet. Sole authority is part of the step two process, and that requires California legislation to be implemented.
- **Comment - RPAC Member:** Go live for Markets Plus is not for another two years. I hope that APS will continue to engage Stakeholders as things continue to evolve.
- **Question - RPAC Member:** Are other entities taking a reliability risk by joining EDAM, which does not have uniform resource adequacy requirements?
- **Response - Kent Walter:** We won't speak for other entities, but it is important to APS that features that enable reliability are a requirement. Our perspective is that these features are important, so they are heavily weighted in our decision, in addition to other dimensions like customer protections and benefits.
- **Question - RPAC Member:** Are there any features of APS's system that are distinctly different from entities leaning towards EDAM?
- **Response - Kent Walter:** I am not intimately familiar with those other entities to provide detail on that, nor would opine on another entity's reasons for a decision.
- **Comment - RPAC Member:** It would be helpful for APS to explore the cause of their study results differing from those of other entities.
- **Response - Kent Walter:** APS is happy to share more on how we think about this decision. APS will not evaluate the other entities' decisions or become involved in their processes by presenting information on their decisions to this group.

Matt Lind | 1898 & Co./Director of Resource Planning | Next Steps & Closing Remarks

- No questions.