APS RPAC Meeting

4/20/2022

MEETING AGENDA

Welcome & Meeting Agenda
Matt Lind
1898 & Co.

Summary of RFP Review
Matt Lind
1898 & Co.

RPAC RFP Feedback
RPAC Members

RFP Schedule
Matt Lind
1898 & Co.

Looking Forward
Matt Lind
1898 & Co.

Acquiring DSM Resources
Kerri Carnes
Manager, Customer to Grid Solutions

Discussion & Next Steps
Matt Lind
1898 & Co.

March RPAC Meeting

- APS is continuing to develop an All-Source RFP targeting resource needs between 2025 and 2027. The RFP is scheduled to be released in the end of April or early May timeframe.
- APS organized smaller RFP working group sessions to solicit detailed feedback on the contents of the RFP document and assess questions and concerns with the language and methodology of the bid evaluation process.
- The RFP is designed to be a fair, objective, and flexible process that does not exclude any technologies. APS is committed to a fair and transparent process that promotes a sustainable, reliable, and affordable future.

Following Up

- Action Items from previous meetings:
  - Provide IM agreement
  - Provide draft RFP for review/feedback
- Ongoing Commitments:
  - Distribute meeting materials in a timely advance fashion (3 bd prior)
  - Transparency and dialogue

Meeting Guidelines

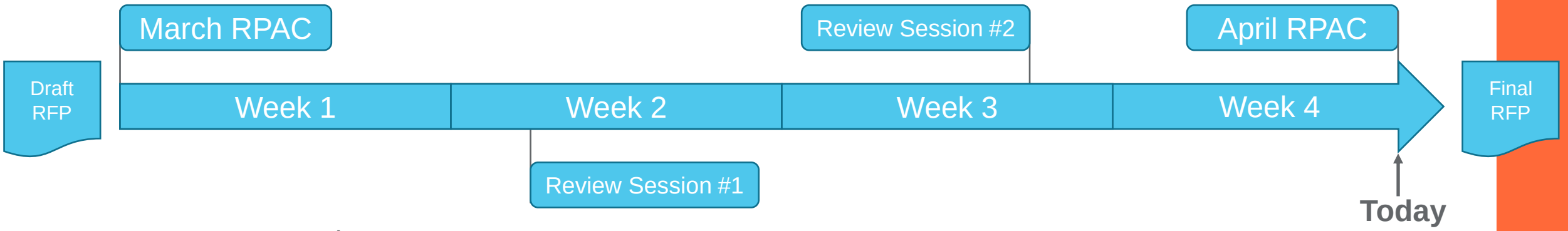
- RPAC Member engagement is critical. Clarifying questions are welcome at any time. There will be discussion time allotted to each presentation/agenda item, as well as at the end of each meeting.
- We will keep a parking lot for items to be addressed at later meetings.
- Meeting minutes will be posted to the public website along with pending questions and items needing follow up. We will monitor and address questions in a timely fashion.
- Consistent member attendance encouraged; identify proxy attendee for scheduling conflicts.
- Meetings and content are preliminary in nature, and prepared for RPAC discussion purposes. Litigating attorneys are not expected to participate.
- **Today**: Certain RPAC Members are excused from entirety of today's meeting due to potential resource development interests.

Summary of RFP Review

RFP Guiding Principles

- Process that is
  - Objective
  - Fair
  - Flexible to diverse resources
- Open to all commercially viable resource(s) and technologies
- Prioritizes reliable and affordable proposals that enable clean energy commitments

RPAC RFP Feedback Timeline



- March 23rd: March RPAC Meeting
- March 25th: Final day to register for detailed RFP review subgroup
- April 1st: First working group RFP review session
- April 11th: Second working group RFP review session
- April 15th: Finalize feedback prior to April RPAC Meeting
- **(Today) April 20th: April RPAC Meeting**
- Early May: RFP Release

Changes in initial RFP draft

2020 → 2022

- Process Changes
  - Document organization
  - Introduction of 1898 & Co.
  - Transparent scoring system provided
  - RPAC/Stakeholder feedback
- Structural Changes
  - Reduce minimum size to 5 MW
  - Tiered proposal fee, $5k up to 25MW, $10k > 25MW
  - Renewable plus Storage BTA and PPA options

RPAC RFP Feedback

90

Approx. 90 different feedback items from email, working group sessions; Clarifying questions, Comments, Recommendations

Communication	• Availability of RFP documents • Distribution list
Schedule	• Bidder's conference • Interconnection requirements
Evaluation Process	• Screening process • Portfolio evaluation clarifications
Evaluation Criteria	• Emphasis on clean alternatives • Developer's previous commercial experience

Additional Changes

- Bidder confidentiality agreement (“CA”) shared with the working group
- RFP document to be publicly available at aps.com/rfp
- Minimum previous experience requirement reduced on smaller projects
- Maximum size for demand side options (100MW) removed
- Increased screening criteria weighting (2x) for carbon emission profile

Discussion & Questions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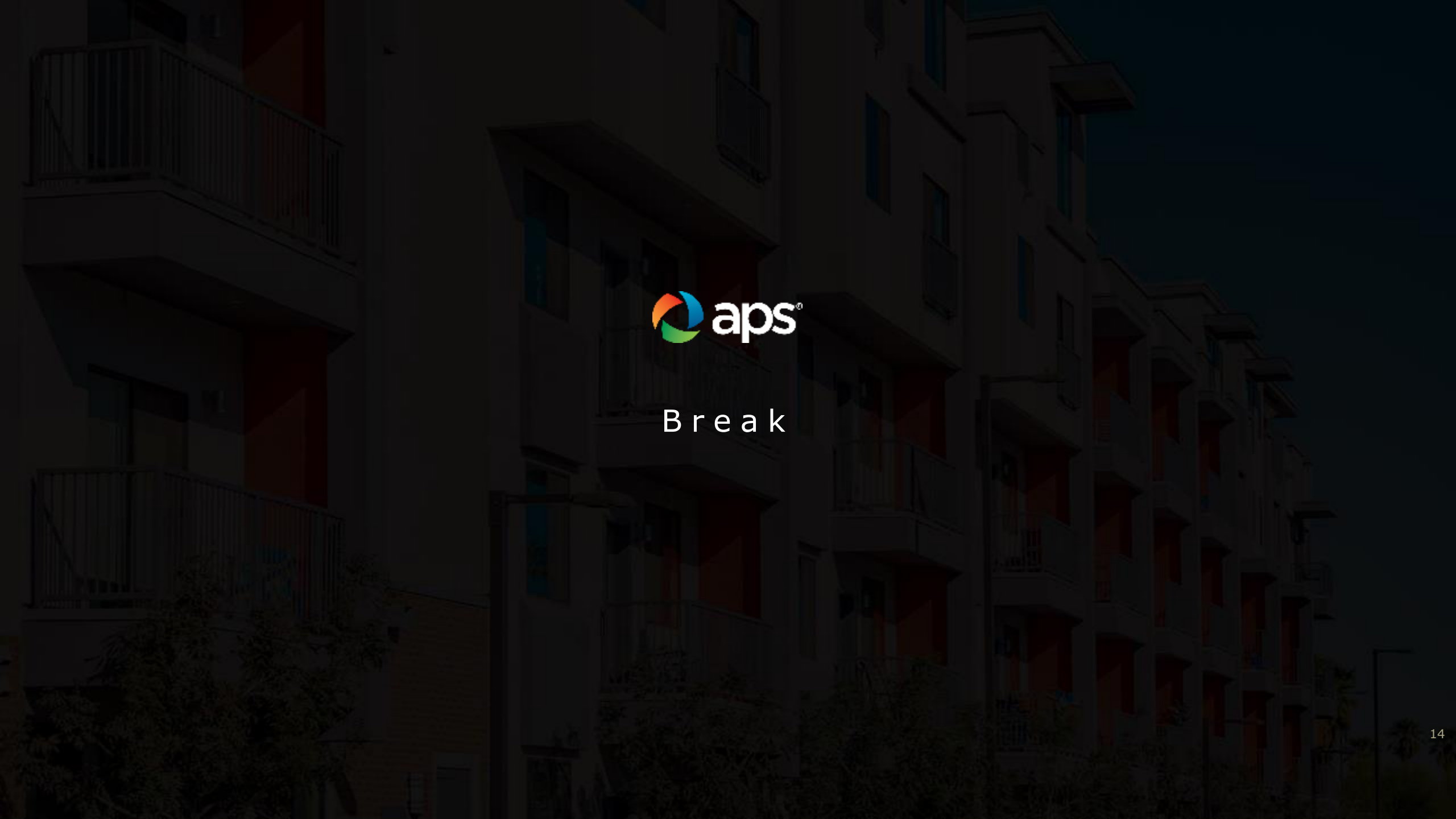
RPAC RFP Feedback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Break

RFP Schedule

Anticipated Schedule: 2022 All Sources RFP

- **May** 16th: Release date
- Early **July**: Receive proposal/s
- Late **August**: Evaluation and shortlisting
- **Sept.-Dec.**: Bidder due diligence and contract negotiations

Discussion & Questions


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Looking Forward
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May and Future RPAC Meetings

May

- Hybrid Meeting: In-person and virtual attendance supported
- In-person at APS office (400 N 5th St, Phoenix, AZ 85004)

Future

- Pause meetings through summer
- Re-start a monthly cadence later in Q3 or Q4
- Will provide update on ASRFP
- Shift focus to 2023 integrated resource plan

Acquiring DSM Resources

Scaling Up APS's DER Aggregation Programs

Cool Rewards

- Residential/SMB thermostat demand response
- 113 MW (2021), 150+ MW (2022 goal)

Peak Solutions

- Commercial/Industrial demand response
- 28 MW (2021), 45 MW (2022 goal), up to 75 MWs contracted

Residential Battery Pilot NEW

- Up to $2,500 rebate for data share/on-peak dispatch; up to $3750 rebate for shared capacity. Up to 8 MWs by 2023.

Managed EV Charging NEW

- Rebates for data share, Level 2 connected chargers

Connected Water Heating Controls NEW

- Introduced in New, Existing and Multi-Family Homes Programs

Partial List of DSM Program Partners

DSM Program Implementation Contractors	– EnergyHub – CleaResult – DNV GL	- Red Feather - FSL - CPower	- OPower - Uplight - Automated Energy	- Recurve - enervee
DER Device Manufacturer Partners	– Google/Nest – Ecobee – Honeywell	- Emerson - Amazon - Tesla	- EnPhase - SolarEdge - Sunverge	- SMA - Rheem - Shifted
Local Trade Ally Program Delivery Partners	– 192 commercial contractors – 97 Residential HVAC – 72 Arizona homebuilders		- 28 Home Performance - 10 CAP Agencies	

Recent DSM RFP Opportunities

SECTOR	DESCRIPTION
C&I EE	Solutions for Business Program Implementation Services
C&I DR	Up to 75 MWs of Summer Peak Demand Response
All EE/DR	Up to 40 MWs of DDSR Aggregated Grid Services
Res EE/DR	Online Marketplace Implementation Services
Res EE/DR	Multi-Family Program Implementation Services
Res EE/DR	Multi-Family Connected Water Heating Controls
Res EE/DR	Residential Rate Enabled Thermostat Services
Res EE/DR	Conservation Behavior Program Implementation

2021 All-DDSR RFP

APS requested proposals for multiple grid services

Product A	**Product B**	**Product C**
Focus: System capacity, energy and load shifting value	Focus: Locational value on 6 APS feeders	Focus: Ancillary services
5-40 MW aggregated load	*1-5 MW aggregated load*	*1-5 MW system support*

APS received 12 total bids from six bidders, with at least two bids for each of these services

DDSR Tariff Approach

- **APS issues periodic DDSR RFPs**
  - Specify resource needs, grid locations, grid services being requested
- **APS selects third party DDSR aggregators**
  - Must meet requirements for cybersecurity, reliability,
  - Selections will be reviewed by an Independent Monitor
- **Approved aggregators recruit customers to participate**
- **Participants will be enrolled in a DDSR tariff rider/schedule**
  - Participants could keep their current underlying rate plan
  - Rider specifies what services customers are committing to provide through their third-party aggregator
- **APS compensates aggregators for grid services they provide**
  - Performance based agreement with penalties for non-performance
- **Aggregators share payments with customers**
  - Based on their agreements with participants
  - Similar to the current APS Peak Solutions Commercial DR program structure

Discussion & Questions

Open Discussion & Next Steps

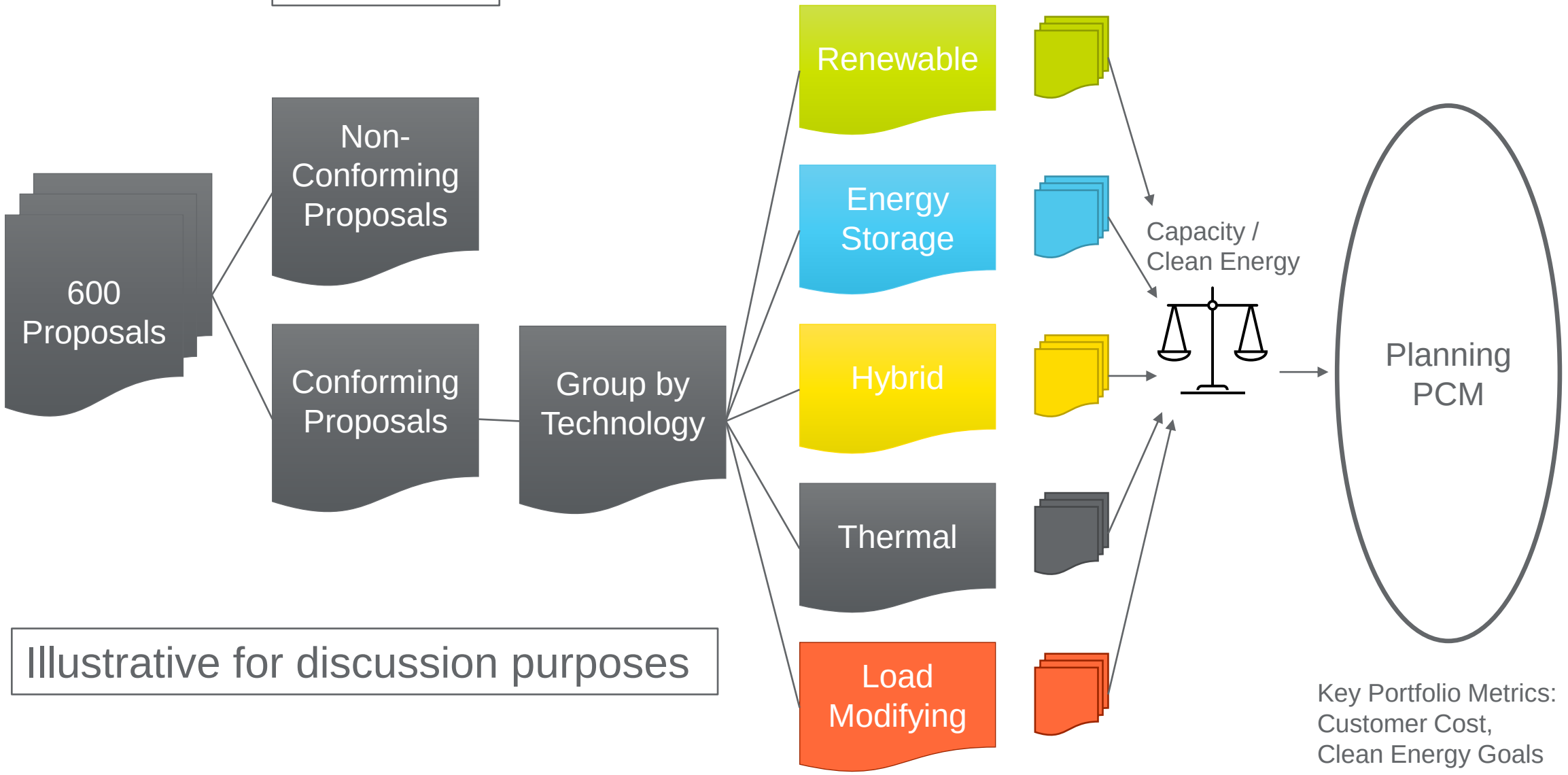
Appendix

1. Receive Proposals

2. Review for Min. Criteria Conformance

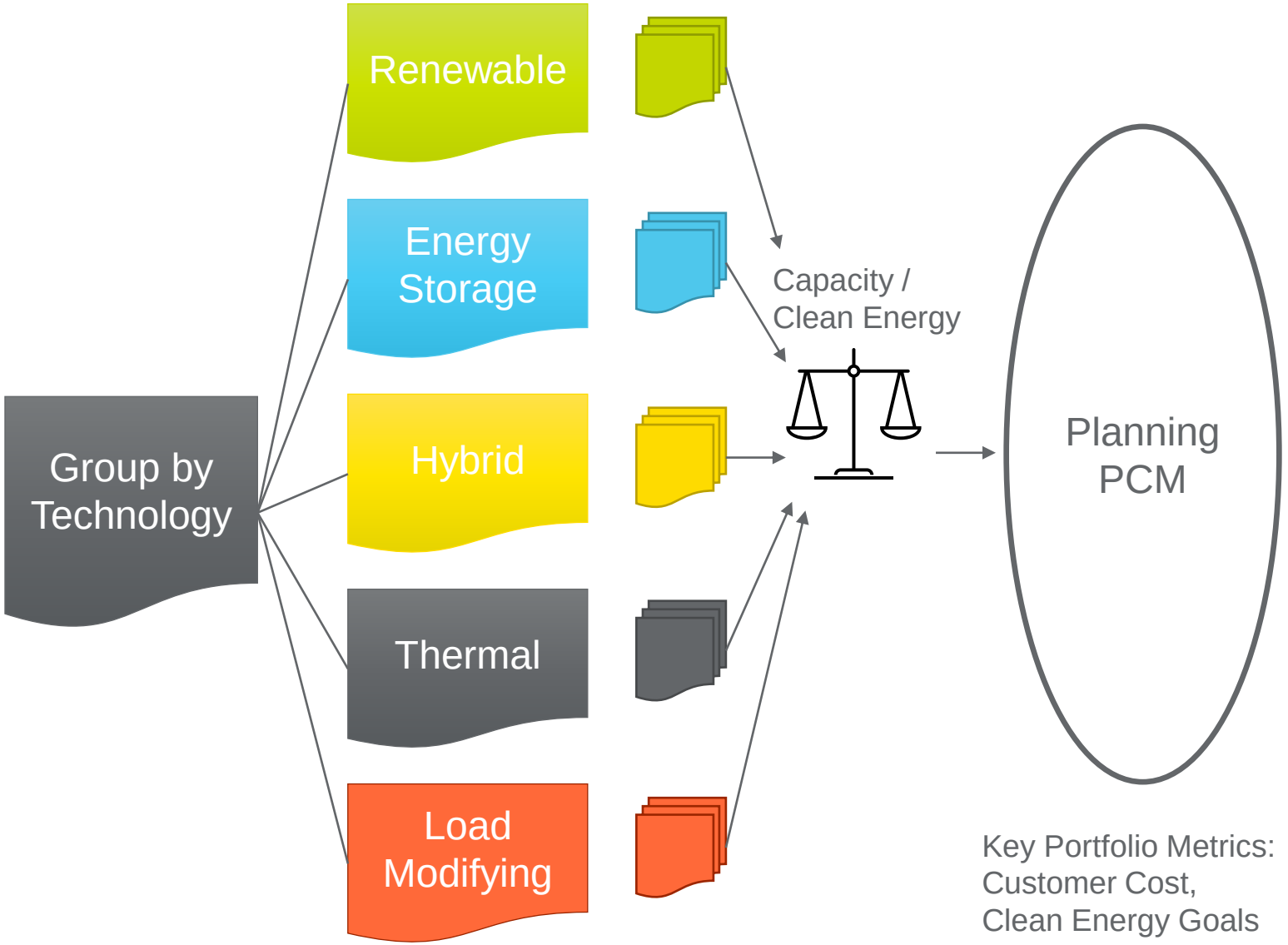
3. Screening Evaluation Ranking w/in Groupings

4. Portfolio Evaluation



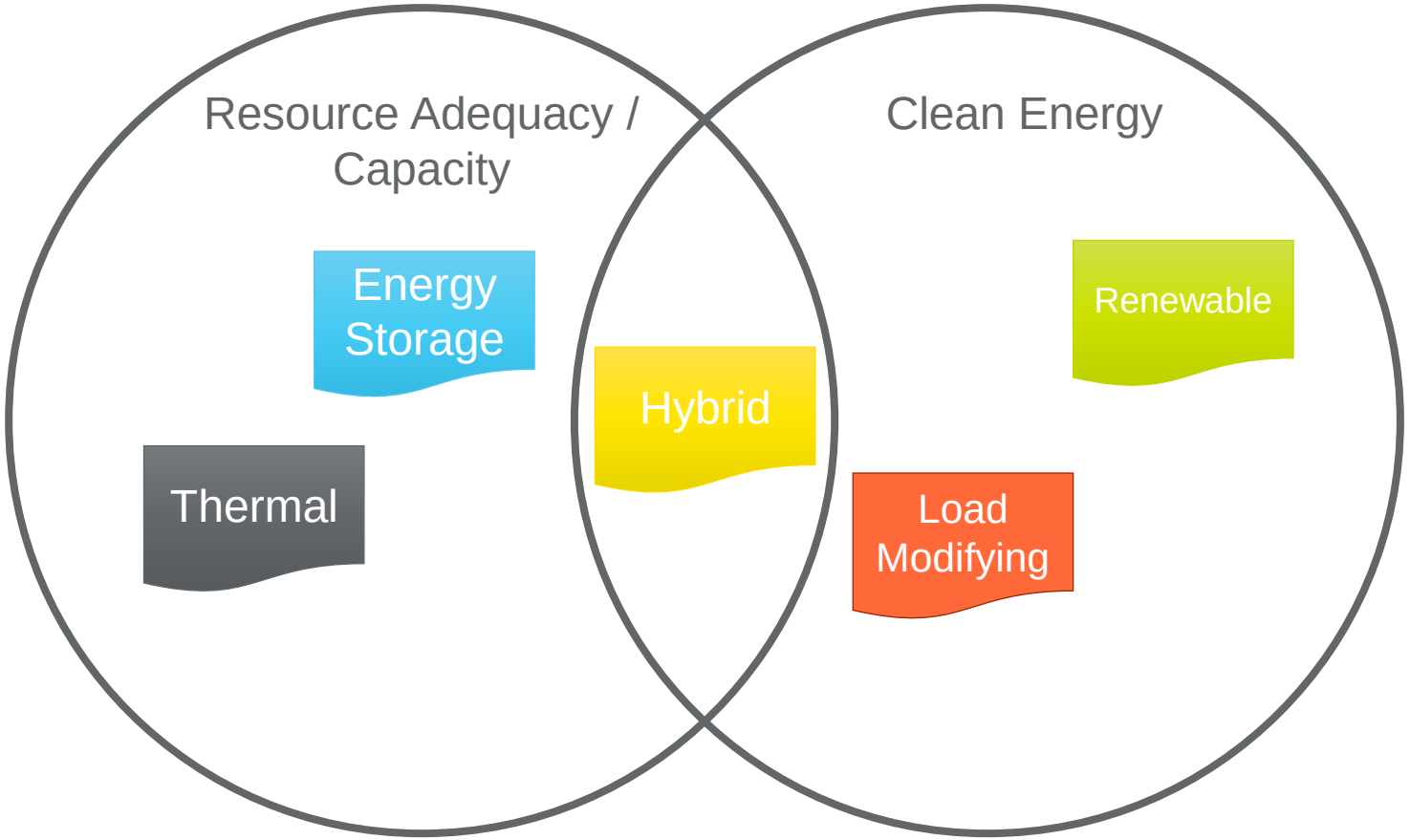
Illustrative for discussion purposes

Screening evaluation



- Proposals compared against similar technologies to move forward
- Technology groupings for similar applications
- Factors need to differentiate w/in groupings

Technology Groupings



Illustrative for discussion purposes

From RFP (Section A.1):
Resources offered through this RFP will be evaluated on their ability to meet one or both of the resource adequacy and clean energy objectives.

Resources do not need to provide both.

Screening Criteria and Points

- Resource alignment (25%)
- Risk factors (25%)
- Cost (50%)

Categories	Criteria	Weightage	Total Points	Points
Resource Alignment	Dispatchability	25%	500	100
Resource Alignment	Carbon Emissions Profile			200
Resource Alignment	Load Factor Impacts			100
Resource Alignment	Flexibility			100
Technology /Project Risk	Site Control	13%	250	50
Technology /Project Risk	Interconnection Status			100
Technology /Project Risk	Supply Chain			100
Respondent Risk	Respondent Commercial Experience	13%	250	100
Respondent Risk	Respondent Safety			50
Respondent Risk	Financial Strength			100
Cost	Reliable LCOC	40%	800	800
Cost	LCOE	10%	200	200
			Total Points:	**2000**