

System Reliability Benefit (SRB) Mechanism

Stakeholder Meeting

July 23, 2026



Agenda

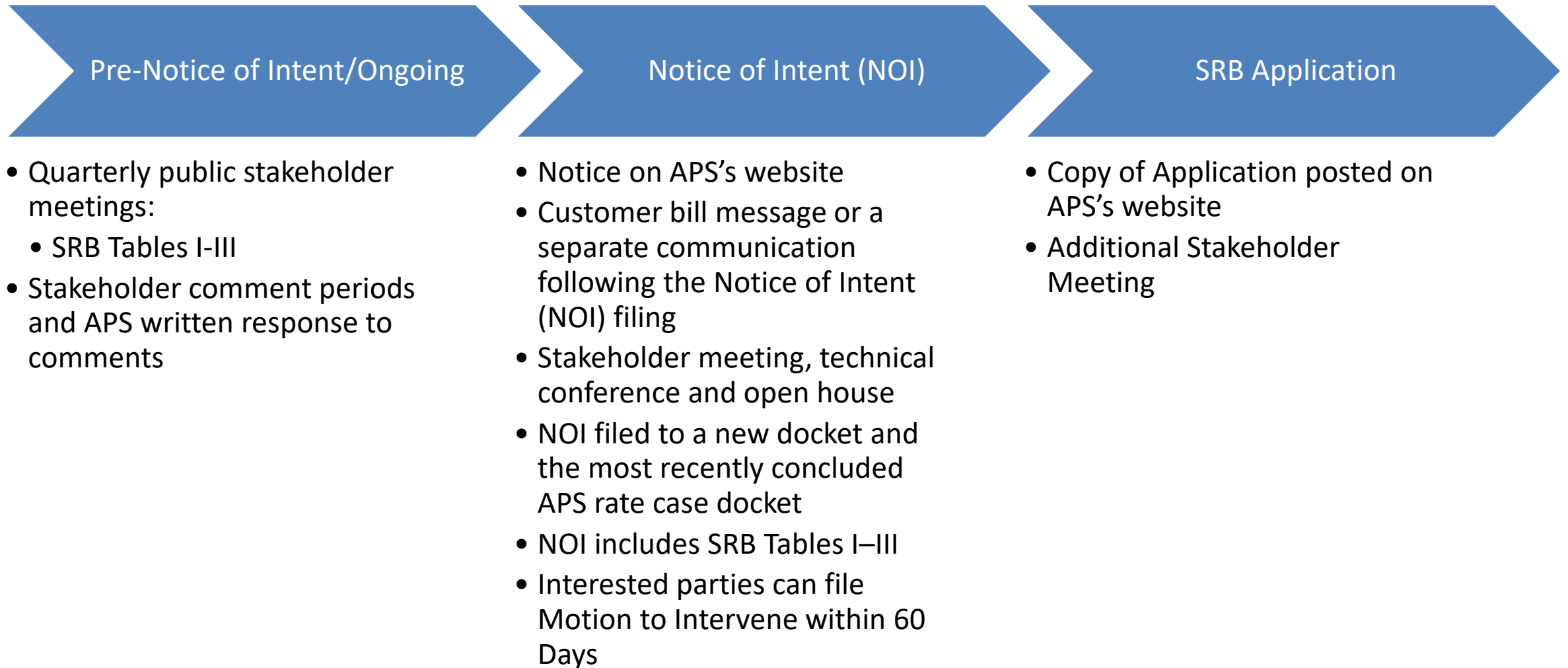
- SRB Stakeholder Process
- Stakeholder Comment Process
- SRB Proposed Changes
- SRB Table Update
- Questions/Comments

SRB Stakeholder Process and Meeting Documentation

Adam Constable
APS



SRB Stakeholder Process



Meeting Documentation

- After Stakeholder meetings, APS will file SRB presentations to the docket and post presentations and meeting minutes to <https://www.aps.com/resources>

SRB Stakeholder Comment Period

Adam Constable
APS



Stakeholder Comment Process

- Stakeholders can provide comments and questions related to the SRB during meetings.
- APS will also hold a Stakeholder comment period for 14 days after the meeting. SRB-related comments should be sent to StakeholderMeetings@aps.com.
- Following the 14-day comment period, APS will file written responses to all SRB-related comments received in the APS 2022 Rate Case Docket (E-01345A-22-0144).

Proposed Changes to SRB Mechanism



SRB Mechanism Changes

- As part of its 2025 Rate Case, APS has proposed eliminating the SRB mechanism if the Formula Rate Adjustor Mechanism (FRAM) is approved as proposed by APS.
- The FRAM as proposed would provide a cost recovery opportunity for APS-owned generation consistent with what the SRB currently allows.
- The Company's obligation to adhere to established procurement rules would remain under either approach.

SRB Tables I, II, and III

Jill Freret
APS



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SRB Table I - System Reliability Benefit (SRB) Adjustment Mechanism
 INITIATED ALL SOURCE REQUEST FOR PROPOSALS (ASRFPs)
 AS OF JULY 23, 2026

	(A)	(B)	(C)	(D)	(E)
Line No.	Detail A	Detail B	Detail C	Detail D	Detail E
1.	APS 2025 ASRFP	RFP Information: APS is seeking at least 1,000 MW of resources. APS is requesting resources that will provide reliable capacity to meet summer peak needs, overnight energy, reserve margin and the growing demand needs of extra high load factor (XHLF) customers. APS could contract for significantly more than the above-referenced minimum target of 1,000 MW based on growing demand needs that may be served through its large customer subscription program. APS requests competitive proposals for capacity resources and renewable energy resources providing a minimum of 5 MW with commercial operation dates in 2029, 2030, or 2031 for Power Purchase Agreements (PPA), Build Transfer Agreements (BTA), Engineering, Procurement, and Construction Agreements (EPC), and Load Management Agreements (LMA).	Specific Opportunities: • Thermal Generation at the APS-owned Desert Sun Power Plant (“Desert Sun”) site. • Generating resources to be located within the geographic boundaries of the Navajo Nation. • Generating resources to be located within the geographic boundaries of the Hopi Tribe.	RFP Timing: RFP Issued: November 19, 2025 Anticipated Contract Execution: June 2026 - December 2026	N/A

¹ APS’s 2025 ASRFP and information related to the ASRFP process can be found at the following link: <https://www.aps.com/en/About/Our-Company/Doing-Business-with-Us/Resource-Planning/Request-for-Proposals>

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SRB Table II - System Reliability Benefit (SRB) Adjustment Mechanism
SCHEDULE OF ELIGIBLE QUALIFYING RESOURCE PROJECTS
AS OF JULY 23, 2026

	(A)	(B)	(C)	(D)	(E)
Line No.	Resource Type	Size (MW)	Location	Estimated In-Service Date	Other Project Description
1.	Natural Gas	397 MW	Arlington, AZ	Q1 2028	Redhawk

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SRB Table III - System Reliability Benefit (SRB) Adjustment Mechanism
COMPLETED QUALIFYING RESOURCE PROJECTS
AS OF JULY 23, 2026

	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
Line No.	Project Tracking Number	Resource Type	Resource Name	Size (MW)	Location	Actual In-Service Date	Other Project Descriptions	Total Cost ¹	ACC Jurisdictional Cost ¹

Questions?



Thank You!

