

Arizona Public Service

2023 IRP: Public Stakeholder Meeting #2

Questions & Answers

Date	Location	Start	Stop
09/27/2023	Virtual	9:00 a.m.	11:35 a.m.

Slide 14 - 2023 IRP Timeline

- Question - Anonymous: What is APS's biggest concern for summer 2024?
 - Answer - Justin Joiner: APS is not concerned about next summer because they are taking action to prepare for new resources coming online in that time frame and safeguard against delays.
- Question - Sandy Bahr: Will APS be considering a portfolio that does not include additional fossil gas and that includes an economic retirement of Four Corners?
 - Answer - Todd Komaromy: APS does not anticipate running that portfolio. After the filing, there is likely an opportunity to explore this portfolio.
- Question - Anonymous: With the growth of data centers, there is concern for resource usage (water and energy) and the possible lack of job opportunities. How does APS work to attract or not attract these centers (and others)?
 - Answer - Todd Komaromy: APS does not choose our customers. APS is communicating with potential new data center customers and working with them to serve them when we can, and if we don't have the capacity to serve their very significant needs, we work on a schedule.

Slide 22 - Footprints Studied (Market Footprints and Seam Treatment)

- Question - Amanda Ormond: Did APS model the Southwest trading with both the Northwest and SPP?
 - Answer - Brian Cole: Yes, we do have those results modeled as part of this study. As shown on slide 22, there are scenarios that model the Southwest in both the Northwest and SPP markets.

Slide 45 - A Forward-Looking View of the Clean Energy Tax Credits

- Question - Anonymous: Solar & wind and solar & wind with storage have been the lowest cost energy available to utilities. Is APS worried that wind & solar with batteries will become more expensive than gas/other resources, or is it just a matter of time before the tax credit benefits are seen?
 - Answer - Mike Eugenis: The purpose of resource planning is to evaluate how changing cost inputs affect APS's plan. APS performs sensitivities by modeling increasing new resource and natural gas costs to evaluate continual investment in renewable technology. APS is seeing that renewable resources still provide significant value in IRP portfolios despite cost changes.

Slide 53 - Scaling APS's Virtual Power Plant

- Question - Anonymous: Are you planning to address the impact of Energy Efficiency programs in the IRP? EE can help to avoid peak demand over long periods of time.
 - Answer - Izzy Lawrence: The IRP includes both Demand Response and Energy Efficiency programs along with traditional programs such as HVAC replacements, shade trees, Weatherization Assistance Program, etc. APS acknowledges that these programs provide both peak shaving and year-round savings and allow the resource plan to better optimize demand-side resources with supply-side resources.

Slide 63 - Early Results Show Durability of Near-Term Resource Selections

- Question - Anonymous: How many MWs of additional new gas is included in the Action Plan?
 - Answer - Mike Eugenis: Approximately 300 MW total of new gas has been identified during the action plan period (2023-2027).
- Question - Anonymous: When do the coal mine minimum purchase contracts expire?
 - Answer - Mike Eugenis: APS's coal contracts expire in 2024 for Cholla and 2031 for Four Corners.

Slide 65 - Transmission Development Critical

- Question - Anonymous: How much of APS's predicted load growth is coming from new commercial and industrial (C&I) customers?
 - Answer - Mike Eugenis: About 75% of APS's load growth is a mixture of large industrial customers, data centers and DE&I, with about 25% coming from residential and other sources.
- Question - Anonymous: What type of tariff are data centers on? Do they have a special tariff, such as an economic development tariff? Are they allocated the cost of incremental peak load in the tariff?
 - Answer - Mike Eugenis: The Extra High Load Factor (XHLF) customer General Service tariff has three parts: a general service charge, a demand charge, and an energy charge. Further details can be found online at [Rate Schedule XHLF General Service Extra high Load Factor](#).
- Question - Anonymous: Please explain the "liquidated damages" of coal costs included in the modeling. Does it include decommissioning costs as an incremental cost or only remaining uncollected costs?
 - Answer - Mike Eugenis: In the context of our modeling, liquidated damages refer to fees associated with minimum take provisions within coal contracts. Coal facilities provide a physical hedge against market volatility with respect to both natural gas and market-purchased power. Because cost-effective coal procurement involves long-term contracts, they include minimum expense requirements that are intended to ensure a stable and secure supply of fuel for these power plants. Our economic modeling and dispatch take this into account, in order to achieve the lowest cost and best-fit resources to serve our customers. When APS does not fulfill minimum take provisions in its coal contracts, that is because there were lower-cost energy alternatives available to serve customers, even after factoring in the costs of liquidated damages.