

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

POWER COMMITTEE
Thursday, October 20, 2022, 9:30 AM

SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288

This SRP District Committee meeting will be held in the Board Committee Room with an option to attend in-person or observe via Zoom. The public may receive the teleconference meeting access information by contacting the Corporate Secretary's Office at (602) 236-4398. Supplemental materials will be posted on the SRP website.

Committee Members: Mario Herrera, Chairman; Keith Woods, Vice Chairman; and Robert Arnett, Kevin Johnson, and Stephen Williams
Association Board of Governors Observer: Larry Rovey

Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN MARIO HERRERA
 - Request for approval of the minutes for the meeting of September 22, 2022
2. Initial Financial Plan 2024 (FP24) Load ForecastJED COHEN

Informational presentation regarding the Initial FP24 Load Forecast, which is used for resource planning, financial planning, strategic planning, and transmission and distribution planning.
3. Report on Current Events by the General Manager and Chief Executive Officer or Designees..... MIKE HUMMEL
4. Future Agenda Topics..... CHAIRMAN MARIO HERRERA

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: All property in your possession, including purses, briefcases, packages or containers, will be subject to inspection.



**THE NEXT POWER COMMITTEE MEETING
IS SCHEDULED FOR THURSDAY, NOVEMBER 17, 2022**

MINUTES
POWER COMMITTEE MEETING

DRAFT

September 22, 2022

A meeting of the Power Committee of the Salt River Project Agricultural Improvement and Power District (the District) convened at 9:30 a.m. on Thursday, September 22, 2022, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines. The District and Salt River Valley Water Users' Association (the Association) are collectively known as SRP.

Committee Members present at roll call were M.J. Herrera, Chairman; K.B. Woods, Vice Chairman; R.C. Arnett, N.R. Brown, K.J. Johnson, K.L. Mohr-Almeida, and S.H. Williams; and Association Board of Governors observer L.D. Rovey.

Also present were President D. Rousseau; District Vice President C.J. Dobson; Association Vice President J.R. Hoopes; Board Members A.G. McAfee, R.J. Miller, K.H. O'Brien, J.M. White Jr., and L.C. Williams; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Council Liaisons A.S. Hatley and T.S. Naylor; Council Member A.M. Herrera; Mmes. K.J. Barr, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, L.F. Hobaica, G.A. Mingura, and K.S. Ramaley; Messrs. J.D. Coggins, J.M. Felty, B.L. Hallin, K.J. Lee, A.J. McSheffrey, B.A. Olsen, J.M. Pratt, G. Saint Paul, and R.R. Taylor; Ian Calkins of Copper State Consulting Group; Pete Ewen of Freeport-McMoRan; Sam Johnston of Interwest Energy Alliance; Chris Lane of Bright Night Power; and Zach Nelson of Balanced Rock Power.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Power Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, September 20, 2022.

Chairman M.J. Herrera called the meeting to order.

Consent Agenda

Chairman M.J. Herrera requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member S.H. Williams and seconded by Board Member K.J. Johnson, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Power Committee meeting on August 23, 2022, as presented

Corporate Secretary J.M. Felty polled the Committee Members on Board Member S.H. Williams' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members M.J. Herrera, Chairman; K.B. Woods, Vice Chairman; and R.C. Arnett, N.R. Brown, K.J. Johnson, K.L. Mohr-Almeida, and S.H. Williams	(7)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	None	(0)

Integrated System Plan (ISP) Study Plan

Using a PowerPoint presentation, Angie N. Bond-Simpson, SRP Director of Integrated System Planning and Support, stated that the purpose of the presentation was to provide information regarding the collaboratively developed study plan, which will guide cross-function analysis that supports the development of SRP's first ISP.

Ms. A.N. Bond-Simpson described SRP's ISP Vision as "planning a future system (2025-2035) that will enable us to achieve or exceed our 2035 goals with the highest customer value." She stated that stakeholder and customer engagement continue to focus on resource planning, transmission planning, customer programs, and distribution planning.

Ms. A.N. Bond-Simpson provided an ISP timeline for the advisory group, advisory modeling subgroup, and the large stakeholder group. She identified the Board and Council observers and provided charts considering wide-range perspectives for the future with respect to desert contraction, strong climate policy, and desert boom, along with lower/higher electricity demand scenarios.

Ms. A.N. Bond-Simpson provided an overview of a system-wide analysis involving 12 scenario-based system plans. Ms. A.N. Bond-Simpson discussed the following sensitivities in the ISP Study Plan: high demand response; high energy efficiency; high distributed generation adoption; increased load management; high, low, and volatile gas prices; high and low technology costs; and regional diversity.

Ms. A.N. Bond-Simpson said that the ISP Study Plan continues to focus on the following metrics: affordability, sustainability, reliability, and customer focus. She concluded with a discussion on preparing for the next level with studies to enhance system planning and next steps.

Ms. A.N. Bond-Simpson responded to questions from the Committee.

Copies of the handout distributed and the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Council Members G.E. Geiger and C.M. Leatherwood; Ms. E.N. Barton; and Mr. G.M. Smedley entered the meeting during the presentation.

Closed Session: Biomass Facility

Chairman M.J. Herrera called for a closed session of the Power Committee at 10:07 a.m., pursuant to A.R.S. §30-808, to consider matters relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information, with respect to a request for approval to amend a power purchase agreement for 14 Megawatts (MW) of energy from a biomass facility that will support SRP's 2035 forest restoration goal.

Ian Calkins of Copper State Consulting Group; Pete Ewen of Freeport-McMoRan; Sam Johnston of Interwest Energy Alliance; Chris Lane of Bright Night Power; and Zach Nelson of Balanced Rock Power left the meeting.

The Committee reconvened into open session at 10:39 a.m. with the following Members and other present: President D. Rousseau; District Vice President C.J. Dobson; Association Vice President J.R. Hoopes; Board Members R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, A.G. McAfee, R.J. Miller, K.L. Mohr-Almeida, K.H. O'Brien, L.D. Rovey, J.M. White Jr., L.C. Williams, S.H. Williams, and K.B. Woods; Council Chairman T.M. Francis; Council Vice Chairman J.R. Shelton; Council Liaisons A.S. Hatley and T.S. Naylor; Council Members G.E. Geiger, A.M. Herrera, C.M. Leatherwood, and R.W. Swier; Mmes. K.J. Barr, E.N. Barton, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, L.F. Hobaica, G.A. Mingura, and K.S. Ramaley; Messrs. J.D. Coggins, D.W. Dreiling, J.M. Felty, B.L. Hallin, K.J. Lee, A.J. McSheffrey, B.A. Olsen, J.M. Pratt, G. Saint Paul, G.M. Smedley, and R.R. Taylor.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

John D. Coggins, SRP Associate General Manager and Chief Power Executive of Power System, reported on a variety of federal, state, and local topics of interest to the Committee. He stated that the origin of the recent Moss Landing fire in Monterey California had been traced to the battery packs. Mr. J.D. Coggins stated that SRP currently participates in the California Energy Imbalance Market (EIM) and is evaluating both the California day ahead market and alternately the Southwest Power Pool for real time and day ahead markets options.

Ms. E.N. Barton and Mr. G.M. Smedley left the meeting during the report.

Future Agenda Topics

Chairman M.J. Herrera asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Power Committee, the meeting adjourned at 10:49 a.m.

John M. Felty
Corporate Secretary

Initial Financial Plan 2024 Load Forecast

Power Committee

Jed Cohen | October 20, 2022

Forecast Naming Conventions

- **FP24** – Financial Plan (FP) for Fiscal Year 2024
- **Initial FP24 Load Forecast** – Input to Phase 1 FP24
- **Final FP24 Load Forecast** – Input to Phase 2 FP24
- **May and August Load Forecast Updates** – Additional updates

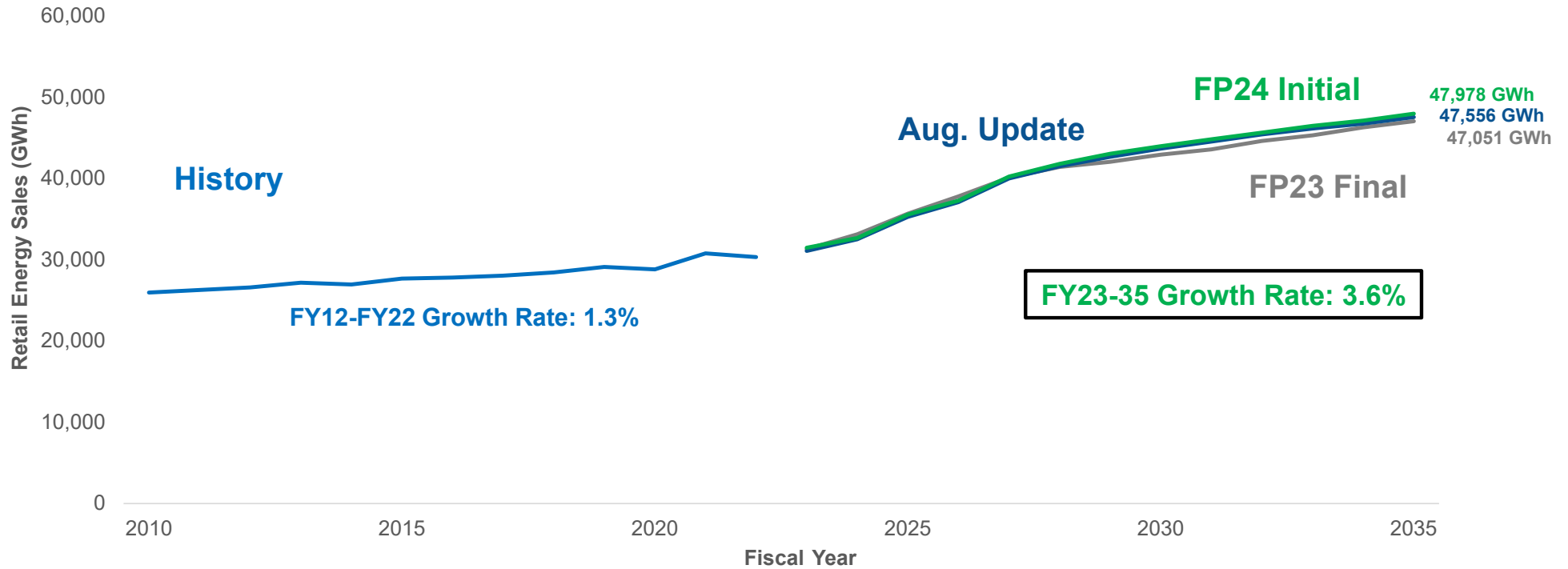
Today – Initial FP24 Load Forecast

Forecast – Key Drivers

- Economy/Population Outlook
- Economic Development
- SRP Customer Programs
- Electric Vehicles
- Rooftop Solar
- Customer-Owned Batteries
- Weather

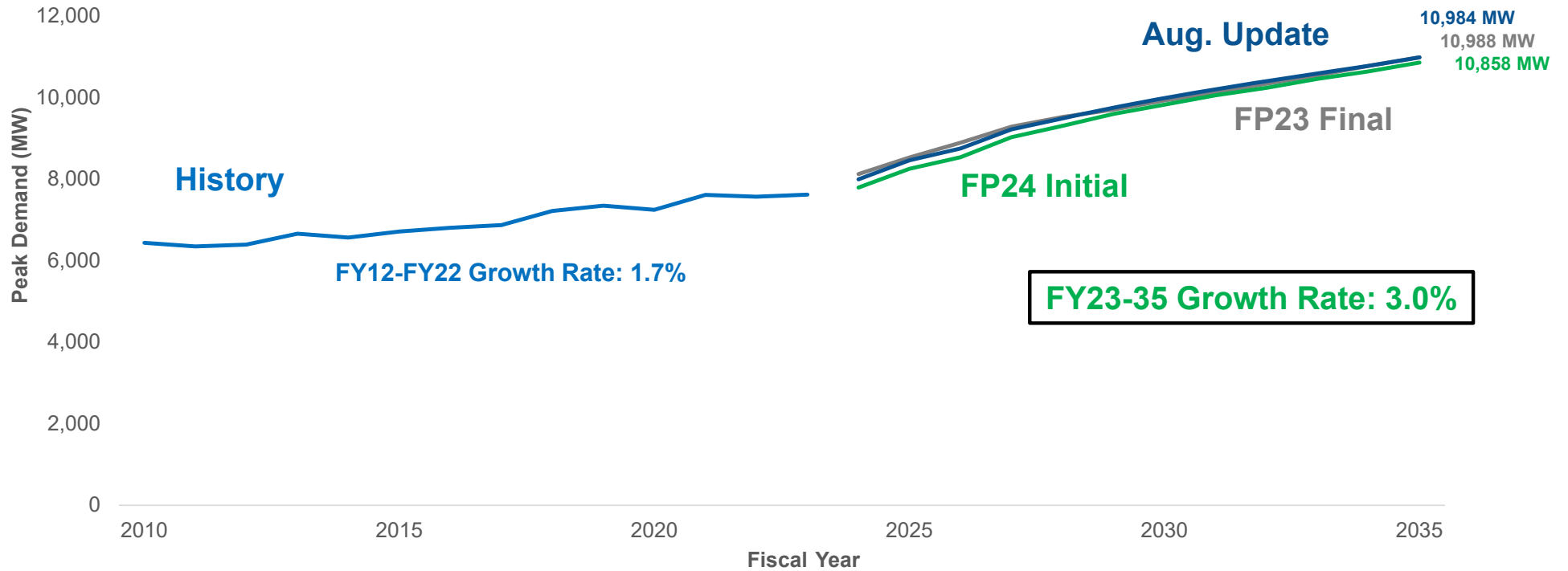


FP24 Initial Energy Forecast



* Growth rates calculated as compound annual growth

FP24 Initial Peak Load Forecast



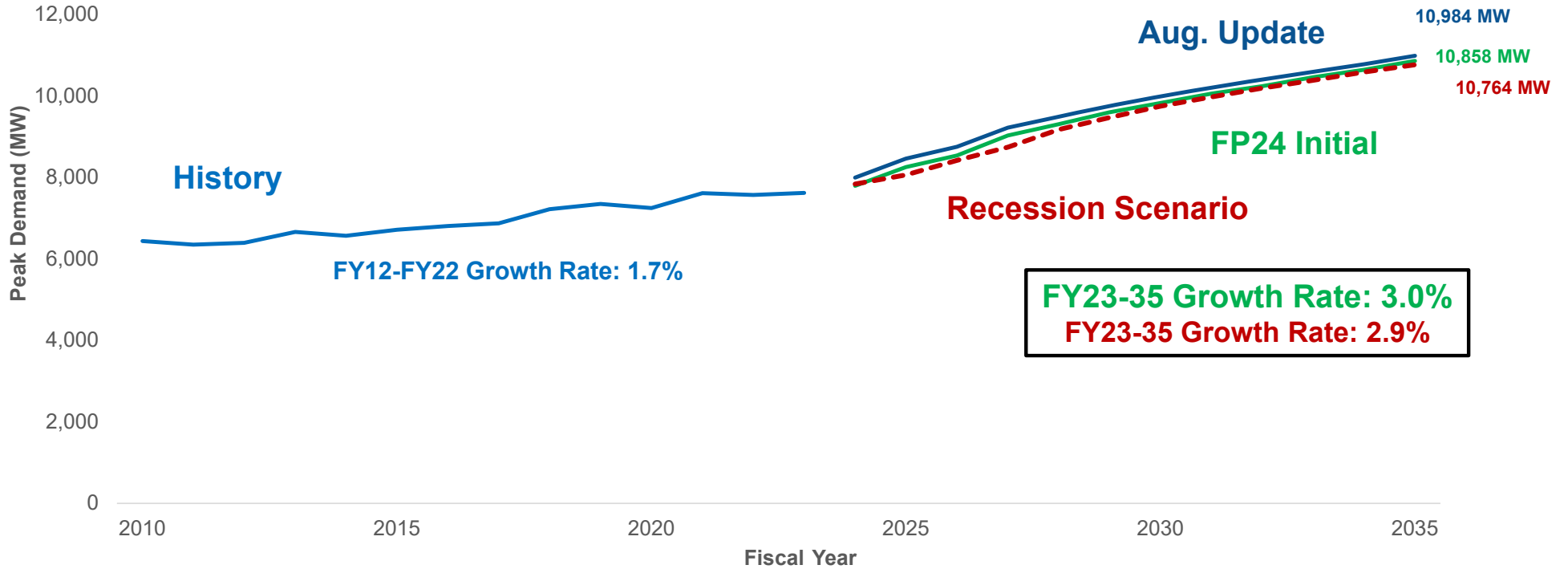
FY23-35 Growth Rate: 3.0%

* Growth rates calculated as compound annual growth

Updates to Underlying Drivers

1. Increased risk of recession to the U.S. economy
2. While the economic development pipeline remains robust, delays to large customer projects due to supply chain constraints
3. Uptick in distributed solar adoption and the Inflation Reduction Act's solar incentives

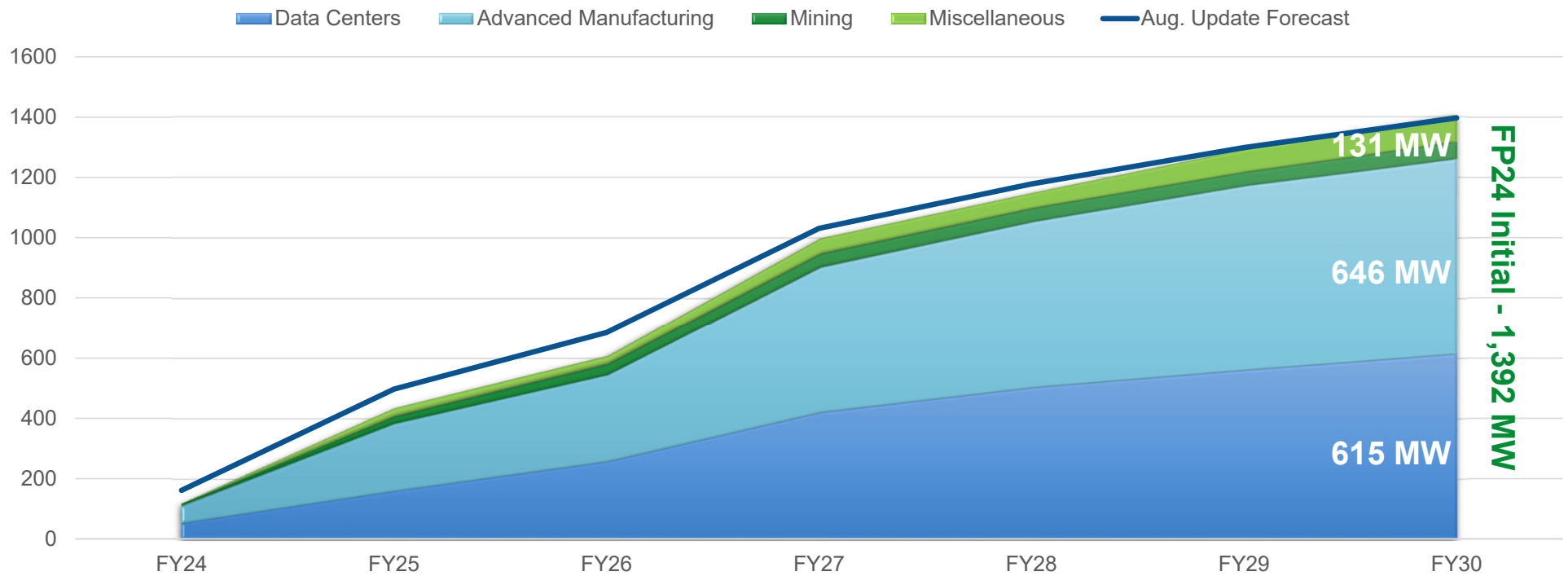
Strong Growth Projected Across All Scenarios



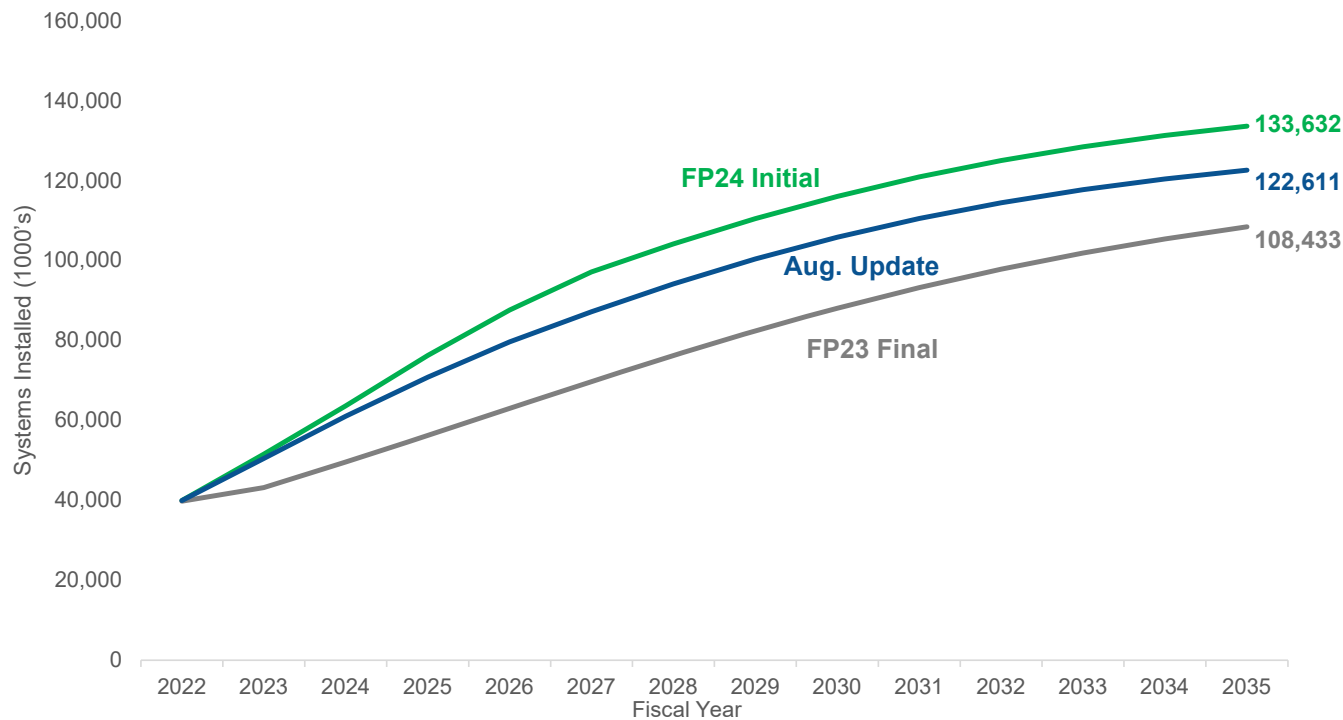
* Growth rates calculated as compound annual growth

Supply Chain Delays to Large Customer Growth

Megawatts

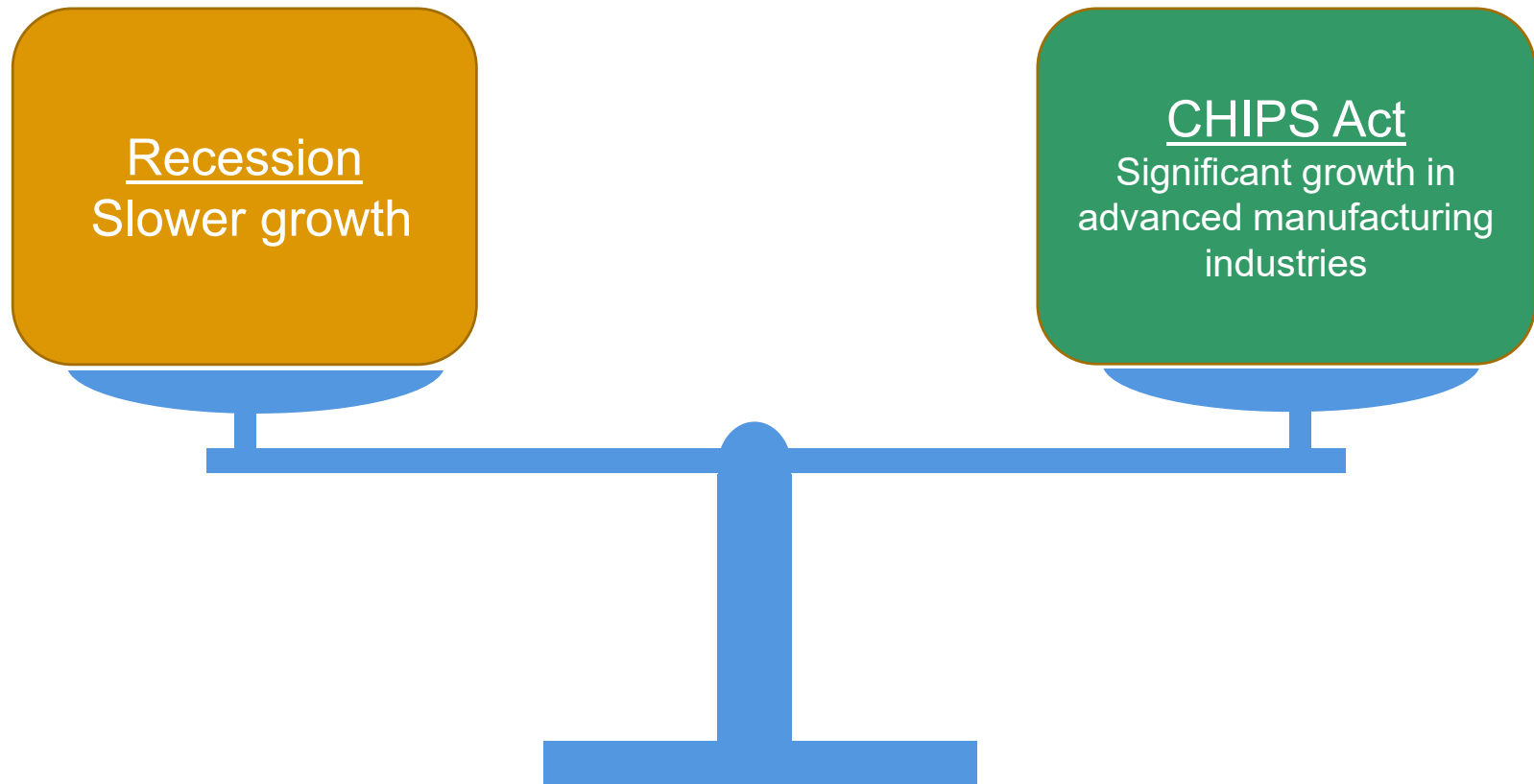


Increasing Distributed Solar Adoption Expectations



- Inflation Reduction Act increased and extended the solar tax credit
- Recent uptick in observed adoption rates
- Distributed battery adoption forecast has also increased to 13,893 by 2035

Risk in Both Directions is Still Present



Key Takeaways

- Growth rate of the Initial FP24 Load Forecast is in line with the Final FP23 Load Forecast
- Downward revision to the Peak Load Forecast due to:
 - Increased risk of recession to the U.S. economy
 - Delays to large customer projects
 - Increased solar adoption expectations
- SRP will continue to assess the recent expansion of the economic development pipeline and the CHIPS Act implementation which could lead to even more load growth over time
- SRP will continue to monitor recession impacts
- All updates will be incorporated into the Final FP24 Load Forecast in January

