

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

POWER COMMITTEE

Tuesday, December 17, 2024, 9:30 AM

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

Committee Members: Jack White Jr., Chair; and Leslie C. Williams, Vice Chair; and Casey Clowes, Randy Miller, Kathy Mohr-Almeida, Mark Pace, and Paul 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 CHAIR JACK WHITE JR.
 - Request for approval of the minutes for the meeting of November 21, 2024.
2. Key Trends Driving Increased SRP Resource Capacity Needs ANGIE BOND-SIMPSON

Informational presentation regarding key trends driving increased year over year generation resource capacity needs.
3. Report on Current Events by the General Manager and Chief Executive Officer and Designees JIM PRATT
4. Future Agenda Topics CHAIR JACK WHITE JR.

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: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary's Office at (602) 236-4398. If attending in-person, 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, JANUARY 23, 2025

12/10/2024

MINUTES
POWER COMMITTEE MEETING

DRAFT

November 21, 2024

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, November 21, 2024, from the Hoopes 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 J.M. White Jr., Chair; L.C. Williams, Vice Chair; and R.J. Miller, K.L. Mohr-Almeida, M.V. Pace, and P.E. Rovey.

Committee Member absent at roll call was C. Clowes.

Also present were Vice President C.J. Dobson; Board Members R.C. Arnett, N.R. Brown, M.J. Herrera, K.J. Johnson, S.D. Kennedy, and L.D. Rovey; Council Chair J.R. Shelton; Council Liaison G.E. Geiger; Council Members M.L. Farmer, E.L. Gorsegner, M.R. Mulligan, and B.E. Paceley; I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, J.D. Coggins, A.C. Davis, B.B. Davis, D.W. Dreiling, M.B. Faulk, J.M. Felty, Z.J. Heim, V.P. Kisicki, B.J. Koch, K.J. Lee, B.J. McClellan, L.A. Meyers, M.J. O'Connor, B.A. Olsen, J.M. Pratt, K.S. Ramaley, C.M. Sifuentes, G.M. Smedley, and N.A. Tate of SRP; Mark Boyadijian of Arevia Power; Murphy Bannerman, and Alex Routhier of Western Resource Advocates (WRA); Sarah Buck of Innergex Renewable Energy; Ian Calkins of Copper State Consulting Group; Harsh Dinesh of Rheinisch-Westfälische Elektrizitätswerk (RWE); Nick Gebauer, Erik Hill, and Beatrice Sampson of Orsted; Roger Halbakken of Arevia Power; Jennifer Jachym of Plus Power; Matthew Pagan of Enel North America; Bly Rougier of Invenergy LLC; Samantha Salton, and Bridget Sidwell of Strata Clean Energy; and Debbie Geiger and Steve Neil, members of the public.

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, November 19, 2024.

Chair J.M. White Jr. called the meeting to order.

Consent Agenda

Chair J.M. White Jr. requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Vice Chair L.C. Williams and seconded by Board Member M.V. Pace, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Power Committee meeting on October 24, 2024, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Vice Chair L.C. Williams' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members J.M. White Jr., Chair; L.C. Williams, Vice Chair; and R.J. Miller, K.L. Mohr-Almeida, M.V. Pace, and P.E. Rovey	(6)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Member C. Clowes	(1)

Generator Interconnection Procedures

Using a PowerPoint presentation Nate A. Tate, SRP Director of Transmission Planning, Strategy and Development, stated that the purpose of the presentation was to provide information regarding SRP's process of interconnecting new generating resources to the transmission system and the effect of reforms implemented in 2024.

N.A. Tate explained that the generator interconnection process is modeled after the Federal Energy Regulatory Commission (FERC) pro forma established by FERC Orders 2003 and 2023. They stated that the new interconnection process includes the following features: 1) standardization of general interconnection agreements and procedures; 2) promotes competition, enhances reliability, facilitates new generation resources on the transmission system; and 3) major features include – transparency, non-discrimination, queue management, and cost allocation.

N.A. Tate highlighted the following recent changes in the new interconnection process: 1) transitioned from first-come, first-served to first-ready, first served which has improved the timeline; 2) implemented new requirements, such as commercial readiness and site control; and 3) the cluster study process has created milestone payments. They explained that the old process was on a first-come/first-served serial study process, it was backlogged with over 100 projects of 30,000 plus megawatts (MW). N.A. Tate further explained that it was taking almost two years to do a system impact study and over three years to sign agreements. They emphasized that SRP's projects were also subjected to this process.

N.A. Tate broke down the new generator interconnection process as follows: 1) Application – study payment, commercial readiness, and site control; 2) First Studies – cluster system impact study, point of interconnection facility study, and milestone first payment; 3) Second Studies – re-study (if necessary), network upgrades facility study, and milestone second payment; and 4) Agreements – interconnection agreement, and

engineering, procurement, and construction agreement. They said that currently there are 112 projects in queue prior to reforms; 74 projects have withdrawn; 38 projects were grandfathered under the old process; 17 projects were queued in the new cluster study process; 7 projects withdrew at the first milestone payment; and 10 projects continue in the cluster.

N.A. Tate concluded with a discussion regarding net steps. They responded to questions from the Committee.

Copies of 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.

G.A. Mingura of SRP entered the meeting during the presentation

Integrated System Plan (ISP) Update

Using a PowerPoint presentation, Mary B. Faulk, SRP Director of Integrated System Planning and Support, stated that the purpose of the presentation was to provide information regarding the progress made over the last year on the ISP action. They provided a timeline of key ISP events and highlighted that from October 2023 to October 2024, 18 external presentations have been presented.

M.B. Faulk reminded the Committee of the ISP system strategies as follows: 1) energy investments; 2) capacity investments; 3) proactive transmission; 4) distribution innovation; 5) strategic investment and reinforcement of existing assets; 6) evolution of customer programs and pricing; and 7) partnerships and suppliers. They detailed the ISP actions and system strategies utilized with respect to the customer grid and the bulk grid actions.

M.B. Faulk provided updates and next steps regarding the following programs: Time-of-Use (TOU) pilot and its evolution, customer programs, electrification programs, evolving customer programs, Energy Efficiency (EE) programs, Demand Response (DR) programs, and Electric Vehicle (EV) charging roadmap.

M.B. Faulk explained that managing the charging roadmap, near- to medium-term actions will impact price plans, customer programs, and proactive engagements. They discussed the updates and next steps with respect to the distribution enablement roadmap and resource selection.

M.B. Faulk presented a chart of new resource procurements and developments that are online and in the developing stages from 2024 projected through 2029. They concluded with a discussion regarding updates and next steps for the coal transition action plan, proactive siting and regional transmission.

M.B. Faulk responded to questions from the Committee.

Copies of the handouts 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.

Ian Calkins of Copper State Consulting Group; Harsh Dinesh of RWE; and Beatrice Sampson of Orsted left the meeting during the presentation. President D. Rousseau; Board Member S.H. Williams; and R.T. Judd of SRP entered the meeting during the presentation.

Solar Development Request for Proposals (RFP)

Using a PowerPoint presentation, Bill J. McClellan, SRP Senior Manager of Resource Development, stated that the purpose of the presentation was to provide information regarding SRP's RFP seeking a developer with which to contract for the development of multiple solar resources to meet SRP resource needs, including an update on SRP's efforts to evaluate the RFP responses.

B.J. McClellan reviewed a chart of solar development need from Fiscal Year 2028 (FY28) projected through FY35. They stated that from FY10 to FY20, 11 solar projects were completed; from FY21 to FY25, 13 projects were completed; and from FY26 to projected FY30, 25 projects are anticipated. B.J. McClellan noted that this represents a significant increase in magnitude and pace that is expected to continue through 2035.

B.J. McClellan provided an overview of SRP's resource action plan reflecting available resources under contract and those being actively developed from FY25 to FY29, and resources planned from FY30 to FY35. They said that the solar development proposals are not intended to replace SRP self-build or the All Source RFP processes, it will instead supplement these processes and diversify procurement methods for new generation resources. B.J. McClellan discussed in detail the challenges and potential benefits of solar development proposals.

B.J. McClellan broke down the solar development proposal process as follows: 1) RFP design and approach – utilized consultant (Guidehouse) to facilitate and collaboration across SRP (from March 2024 through July 2024); 2) issue and evaluate RFP – seek feedback on potential options, and evaluate and select developers to continue negotiations (from August through December 2024); 3) negotiate potential agreement (first half of 2025); and 4) seek approval from SRP Board (second half of 2025). They concluded with a discussion regarding considerations of solar development RFP, next steps, and key takeaways.

B.J. McClellan responded to questions from the Committee.

Copies of 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.

Bly Rougier of Invenergy LLC; and Alex Routhier of WRA left the meeting during the presentation. Council Member R.W. Swier; Stephen Land of Stellar Renewable Power; and Nicholas Navarro of Plus Power entered the meeting during the presentation.

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

There was no report on current events by Jim M. Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chair J.M. White Jr. asked the Committee if there were any future agenda topics. Chair J.M. White Jr. requested an informational presentation regarding inverter-based resource technology.

There being no further business to come before the Power Committee, the meeting adjourned at 10:52 a.m.

John M. Felty
Corporate Secretary

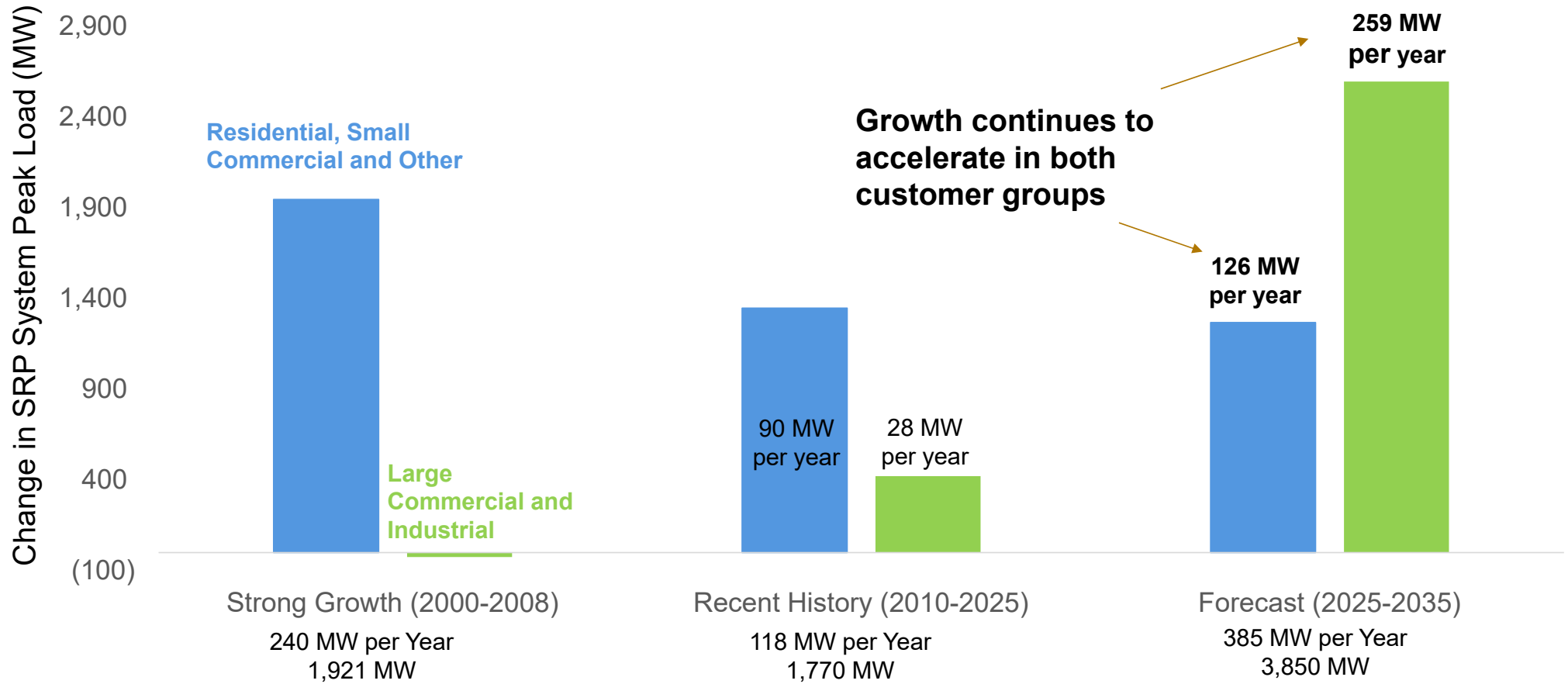
Key Trends Driving Increased SRP Resource Capacity Needs

Angie Bond-Simpson | December 17, 2024

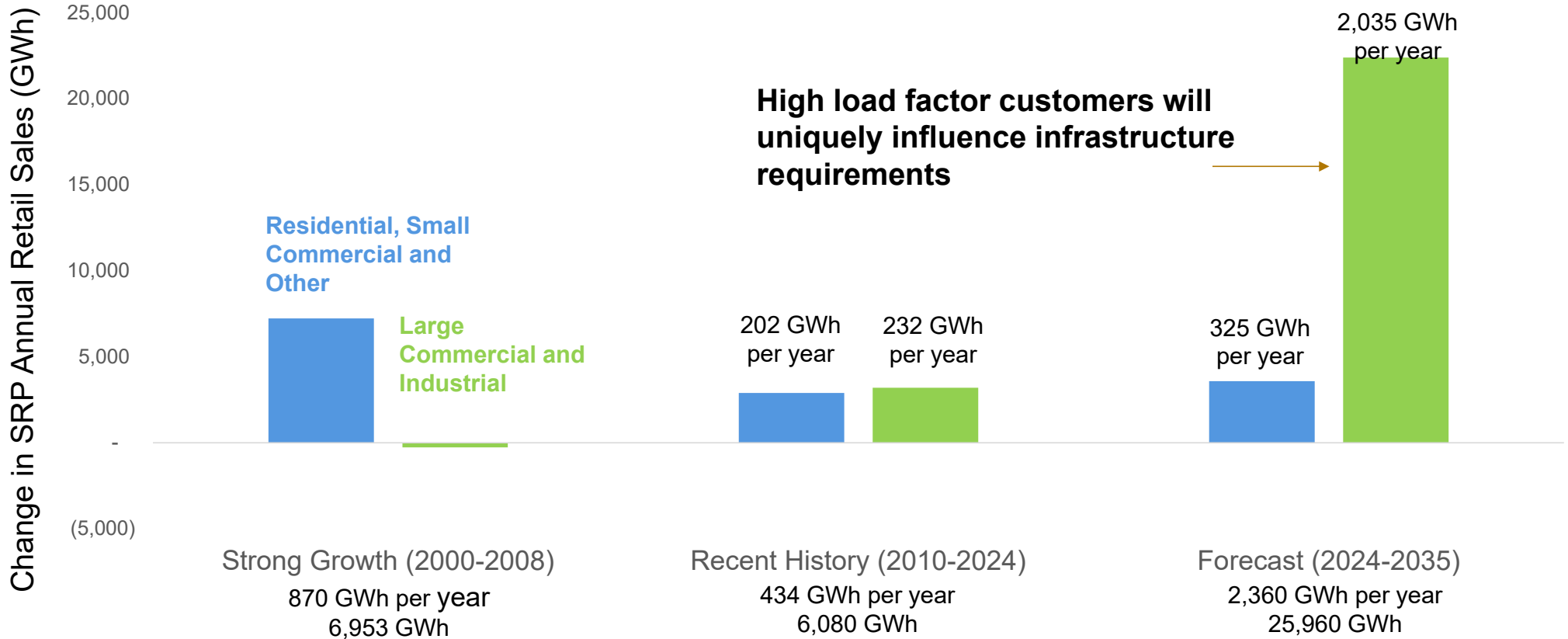
Topics to Discuss

- Load growth continues to trend toward ISP “Desert Boom” levels
- Final EPA power sector rules package published May 2024
- Key findings from the ISP
- The growing capacity need

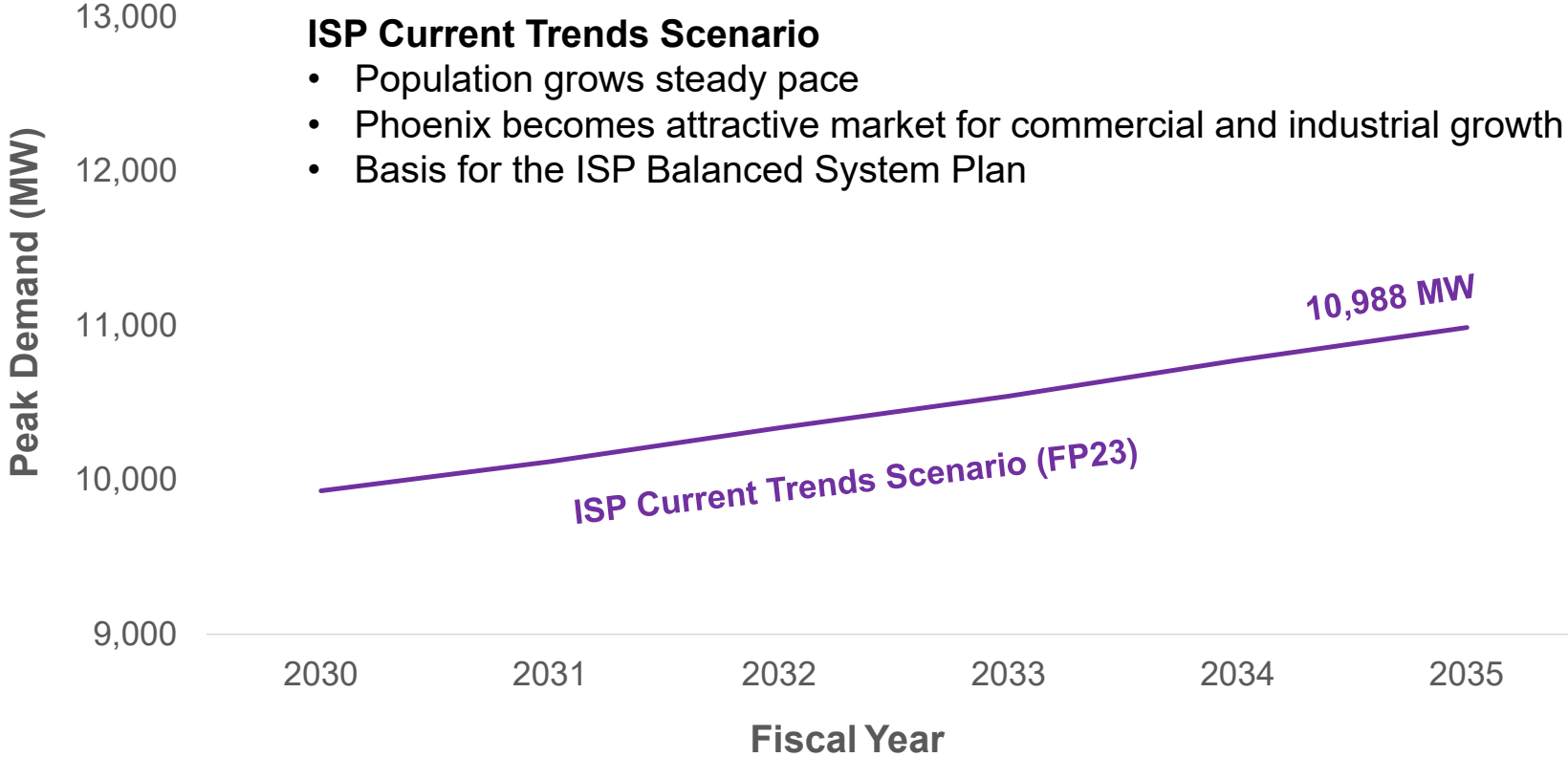
Phoenix Metro Growth Drives Load Growth



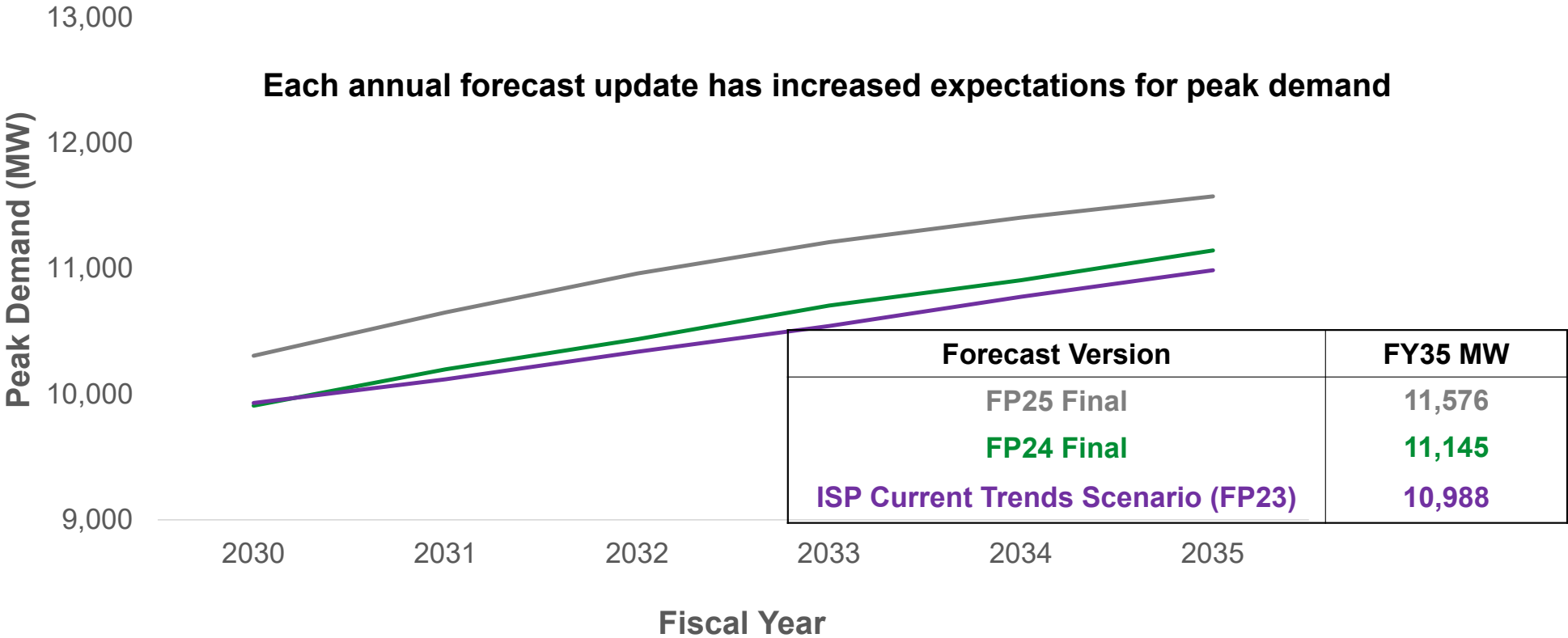
Phoenix Metro Growth Drives Energy Growth



Forecasted Customer Demand Grows

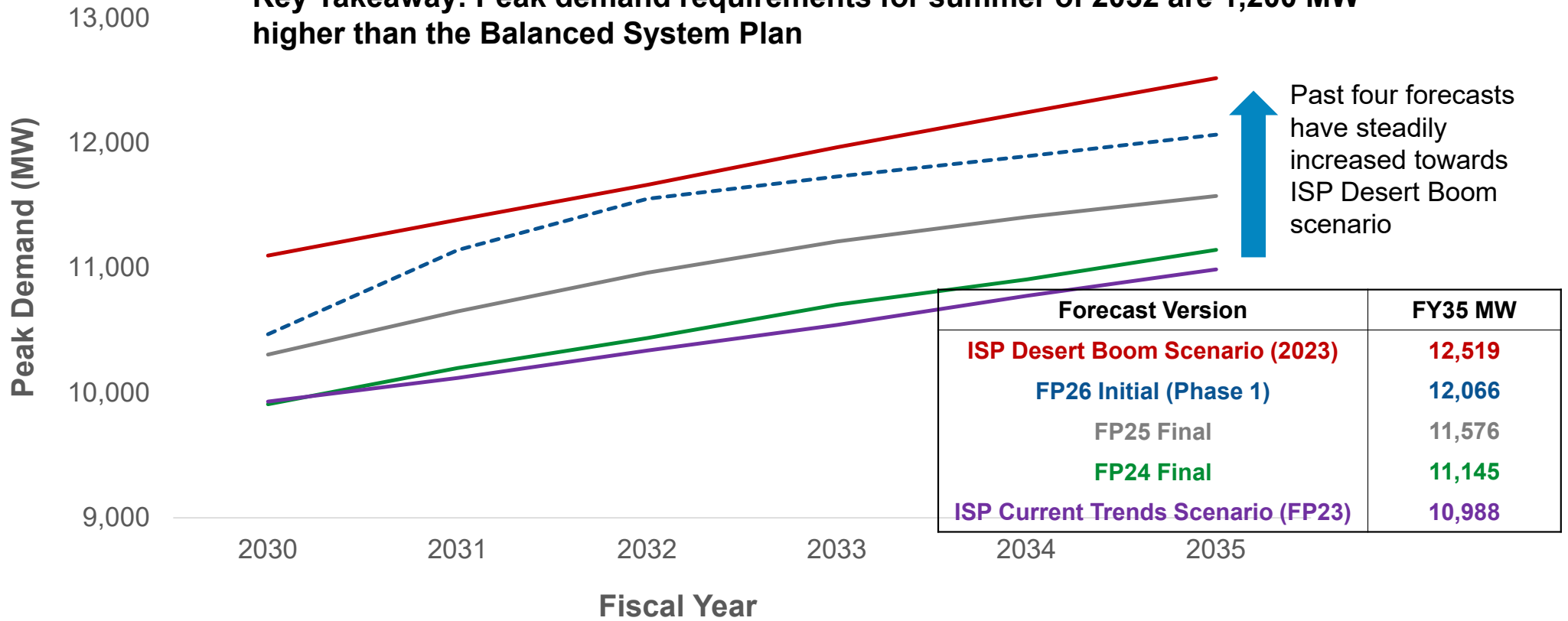


Forecasted Customer Demand Grows



Trending Towards Desert Boom

Key Takeaway: Peak demand requirements for summer of 2032 are 1,200 MW higher than the Balanced System Plan



EPA Earth Day Rules Package

- On April 25, 2024, EPA finalized four significant new regulations impacting the power sector
- Greenhouse Gas (GHG) Rules
 - Performance standards for new stationary combustion turbines
 - Emission guidelines for existing coal- and oil-fired steam boiler generating units
- Mercury and Air Toxics Standards (MATS) Rule
- Legacy Coal Combustion Residuals (CCR) Rule
- Effluent Limitations Guidelines and Standards (ELGs) Rule

Power Sector Greenhouse Gas Rules

- Elements of final GHG rule impacting FY26 resource planning decisions (not comprehensive):
 - Existing coal units
 - Cease coal generation by the end of 2031 OR co-fire or fully convert to natural gas by the end of 2029
 - New natural gas units
 - Capacity factor limited to 40% unless equipped with carbon capture
- CGS and SGS4 would be required to close by end of 2031 as currently configured

ISP Scenario Planning Analysis (2023)

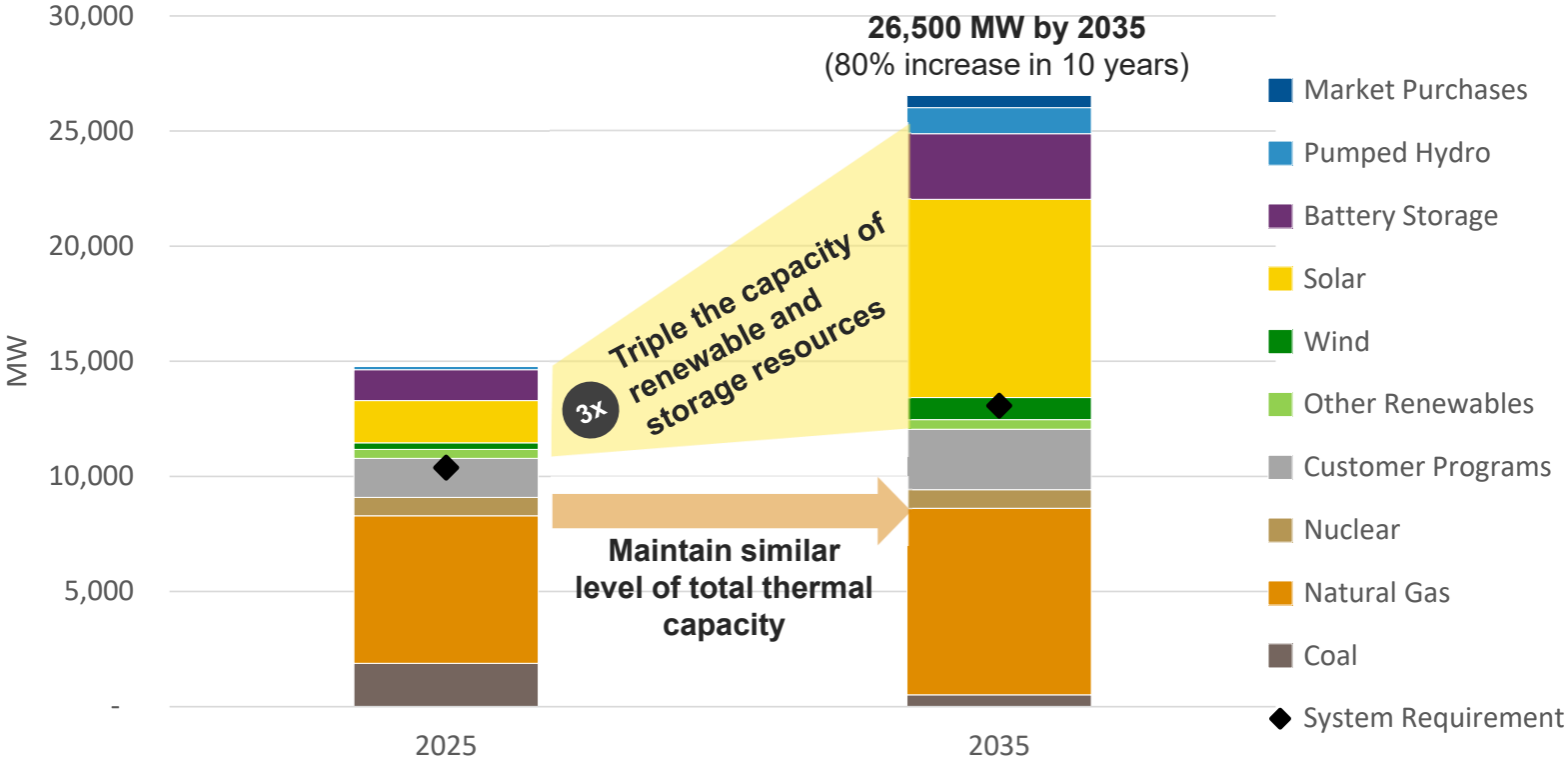
Strategic Approaches

	Technology Neutral	No New Fossil	Min. Coal
Desert Contraction	●	●	●
Current Trends	●	●	●
Strong Climate Policy	●	●	●
Desert Boom	●	●	●

Scenarios

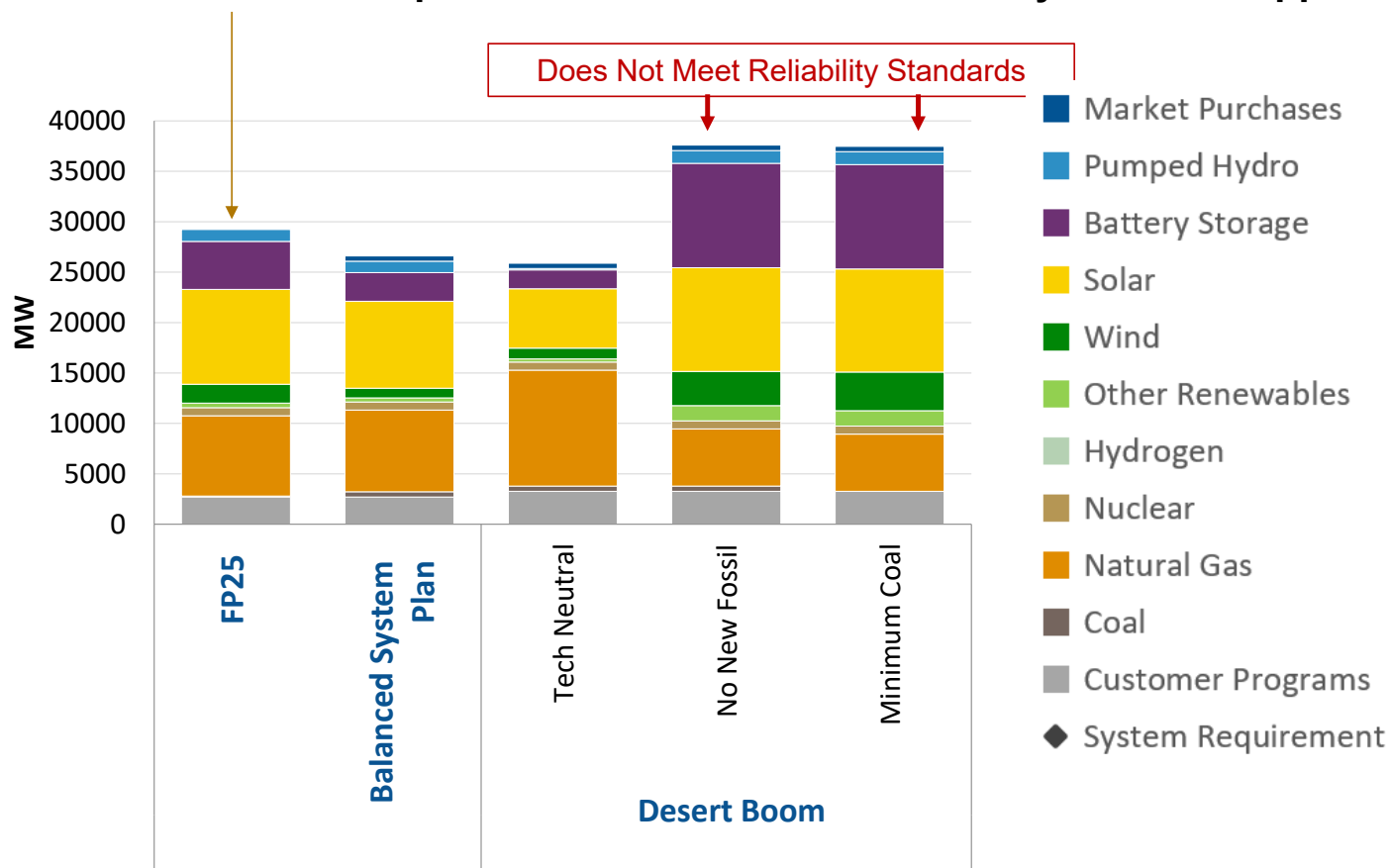
- ISP scenario planning analyzed a wide-range of plausible futures and resource builds
- The ISP Balanced System Plan was constructed to work well under any scenario

Balanced System Plan Approach



Planning Considerations Under Desert Boom Conditions

Each annual resource plan has followed the **Balanced System Plan** approach

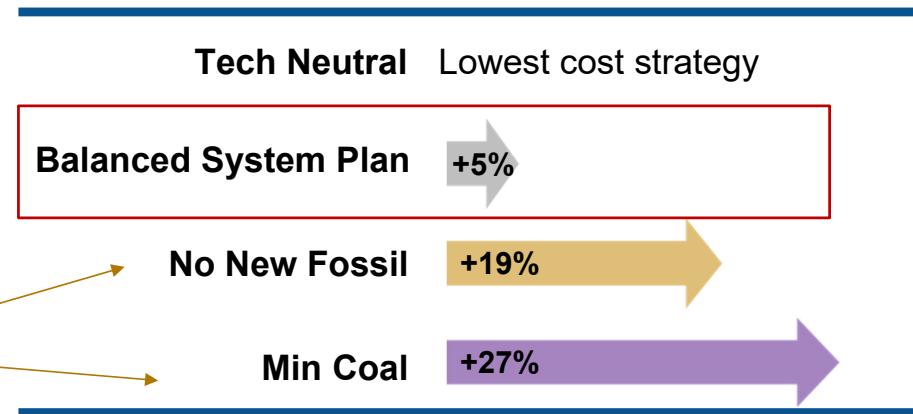


ISP Key Takeaways:
 Without **new firm generation capacity**, the system cannot satisfy reliability requirements under a high load growth scenario.

Customer Cost From Lens of The ISP (2023)

- The Balanced System Plan bill impact was under the 10% premium threshold identified by residential customer research and well below bill impacts of no new fossil and minimum coal strategic approaches
- Higher costs for customers likely without additional gas capacity

Price Increase Relative to Tech Neutral Under Current Trends Scenario (%)*



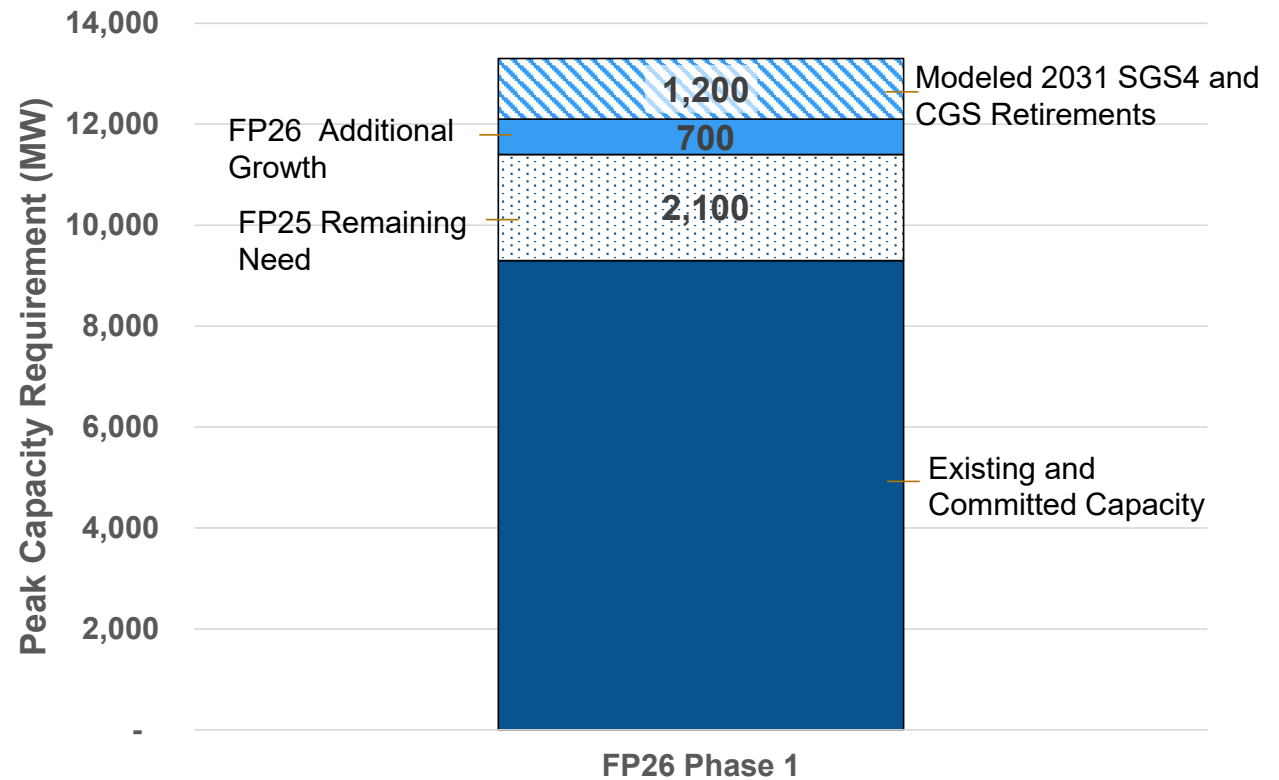
*ISP analysis performed in 2023

These are representative results based on ISP analysis modeling, not projections of SRP's future prices, and are not inclusive of factors beyond the scope of ISP analysis.

Aligning on Capacity Need for FP26 (Plan in Development)

Capacity Needs For 2032 Have Doubled Since FP25

Remaining Need in 2032



Strategic Decisions for this Fiscal Year:

- Updated Resource Plan, balancing costs while adding firm generation capacity
- Potential expansion of gas pipeline infrastructure to support new gas resources to meet capacity needs
- Decisions around key facilities including CGS and SGS4

Next Steps

- Refine resource pathways for 2030-2035 capacity needs
- Further review potential natural gas pipeline expansion
- Recommend 2024 All Source RFP short list
- Begin 2025 All Source development
- Recommend solar development partnership
- Return to Power Committee for in depth presentations on FP26 Load Forecast, Resource Plan, and investment recommendations.

thank you!

