



Salt River Project (SRP) Integrated System Plan Advisory Group Meeting #2- Summary

Prepared by Kearns & West

Advisory Group – Meeting #2 Overview

Meeting Objectives

- Review the Large Stakeholder Group insights from the November 30, 2021 meeting
- Gather input on changes facing Arizona and the utility industry/power sector

Topic: Planning Amidst Change

Date: December 6, 2021

Time: 3:00-5:00 p.m. MST

Location: Virtual

Please see the appendix for the Advisory Group member roster and attendance information. The [meeting agenda](#) and [presentation](#) are available at the [Integrated System Plan portal](#).

Welcome and Agenda Overview

Kelly Barr, Associate General Manager & Chief Strategy, Corporate Services & Sustainability Executive at SRP, welcomed participants to the second meeting of the Advisory Group. Joan Isaacson, facilitator from Kearns & West, reviewed the meeting objectives ([slide 6](#)) and meeting agenda ([slide 7](#)). She asked Advisory Group members to introduce themselves and their organization's focus ([slide 10](#)).

Large Stakeholder Group Meeting Insights and Discussion

Angie Bond-Simpson, Director of Integrated System Planning & Support at SRP, shared attendance details ([slide 13](#)) from the Large Stakeholder Group meeting on November 30, 2021, noting that about half the Advisory Group members also attended.

Future Changes in Expectations and Needs for Electricity Service

Bond-Simpson reviewed the top themes from Advisory Group members' responses to the question "How do you think your needs and expectations for electricity service will change in the future?" from the meeting on November 18, 2021 ([slide 14](#)) and requested input.

Question: Are those the only themes we are advancing? SRP should consider secondary and tertiary impacts and how it can leverage its weight to ensure accessibility for low-income communities in the transition to low carbon energy in a way that goes beyond a market-driven transition.

Response [Bond-Simpson]: No, these are just some of the top themes. SRP has taken a leadership role in that space and is doing further research on equity and low-income customers' access to lower carbon energy.

Comment: What is the logical place to talk about technological advancements? This comes up continuously with electric vehicles (EVs) and electrification; how does this get considered?

Comment: Optimizing stakeholders' own sustainability initiatives can assist in getting SRP to this new Integrated System Plan.

Comment: An equitable transition and customer satisfaction should be components; SRP needs to diversify the energy mix.

Bond-Simpson then reviewed the top themes from November 30, 2021 Large Stakeholder Group meeting responses to the same question ([slide 14](#)) and invited comments from Advisory Group members.

Comment: What's missing from the top themes is systems change and for leadership from SRP to think broadly about systems like housing and finance that are interconnected with the Integrated System Plan. Arizona needs to provide support for ratepayers living in low-income housing developments that aren't upgraded and thus are paying more for energy. Small businesses can't access capital for retrofits and upgrades.

Comment: SRP lacks transparency, for example with load forecasting and the Coolidge expansion. Some other members voiced similar perspectives about the importance of transparency and access to data for independent analysis.

Response [Bond-Simpson] Transparency, third-party verification of results and providing preliminary analysis are important. SRP will be holding technical meetings for those interested in diving into the data and assumptions included in the analysis.

How SRP Can Help Customers in Reaching Their Goals

Bond-Simpson reviewed the top themes from the Large Stakeholder Group meeting responses to the question "How do you think that SRP can help our customers and communities to reach their energy and sustainability goals?" ([slide 15](#)) and asked Advisory Group members for their input.

Comment: People ask why the growth in housing and an increasing number of SRP customers doesn't drive costs down. People ask why the growth doesn't spread the costs with increased revenue.

Response [Bond-Simpson]: This might indicate a need for more education on pricing principles.

Comment: One missing element is supporting a just transition with regard to communities impacted by plant closures. SRP has to regularly evaluate its carbon commitments and consider using requests for proposals from third-parties and regional strategies. Another member echoed this suggestion.

Response [Bond-Simpson]: SRP is working on a companion study with Arizona State University on equity. Please forward any resources on just energy transition and environmental justice.

Comment: Use incentives to change customer consumption patterns for a sustainable future, such as super off-peak rates for electric vehicle charging during peak solar.

Response: [Bond-Simpson] This fits with time-of-use plans.

Comment: With regard to electric vehicle charging, there is a need to consider both residential and commercial multi-tenant buildings and expanding on that availability.

Comment: Communications from SRP are great at explaining how customers can help with sustainability, yet many people want to and need to know how to save money first. Integrating messages on sustainability and saving money would be effective.

Discussion about Decision-Making Under Uncertainty

Lakshmi Alagappan, Integrated System Plan Consultant from E3, the Integrated System Plan's technical consulting group, introduced the discussion on scenario-based planning ([slide 17](#)) and explained how the project team would use input from Advisory Group and Integrated System Plan project team members to develop modeling scenarios for consideration at the next meeting.

Changes in Arizona Over the Past Two Decades

Using a digital whiteboard to record responses, Alagappan posed the question "In the past two decades, what changes have had the biggest impacts on Arizona? What changes were most unexpected?" Members cited ([slide 24](#) yellow notes):

- Population growth and increasing diversity
- Higher costs for housing
- COVID-19 and changes in work environments (e.g., work-from-home)

- Deep political divisions and difficulty in reaching bipartisan solutions
- Loss of local tax revenues to offset energy costs at schools
- Sustained drought, rising temperatures and urban heat retention
- Increasing support from Arizona residents for cleaner energy and transportation
- Technology boom
- Arizona State University becoming a tier 1 research institution
- Advances in renewable energy and downward pressure on prices for renewables

Expected Trends in the Next Two Decades

Alagappan then asked Advisory Group members to consider the question “What trends do you expect to see in Arizona within the next two decades?” Members shared a variety of predictions ([slide 24](#) green notes):

- Increased housing costs and the wealth gap
- Extreme heat events, wildfires and increased costs for water
- Arizona’s substantial energy resources and opportunity to decide whether to develop these to possibly export energy
- Interconnectedness via a regional transmission organization
- Opportunity of demographic shifts
- Aging workforce
- Challenges of finding workers in skilled trades
- Lack of school funding to teach trades
- Challenge of filling jobs in refrigeration and HVAC, as the grid becomes more electrified and tradespeople reach retirement age
- Potential leadership role for SRP in reimagining economic redevelopment strategies, not just for large technology companies in Arizona but also in the skilled trades
- Continued growth in aerospace, microelectronics and chip manufacturing with potential in hydrogen production
- As the industrial sector decarbonizes and wants clean energy at affordable prices, they will look at Arizona
- The need to keep diversity in the generation mix and reliability in the local grid
- Potential problems with outdated equipment that may cause outages and contribute to costs being passed on to the customer

Alagappan asked if Advisory Group members see any worrying trends.

- Adding more renewables to the grid should be done with care so the lights stay on; sources like coal can be tiered down as other technologies catch up.

- Concern over stranded assets, such as with gas, noting that some purchases are needed for reliability, but there is a worry about the rush to fill capacity
- Homelessness, substance abuse and a potential increase in heat-related illnesses and deaths

Next, Alagappan asked about exciting trends.

- Public/private collaborations (e.g., between schools and businesses and between utilities and customers)
- Customers being able to manage time-of-use, install solar, purchase energy-efficient appliances and have more options; excitement about what is not even known today.
- Increasing potential for battery storage yet with the minerals that go into batteries there is a tradeoff of one finite resource for another
- Important for SRP to be aware of higher energy needs of 5G and artificial intelligence and the explosion of data requirements
- Growing electric competition

Alagappan asked Advisory Group members to share their thoughts on policy, what would affect their organizations and what SRP should consider.

- While in the past it was possible to take bipartisan action, the growing politicization has affected the ability to collaborate on solutions.
- Customers' ability to pay bills given that over the past year the federal government has paid millions of dollars in energy bills and the strain that occurs when that funding is no longer available
- Question of potential for SRP to generate hydropower in its canal system
- We will hit a tipping point and will have to solve the problem of climate change based on the demands of science with very rapid changes happening first and foremost in the power sector.

Brainstorming the Future – SRP's Results

Bond-Simpson then shared responses from a group of SRP engineers and subject matter experts to the same two questions about past and future trends, asking for Advisory Group input on the six considerations identified in SRP's brainstorming ([slide 21](#)).

Question: Can we get an update on access to the modeling software? It can help for people to have access to drill down.

Response [Bond-Simpson]: For this first Integrated System Plan it's an end-to-end plan and SRP can't negotiate prices down for access to each party for all the software packages. In the technical meetings, they will be able to get into the weeds and go deeper.

Comment: Some Advisory Group members echoed the request for transparency and access to modeling software, pointing out how changing inputs and assumptions affects outcomes, and cited previous processes where SRP had taken feedback seriously to make improvements for customers.

Question: Have issues like increased risk of fire, electricity use and data on heat deaths been raised?

Response [Bond-Simpson]: Yes, the engineers and analysts did consider these factors, which are rolled into climate impact consideration. This exercise is about viewing the Integrated System Plan holistically.

Comment: SRP can take advantage of the outside expertise of the Advisory Group and receive comments with the intent of members wanting to be good partners.

Response [Bond-Simpson]: Yes, SRP is taking members' input seriously as we build the Integrated System Plan from the ground up. Advisory Group members are here because of their expertise.

Response [Isaacson]: For planning projects like the Integrated System Plan, discussions usually start at a high level and then go deeper and more focused as the process goes forward.

Brainstorming the Future – Comparison

Alagappan then presented the topics from the brainstorming exercise grouped by themes, noting overlap and differences between Advisory Group responses and the considerations identified by the SRP project team. She pointed to the greater number of comments on affordability and cost from the Advisory Group members and their description of increased costs in housing, energy and water. Bond-Simpson noted the number of “tentacles” and the degree of granularity in considering issues like labor costs.

Comment: The SRP project team was asked for considerations whereas the Advisory Group was asked for trends.

Upcoming Meetings

- Advisory Group Meeting #3 on January 19, 2022
- Advisory Group Meeting #4 in February 2022

Appendix

Meeting Attendance

Advisory Group Member Organizations (members in attendance on 12/6/21 are indicated in **bold**)

Arizona Hispanic Chamber of Commerce

A New Leaf

American Association of Retired Persons (AARP)

Arizona State University (ASU)

Arizona Public Interest Research Group (PIRG)

Building Owners and Managers Association (BOMA)

Chicanos Por La Causa

City of Phoenix

CMC Steel Arizona

CyrusOne

Environmental Defense Fund (EDF)

Intel

Kroger

Local First

Mesa Public Schools

PAC Worldwide

Pinal County

SRP Customer Utility Panel (CUP)

Salt River Pima-Maricopa Indian Community (SRPMIC)

Southwest Energy Efficiency Project (SWEEP)

Western Resource Advocates (WRA)

Wildfire

Key SRP Staff

Kelly Barr, Integrated System Plan Project AGM Sponsor

Mike Jones, Integrated System Plan Project SRP Planning Coordination Council Sponsor

Angie Bond-Simpson, Integrated System Plan Project Lead

Domonique Cohen, Integrated System Plan Communications Lead

Jed Cohen, Integrated System Plan Project Co-Lead

Key Facilitation Team

Joe Hooker, E3

Lakshmi Alagappan, E3

Nick Schlag, E3

Alyson Scurlock, Kearns & West

Joan Isaacson, Kearns & West

Karen Lafferty, Kearns & West

Taylor York, Kearns & West

Observers

David Rousseau, SRP President

John Hoopes, SRP Vice President

Jack White, SRP Board Member

Larry Rovey, SRP Board Member

Rocky Shelton, SRP Council Member

Suzanne Naylor, SRP Council Member