

Salt River Project (SRP) Integrated System Plan Advisory Group Meeting #5- Summary

Prepared by Kearns & West

Advisory Group – Meeting #5 Overview

Meeting Objectives

- Review the updated proposal for scenarios and sensitivities to be used in the analysis
- Gather feedback on the draft strategic approaches proposal
- Brainstorm metrics to compare potential future power systems

Topic: Strategic Approach Options – Part 2 & Integrated System Plan Metrics – Part 1

Date: March 14, 2022

Time: 9:00 a.m.-12:00 p.m.

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 the Advisory Group members and thanked them for their patience in helping build the foundation for the Integrated System Plan. She introduced the SRP Board and Council observers, including Victor Flores as a new Board observer, and thanked them for their participation in the process.

Joan Isaacson, facilitator from Kearns & West, welcomed the Advisory Group members and reviewed the meeting objectives ([slide 8](#)), [meeting agenda](#) and in-person options for upcoming meetings ([slide 11](#)).

Isaacson then asked Advisory Group members to share something new they have learned through their engagement in the Integrated System Plan process so far ([slide 12](#)). Members commented on the complexity of the Integrated System Plan, the different models and inputs, the surprising load growth, inclusion of different perspectives, sensitivity across customer classes and SRP's thoughtfulness in its approach.

Angie Bond-Simpson, Director of Integrated System Planning & Support at SRP, reviewed the Integrated System Plan Roadmap ([slide 13](#)), explaining how Advisory Group input is part of an incremental process with opportunities for review and feedback at each phase. She noted that

the current *Prepare* phase will conclude when the finalized study plan is presented to the Large Stakeholder Group on April 29, 2022 ([slide 14](#)). She explained how the Strategic Directions from SRP's 2018 Integrated Resource Plan would be replaced with outputs from the Integrated System Plan ([slide 15](#)).

Revised Scenarios and Sensitivities

Bond-Simpson next recapped Advisory Group member feedback on the proposed scenarios and sensitivities for the Integrated System Plan from the February 15, 2022, meeting ([slide 17](#)) and described the actions SRP has taken in response ([slide 18](#)). She explained that sub-hourly modeling and locational impacts on the distribution system are modeling enhancements that SRP is currently investigating for incorporation into future Integrated System Plans.

Jed Cohen, Integrated System Planning Lead at SRP, reviewed the revised scenarios ([slide 19](#)) and sensitivities ([slide 20](#)), noting that gas price volatility was added as a sensitivity based on Advisory Group member input. He described additional exploration with SRP's load forecasting team of how electrification of medium and heavy-duty vehicles would impact load ([slide 21](#)) and the climate modeling assumptions in the scenarios ([slide 22](#)).

Question: What range of prices will be explored for natural gas price sensitivities?

Response: We are working on calculations and will discuss this more at the Modeling Subgroup Meeting on March 21, 2022. SRP currently uses Energy Information Administration high and low prices for gas price spread in addition to other sources.

Question: All CO₂ emissions have to be eliminated in the Intergovernmental Panel on Climate Change (IPCC) scenarios to meet RCP 2.6 [Representative Concentration Pathway greenhouse gas concentration trajectory model]. What is SRP doing to avoid RCP 8.5, which is a catastrophic climate crisis?

Response: RCP 8.5 assumes business as usual similar to the 1990s and 2000s. We are moving away from that with SRP's 2035 Sustainability Goals. Greenhouse gas emissions profiles can be further addressed in the metrics discussion.

Bond-Simpson shared the next steps in the process ([slide 23](#)) and asked for Advisory Group member help in communicating about the Integrated System Plan to a broader audience, reminding that the *Analyze* phase would begin after the April 29, 2022, Large Stakeholder Group meeting.

Question: Can you clarify the process and timeline for finalizing the scenarios?

Response: Details on inputs and assumptions will be discussed during the March 21, 2022, Modeling Subgroup meeting. Any gaps will need to be addressed by the April 15, 2022, Advisory Group meeting.

Strategic Approaches Draft Proposal

Nick Schlag, consultant from E3, the Integrated System Plan’s technical consulting group, provided a recap of the scenario design framework and the relationship between scenarios and strategic approaches ([slides 25-26](#)), explaining that the project team is looking at how strategic approaches perform across each scenario. He reminded that the strategic approaches have guidelines, such as meeting SRP’s 2035 Sustainability Goals ([slide 27](#)), including electrification and customer programs goals, and then presented the results from the strategic approaches brainstorming from the February 15, 2022, meeting ([slide 28](#)).

Bond-Simpson continued by presenting the proposed strategic approaches and exploratory studies ([slide 29](#)), which represent a balance between imperative and aspirational analyses. She described how the more traditional resource-centric strategic approaches will be analyzed through a system-wide lens and modeled through all four scenarios. She explained that because not all information for the exploratory analyses is yet available, those studies will represent a starting point for where SRP wants to go in the future; continuing SRP’s strong performance in customer programs, however, will be embedded in all strategic approaches ([slide 30](#)). Bond-Simpson described each strategic approach ([slides 31-33](#)) .

Question: Customer bills are based on usage rather than what they can afford. What happens when people can’t pay the current rates? Has SRP ever looked at pricing using a sliding scale?

Response: This is another topic for consideration in metrics for the ISP. One of SRP’s guiding principles in pricing is equity. Customer bills are tied to how they use energy, time of day, etc., and we have programs targeted to ease the burden of customers struggling to pay their bills. Whether those programs expand is a topic for future exploration and we would have to rethink this in the pricing realm.

Question: Does the “no new gas” strategic approach ([slide 32](#)) refer to all emissions? Definitions can differ. A concern is methane emissions, which in comparison to other greenhouse gases are more intensive.

Response: No new gas considers that carbon capture and storage would be neutral. Carbon emissions could be another metric. We haven’t yet quantified methane emissions. It would be a good opportunity to work together on this. Carbon capture and storage are under consideration.

Question: On the minimum coal strategic approach ([slide 33](#)), economic benefits to local economies must be considered. How are you accounting for other costs (e.g., health, stake in water rights) and carbon emitted by those plants?

Response: Only costs that are modeled are accounted for. Other costs would have to be included outside of the existing models. There is a carbon policy lever.

Comment: Customer programs are embedded in all of the scenarios and equity and justice should be as well. As previously mentioned, SRP has a guiding principle for equity in pricing. SRP is not responsible for solving all social ills but does have unique inputs and is thus a valuable partner in figuring out these questions.

Response: We have been hearing consistently that we have to consider equity and that means different things to different people. We want to use the minds in the Advisory Group to think about how the Integrated System Plan process can include an equity discussion and make it an intentional part of our choices.

Bond-Simpson concluded by describing the exploratory studies ([slides 34-35](#)) and strategic approaches to consider for future Integrated System Plans ([slide 36](#)).

Roundtable Discussion of Feedback on Strategic Approaches Proposal

Isaacson invited feedback on the proposed strategic approaches and exploratory studies by posing two questions to the Advisory Group ([slide 38](#)). Members provided written responses to both questions using a virtual whiteboard ([slides 39-40](#)). Verbal and chat box responses are recapped below.

Question 1: What do you like about the proposed Integrated System Plan Strategic Approaches and Exploratory Studies?

Comment: I appreciate the issues SRP is considering, such as the next generation time-of-use and how to map this at the distribution level. This will have an impact on existing load pockets with neighborhood and zone-by-zone approaches to reduce peak load and overall use.

Question 2: Do the proposed Strategic Approaches and Studies address important considerations for the first Integrated System Plan? If not, what else should be considered?

Comment: I'd be interested to see exploratory studies about non-wires alternatives.

Comment: We should consider if existing coal communities will shift to a worse industry for the environment when plants retire.

Comment: Details are needed for the no new gas strategic approach and how methane and other greenhouse gases are accounted for, how carbon is accounted for in communities impacted by coal plant closures, health costs and water rights. We want to understand the whole picture, not just the income or jobs lost, but also the positive and negative impacts for communities.

Recap of Advisory Group Input to Strategic Approaches

After a break, Schlag presented a synthesis of three suggestions from the previous discussion on strategic approaches ([slide 43](#)). He noted that taken together the strategic approaches provide a range of options and flexibility, pointing to the suggestion to refine and clarify the no new gas strategic approach. He commented on the second suggestion related to affordability and equity and the need to identify metrics that account for a broader view of costs and benefits. He also commented on the support for additional exploratory studies.

Comment: I appreciate the point about the importance of affordability and equity.

Comment: I like the path of the first point [multiple options and flexible foundation] but there are options to try to get here. We have to keep working and see what you come back with. My only concern is at what level reliability becomes a question.

Metrics for Comparing Potential Future Power Systems

Schlag introduced the role of metrics for comparing potential future power systems by explaining how they are interrelated to scenarios and strategic approaches. He explained that the Advisory Group would be providing input on what would be most useful to measure in the Integrated System Plan. He defined metrics in general ([slides 45-46](#)), presented the primary metrics in SRP's 2018 Integrated Resource Plan ([slide 47](#)) and showed how the metrics for the Integrated System Plan would span the same dimensions of reliability, affordability and sustainability ([slide 48](#)), but that the project team is also interested in exploring other dimensions.

Metrics Brainstorming

Lakshmi Alagappan, consultant from E3, shared three questions for discussion of potential metrics and previous Advisory Group suggestions ([slide 50](#)). Advisory Group members gave verbal responses that were captured on a virtual whiteboard ([slide 51](#)). Additional responses and elaborations on comments are provided below.

Question 1: What are important metrics for reliability, affordability and sustainability?

Comment: Power quality, such as sags and spikes and surges, is important to consider with reliability for manufacturing.

Comment: For reliability, it would be helpful to track what types of gas plants SRP could avoid turning on because of energy efficiency or greater involvement in demand response.

Comment: It's important to consider unintended consequences. For example, SRP and the City of Mesa put off utility payments for people so when the moratorium was lifted, they owed thousands of dollars.

Comment: Household income relative to power costs could be considered for affordability.

Comment: At the nexus of affordability and reliability, an in-between metric could deal with customer satisfaction and sustainability goals.

Question 2: Are there other metrics and/or metric categories to consider?

Comment: Are there metrics for comparing neighborhoods? I previously experienced a lot of outages when living in a low-income community and experience fewer now living in a different neighborhood that is also served by SRP.

Comment: What is the difference in air quality?

Comment: What kind of cooperation could SRP consider with other state entities to take advantage of its nonprofit status?

Comment: Under the federal infrastructure bill, assets are available to power providers. Maybe consider a metric on how much money SRP can obtain from those programs.

Comment: Public health indicators (e.g., asthma, infant mortality) in the context of an Integrated System Plan and how scenarios drive better public health outcomes could be considered. That's beyond the dimensions of affordability, reliability and sustainability, but there is a nexus there.

Question 3: What metrics would help SRP determine which system plans are better/worse for customers?

Comment: What about a public relations push on what people need to adopt new behaviors, such as voluntary contribution options on bills? If people understood the difference these contributions make, if it were more humanized, it might help.

Comment: If you look at segment size and participation levels in energy efficiency, demand response or any other program, would it be beneficial to see which segments or levels might need improvement?

Comment: For sustainability, SRP could look at electric vehicle adoption rates. How many electric vehicles does SRP have in its service territory, for both residential and commercial customers?

Upcoming Meetings

- Modeling Subgroup Meeting #2 on March 21, 2022, 10:00 a.m.-12:30 p.m.
- Advisory Group Meeting #6 on April 15, 2022, 12:00-4:00 p.m.
- Large Stakeholder Group Meeting #2 on April 29, 2022, 12:00-2:00 p.m.
- Large Stakeholder Group Technical Working Session #1 on April 29, 2022, 2:00-4:00 p.m.
- Advisory Group Meeting #7 on May 10, 2022, 9:00 a.m.-1:00 p.m.

Appendix

Meeting Attendance

Advisory Group Member Organizations (members in attendance on 3/14 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

CommonSpirit Health

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

Adam Peterson, Director of Corporate Pricing

Angie Bond-Simpson, Director of Integrated System Planning & Support

Jed Cohen, Integrated System Planning Lead

Michael Reynolds, Manager of Resource Analysis & Planning

Key Facilitation Team

Lakshmi Alagappan, E3

Joe Hooker, E3

Nick Schlag, E3

Alyson Scurlock, Kearns & West

Joan Isaacson, Kearns & West

Karen Lafferty, Kearns & West

Taylor York, Kearns & West

SRP Board and Council Observers

Anda McAfee, SRP Board Member

Larry Rovey, SRP Board Member

Victor Flores, SRP Board Member

Rocky Shelton, SRP Council Member

Suzanne Naylor, SRP Council Member