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

JOINT MEETING OF THE BOARD OF DIRECTORS AND COUNCIL WORK STUDY SESSION

Tuesday, October 27, 2026, 9:30 AM

PERA Training and Conference Center
1 E. Continental Drive, Tempe, AZ 85288

Roll Call
Safety Minute

1. Call to Order..... PRESIDENT CHRIS DOBSON

2. Virtual Power Plant (VPP) Overview and Strategy.....JED COHEN; and VARIOUS

   Informational presentation regarding the current state of SRP's VPP initiative and the strategy for further enhancing the value that the VPP provides for the power system and SRP customers.

3. Closing Remarks..... JIM PRATT

4. Adjourn.....PRESIDENT CHRIS DOBSON

The Board and Council 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 Board and Council on any of the matters listed on the agenda.

The Board and Council 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 JOINT MEETING OF THE BOARD OF DIRECTORS AND COUNCIL WORK STUDY SESSION IS SCHEDULED FOR TUESDAY, JANUARY 26, 2027

10/20/2026

SAFETY MINUTE

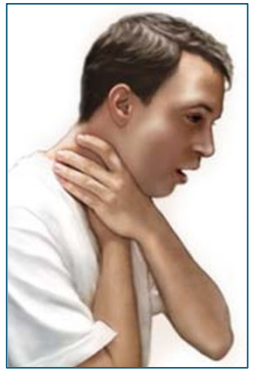
SRP Board and Council
Work Study Session

Sara McCoy
Director, Safety
October 27, 2026

SAFETY MINUTE: HALLOWEEN SAFETY

Don’t let excitement lead to carelessness

- Focus on task at hand, especially driving
- Watch for pedestrians, on foot or bikes
- Step cautiously to avoid slips, trips, and falls
- Use safe decorations and costumes
- Eat the treat at home
- Keep a first aid kit nearby



We work safely for our families, our health, and each other.

Board and Council Work Study Session

October 27th, 2026

Agenda

Time (incl. Q&A)		Topics	Presenter
9:30-9:35	5 min	Welcome & Opening Remarks	
9:35-9:40	5 min	Safety Minute	Sarah McCoy, SRP
9:40-10:00	20 min	Understanding Virtual Power Plants	David Stevens, EPRI
10:00-10:20	20 min	National Landscape and Leadership Opportunities for Salt River Project	Kevin Brehm, RMI
10:20-10:50	30 min	Overview of SRP's Virtual Power Plant	Jed Cohen, SRP
10:50-11:30	40 min	Panel Discussion and Q&A With Introductory Comments from Robin Maslowski	Robin Maslowski, PLMA Jed Cohen, SRP David Stevens, EPRI Kevin Brehm, RMI

Understanding Virtual Power Plants

The What, Why, and How

David Stevens
Technical Leader II, EPRI

SRP Board and Council Work Study Session
October 27, 2026

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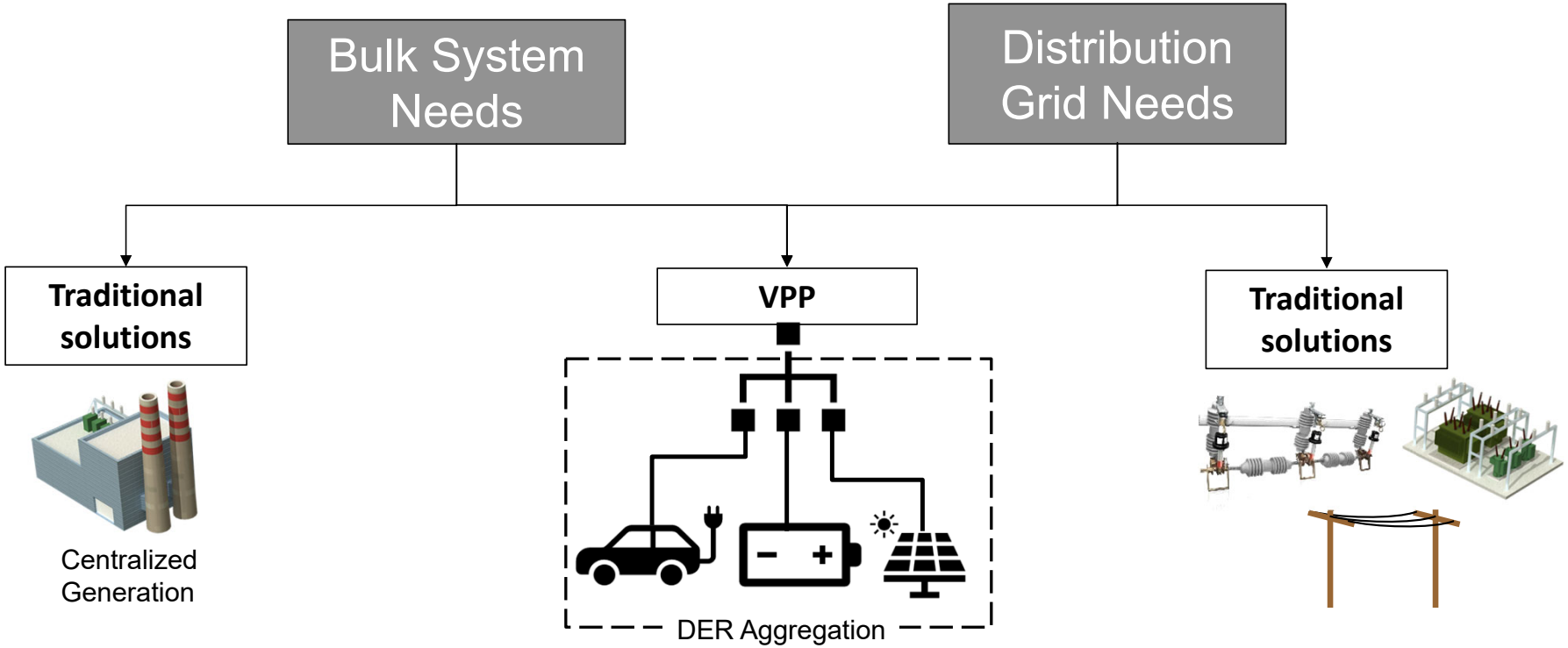
What is a Virtual Power Plant (VPP)?



A VPP is an aggregation of DERs (load, storage, and generation) across multiple sites, coordinated to provide grid services as a unified entity.

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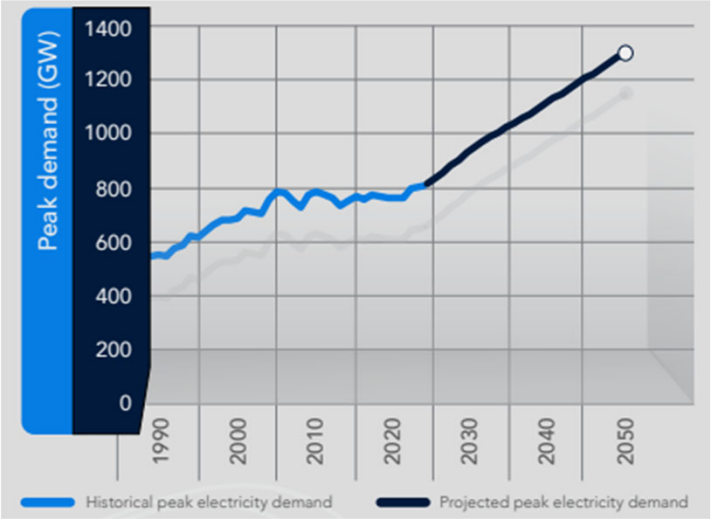
Why Virtual Power Plants?

- Grid Demand is Escalating Quickly
  - Data centers, onshoring of manufacturing, and electrification driving load growth.
- DER growth – especially energy storage, EVs, and EV chargers – is accelerating.
- Customer DER adoption results in shared cost/benefit potential.
  - Customers receive incentives, lower bills, and/or resilience
  - VPP Capacity increases grid capacity
- The 'Energy Gang' says so!



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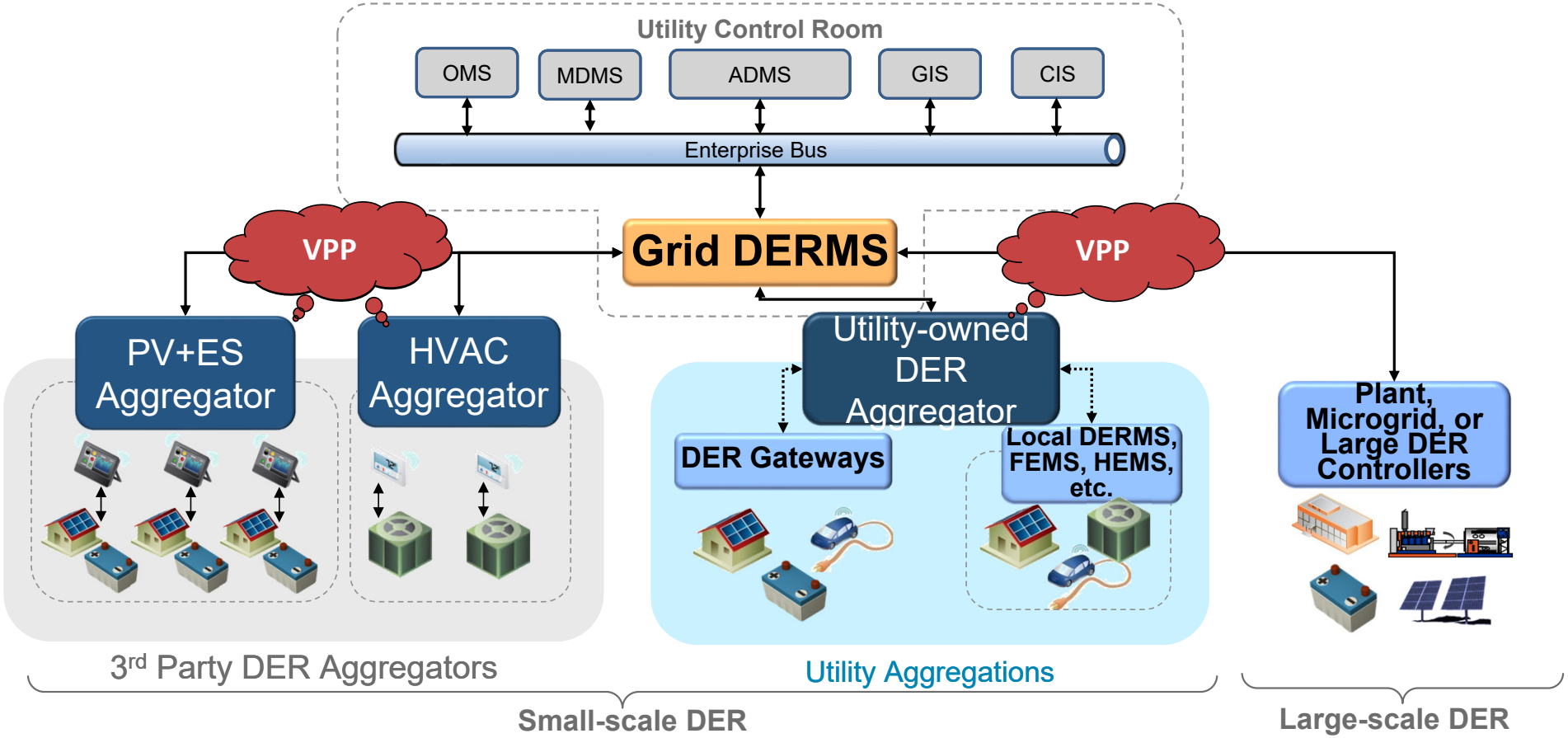
DER Management Architecture(s)



Architectures Vary Based on Unique Requirements

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Observed Utility Use Cases in U.S. – BESS VPPs

- Data is from EPRI's Customer-Sited energy Storage & Microgrid Programs deliverable
- Over 100 utility and 3rd party programs tracked
- 55 North American Utility Program Use Cases Identified
- Demand Management/Capacity/Time Shift are the most popular use cases
  - Followed by Renewable Integration
  - Pilot Level Research
  - Reduced Carbon Emissions
  - Non-Wires Alternatives
- Customer value streams (resilience, tariff management, incentive payments, DER integration) balance customer/grid value.

Use Case	# of Utility Programs
Demand Management/Response/Reduction	26
Capacity	23
Time Shifting/Arbitrage/Avoided & Reduced Energy Costs	16
Renewable Integration	12
Pilot Level Research	11
Reduced CO2 Output	8
Reliability/Outage Mitigation	8
Non-Wires Alternatives & Distribution Deferral	6
Medical Support	5
Low Income Customer Support	4
Frequency Response	3
Market Participation (undefined)	1
Resource Adequacy	1
Controlled Charging	1
Volt/Var	1
Rate Payer Equity	1
Clean Energy Jobs	1

VPP vs. Traditional Assets – Notable Tradeoffs

Topic	VPP Potential Benefit	Alternative Consideration
Customer Value	Provides BTM benefits.	
Deployment Speed	Pre-existing DER may be aggregated quickly.	Incentivizing DER adoption can be a lengthy and expensive process.
Flexibility of Deployment	DER can be integrated into the program on an as needed basis.	Augmentation & Modular Implementation may provide similar benefit.
Cost Effectiveness	Often most cost-effective where DER adoption is high, or traditional assets are less feasible.	VPP's can be a solution in search of a problem.

VPP May Be Most Cost Effective When…

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VPP vs. Traditional Assets – Notable Tradeoffs

Topic	VPP Potential Drawbacks	Alternative Consideration
Asset Availability	Customer fatigue, dual asset use (EVs), and resilience needs may reduce DER availability.	Proper planning and contingency analysis may overcome these concerns.
Asset Reliability	Communication outages and software issues worry utilities.	Traditional assets have a single point of failure.
Unexpected Costs	VPP learning curves may result in unexpected costs.	Lessons learned can help characterize unexpected costs and necessary contingencies.
Unexpected Complications	VPP learning curves may result in unexpected complications.	Research and planning reduce unknown complications.

VPP's May Be Less Cost Effective When…

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VPP Program Design Considerations

Step 1: Business Case	Policy & Regulatory Considerations	Program Objectives	Use Cases	Program Size
Step 2: Participant Strategy	Customer Segments	DER Types	DER Ownership	Vendor Selection
Step 3: Program Design	Enrollment Model	Incentive Structure	Tariff Eligibility	Revenue Sharing
Step 4: Operational Design	Event Structure	Dispatch Frequency	Performance Requirements	Customer Constraints
Step 5: Technology Selection	Control Architecture	DERMS / DERA	Communications	Telemetry

VPP Programs Are Unique Across Utilities, ISOs, Markets, Climates, and Customer Populations

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The Benefits are Real – So are the Costs and Risks

Benefits

- Generation
- Transmission
- Distribution
- Customer
- Social
- Environmental

Costs

- Program Development
- Technology & Integration
- Customer Acquisition
- Participation Incentives
- DER Asset Costs
- Vendor Management
- Program Operations
- Dispatch/Event Operations
- Measurement & Verification
- Customer Retention
- Contingency Costs

Risks

- Consumer Trust
- Initial Enrollment, Growth & Retention
- Customer Participation
- Portfolio Mix
- Dispatch Success
- Forecast Accuracy
- Cost Overruns
- Revenue/Benefit Underperformance

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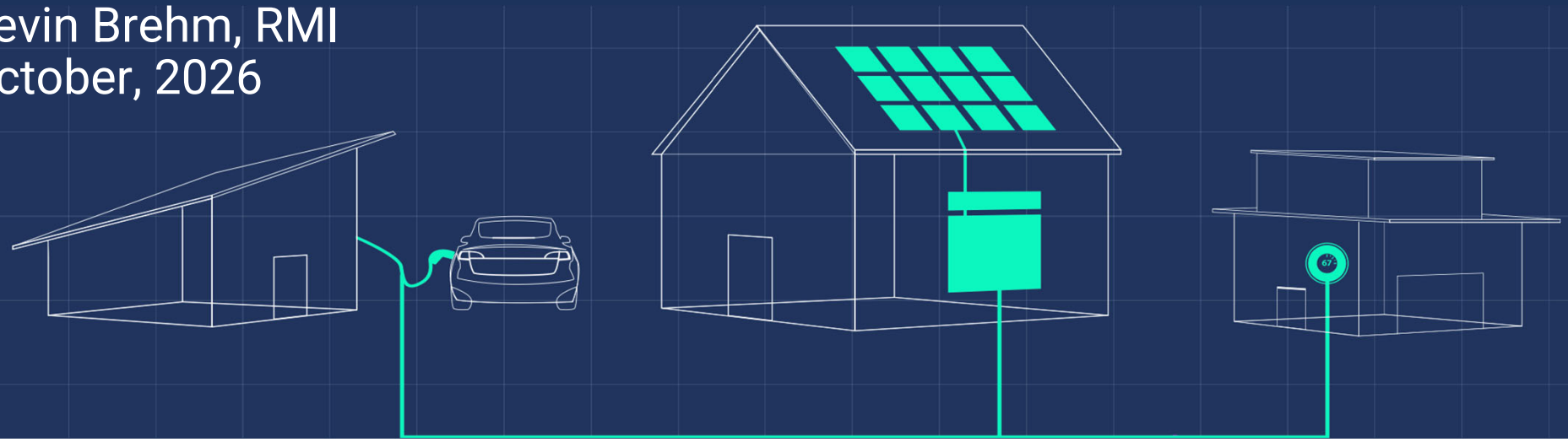
Virtual Power Plants: National Landscape and Leadership Opportunities for Salt River Project

Kevin Brehm, RMI
October, 2026



About RMI and the Virtual Power Plant Partnership

RMI transforms global energy systems through market-driven solutions to secure a prosperous, resilient, clean energy future for all.

VP3 — VIRTUAL POWER PLANT PARTNERSHIP

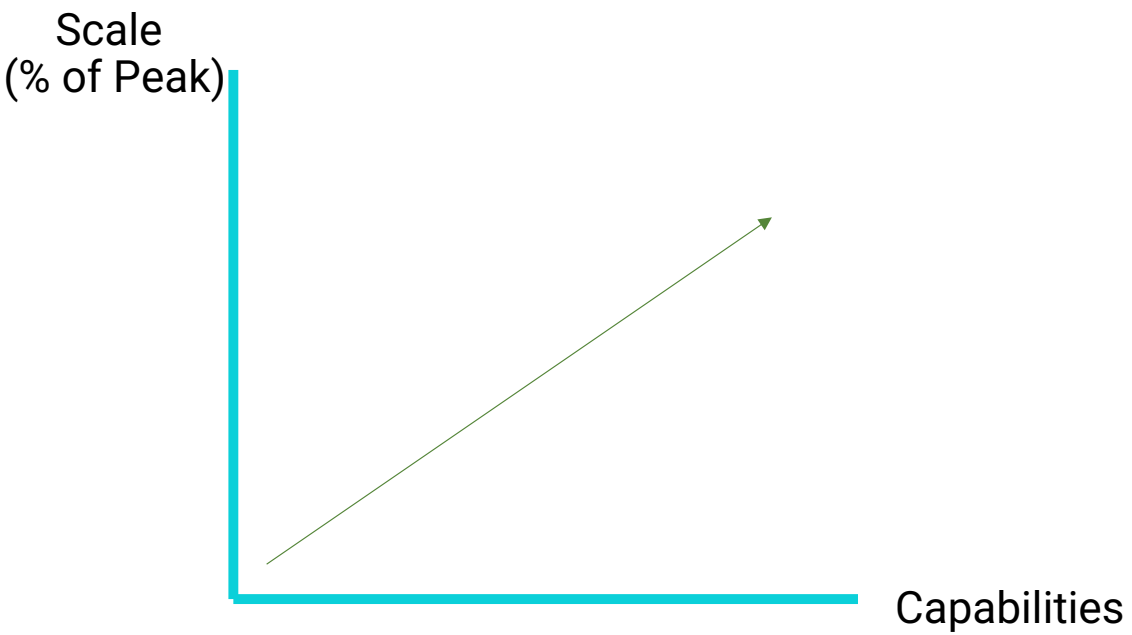
VP3's Role	Connect and strengthen the VPP industry	Develop and disseminate VPP insights	Advance VPP policy and programs

VP3 Members

Carrier, ecobee, EnergyHub, Ford, Palmetto, GENERAC, gm, leap, nrg, OhmAnalytics, Renew Home, sparkfund, uplight

What is VPP leadership?

VPP leadership can be defined by scale and capabilities



Capabilities

Increasingly operate like conventional grid resources

- Greater visibility, scheduling, and availability
- Provide multiple grid services
- Support bulk-system and local grid needs

Source: EnergyHub, The VPP Maturity Model (2026)

What is VPP leadership?

Leading VPPs translate grid services into benefits for customers, communities, and the grid

Grid Services Provided

VPPs can be dispatched at multiple time scales and frequencies

- Ancillary Services
- Energy
- Capacity
- Resilience

VPPs can be dispatched to provide location-specific benefits

- Transmission
- Distribution
- Behind-the-meter

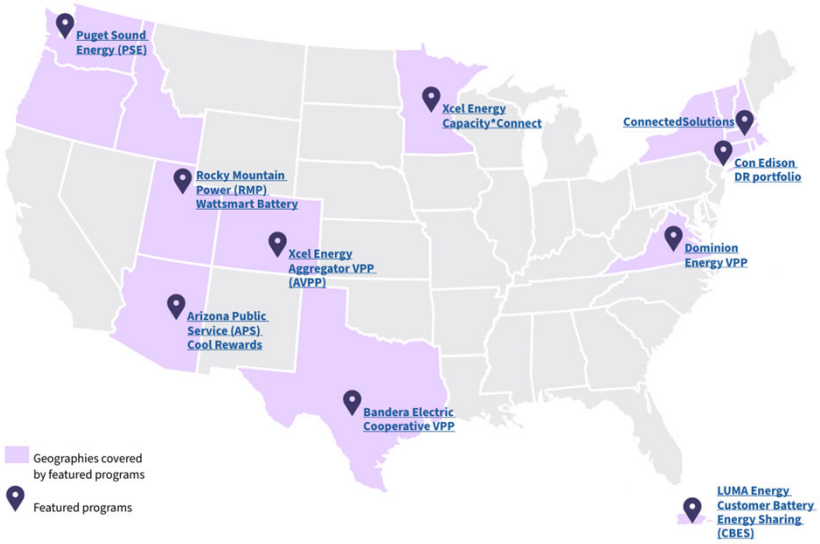
Benefits Delivered

- Reliability
- Resilience
- Affordability
- Customer Value
- Decarbonization
- Versatility & Flexibility

Examples of Leading VPPs Across the Country

Examples from VPP Flipbook, 2026 Update

VPP	Capacity/ Scale	Technologies Involved
APS Cool Rewards	162 MW	Smart Thermostat
ConnectedSolutions	800+ MW (residential and C&I)	Smart thermostats, batteries, C&I DR
Rocky Mountain Power (RMP), Wattsmart Battery	40 MW	Batteries (BESS)
Xcel Energy Aggregator Virtual Power Plant (AVPP)	Up to 125 MW authorized	Technology-agnostic
LUMA Energy Customer Battery Energy Sharing (CBES)	587+ MW	Batteries (BESS)



Additional VPPs of Note

US Examples:

- California (IOUs, SMUD)
- Green Mountain Power
- Portland General Electric
- Co-ops/ Holy Cross Energy
- BASE Power VPPs

Global Examples

- Australia
- Great Britain

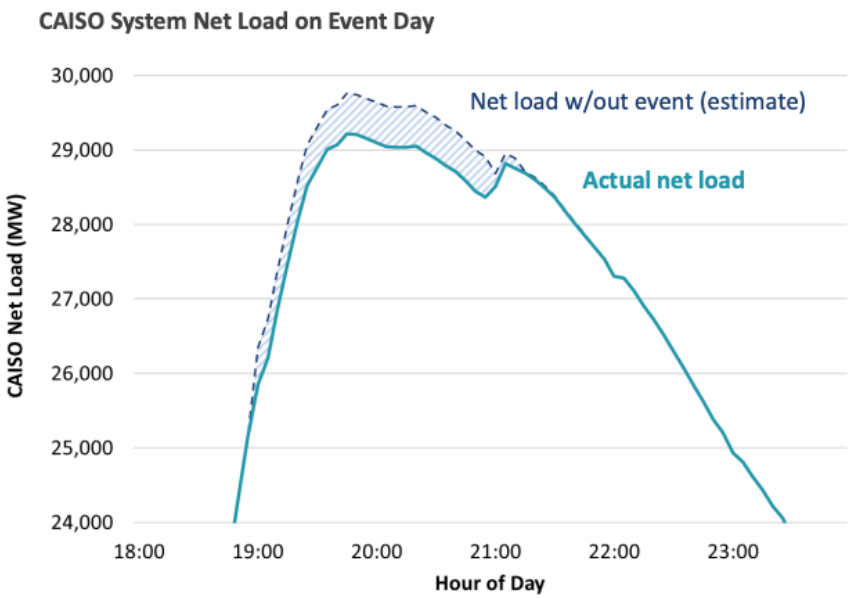
Benefits of Leading VPPs

Leading VPPs Can Enhance Performance Across Core Utility Priorities

- Reliability
- Affordability
- Customer Value

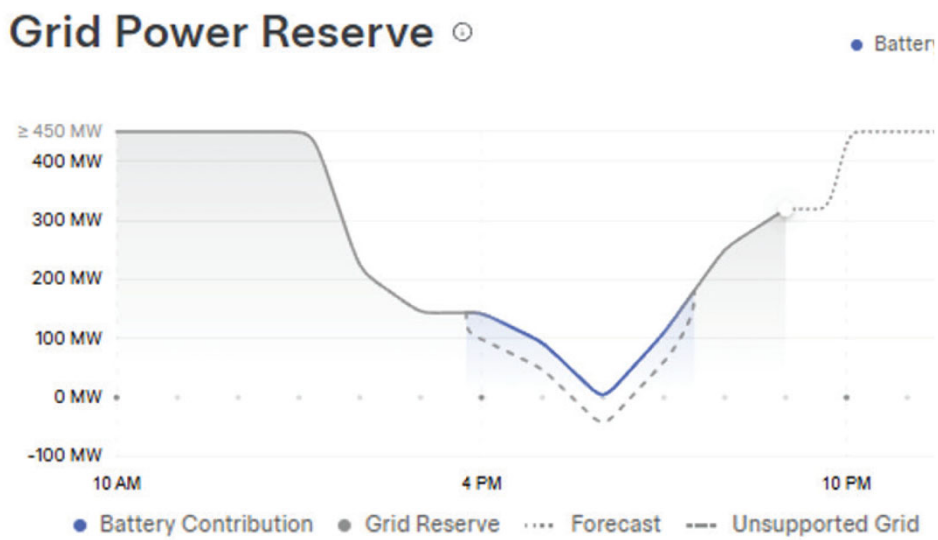
Reliability: VPPs are Delivering Power-Plant-Scale Capacity When the Grid Needs It

California: Power-Plant-Scale Dispatch



- July 2025 California VPP Test: 539 MW
- October 2026: 745 MW (~2% peak)

Puerto Rico: Reliability When Reserves are Scarce



- 587 MW enrolled
- ~86 MW recent average dispatch

https://www.cesa.org/wp-content/uploads/Puerto-Rico-VPP-Report.pdf; VPP Flipbook

Affordability: VPPs are Delivering Value to Customers and the System

Rhode Island Energy's 2025 ConnectedSolutions Year-End Report

PARTICIPANT COMPENSATION

$5.7 million

SYSTEM SAVINGS

$7.7 million

"estimated system benefits"

NET SYSTEM SAVINGS

$0.6 million

After $5.7 MM in participant compensation and ~$1.4 MM in other program costs

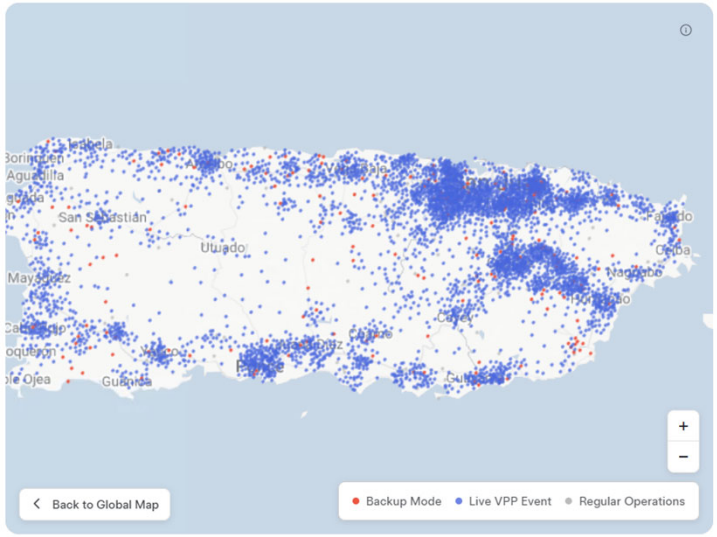
Participant Incentives			
	Residential Thermostats	**Residential Batteries**	**C&I DR**
Compensation Levels	$50 sign-up + $20 per season	$225/kW per summer for newer participants	Daily dispatch: $275/kW per summer Targeted dispatch: $35/kW per summer

https://ripuc.ri.gov/sites/g/files/xkgbur841/files/2026-03/24-06-EE-2025%20Year-End%20Report%20%28PUC%203-13-26%29.pdf

Customer Value: VPPs Can Enhance Household Resilience While Supporting the Grid

Tesla Puerto Rico VPP

https://www.tesla.com/en_PT/vpp/puerto-rico



81,565
Homes in Puerto Rico VPPs

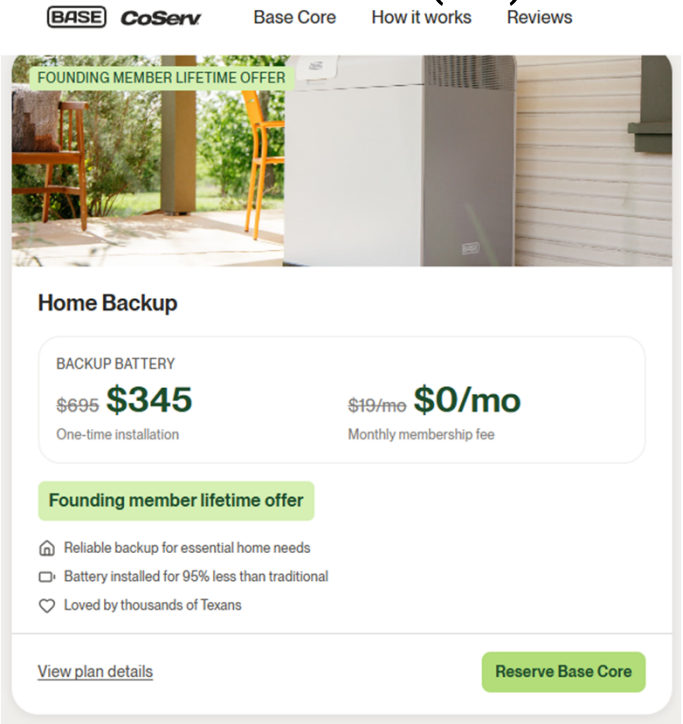
1,165
Homes in Backup Mode

81,122
Homes in VPP Event

74 MW
Total Fleet Power Output

October 14 5:22pm MT

Base Power CoServ (TX) Offering



Keys for Maximizing VPP Benefits

Leading VPPs Are Maturing Across Four Key Dimensions

1. **Customer Experience:** Easy Participation with Tangible Customer Benefits

2. **VPP Design:** Multiple technologies and grid services

3. **Integration:** Embedded in utility planning and operations

4. **Scale:** Large enough to materially contribute to system needs

Customer Experience: Easy Participation with Tangible Customer Benefits

Easy to Enroll

Embed enrollment in existing customer and DER channels

LUMA CBES

Automatic enrollment helped support rapid growth to 82,000+ participants.

Seamless Participation

Automate participation while maintaining customer comfort and control

Rocky Mountain Power Wattsmart Battery

Automated battery dispatch typically uses only 2%–4% of state of charge, preserving backup capacity.

Tangible Customer Benefits

Deliver benefits customers value including comfort, savings, and resilience

El Paso Electric + Base Power

Customers receive free battery storage and backup power while El Paso Electric uses the batteries to address local grid constraints.

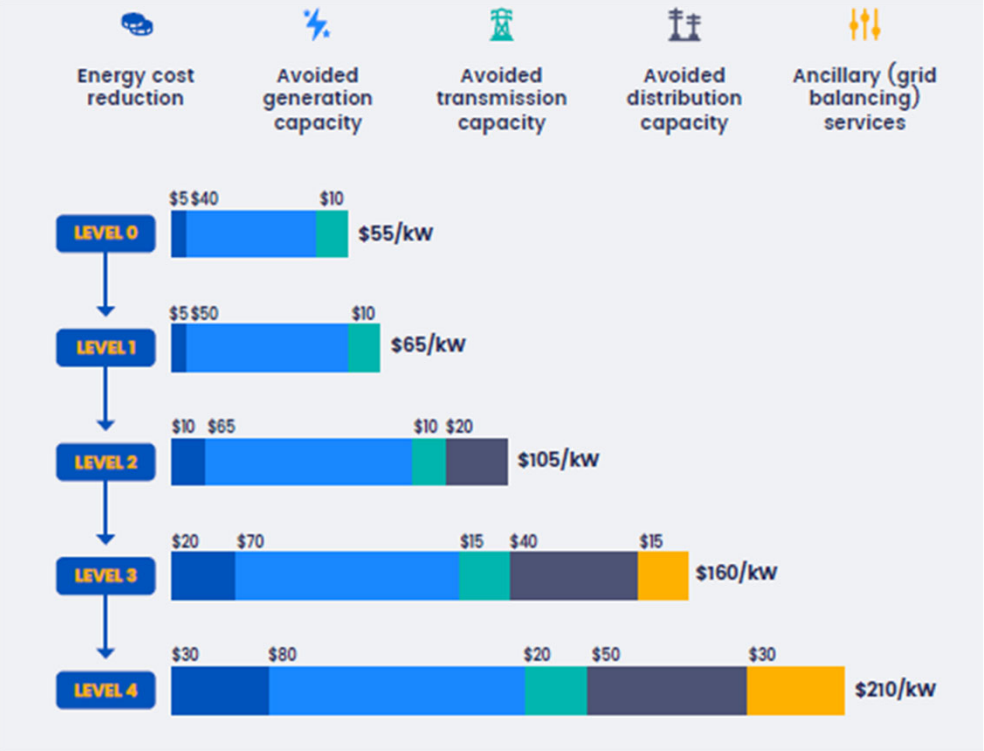
VPP Design: Multiple Technologies and Grid Services

Multiple Technologies: Leading VPPs Support Diverse DERs

	Thermostats / HVAC	Batteries	EVs	C&I / Other DR
PSE	●	●	●	●
Con Edison	●	●		●
Connected Solutions	●	●	●	●
Xcel AVPP*	○	○	○	○

*○ = eligible technology; AVPP is performance-based and technology agnostic

Multiple Grid Services: VPPs Can Address Both Bulk-System and Local Grid Needs



Emerging opportunity: Locational grid services

Image Source: EnergyHub, The VPP Maturity Model (2026)

Integration: Embedded in Utility Planning and Operations

INTEGRATION INTO PLANNING

Include VPPs as in utility planning

Portland General Electric

- Evaluates VPPs and DERs within integrated resource planning
- Connects DER potential with distribution-system needs and planning

INTEGRATION INTO OPERATIONS

Fully integrate VPPs into utility grid operations

Rocky Mountain Power — Wattsmart Battery

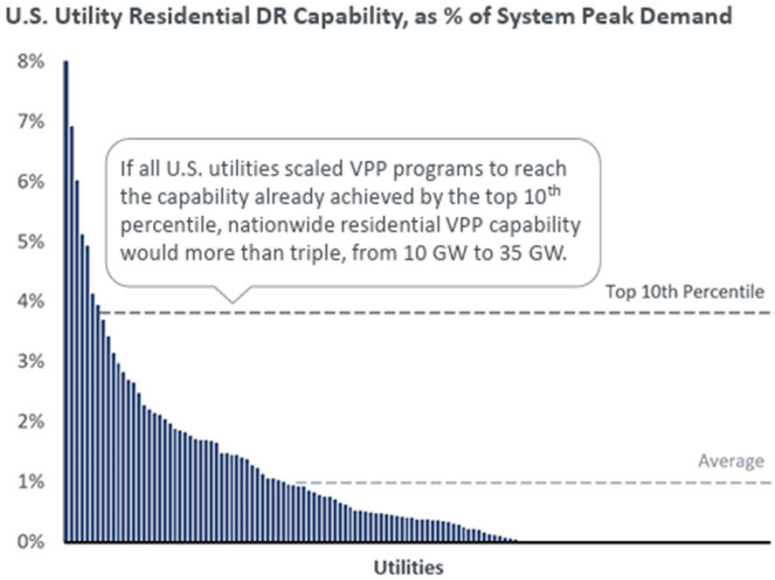
- Grid operations team directly dispatches batteries
- Automated response in as little as 3 seconds

Leading VPPs are evolving from standalone customer programs into resources that utilities plan for and operate alongside traditional grid assets.

Sources: RMI, *Grid-Scale Virtual Power Plants Are Here: Have Utilities Noticed?; U.S. DOE, Pathways to Commercial Liftoff: Virtual Power Plants – 2025 Update*

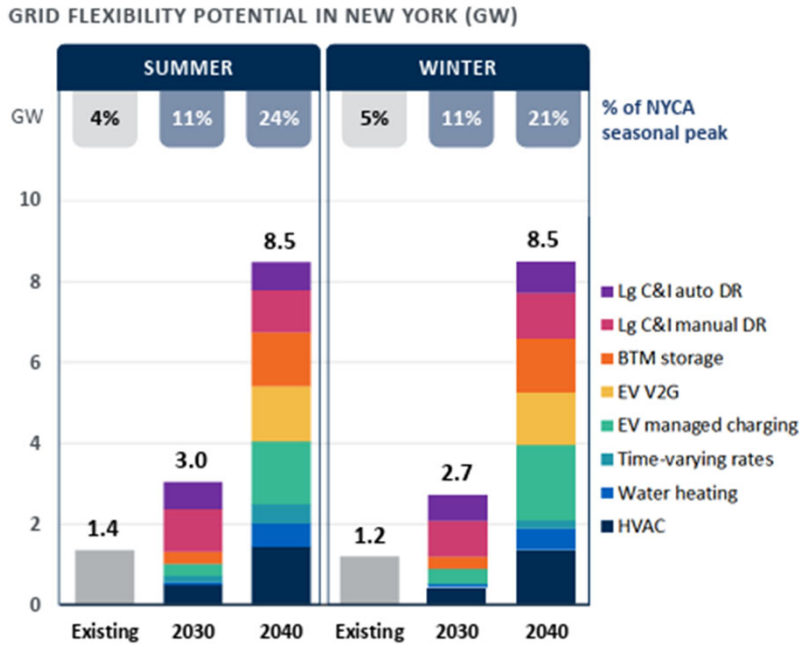
Scale: Large Enough to Materially Contribute to System Needs

Leading Utilities Meet Up to 8% of Peak Demand Through Residential DERs*



* Not including distributed solar contribution to peak

Modeling Consistently Points to for 10-20%+ of peak from Resi + C&I Flexibility



Sources: Brattle Group, *The Affordability Advantage* (2026); Brattle Group, New York's Grid Flexibility Potential (2025)

Opportunities for SRP to Advance VPP Leadership

Leadership Dimension	Potential Opportunities for SRP
Customer Experience	Improve enrollment and retention by making participation easy, comfortable, and valuable to customers
VPP Design	Build toward a technology-agnostic portfolio that serves both bulk-system and local grid needs
Integration	Increasingly integrate VPPs into utility planning and grid operations
Scale	Scale from successful programs toward a system-scale resource

Overview of SRP's Virtual Power Plant

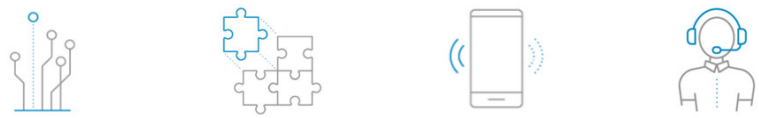
Jed Cohen

Senior Manager, Load Flexibility Programs

What is a Virtual Power Plant (VPP) to SRP?

SRP'S VPP DEFINITION:

An aggregation of connected distributed energy resources (DER) that operates as a coordinated, dispatchable grid resource. A VPP can reduce demand, provide power, or both to support system flexibility and reliability.



Aggregated

- Traditional DR programs
- Customer-owned devices
- Distributed SRP resources

Connected

- Devices connect through manufacturers and aggregators
- Devices respond to grid signals

Coordinated

- Centralized intelligence & dispatch
- Alerts to customers & stakeholders

Dispatchable

- Provides firm, committed, incremental resource
- Dynamic, event-based control
- Impact tracking & validation

History of Building SRP's VPP

FY 2018 - 2020

Thermostat and home energy management pilots.

Tested EnergyHub platform

Battery research begins, founding Innovation Test Center

2035 DR Goal Established

Distribution Enablement Initiative

FY 2021 - 2023

Launched Bring Your Own Thermostat (BYOT) and Business Demand Response (BDR) Program

Piloted Electric Vehicle (EV) managed charging

ADMS Foundation Initiative

FY 2024 - 2026

Launched Firm Load Reduction Program

Piloted Thermostat Microshifting, Business Thermostat, Battery Partners

2035 DR Goal Refresh

FY 2027

Launched EV Smart Charge Program

Launched Thermostat Microshifting Program

Business Thermostat Program

SRP's VPP Recent Performance

- 201 MW of dispatchable capacity, 112% of FY26 target
- 103,000 thermostats enrolled, providing 130 MW of flexible capacity
- Over 600 commercial and industrial sites enrolled contributing 71 MW
- Transitioned EV Smart Charge from pilot to program
- Launched Battery Partner Program Pilot on schedule
- Recognized by 5 national awards in the past 3 years

Battery Partner Program Pilot

SRP launched the residential Battery Partner Program Pilot in December 2025. It is approved to run up to 5 years and up to 5,000 customers.

This pilot uses customer battery capacity during times of grid stress and provides $110 per kW/year to customers for incremental capacity contributed to events.

Pilot currently integrates with Tesla, FranklinWH, SolarEdge and Enphase batteries – covering 85% of customer batteries in SRP's service area.

Current Participation:

- 1,015 customers
- 1,500 batteries
- 11.5 MW nameplate
- ~33% of nameplate capacity is available for dispatch, on average
- 22 dispatch events this summer
- 30% of batteries are leased

EV Smart Charge Program Update

Pilot began in 2022; Transitioned to full program in July 2025.
Participants receive a $50 enrollment bill credit and an additional $50 annual participation credit.

The program shifts charging to off-peak hours through daily active managed charging. Customers set charging preferences and can override charging schedules. Dispatch events also available.

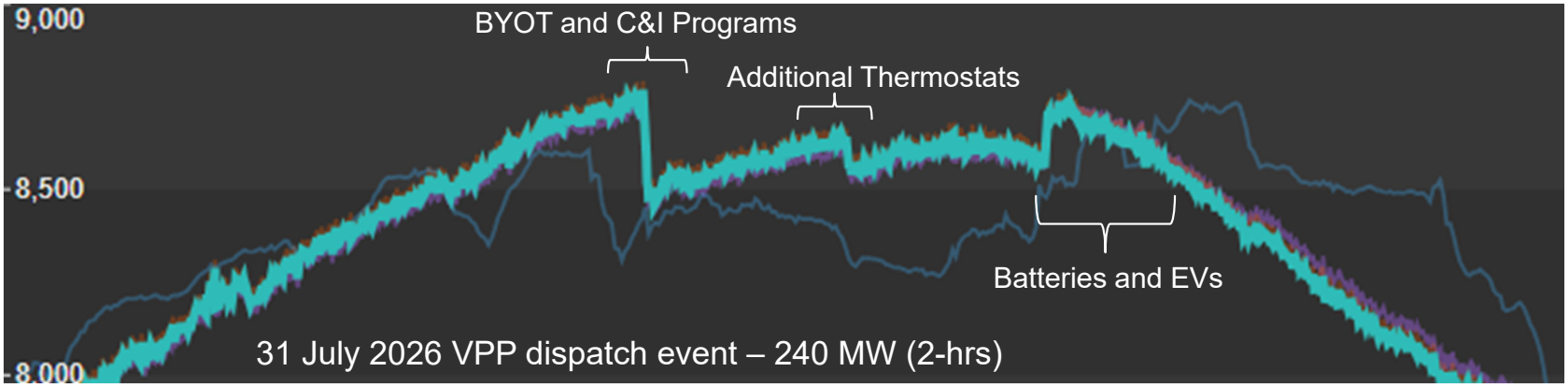
The program integrates directly with Tesla and GM through vehicle telematics, and with ChargePoint, Emporia, and Wallbox chargers.

Current Participation:

- 2,337 enrolled customers
- 1.7 MW on-peak reduction; focus is daily optimization
- Testing three daily charging options: off-peak, solar sink, and real-time optimized
- ~25% of participants available for active dispatch, on avg.

Summer 2026 VPP Performance Highlights

- 15 major VPP dispatch events on grid-stressed days
- 70 dispatch events across all programs
- 240 MW two-hour load reduction achieved on 7/31
- 100% reliability in dispatched events



Total Summer 2026 Dispatches by Program

BDR	BYOT	FLR	TMP	BYOB
				5-May
				19-May
			4-Jun	
16-Jun	16-Jun		16-Jun	16-Jun
		25-Jun		
8-Jul	8-Jul	8-Jul	8-Jul	8-Jul
9-Jul	9-Jul		9-Jul	9-Jul
	25-Jul	25-Jul	25-Jul	25-Jul
31-Jul	31-Jul	31-Jul	31-Jul	31-Jul
	2-Aug		2-Aug	2-Aug
3-Aug	3-Aug		3-Aug	3-Aug
19-Aug	19-Aug		19-Aug	19-Aug
21-Aug	21-Aug		21-Aug	21-Aug
		22-Aug	22-Aug	22-Aug
26-Aug	26-Aug		26-Aug	26-Aug
		27-Aug		
	28-Aug		28-Aug	28-Aug
9-Sep	9-Sep		9-Sep	9-Sep
				12-Sep
				19-Sep
				23-Sep
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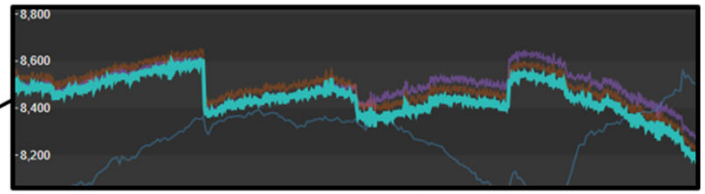
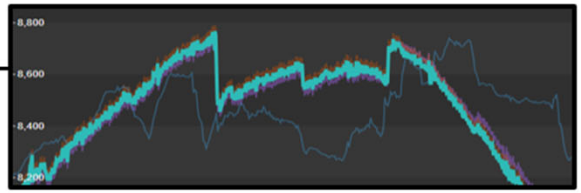
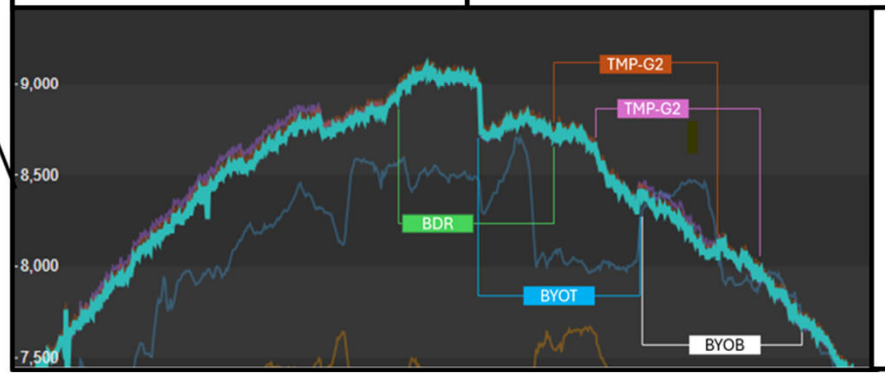
	6-Oct		6-Oct	6-Oct
	7-Oct		7-Oct	7-Oct
	8-Oct		8-Oct	8-Oct





- Potential Peak System Day
- AM Loads Forecast: 9055
- PM Loads Forecast: 9032
- Temp at 4 PM: 115



- Business Demand Response (BDR): 4-6 PM
- Bring Your Own Thermostat (BYOT): 5-7 PM
- Thermostat Micro-shifting Program: Grid Resiliency (TMP-G1): 6:00-8:00 Thermostat Micro-shifting Program: Energy Shift Capacity (TMP-G2) 6:30-8:30 PM
- Battery Partners Program (BYOB) 7-9 PM

Evolution and Next Steps

Evolving VPPs

Current State

Device-specific programs

Supports peak shaving on the bulk electric system on select days

Manual dispatch in large groups

Includes thermostats, commercial sites, EVs, residential batteries

Research Opportunities

Device-agnostic flexibility

Local distribution benefits

Targeted device dispatch

Expand to additional device types (e.g. pool pumps or vehicle-to-home chargers)

Key Point: Research and pilots to be conducted to determine options that meet affordability and reliability principles.

VPP Guiding Principles

Test, Build and Operate VPP as a Reliable Resource

Customer Trust & Experience

- Opt-in participation + easy override
- Transparent value exchange and communication
- Safety for customers and field crews

Reliable & Affordable

- Verify capacity value provided
- Maintain cost-effectiveness of VPP resources

Cybersecurity & Data Governance

- Secure access controls and monitoring
- Clear data standards for devices and aggregators

Equity & Access

- Participation pathways for vulnerable populations
- Access for diverse stakeholders

Key Point: Options must meet the Guiding Principles to move towards pilot and implementation

VPP Challenges and Limitations

Customer Participation

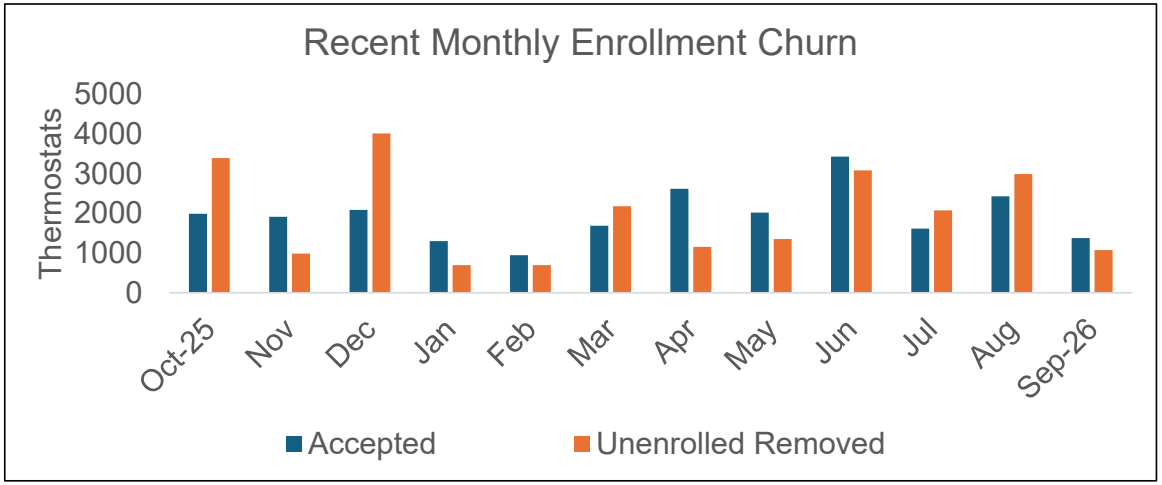
Technology & Integration

Operational Readiness

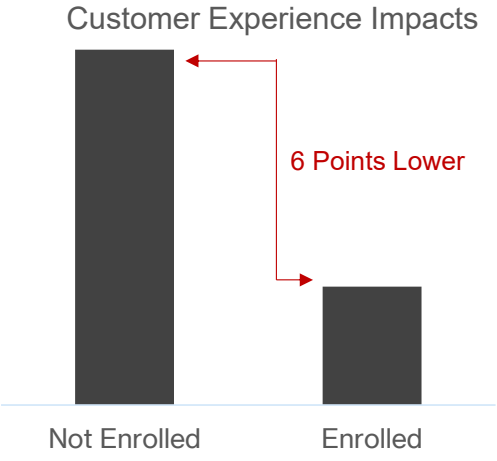
Key Point: Market and technical limits to the speed and magnitude of VPP scaling

Customer Engagement With Bring Your Own Thermostat

- Customer churn is significant
- Enrollment paces unenrollment, keeping overall program size consistent



- Customers enrolled in BYOT tend to have a lower customer experience score than customers who aren't.



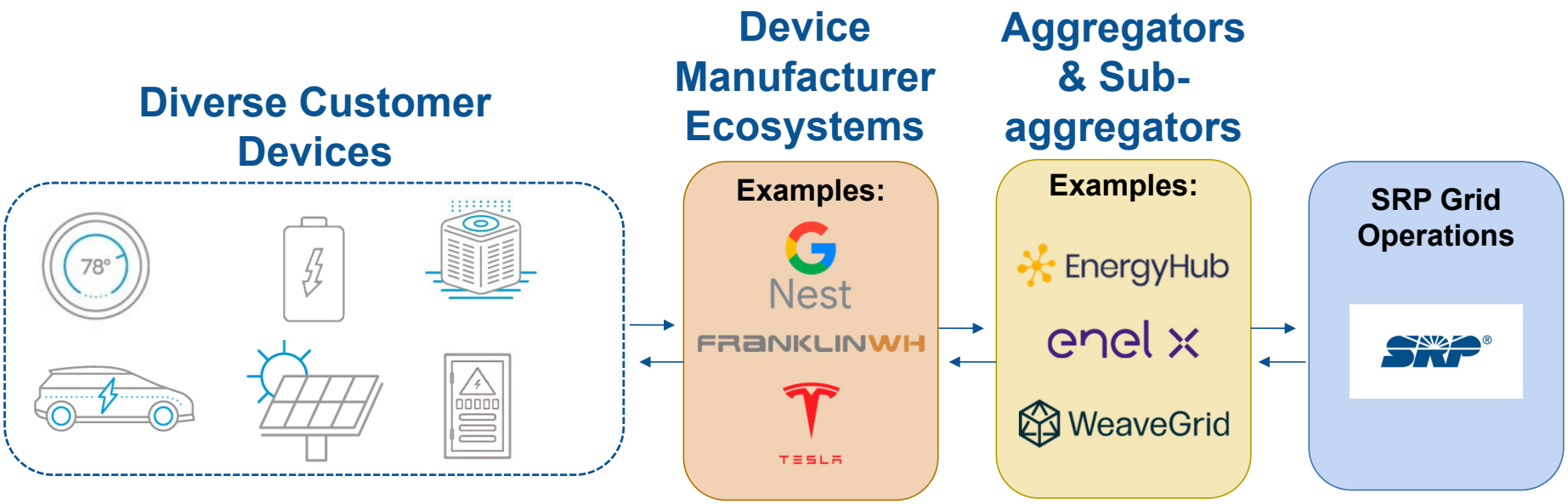
Current Residential VPP Potential

Residential Device	Estimated Devices in SRP's Service Area	Devices Enrolled in SRP's VPP
Smart Thermostats	466,500*	103,000 (22%)
Batteries	14,900	1,500 (10%)

*Estimate based on 2023 SRP Residential Energy Technology Survey (N = 7,778). Showed 1.26 thermostats per household, 34% of which are smart.

Emerging Devices and Business Models: Vehicle-to-home or Vehicle-to-grid technology; Smart pool pumps; Smart electrical service panels; Battery-paired HVACs; Front-of-meter or utility-controlled distributed batteries; Data center flexibility

VPP Customer-Side Technology Pathway



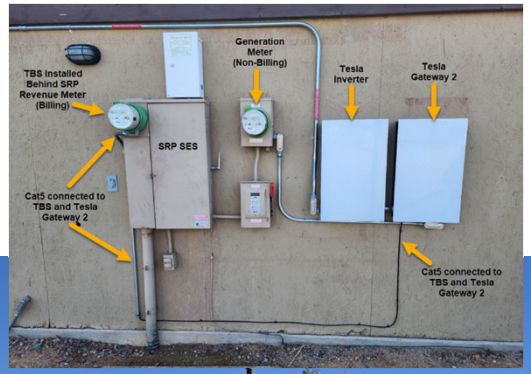
Key Point: Diverse customer devices and industry stakeholders can participate in SRP's VPP following a common integration pathway

Next Steps

- Test VPP resources for distribution dispatch during Summer 2027.
- Continue to grow and tune programs, including Battery Partners and EV Smart Charge.
- Survey the market for emerging technologies and business models as potential pilot candidates.
- Continue to proactively investigate emerging technologies and business models.

Research & Development

SRP
Innovation Test Center

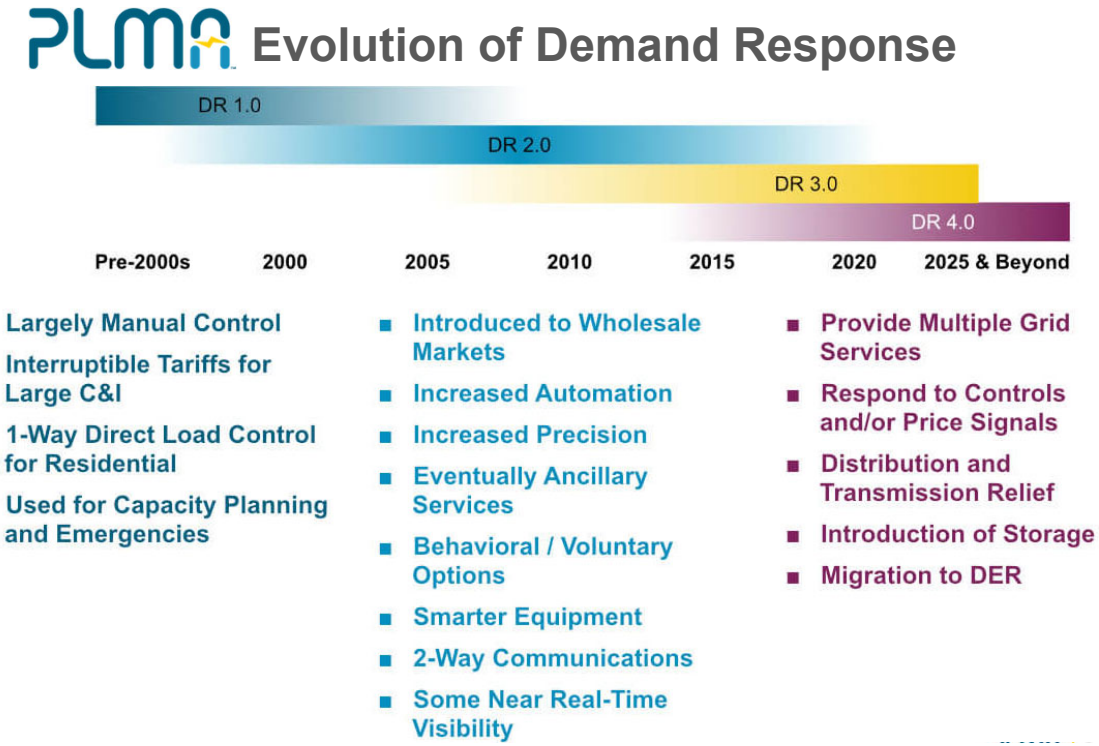


Smart Home Lab at Santan Generation Plant

thank you!

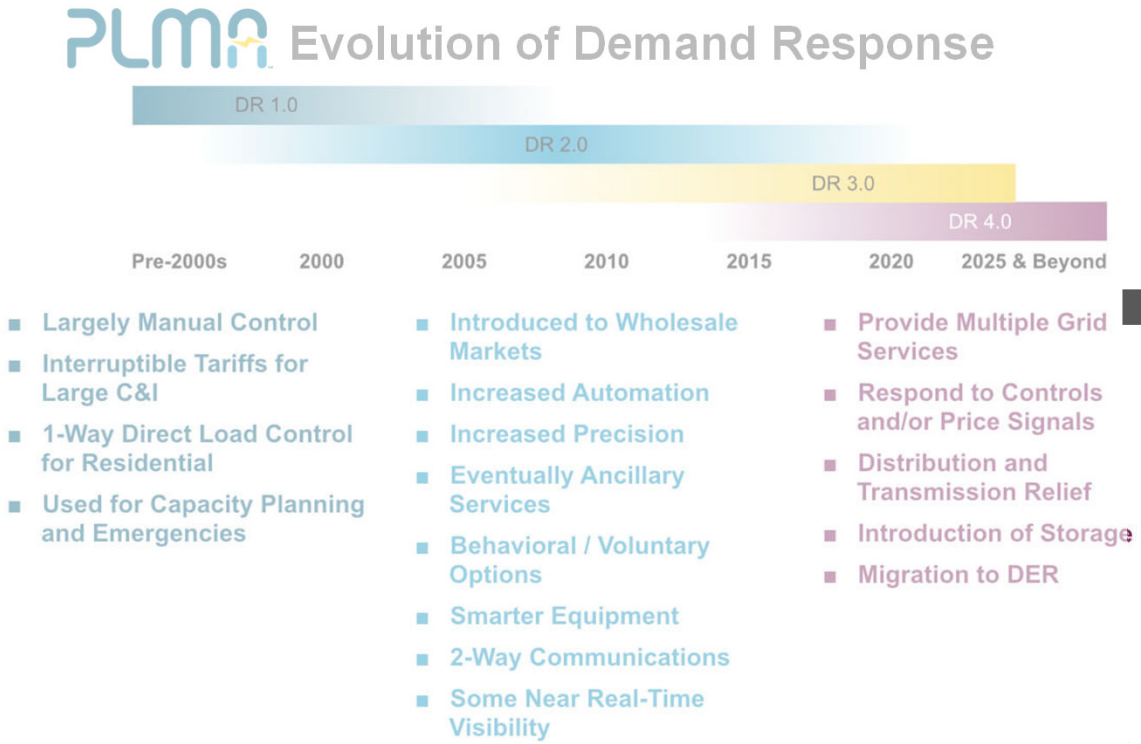
Panel Discussion and Q&A With Introductory Comments From Robin Maslowski

VPPs build on decades of demand response.



Source: PLMA, https://flexload.org/DefiningEvolutionDR/

VPPs build on decades of demand response.



Source: PLMA, https://flexload.org/DefiningEvolutionDR/

As we evolve to VPP 1.0, key questions remain.

VPP 1.0

- **Purpose:** Why VPP?
- **Partners:** Utility vs aggregator vs provider roles?
- **Proof:** Measuring value with multiple DERs and grid services?
- **Place:** Layering reliable locational DER dispatch into the stack?
- **Price:** Fair compensation for participants and affordability for all?
- **Pace:** Scaling quickly without risking reliability?

Panel Discussion with Q&A

Jed Cohen

Salt River Project

Kevin Brehm

Rocky Mountain Institute

David Stevens

Electric Power Research Institute

Robin Maslowski

Peak Load Management Alliance and Trillium Energy Consulting

Public Comments for the 10/27/2026 Work Study Session as received in the Corporate Secretary's Office

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10/26/2026
Brian Turner
Advanced Energy United

Dear President Dobson and Members of the Board:

Advanced Energy United is a national trade association representing businesses that build, finance, and operate the technologies behind a modern grid, including the companies that install and manage customer batteries, smart thermostats, and the software that aggregates them. We write to encourage SRP to build on its Battery Partner pilot and turn the Valley's growing fleet of customer-sited devices into a dependable, low-cost capacity resource.

SRP faces load growth that few utilities in the country have seen. SRP's own projections show large business customers rising from about 12% of system peak to 39% by 2035. Meeting that growth will take both new generation and new wires. But every megawatt of peak demand that customer devices can reliably cover is a megawatt that SRP customers don't have to finance, and it can be in place for summer 2027 rather than years from now.

SRP deserves credit for launching Battery Partner. Its core design is sound: pay for performance, a 20% backup reserve for customers, and dispatch aligned with price plans. What limits the program today is scale. We recommend the Board direct management to:

- **Pay for capacity at its value to the system.** SRP's summer credit is $55 per kW, half the $110 per kW APS pays for battery capacity in the same summer peak hours. Compensation should be benchmarked to SRP's avoided cost of peaking capacity and reviewed annually.

- **Let any qualified provider enroll.** Allow leased and other third-party-owned systems, and the aggregators that manage them, to enroll and be paid directly. Extend eligibility to business, school, and public-sector customers, and to other proven devices such as smart thermostats, electric water heaters, and bidirectional electric vehicles, so the program can grow with EV adoption rather than being limited to stationary equipment.

- **Set a target and report results.** Establish a megawatt goal for 2027 and beyond, lift the 5,000-customer cap, publish enrollment and event performance, and define the criteria for moving Battery Partner from pilot to permanent program ahead of its 2030 end date.

- **Hear from the market.** A Board work session with VPP providers, followed by a short stakeholder process with a clear timeline, would surface practical fixes management can act on before summer 2027 enrollment. Advanced Energy United would be happy to help set up such an educational session, and to facilitate active participation of device manufacturers, aggregators, and software solution providers to design program parameters that can provide the most cost-effective yet attractive framework to grow an effective and important resource for SRP.

Our member companies run and/or participate in these programs for utilities across the country at impressive scale and are ready to share what works. We would welcome the opportunity to brief the Board or SRP staff.

Sincerely,
Brian Turner, Senior Director
Advanced Energy United

9/21/2026
Autumn Johnson
Arizona Solar Energy Industries Association (AriSEIA)

RE: SRP Battery Partner Virtual Power Plant Program: Request for Board Work Study Session and Direction on Program Reform

Dear President Dobson and Members of the Board,

On behalf of the Arizona Solar Energy Industries Association (AriSEIA), I am writing to ask the Board to take a direct role in fixing the SRP Battery Partner program, SRP's residential battery virtual power plant (VPP) program. We are coming to the Board because working with management has failed.

Since the end of 2025, AriSEIA has contacted SRP dozens of times with data, national best practices, and specific, workable program changes. None of that effort has produced a single program change or even a timeline for one. The pilot was approved in SRP's last pricing process and then left entirely to management's discretion. Management held no stakeholder process, has shown little interest in engaging since, and has given no sign it intends to improve the program. SRP's load is growing at a historic pace while thousands of batteries already installed across its service territory sit idle during its most expensive hours. The batteries are there. What is missing is initiative from management.

We ask the Board to take the following five actions:

1. Hold an inclusive Board work study session on the battery VPP program.

A work session in which only SRP management presents is not a work session. It is a management briefing, and it gives the Board one side of an issue where the other side has deep national experience SRP has never drawn on. We ask the Board to schedule a work study session on the battery VPP program at which AriSEIA and Kevin Lucas, Vice President of Policy Analysis at the Solar Energy Industries Association, present alongside SRP management. Mr. Lucas has testified extensively on VPP program design, including before the Arizona Corporation Commission. **We are not available during the last week of October.** Despite reaching out to management for nearly 12 months about their VPP program and being the original organization to put forward a VPP proposal in the pricing proceeding, we only learned about the potential work session this week. We ask that the session be scheduled on a date when Mr. Lucas can attend virtually, and we are glad to coordinate with Board staff to find one.

2. Direct management to move forward with changes by the end of 2026, under Board oversight.

Nearly a year of good-faith outreach has produced nothing. We ask the Board to direct management to move forward with the reforms below by December 31, 2026, and to report its progress to the Board along the way. Every season of delay is a season in which SRP buys or builds peak capacity it could have had from its own customers' batteries.

The Board should also make sure this does not happen again. The current program shows what happens when the Board approves a concept in a pricing process and hands design entirely to management: no stakeholder process, no meaningful engagement, and no improvement. For this reform effort and for any future Board approved pilot program, the Board should require a formal stakeholder process with a fixed timeline and should approve the final program design itself. This is especially important because SRP will decide whether the pilot "succeeded," and a pilot designed without stakeholder input and paying half the market rate is set up to underperform.

3. Allow leasing companies to participate as vendors and receive the performance payment directly.

SRP pays battery VPP incentives only as bill credits to the account holder. That design shuts out the largest and fastest-growing segment of the residential battery market. The federal tax credit for customer-purchased systems expired at the end of 2025. The commercial credit, which leasing companies can claim and pass through to customers, remains available for storage through 2033. SEIA and Wood Mackenzie project that leased and third-party-owned systems will make up 68% of the residential solar market in 2026 and 73% in 2027, and two-thirds of new residential solar systems in Arizona now include storage.

A leasing company cannot enroll its fleet when payment is locked to each customer's bill. Customers must sign up one at a time, and most never do. Paying the system owner directly would allow bulk enrollment of existing and new systems. Customers still benefit through lower lease payments: in New England's ConnectedSolutions program, Tesla offers lease discounts of up to roughly $60 per month based on expected VPP payments, and competition among leasing companies pushes that value to customers. The capacity SRP receives is identical no matter who is paid.

4. Pay at least what APS pays for the same resource.

A kilowatt of battery discharge during SRP's peak is worth the same as a kilowatt during APS's or TEP's peak, because it is the same thing. SRP peaks during the same hot summer late afternoons and evenings as its neighbors. SRP's own price plans target 5–10 p.m. and 6–9 p.m., the same window in which APS calls its battery VPP events. SRP also buys power from the same Desert Southwest wholesale markets as APS and TEP, at the same prices, during the same scarcity hours. A kilowatt of battery capacity that avoids a peak market purchase or a new peaking plant saves SRP just as much as it saves APS.

SRP's comparatively low rates do not make capacity less valuable. Yet SRP pays $55 per average kilowatt per season. For the summer season, APS pays $110, twice as much. TEP pays $120 per kilowatt in each of two seasons, or $240 per kilowatt-year. APS's $110 value has been found cost-effective for all of its customers, participants and non-participants alike. There is no principled reason SRP customers should receive half the value for delivering the same capacity, at the same hours, into the same market. At minimum, SRP should pay $110 per average kilowatt for the summer season.

5. Open the battery VPP program to commercial and industrial customers.

Businesses, schools, and public facilities are installing batteries that are often larger than residential systems and sit on circuits where peak relief is especially valuable. The SRP Battery Partner program is closed to them. Opening the program to C&I customers would bring in more capacity per enrollment at lower administrative cost per kilowatt.

Conclusion

Virtual power plants are central to a modern grid. Utilities across the country are using customer-owned batteries to meet peak demand, avoid expensive peaking plants, and improve reliability, at a fraction of the cost of new generation. SRP's customers have already paid for these batteries. They are installed, connected, and capable of responding in seconds. Most of them do nothing for SRP's grid on its hottest afternoons, because the program is not designed to use them. That is a choice, and the Board can change it.

We ask the Board to schedule an inclusive work study session with AriSEIA and our rate design expert and to direct management to move forward with these reforms by the end of 2026. AriSEIA's members want this program to succeed, and we are ready to help.

Respectfully,
/s/ Autumn T. Johnson
Executive Director
AriSEIA