



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

Prepared by Kearns & West

Large Stakeholder Group – Meeting #2 Overview

Meeting Objectives

- Update on current events at SRP
- Inform about the scope of the first Integrated System Plan
- Review and gather feedback on the study plan for SRP’s first Integrated System Plan

Topic: Integrated System Plan Study Plan

Date: April 29, 2022

Time: 8:00-10:00 a.m.

Location: Virtual

Of the more than 120 organizations invited, 58 stakeholders from 46 organizations attended. Please see the appendix for the Large Stakeholder Group member roster and attendance information. The [meeting agenda](#) and [presentation](#) are available at the [Integrated System Plan portal](#).

Welcome, Introductions, and Agenda Overview

Bobby Olsen, Senior Director of Corporate Planning, Environmental Services and Innovation at SRP, welcomed participants to the second meeting of the Large Stakeholder Group and introduced SRP Board and Council observers, including Vice President John Hoopes. Vice President Hoopes welcomed participants, thanking them for their time and valuable input for the Integrated System Plan process. He noted recent challenges, such as regional growth and increased demand, and the next steps needed to continue to provide reliable power to SRP customers.

Joan Isaacson, senior facilitator from Kearns & West, provided an overview of the meeting, including the timeline, meeting objectives and agenda ([slides 8-10](#)). She explained that throughout the meeting participants would be providing feedback via polling and would also be able to pose questions using chat and using the raise hand function.

Resource Planning Updates

Grant Smedley, Director of Resource Planning, Acquisition and Forecasting at SRP, thanked participants for their engagement and interest. He explained how energy needs have increased significantly since SRP issued the 2021 All-Source Request for Proposals (RFP) and described risks and challenges that have emerged ([slide 16](#)). He provided an update on the status of the

Coolidge Expansion Project, noting that after the denial by the Arizona Corporation Commission SRP will still need quick-start flexible natural gas as part of the reliability backbone ([slide 17](#)).

Smedley next addressed challenges, such as the US Department of Commerce investigation regarding solar panels ([slide 18](#)) and related risks ([slide 19](#)), noting that six SRP solar projects with 1400 MW of capacity as well as projects in the RFP potentially will be impacted. He gave an update on the RFP, including the evaluation approach, feasibility studies and modeling, scoring criteria and next steps ([slides 20-23](#)).

Q&A and Discussion

Question: When will the RFP selections be announced to developers?

Response: We will make announcements in the next few months.

Question: Can you speak more about options SRP is looking at for gas and other resources?

Response: We are looking at all options and have a good spectrum in the RFP. We will look at pairing options in the RFP with flexible natural gas to better understand costs and make comparisons.

Question: Was there any consideration of efficiency or demand-side contributions to the All-Source RFP?

Response: SRP's selected aggregators for demand response and energy efficiency in the last All-Source RFP and a more recent Customer Programs RFP. To avoid market and customer confusion, we wanted to understand how they performed before seeking other options. So we did not seek these resource options in the current All-Source RFP.

Question: Does the scoring for the RFP [[slide 22](#)] look at lifecycle emissions or only point source? How did SRP determine the emissions from gas given the issue with methane leakage?

Response: We ran each resource option in a model of our power generation portfolio to determine how each resource would be dispatched, and then we calculated the total emissions from the portfolio. We then compared the total CO₂ emissions from the portfolio with each resource option and incorporated those results into the scoring. We did not include upstream emissions such as methane leaks from gas pipelines or upstream emissions from the production of solar panels or batteries in the comparison.

Question: Could incentivizing consumers of all sizes to add on-site renewables help improve the number of renewables inside SRP while also spreading the executability concerns across multiple locations?

Response: We are talking with large customers about their interest in adding renewable energy and opportunities for partnerships.

Question: Would there be an opportunity to partner with Arizona Public Service (APS) on a combined RFP to get a better price for both utilities?

Response: We talk frequently with APS about resource needs and opportunities. That is something we could consider in the future.

Question: What's the threshold in MW for needing a Certificate of Environmental Compatibility for new gas?

Response: By statute the Arizona Corporation Commission has jurisdiction to site a plant of 100 MW or more.

SRP's Industry-Leading Vision of Integrated Planning

Angie Bond-Simpson, Director of Integrated System Planning & Support at SRP, began her presentation by noting uncertainty and change in the energy industry and how the Integrated System Plan broadens the scope of planning to consider opportunities and challenges ([slide 25](#)). She noted that the current Integrated System Plan is a pilot that will inform future plans ([slide 26](#)). She presented the Integrated System Plan Roadmap and showed how the schedule had been extended to Spring 2023 to allow for more stakeholder input ([slides 27-28](#)).

Bond-Simpson then posed a poll question for stakeholders: "It's the year 2035 and there is a feature article in USA Today about Arizona's energy transition. What's the headline?" The most commonly observed themes in stakeholder responses were electric vehicles and renewable energy with other responses noting additional topics, such as resilience and the Southwest showing energy leadership. All responses are shown on [slide 30](#) of the meeting presentation.

The Study Plan: Introduction

Lakshmi Alagappan, consultant from E3, the Integrated System Plan's technical consulting group, introduced the study plan for the Integrated System Plan ([slide 33](#)). She began by sharing highlights of the Southwest Resource Adequacy Study and described that while utilities in the Southwest are positioned to maintain reliability, significant new resources will be needed ([slides 34-35](#)), adding that planning processes must be adaptable and include stakeholder feedback.

Alagappan invited stakeholders to respond to the poll question: "Since we last met in November, what changes have you experienced in your organization or community?" Responses mentioned increased demand for clean energy, supply chain and inflation concerns, and greater uncertainty. [Slide 37](#) of the meeting presentation depicts all of the responses.

Alagappan then presented the scenario design framework, strategic approaches and the relationship between them ([slides 38-39](#)), describing these elements as the foundation for the Integrated System Plan. She concluded by showing the metrics for measuring the performance of different system plans ([slide 40](#)) and the collaborative process for developing the study plan ([slide 41](#)).

The Study Plan: Scenarios and Sensitivities

Jed Cohen, Integrated System Planning Lead at SRP, introduced the scenarios and sensitivities for the study plan, explaining that they were developed in part based on input from the Large Stakeholder Group received during the November 2021 meeting ([slide 43](#)). He showed how the four scenarios – Desert Contraction, Current Trends, Strong Climate Policy, and Desert Boom – represent different points on the continuum of electricity demand and described the factors driving differences in each one ([slides 44-45](#)).

Cohen described each scenario ([slides 46-49](#)), emphasizing that the Current Trends scenario does not represent a static world, but rather a continuation of existing trends that result in a very different world by 2035. He then explained how the 10 sensitivities will be used to isolate and test specific levers in the scenarios ([slide 50](#)).

Q&A and Discussion

Question: How do each of the four scenarios vary in terms of anticipated climate risks?

Response: The Current Trends and Strong Climate Policy scenarios use RCP 4.5 [Representative Concentration Pathway greenhouse gas concentration trajectory model]. For the Desert Contraction and Desert Boom scenarios we model using RCP 8.5. Temperature changes are taken from global estimates and then regionalized for Arizona by our climate team.

Question: How did SRP bring the post-2035 future into the scenario design?

Response: We did not do this explicitly, but in some models the investments will play out over a longer time frame.

Question: [In the sensitivities] what is the difference between high demand response and increased load management ([slide 50](#))?

Response: The high demand response sensitivity tests an existing program at a higher level, valuing an aspirational goal for this program. Increased load management allows the model to indicate when and where flexibility is most useful on the system. This modeling will provide insights for developing future customer programs to shift load.

Question: Is nuclear not on the list of considerations?

Response: Small nuclear reactors are considered as potential resources.

Cohen then asked stakeholders to respond to the poll question: “Which of the 10 sensitivities is most interesting to you?” The top three responses, each selected by 19% of poll participants, were high energy efficiency, high distributed generation adoption, and high, low and volatile gas prices ([slide 52](#)).

The Study Plan: Strategic Approaches

Bond-Simpson presented the strategic approaches for the Integrated System Plan study plan, beginning with the guidelines, proposed strategic approaches and exploratory studies ([slides 54-55](#)). She then described the three strategic approaches – Technology Neutral, No New Fossil, and Minimum Coal – and how each incorporated feedback from the Advisory Group ([slides 56-58](#)). She explained how the exploratory studies, based on Advisory Group input, will consider innovative choices to potentially inform future Integrated System Plans ([slide 59](#)). She concluded by illustrating how the system plan will model 42 individual plans and presenting the study plan matrix ([slides 61-62](#)).

Q&A and Discussion

Question: To what extent do SRP's strategic approaches consider hydrogen a potential resource before 2035?

Response: We have different dates for hydrogen depending on the scenario. The Strong Climate scenario has earlier timing than Current Trends.

Response: Our models assume blending of green hydrogen with natural gas before 2035.

Question: Can you talk more about the coal feasibility study? Is SRP looking at ways to keep coal online longer?

Response: We are not looking at keeping coal online longer. The study plan looks at a production cost model simulation where we relax the reliability criteria and consider economic dispatch of coal. That will show opportunities beyond seasonal shutoffs where we could harmonize reliability with reducing emissions.

Question: At the beginning, you mentioned hearing strong concerns about low-income communities from stakeholders. How are low-income communities factored into the analysis for the Integrated System Plan?

Response: Affordability is top of mind and we have representation of these interests on the Advisory Group. We have affordability metrics for evaluating the 42 plans and want to incorporate viewpoints through customer programs and understand individual needs (e.g., heat resiliency).

Question: What if Arizona deregulates in the future and opens to community choice aggregation and other possible agreements to procure generational kWh? How will this affect SRP and a plan like this?

Response: In the Integrated System Plan we are trying to balance affordability, sustainability and reliability. Deregulation is not explicitly addressed in the scenarios.

Bond-Simpson then asked stakeholders to respond to the poll question: “Which strategic approach most interests you?” Responses reflected the most interest in the No New Fossil strategic approach (57%) with other responses split evenly between Technology Neutral (22%) and Minimum Coal (22%) as shown on [slide 64](#) of the meeting presentation.

Bond-Simpson next asked stakeholders to respond to the poll question: “Which exploratory study most interests you?” Stakeholder responses indicated the most interest in Next Generation Time of Use (37%) and High Regional Interaction (37%) with other responses shown on [slide 66](#) of the meeting presentation.

The Study Plan: Metrics

Kyle Heckel, Senior Analyst for Integrated System Planning & Support at SRP, presented the guidelines for metrics to evaluate the 42 system plans in Fall 2022 and the proposed categories ([slides 68-69](#)). No questions were posed on this topic.

Heckel then asked stakeholders to respond to the poll question: “What ideas do you have for measuring success of the Integrated System Plan?” Stakeholders replied with a variety of responses with reliability and emissions reductions as the most frequently mentioned topics ([slide 71](#)).

Next Steps and Wrap-up

As part of the meeting wrap-up, experts returned to answer final questions in a rapid response format.

Bond-Simpson then concluded the meeting by thanking stakeholders for sharing their perspectives and reminding them that the first Technical Working Session immediately following this meeting would allow for more in-depth discussion of Integrated System Plan details. She presented the tentative schedule for upcoming Large Stakeholder Group meetings ([slide 73](#)) and encouraged stakeholders to send questions and comments to the stakeholder communication email address: IntSysPlan@srpnet.com.

Appendix

Meeting Attendance

Large Stakeholder Group Organizations (groups represented on 4/29/22 are shown in **bold**)

AARP

Advanced Energy Economy

AEPCO

AES Clean Energy

Air Products

American Lung Association

AMPUA

AMWUA

Apache County

Apache County Economic Development

Apex Clean Energy

Apple Inc.

AriSEIA

Arizona Cattle Growers Association

Arizona Center for Law in the Public Interest

Arizona Chamber of Commerce

Arizona Commerce Authority

Arizona Competitive Power Alliance

Arizona Cotton Growers Association

Arizona Energy Policy Group

Arizona Farm Bureau

Arizona Hispanic Chamber of Commerce

Arizona Lodging and Tourism Association

Arizona Power Authority

Arizona Public Service (APS)

Arizona Residential Utility Customer Office

Arizona Solar Deployment Alliance

Arizona Solar Energy Industries

Association/Veregy

Arizona State Land Department

Arizona State University

Avangrid Renewables

Atlas Renewable Power

AzCPA

AZ Thrives

AZ PIRG

AZ Strategies

AZ Sustainability Alliance

Balanced Rock Power

Basha's

Beatitudes Campus

Boeing

Building Owners and Managers Association
(BOMA)

Bureau of Land Management

Calpine

Candela Renewables

Casa Grande

Chicanos Por La Causa

Christian Care Inc., Mesa District

City of Apache Junction

City of Chandler

City of Mesa

City of Phoenix

City of Tempe

CMC Steel, AZ

CommonSpirit Health

ConnectGen, LLC

Coolidge

Copper State Consulting Group

Cushman & Wakefield

Cyrus One

Digital Realty

DMB

East Valley Chamber of Commerce

East Valley Partnership

Enel Green Power North America, Inc.

Energy Exemplar, LLC

Environmental Defense Fund

EPRI

Facebook

Forest Service U.S. Department of
Agriculture

Fort McDowell Yavapai Nation
Freeport-McMoRan Copper and Gold
Gamage & Burnham Attorneys at Law
General Electric
Gila Bend
Gilbert
Glendale
Google
Greater Phoenix Economic Council
Greater Phoenix Leadership
Greenlots
Home Builders Association of Central
Arizona
Hospice of the Valley
Intel
Interwest Energy Alliance
Invenergy
JKL Consulting Services, LLC
Kroger Co. (Ralphs and Food4Less)
Kyl Center for Water Policy
Local First Arizona
Mercy Gilbert Medical Center/Dignity
Health
Mesa Community Action Network
Mesa Gateway Airport
Mesa Public Schools
Microchip Technology
**Mitsubishi Hitachi Power Systems
Americas, Inc.**
Nature Conservancy/ Arizona Thrives
Navajo County
New Leaf/Mesa-CAN
New Life Christian Center, Coolidge
NextEra Energy Resources
Northern Arizona University
NREL
Onward Energy

Origis Energy
Orsted Onshore North America
PAC Worldwide
Page
Pattern
Phoenix Chamber of Commerce
Pinal County
Queen Creek Chamber of Commerce
Queen Creek Unified School District
Roosevelt Water Conservation District
Salt River Pima-Maricopa Indian Community
SRP Customer Utility Panel
Scottsdale
Seguro Energy
Sierra Club
Southwest Energy Efficiency Project
Southwestern Power Group
St. Johns
St. Paul Church, Randolph
Starwood Energy Group Global, Inc.
Sustainable Energy Power Alliance
Tierra Strategy
Tormoen Hickey, LLC
Town of Florence
Town of Springerville
Tucson Electric Power (TEP)
United Dairymen of Arizona
University of Arizona
Valle Del Sol Strategic Initiatives: The Real
Arizona Coalition
Valley Partnership
Vote Solar
Walmart
West Marc
Western Grid Group
Western Resource Advocates
Wildfire

Key SRP Staff

Angie Bond-Simpson, Director of Integrated System Planning & Support
Bobby Olsen, Senior Director of Corporate Planning, Environmental Services and Innovation
Domonique Cohen, Integrated System Plan Communications Lead
Grant Smedley, Director of Resource Planning, Acquisition and Forecasting
Jed Cohen, Integrated System Planning Lead
Justin Lee, Manager of Transmission Planning
Kyle Heckel, Senior Analyst for Integrated System Planning & Support
Michael Reynolds, Manager of Resource Analysis & Planning
Nathan Morey, Manager of Product Development in Customer Programs

Key Facilitation Team

Joe Hooker, E3
Lakshmi Alagappan, E3
Nick Schlag, E3
Eunice Lee, Kearns & West
Joan Isaacson, Kearns & West
Karen Lafferty, Kearns & West
Taylor York, Kearns & West

Board & Council Observers

John Hoopes, SRP Board Vice President
Jack White, SRP Board Member
Larry Rovey, SRP Board Member
Rocky Shelton, SRP Council Member
Suzanne Naylor, SRP Council Member