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

POWER COMMITTEE

Thursday, April 24, 2025, 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 March 25, 2025.

2. Long-Duration Energy Storage Pilot Request for Proposals (RFP) Update .....CHICO HUNTER

   Informational presentation regarding an update on the long-duration energy storage pilot RFP for the installation at the Coronado Generating Station (CGS) and the Copper Crossing Energy and Research Center.

3. CGS Coal-to-Gas Conversion Opportunity.....GRANT SMEDLEY

   Informational presentation regarding the opportunity to convert CGS from coal to gas and a comparison with alternatives that provide comparable capacity and energy.

4. 2024 All-Source RFP Update .....WILL FIELDER

   Informational presentation regarding carbon-free and long-development projects selected from the 2024 All-Source RFP.

5. Closed Session, Pursuant to A.R.S. §30-805(B), for the Committee to Consider Matters Relating to Competitive Activity, Including Trade Secrets or Privileged or Confidential Commercial or Financial Information, with Respect to the 2024 All-Source RFP .....WILL FIELDER

6. Closed Session, Pursuant to A.R.S. §30-805(B), for the Committee to Consider Matters Relating to Competitive Activity, Including Trade Secrets or Privileged or Confidential Commercial or Financial Information, with Respect to Expansion Proposals for Natural Gas Transportation Capacity Being Considered by SRP.....JOE GIACALONE

7. Operating Inverter-Based Resources ..... SCOTT ANDERSON

   Informational presentation regarding an overview of utility-scale inverter-based resources.

8. Distributed Solar Option – Program Extension .....NATHAN MOREY

   Request for approval to extend SRP's Distributed Solar Option program through April 30, 2028.

9. Report on Current Events by the General Manager and Chief Executive Officer and Designees .....JIM PRATT

10. 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, MAY 22, 2025

04/17/2025

MINUTES
POWER COMMITTEE MEETING

DRAFT

March 25, 2025

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 Tuesday, March 25, 2025, 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 K.L. Mohr-Almeida, M.V. Pace, and P.E. Rovey.

Committee Members absent at roll call were C. Clowes and R.J. Miller.

Also present were Vice President C.J. Dobson; Board Members K.J. Johnson and L.D. Rovey; Council Chair J.R. Shelton; Council Liaison G.E. Geiger; Council Members M.L. Farmer, B.E. Paceley, C. Resch-Geretti, W.P. Schrader III, and R.W. Swier; L. Arthanari, I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, J.M. Felty, W.C. Fielder, L.F. Hobaica, M.M. Klein, B.J. Koch, B.N. Lentsch, L.A. Meyers, M.J. O'Connor, B.A. Olsen, J.M. Pratt, J.R. Schuricht, C.M. Sifuentes-Kohlbeck, P.B. Sigl, G.M. Smedley, and R.R. Taylor of SRP; Talon Doucette and Stephen Land of Stellar Renewable Power LLC; Thomas Eglin of Origis Energy; Craig Fisher of Goldman Sachs & Co., LLC (Goldman Sachs); Jennifer Jachym of Plus Power; Matt Ligouri of Arizona Public Service Company (APS); Alexander Peck of Onward Energy; Samantha Salton of Strata Clean Energy; and Laura Wickham of Southwest Energy Efficiency Project (SWEEP).

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 Friday, March 21, 2025.

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 Board Member P.E. Rovey 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 February 20, 2025, as presented.

Corporate Secretary J.M. Felty polled the Committee Members on Board Member P.E. Rovey's 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 K.L. Mohr-Almeida, M.V. Pace, and P.E. Rovey	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members C. Clowes and R.J. Miller	(2)

2024 All-Source Request for Proposals (RFP): Capacity Projects

Using a PowerPoint presentation, Will C. Fielder, SRP Resource Acquisition Lead, stated that the purpose of the presentation was to provide information regarding projects selected from the 2024 All-Source RFP.

W.C. Fielder reviewed a timeline of presentations to the Power Committee regarding the 2024 RFP process from February 2024 to date. They provided a list and a map highlighting the selected capacity projects.

W.C. Fielder concluded with the following summary: 1) recommended projects meet capacity needs through 2030 and contribute to SRP's 2035 Sustainability Goals; 2) agreements incorporate new requirements based on lessons learned; and 3) confidential terms to be discussed in closed session.

W.C. Fielder 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.

Board Members R.C. Arnett and R.J. Miller; Council Member N.J. Vanderwey; V.P. Kisicki and G.A. Mingura of SRP; Diane Brown of Arizona Public Interest Research Group (Arizona PIRG); Autumn Johnson of Tierra Strategy; and Taylor Williams of Advanced Power entered the meeting during the presentation.

Closed Session: Projects Selected from the 2024 All-Source RFP

Chairman J.M. White Jr. called for a closed session of the Power Committee at 9:35 a.m., pursuant to A.R.S. §30-805(B), for the Committee to consider matters relating to competitive activity, including trade secrets or privileged or confidential commercial or

financial information, with respect to a request for approval to enter into Power Purchase or Energy Storage Agreements for projects selected from the 2024 All-Source RFP.

B.N. Lentsch and J.R. Schuricht of SRP; Diane Brown of Arizona PIRG; Talon Doucette and Stephen Land of Stellar Renewable Power LLC; Thomas Eglin of Origis Energy; Craig Fisher of Goldman Sachs & Co., LLC; Jennifer Jachym of Plus Power; Autumn Johnson of Tierra Strategy; Matt Ligouri of APS; Alexander Peck of Onward Energy; Samantha Salton of Strata Clean Energy; Laura Wickham of SWEEP; and Taylor Williams of Advanced Power left the meeting.

The Committee reconvened into open session at 9:47 a.m. with the following Members and others present: Vice President C.J. Dobson; Board Members R.C. Arnett, K.J. Johnson, S.D. Kennedy, R.J. Miller, K.L. Mohr-Almeida, M.V. Pace, L.D. Rovey, P.E. Rovey, J.M. White Jr., L.C. Williams, and S.H. Williams; Council Chair J.R. Shelton; Council Liaison G.E. Geiger; Council Members M.L. Farmer, E.L. Gorsegner, M.R. Mulligan, B.E. Paceley, C. Resch-Geretti, W.P. Schrader III, R.W. Swier, and N.J. Vanderwey; and L. Arthanari, I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, J.D. Coggins, J.M. Felty, W.C. Fielder, L.F. Hobaica, V.P. Kisicki, M.M. Klein, B.J. Koch, K.J. Lee, L.A. Meyers, G.A. Mingura, M.J. O'Connor, B.A. Olsen, J.M. Pratt, C.M. Sifuentes-Kohlbeck, P.B. Sigl, G.M. Smedley, and R.R. Taylor of SRP.

B.N. Lentsch of SRP; Diane Brown of Arizona PIRG; Talon Doucette and Stephen Land of Stellar Renewable Power LLC;Thomas Eglin of Origis Energy; Craig Fisher of Goldman Sachs; Jennifer Jachym of Plus Power; Autumn Johnson of Tierra Strategy; Matt Ligouri of APS; Alexander Peck of Onward Energy; Samantha Salton of Strata Clean Energy; Laura Wickham of SWEEP; and Taylor Williams of Advanced Power entered the meeting.

Overview of Financial Plan 2026 (FP26) Resource Plan

Using a PowerPoint presentation, Grant M. Smedley, SRP Director of Resource Planning, Acquisition, and Planning, stated that the purpose of the presentation was to provide a summary of inputs, resource selections, and financial and sustainability metrics associated with alternatives considered with the FP26 Resource Plan.

G.M. Smedley explained that SRP produces an annual update to the Resource Plan for the following several reasons: 1) incorporate latest load forecast, anticipated technology costs, projected fuel prices, and other inputs; 2) implement Board-approved system strategies identified in the Integrated System Plan (ISP); 3) identify optional mix of new resources to serve load reliability, maintain affordability, and achieve Board-approved carbon and water intensity reduction goals; and 4) establish implementation priorities. They summarized the changes since FP25 as follows: 1) higher peak demand and annual energy forecasted in the 2030s; 2) United States Environmental

Protection Agency (U.S. EPA) issued final greenhouse gas regulations; 3) need to reduce capital spending to meet financial metrics; and 4) higher winter energy needs.

G.M. Smedley presented a chart reflecting the remaining summer capacity needs from Fiscal Year 2026 (FY26) through FY35 and indicated that in the early 2030s, there will be a significant need for additional capacity. They explained that the capacity need in 2032 has doubled since FP25.

G.M. Smedley said that the FP26 resource plan includes a diverse mix of resource additions and more than doubles the capacity of SRP's generation portfolio by FY35, consistent with the findings of the ISP. They noted that the FP26 Resource Plan includes the following: 1) significant battery and solar additions, firm capacity, and early investments in long-term assets from FY26 to FY30; and 2) additional firm capacity to replace retiring coal generation, expiring contracts, and meet growing demand; diversifying storage additions to include longer-duration technologies; and more carbon-free resources from FY30 to FY35. They highlighted that the FP26 resource plan achieves the Board-approved 2035 carbon intensity goal, as well as significant reductions in carbon mass emissions over the same timeframe.

G.M. Smedley presented retail fuel and purchased power broken into resource categories and provided a summary of the reductions in capital spending that were incorporated into FP26 to help SRP meet financial targets, including the following: exploring partnership opportunities for SRP's pumped storage project, moving a portion of self-build solar to power purchase agreements, and investigating coal-to-gas conversion opportunities.

G.M. Smedley explained that more wind and natural gas generation is needed, which will require additional transmission and gas transportation rights, to meet increasing winter energy needs. They compared the FP26 to FP25 Resource Plans and explained the reasons for the differences in the total nameplate capacity for solar, gas, four-hour storage, customer programs, eight-hour storage, wind, nuclear, geothermal, biomass, and coal.

G.M. Smedley summarized the highest implementation priorities that align with the Board-approved system strategies identified in the ISP as follows: 1) complete 2024 All-Source RFP; 2) finalize solar development partnership; 3) continue proactive transmission development; 4) evaluate natural gas transportation options; and 5) evaluate coal-to-gas conversion opportunities at the Coronado and Springerville Generating Stations. They concluded with a discussion of key takeaways.

G.M. Smedley 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.

Stephen Land of Stellar Renewable Power LLC left the meeting during the presentation. President D. Rousseau; and D.W. Dreiling, J. Fry, J.V. Giacalone, S.A. Perkinson, and P.L. Syrjala of SRP entered the meeting during the presentation.

Natural Gas Transportation Expansion Alternatives

Using a PowerPoint presentation, Joe V. Giacalone, SRP Senior Manager Fuel Supply and Trading, stated that the purpose of the presentation was to provide information regarding the current state of natural gas transportation, SRP's natural gas transportation portfolio, an outlook for future SRP natural gas transportation requirements, and the proposed expansion alternatives that have been introduced by the interstate pipelines.

J.V. Giacalone described natural gas transportation capacity as follows: 1) firm capacity provides SRP the daily right, but not the obligation, to use a certain amount of space along the pipeline; 2) transportation capacity is defined with hourly and daily volume limits; and 3) when demand exceeds firm capacity, short-term markets must be relied upon for additional gas delivery, but is subject to availability. They provided the following update: 1) SRP has been proactive in recommending gas transportation capacity alternatives from existing infrastructure; 2) following the Board's approval in August 2024, SRP executed a 14-year gas purchase agreement; and 3) SRP holds 675,000 dekatherms per day (dth/d) of firm summer capacity and 360,000 dth/d of firm winter capacity.

J.V. Giacalone presented a chart of forecasted retail gas needs for FP26 and existing transportation rights. They said that SRP's objective is to benefit from the expansion proposals announced in late 2023 from El Paso Natural Gas and Transwestern Gas; therefore, SRP continues to participate in multiple meetings with other Arizona utilities to discuss terms, construction timelines, and approval requirements.

J.V. Giacalone highlighted that SRP's goals are to maintain sufficient pipeline capacity to meet future reliability requirements, which will involve the following: 1) diversify across the pipeline systems to ensure the highest level of redundancy possible; 2) establish unique contract expirations to provide flexibility as gas needs evolve; and 3) negotiate for the best economic terms on behalf of SRP's customers. They concluded with a discussion regarding next steps.

J.V. Giacalone 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.

Thomas Eglin of Origis Energy; and Jennifer Jachym of Plus Power left the meeting during the presentation. R.T. Judd of SRP 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. None were requested.

There being no further business to come before the Power Committee, the meeting adjourned at 10:37 a.m.

John M. Felty
Corporate Secretary

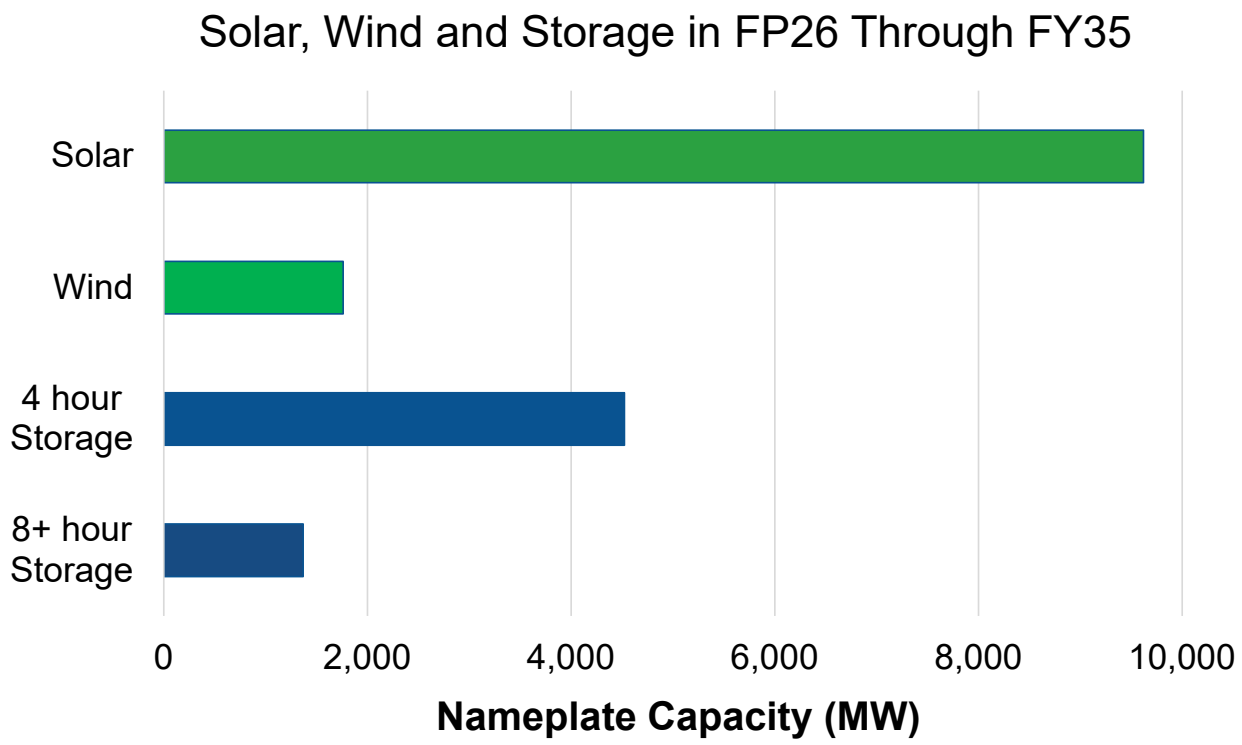
Long Duration Energy Storage Pilot Request for Proposal Update

Power Committee

Chico Hunter | April 24, 2025

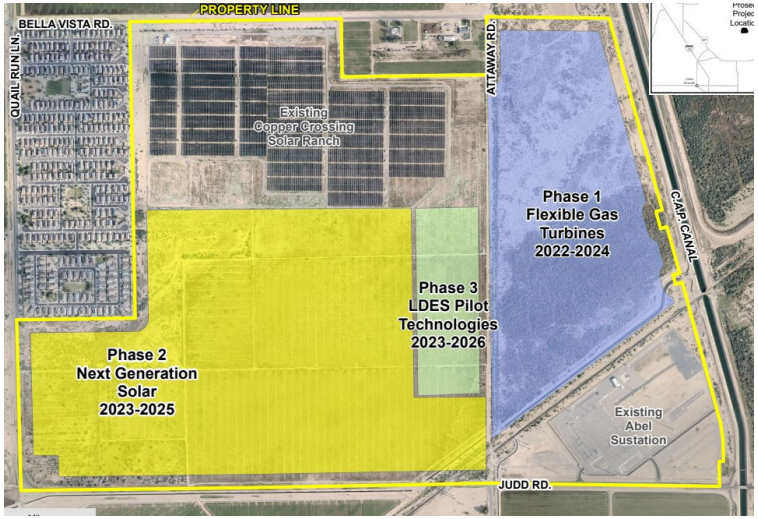
Long Duration Energy Storage (LDES) Drivers

- Carbon intensity goals
- High load growth
- Storage resource diversity
- Many emerging storage technologies



Work to Date on LDES

- 2022 Request for Proposal (RFP) LDES Pilots
  - Copper Crossing Energy and Research Center (CCERC)
  - CMBlu: Desert Blume
  - 5 MW, 10 hr
  - 2nd technology selected, but did not reach contract execution
- 2023 Request for Information for non-inverter based LDES
- Objectives: gain experience, test in Arizona environment, advance promising technologies

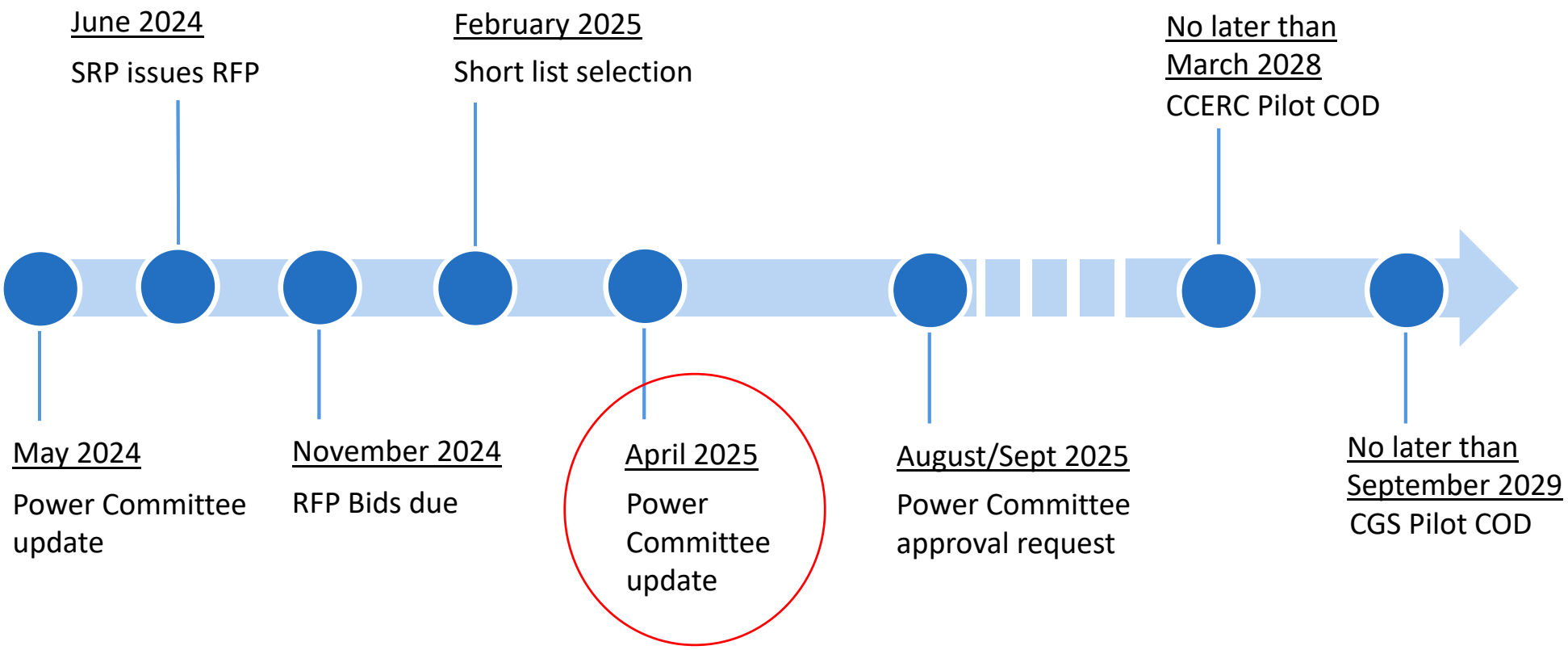


Copper Crossing Energy and Research Center

2024 LDES Pilot RFPs Issued

- Inverter-based pilot at CCERC
  - 5 MW, 10-hour duration
  - Commercial Operation Date (COD): No later than March 2028
  - 10-year Energy Storage Agreement (ESA)
  - 12 bidders, 11 met all required criteria
- Non-inverter-based pilot at Coronado Generating Station (CGS)
  - 5-50 MW, 10-hour duration
  - COD: No later than September 2029
  - 20-year ESA
  - 8 bidders, 7 met all required criteria

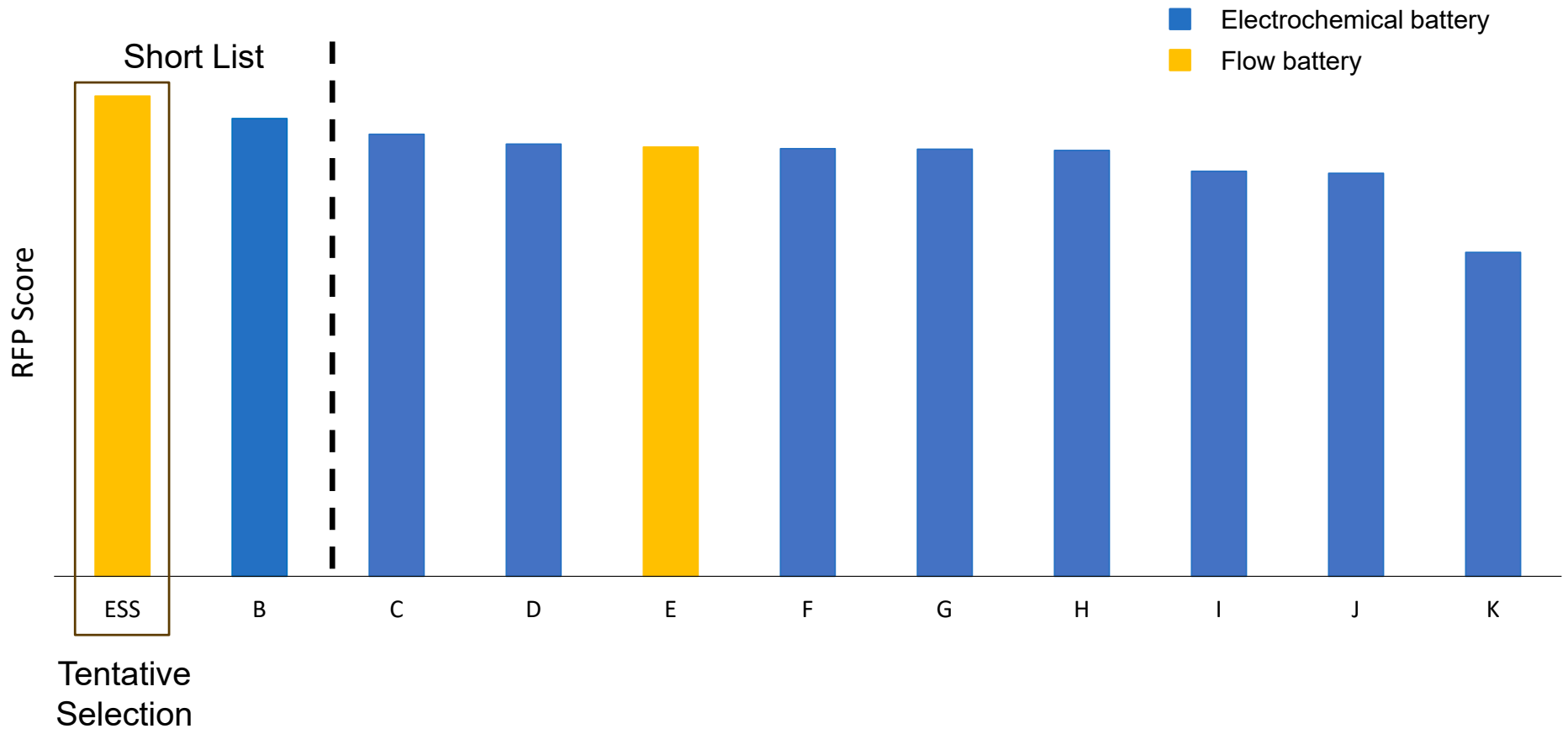
Project Schedule and Next Steps



Pilot Scoring Criteria and Weighting

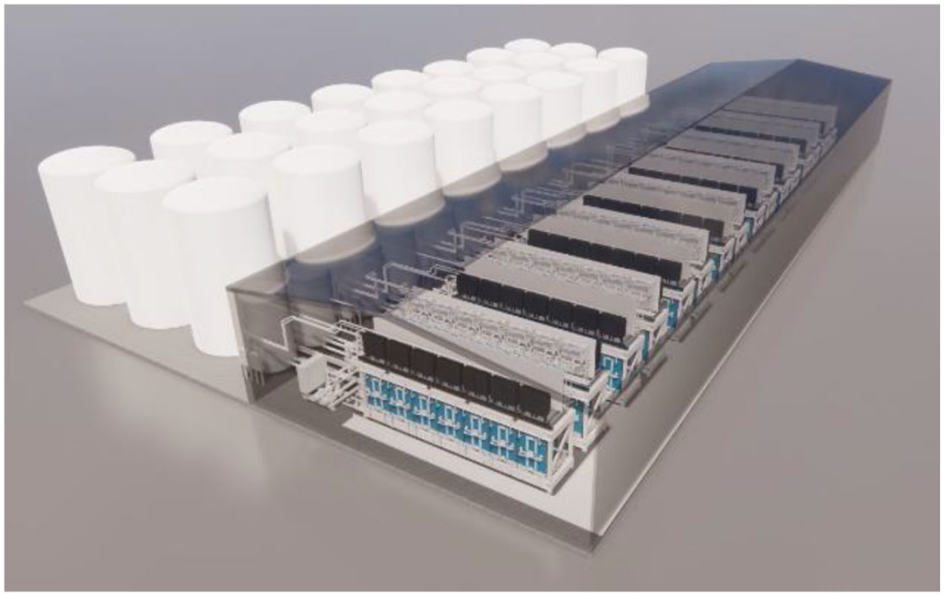
Category	% of score
Operational Characteristics	27%
Pilot Cost	18%
Completion and Technology Risk	17%
Potential Economic Competitiveness	15%
Safety	10%
Sustainability & Environmental	8%
Siting Impacts	5%

CCERC Inverter-Based Evaluation



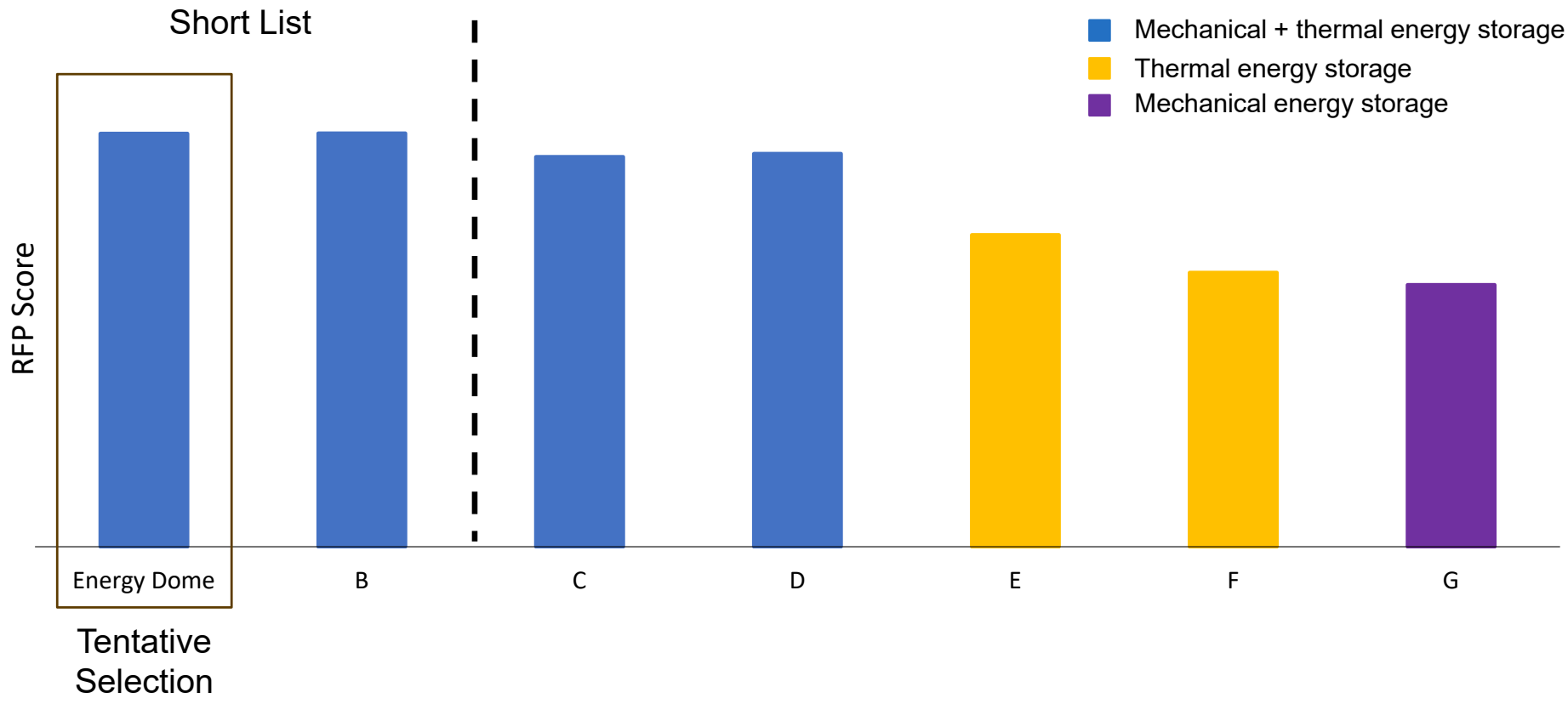
CCERC Pilot Technology Description

- Iron-Chloride flow battery
- Water-based electrolyte
- New Energy Base utility-scale design
- System life: 25 years – daily cycling
- Domestic factory operating
- Pilot size: 5 MW, 10-hour
- Term: 10 years



ESS Energy Base rendering

CGS Non-Inverter-Based Evaluation



CGS Pilot Technology Description

- CO_2 battery (expands and compresses CO_2)
- Similar components and maintenance to conventional power plant
- High visual impact
- System life: 30 years - daily cycling
- Pilot size: 19 MW, 10 hours
- Term: 20 years

19 MW, 10-hour project rendering, CGS

2.5 MW, 1.6-hour pilot, Italy, online 2022

Next Steps

- Negotiate Energy Storage Agreements on selected projects
- Power Committee approval request in August/September

CGS Coal-to-Gas Conversion Opportunity

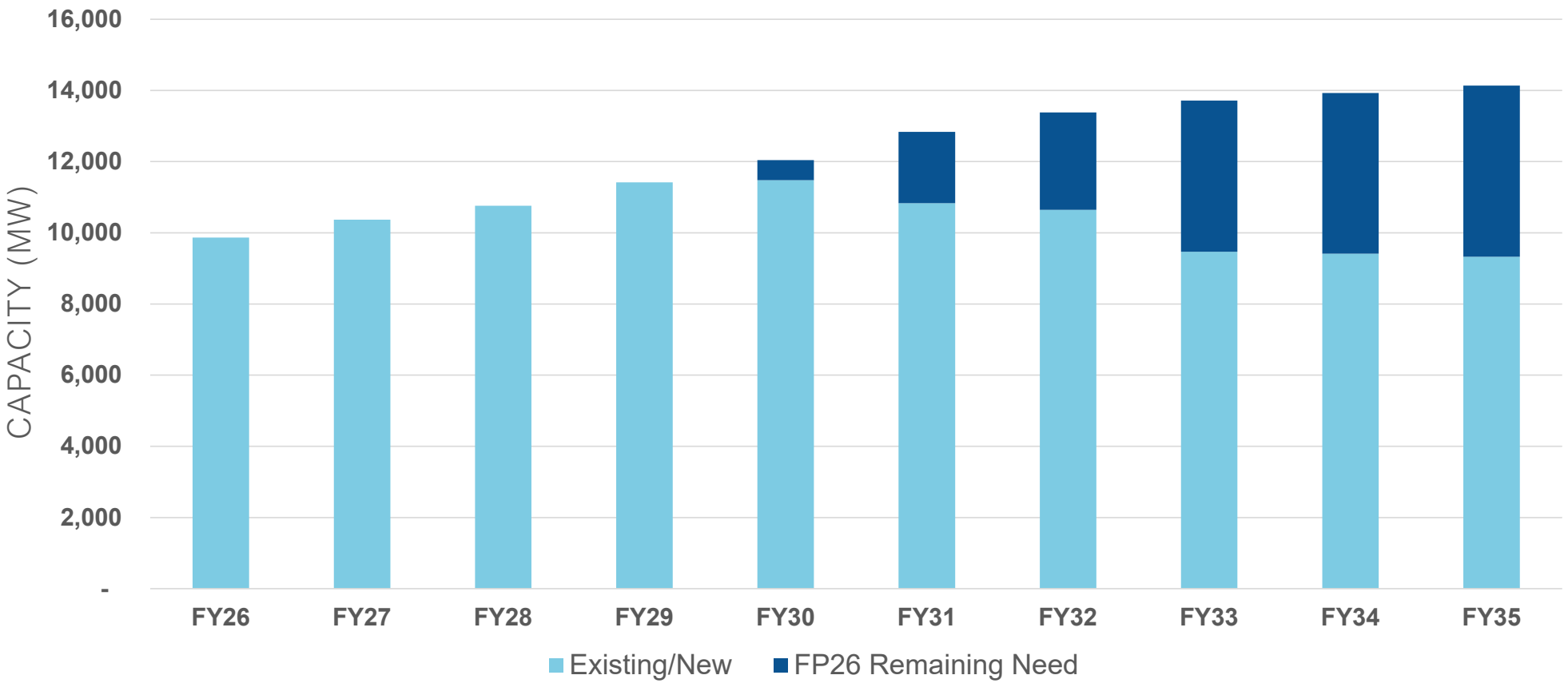
Power Committee

Grant Smedley | April 24th 2025

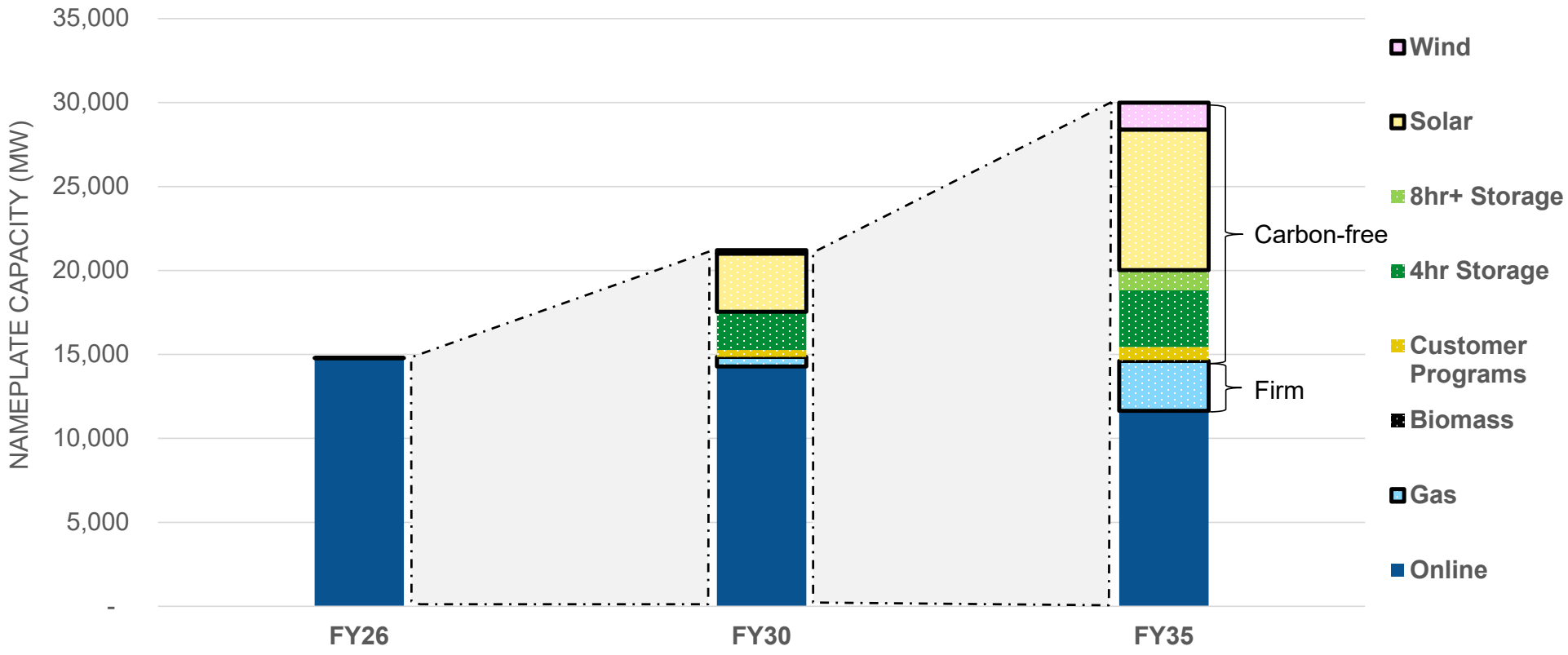
Agenda

- Background and Motivation
- Comparison of Alternatives
- Development Considerations and Timeline
- Key Takeaways

Remaining Summer Capacity Needs



FP26 Resource Plan



Key Takeaways from Integrated System Plan

- SRP will need to more than **double resource capacity** in the next decade
- Firm capacity **and** renewables are part of **least-cost portfolio** in all scenarios
- Without **new firm generation capacity**, the system cannot meet reliability requirements under a high load growth scenario
- **Strategic investment in existing assets** is one of the Board-approved ISP system strategies

Developments since the ISP

- Completed CGS repurposing study
  - SRP intends to repurpose the CGS site in two phases
- U.S. EPA issued final rule for greenhouse gas emissions
  - Conversion of coal units to gas by end of 2029 is a compliance option
- Load forecast continues to grow
- Capital needs across SRP continue to increase

Strategies for Replacing CGS Capacity

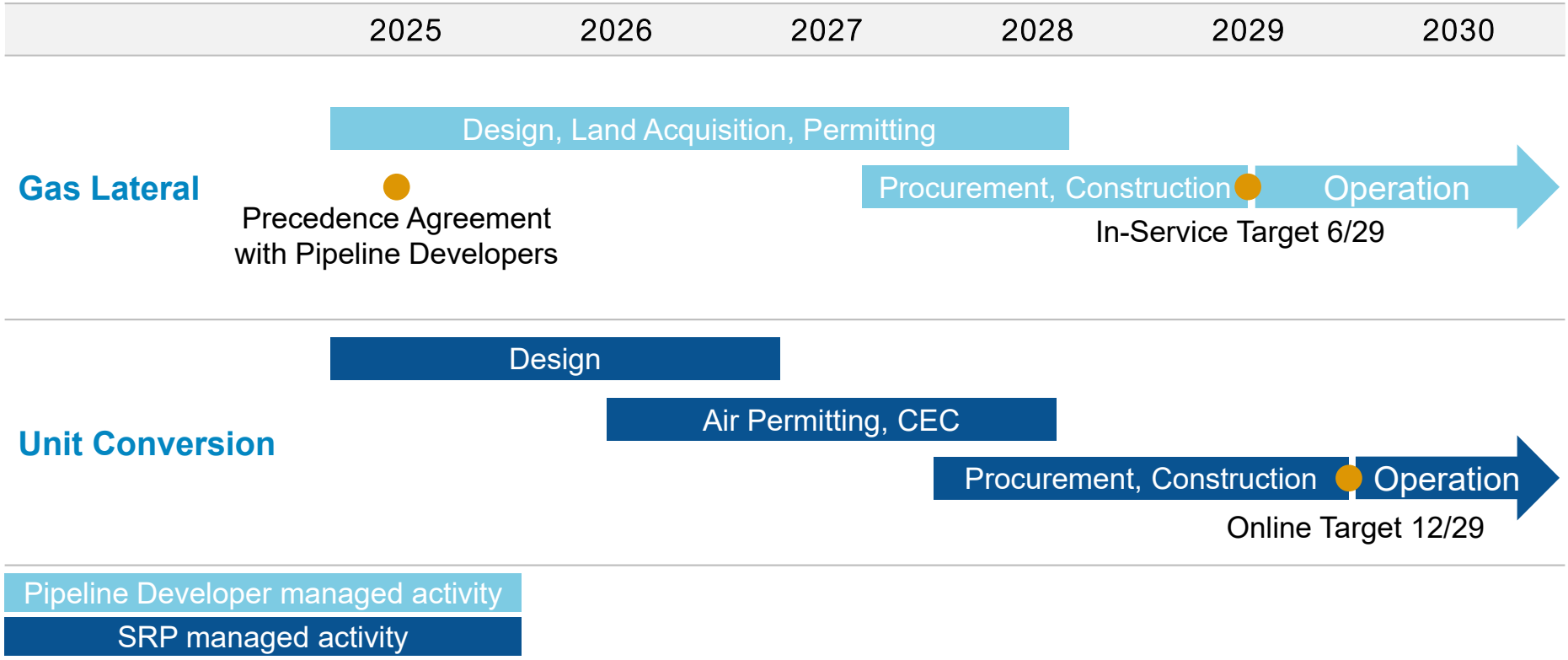
Strategy	Description	Benefits	Challenges
Manage Capital	Convert CGS from coal to gas by end of 2029	• Preserves capacity • Lower capital spend • Resource bridge	• New pipeline lateral
Increase Firm Flexible Capacity	Replace CGS with new gas generation by end of 2031	• More flexible resource • Longer service life	• Development risk
Accelerate Long Duration Batteries	Replace CGS with lithium-ion batteries by end of 2031	• No direct emissions • More flexible resource • No gas lateral needed	• Higher cost • Reliability risk • Development risk

Strategies for Replacing CGS Capacity

CGS Capacity Replacement Strategy		Capital Cost ($)	Operating Cost ($) Annual	Total Cost ($) Net Present Value through 2045	Total Carbon (metric tons) through 2045
Manage Capital	Convert CGS from coal to gas by end of 2029	$100M	$100M	$1.1B	4M
Increase Firm Flexible Capacity	Replace CGS with new gas generation by end of 2031	$1.1B	$45M	$1.4B	10M
Accelerate Long Duration Batteries	Replace CGS with lithium-ion batteries by end of 2031	Not Applicable*	$250M	$2.3B	6.5M**

*Assumes batteries are procured through purchased power agreements
**Assumes batteries are charged with zero-carbon resources

Coal-to-Gas Conversion Timeline



Key Takeaways

- Conversion of CGS to natural gas:
  - Preserves critical capacity at a time of unprecedented need
  - Least cost alternative, preserving capital for other resource needs
  - Provides a flexible bridge to mid 2040s while other technologies mature
  - Meets SRP's 2035 and 2050 sustainability goals
- SRP management will return to seek approval to execute agreements for pipeline offtake and to convert CGS units to gas
- SRP will continue to pursue other resource technology options identified in the repurposing study at the CGS site

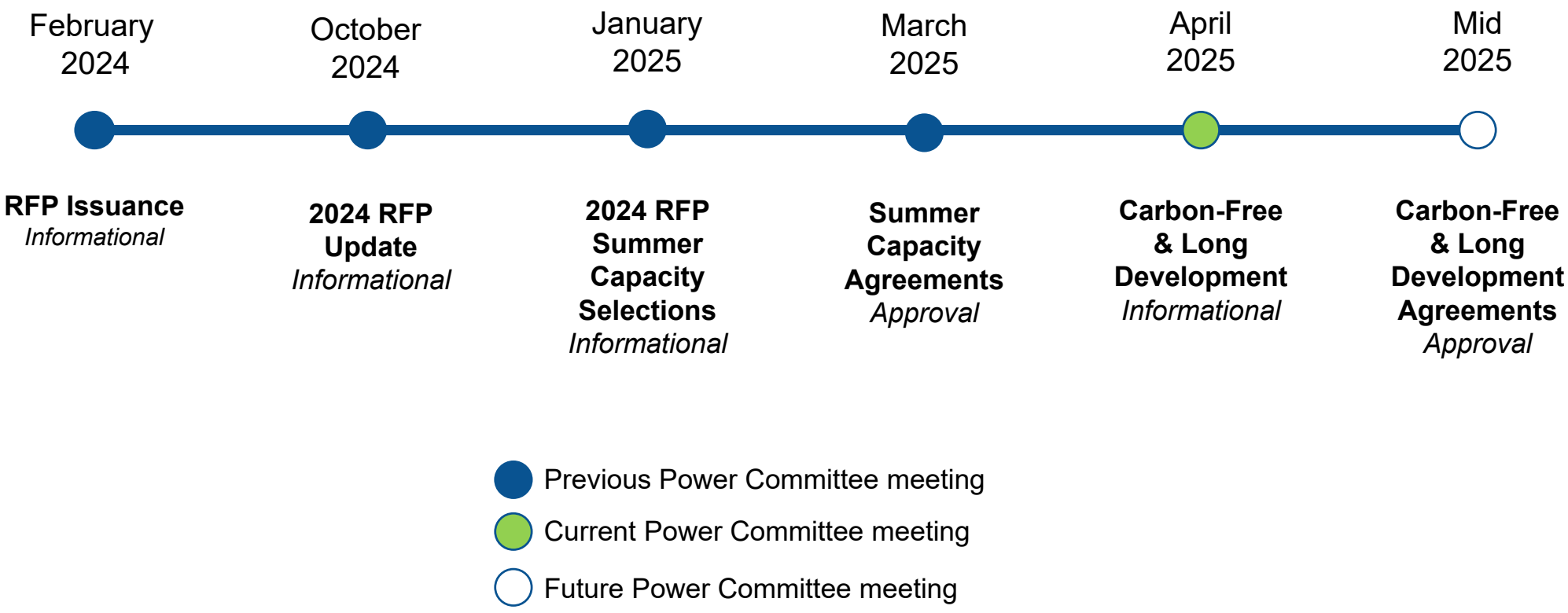
thank you!

2024 All-Source Request for Proposals Update

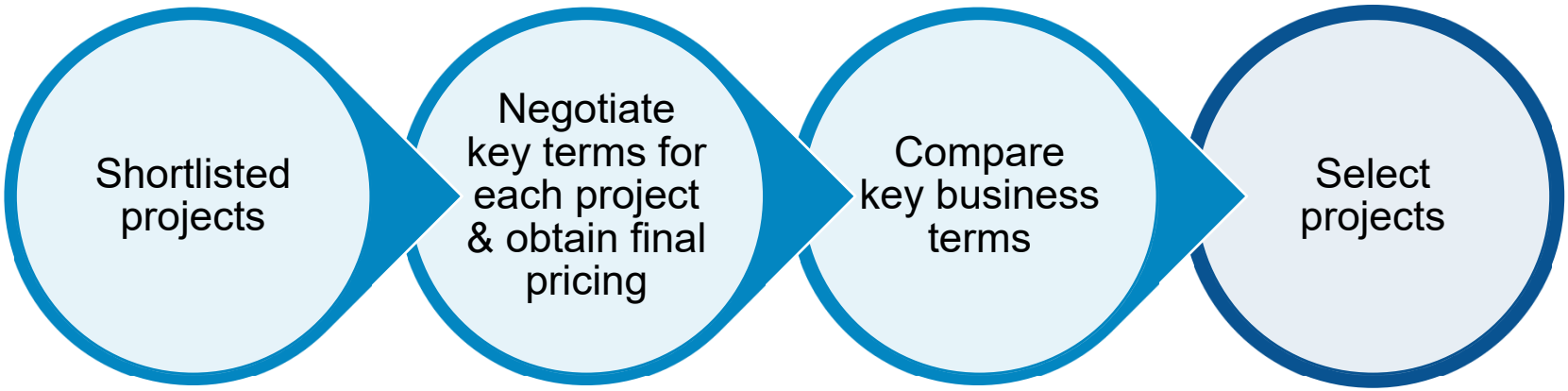
Power Committee Meeting

Will Fielder | April 24, 2025

Recap of 2024 RFP Timeline



Final Selection Process



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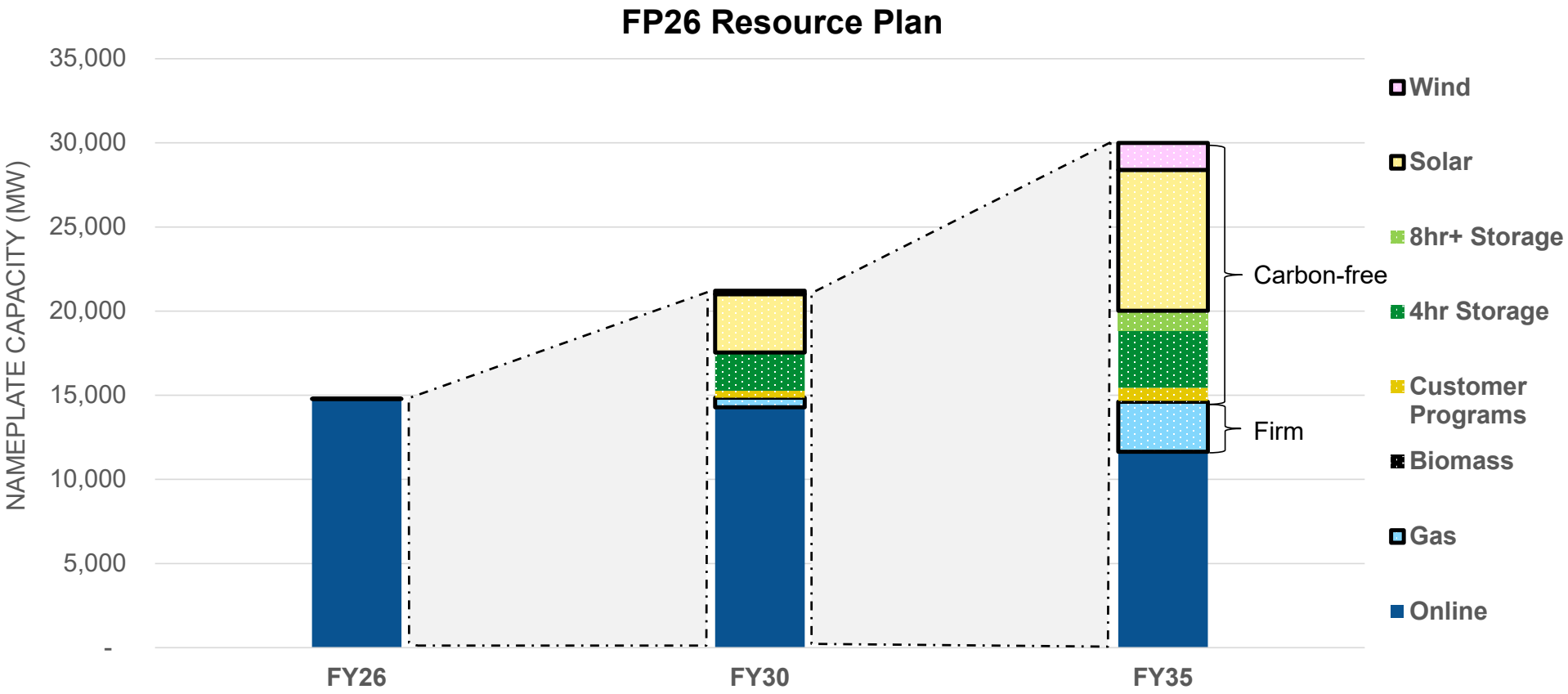
Final Selection Process



2023 & 2024 All-Source RFP Procurement Summary

Anticipated Total Additions from Summer Capacity, Carbon-Free, and Long Development Categories

Technology	2023 RFP MW	2024 RFP MW	
Solar and wind	480	2,835	Carbon-free
Energy storage	1,330	3,419	
Natural gas tolls	0	1,455	Firm

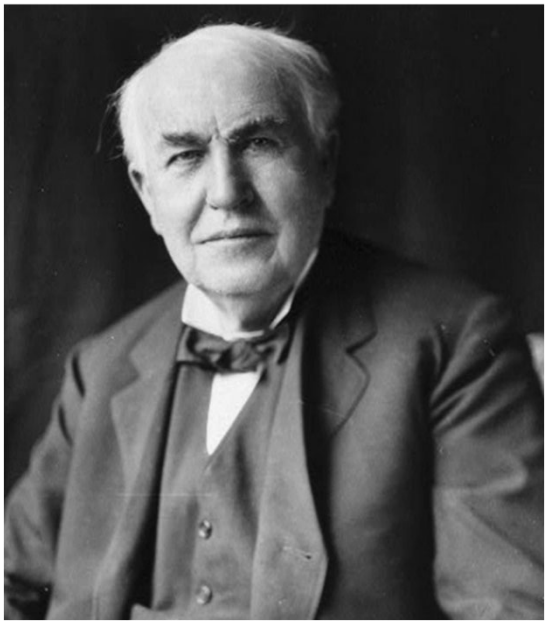
thank you!

Operating Inverter-Based Resources

Power Committee

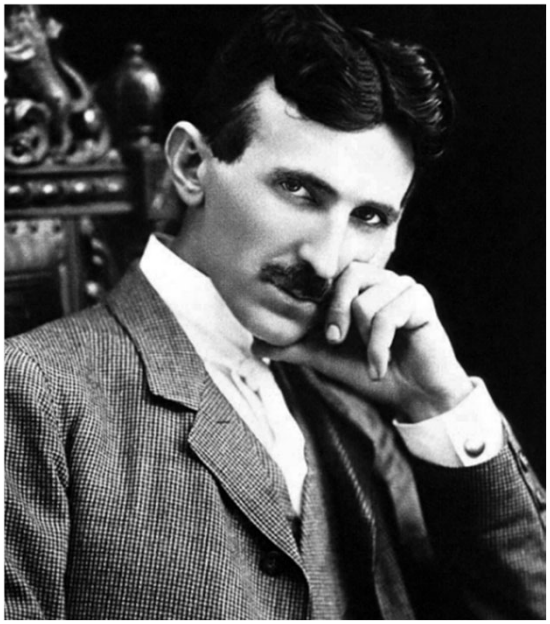
Scott Anderson | 4-24-2025

Background



DC

Foundational Debate



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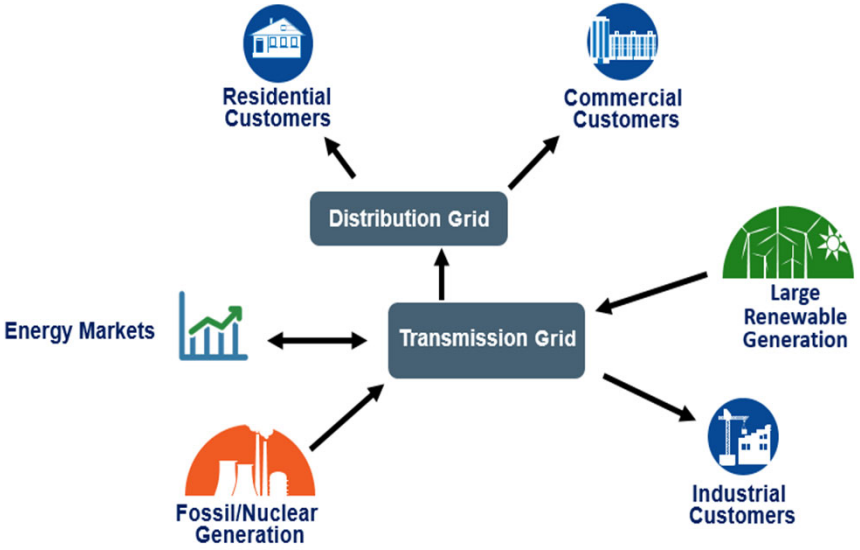
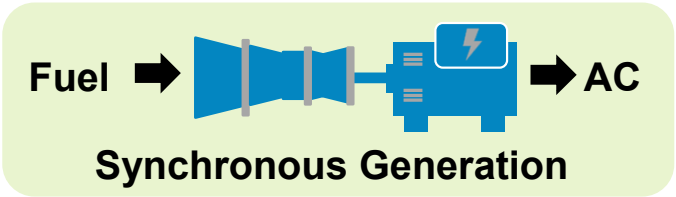
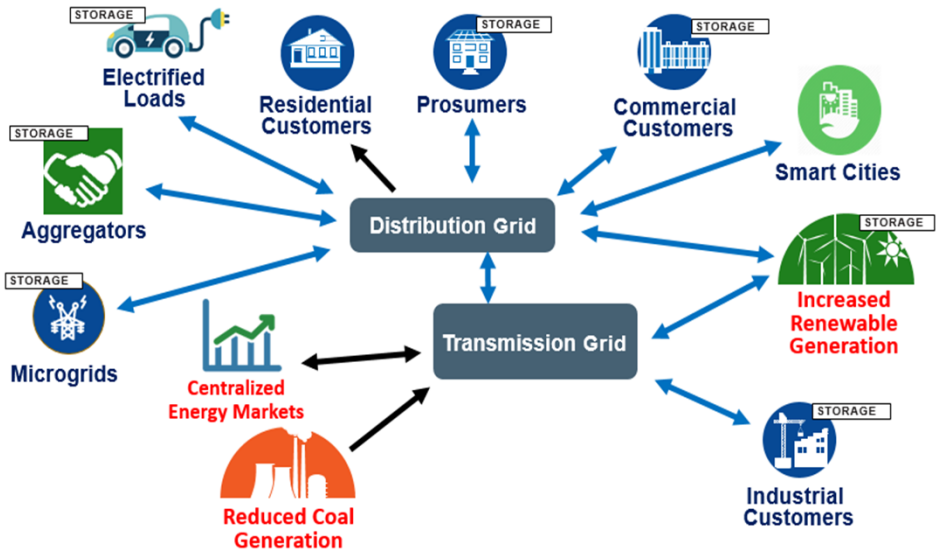
Transitioning to an Inverter Centric Grid

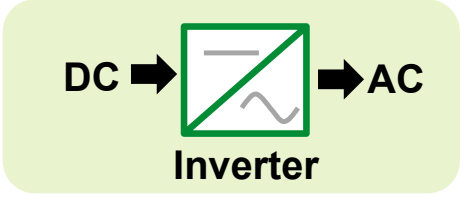
Traditional Grid



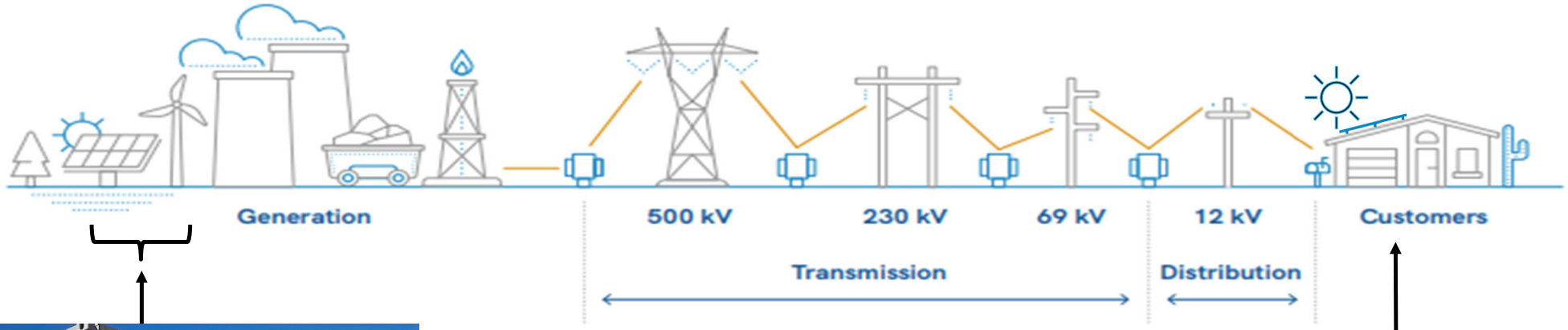


Modern and Future Grid

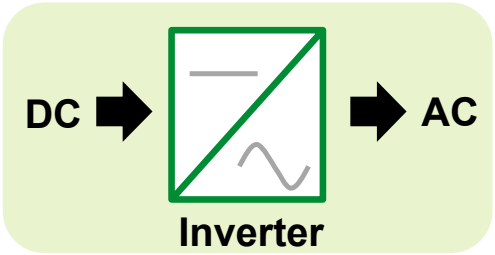




Inverters – Key Component of the Future Grid

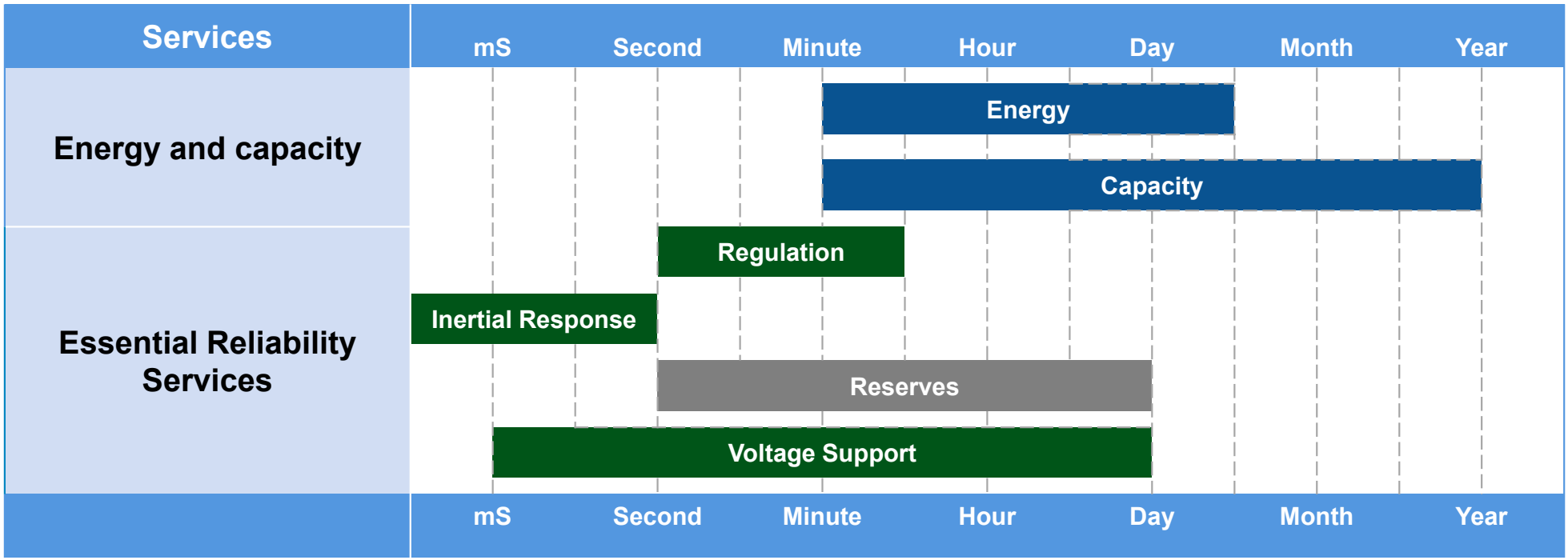


Utility-Scale Inverter

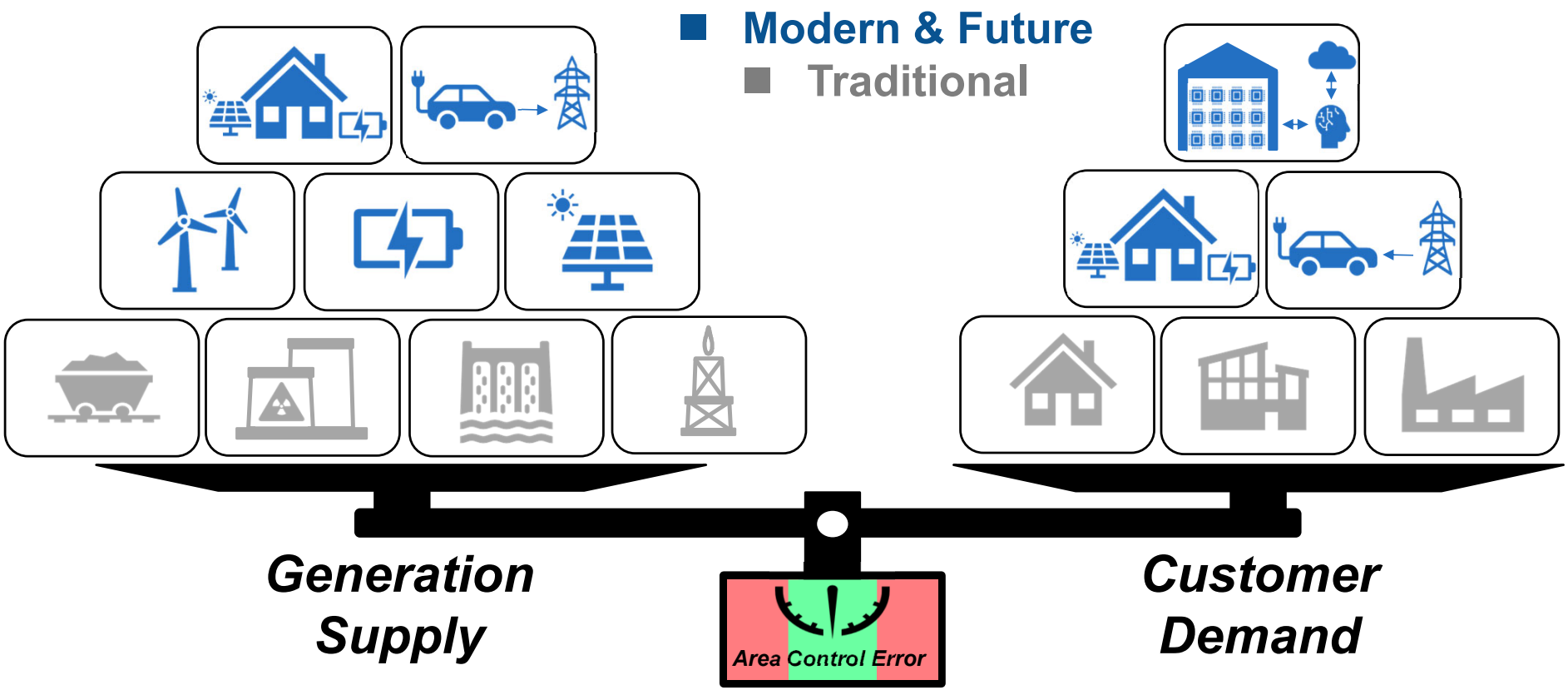


Home Inverter

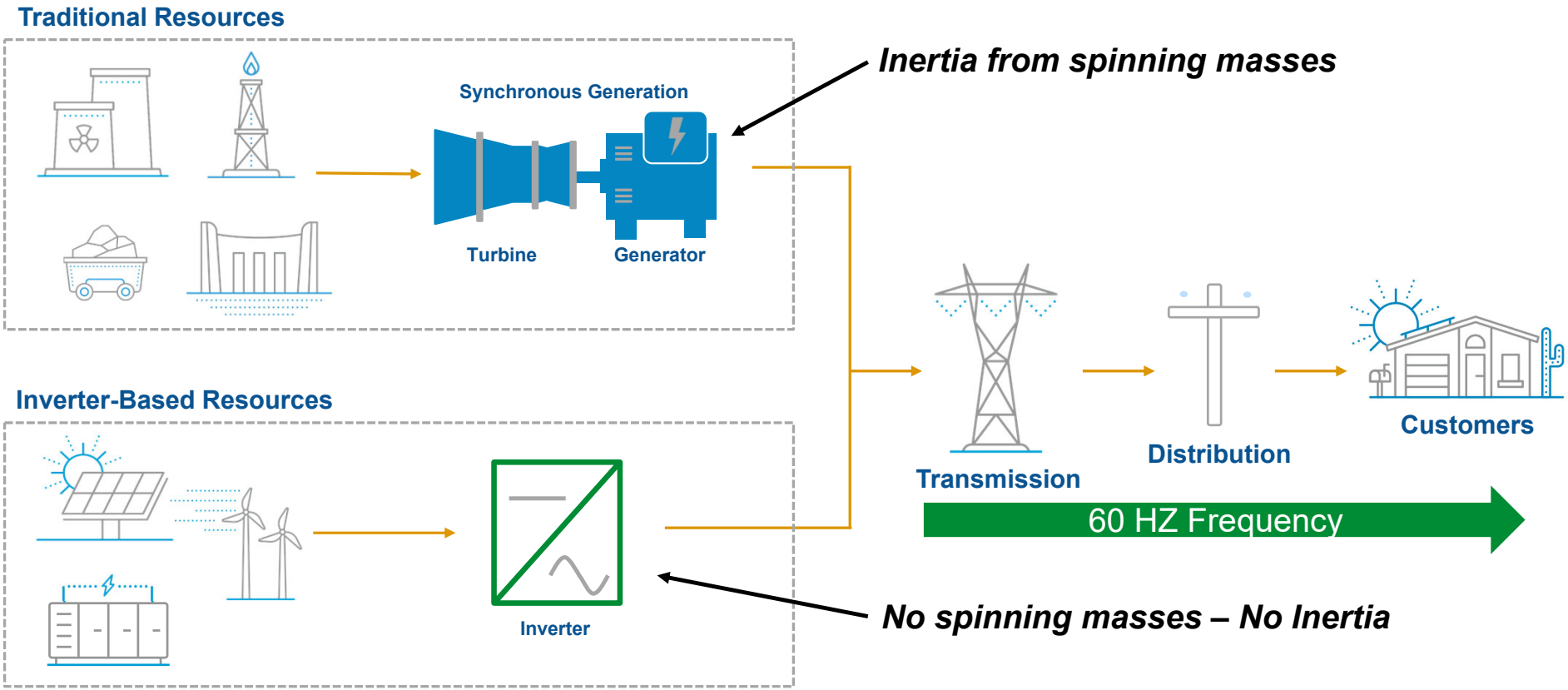
Generation Services to Support the Grid



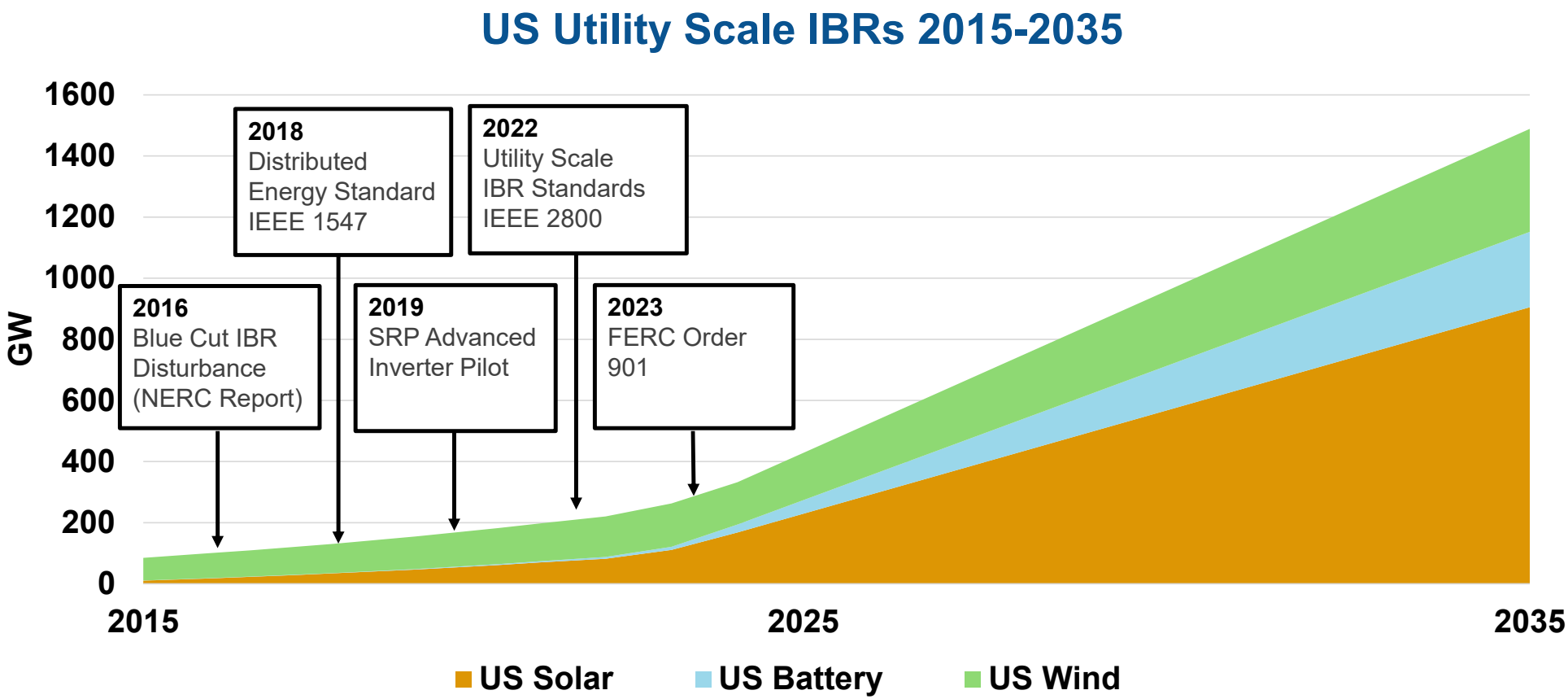
Regulation (seconds to minutes)



Inertial Response (milliseconds to seconds)



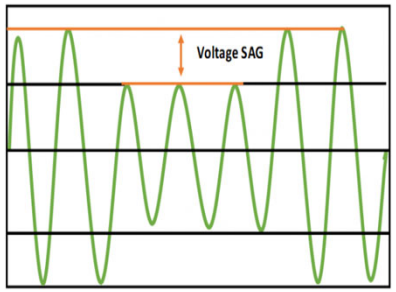
Learnings to Date and Applying them to the Future



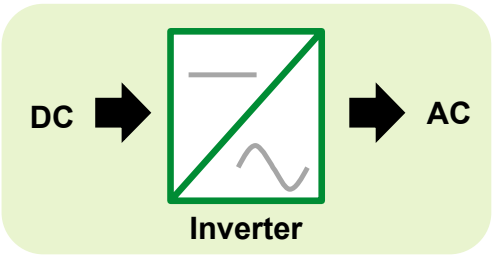
Blue Cut Fire Trips 1200 MW of IBRs

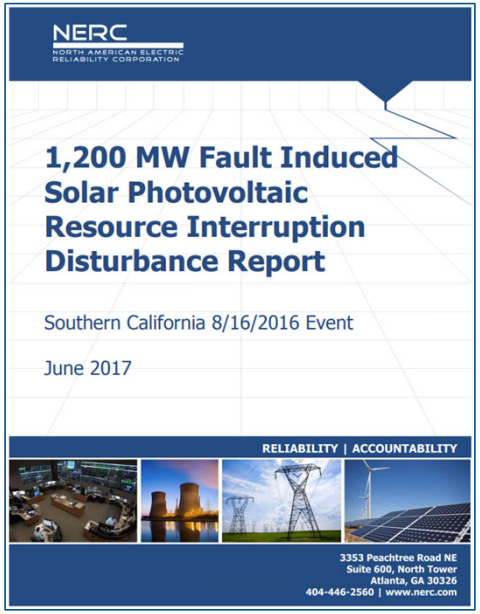
Aug 16, 2016 NE of LA

Electrical Faults led to Power Quality Issues



Tripping 1200 MW of Inverters





Blue Cut Report

Technical Requirements for IBRs

Utility Scale IBRs

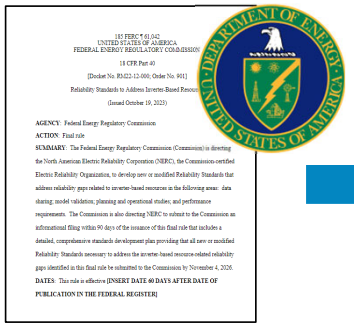
2016+

NERC Reports

2022

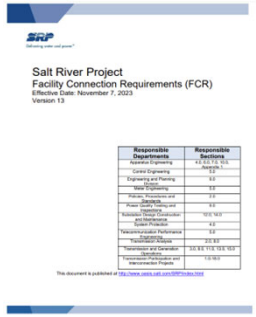
IEEE 2800

2023-2026



FERC Order 901

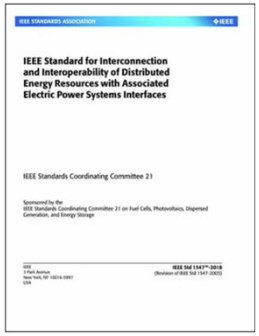
2024



SRP Requirements

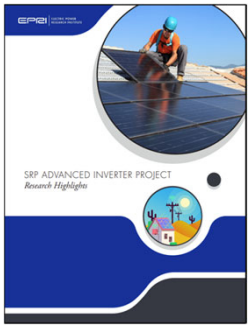
Residential IBRs

2018



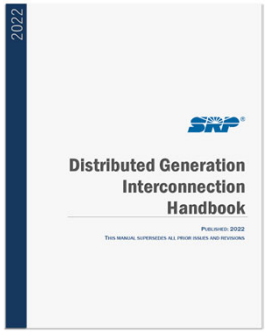
IEEE 1547

2019



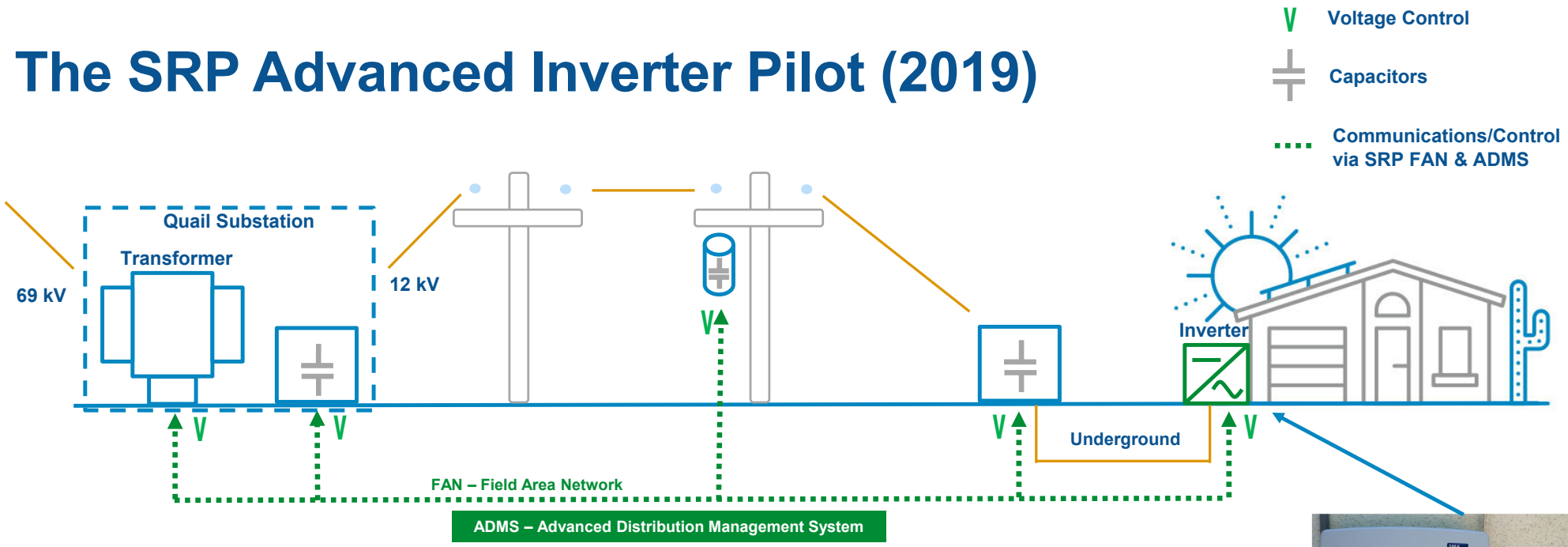
SRP Inverter Pilot

2022



SRP Requirements

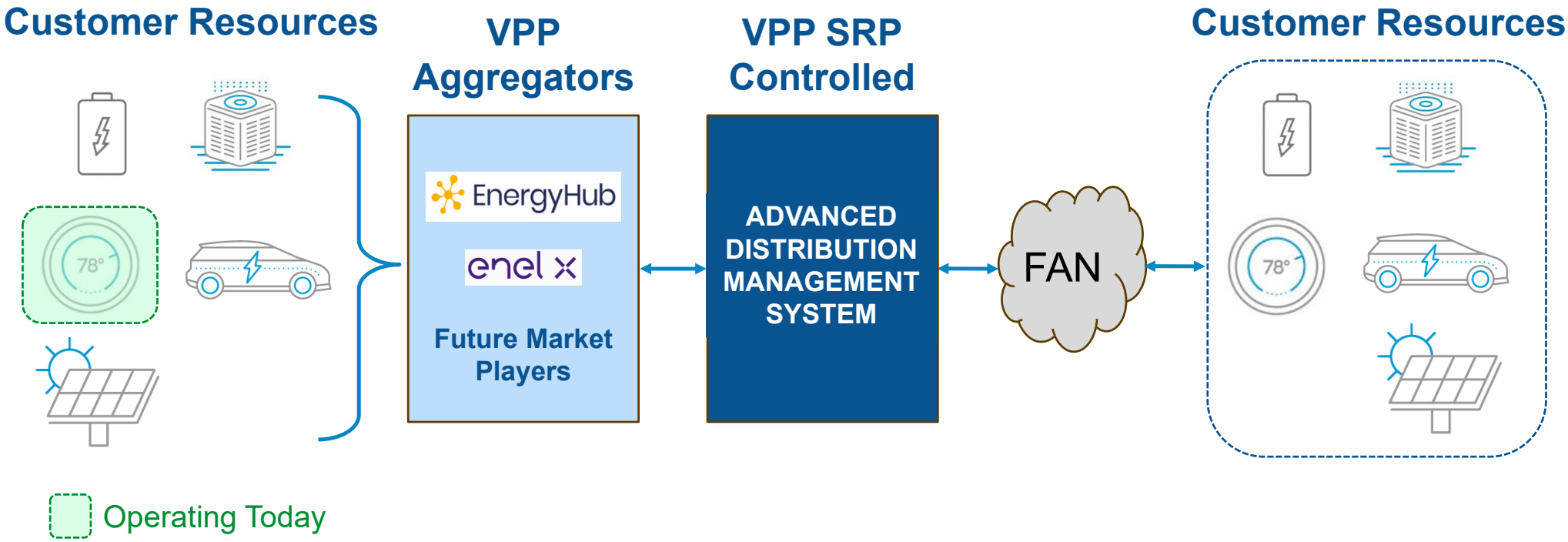
The SRP Advanced Inverter Pilot (2019)



Pilot Findings

- ✓ Inverters helped control voltage
- ✓ ADMS can control all voltage devices together
- ✗ Cost/Benefit varies

Managing Energy Resources at Residences



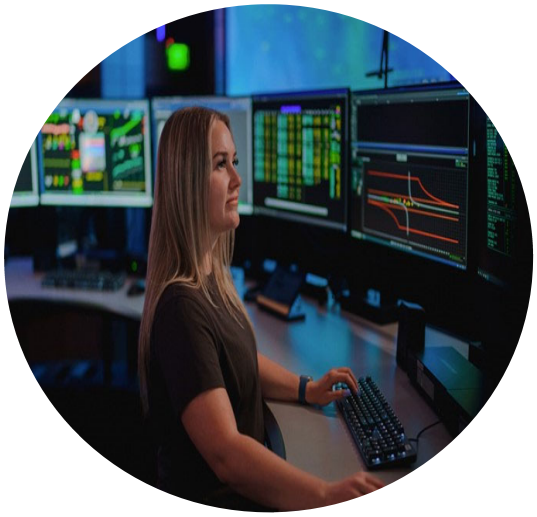
Distribution Enablement

INTERCONNECTION IMPROVEMENTS

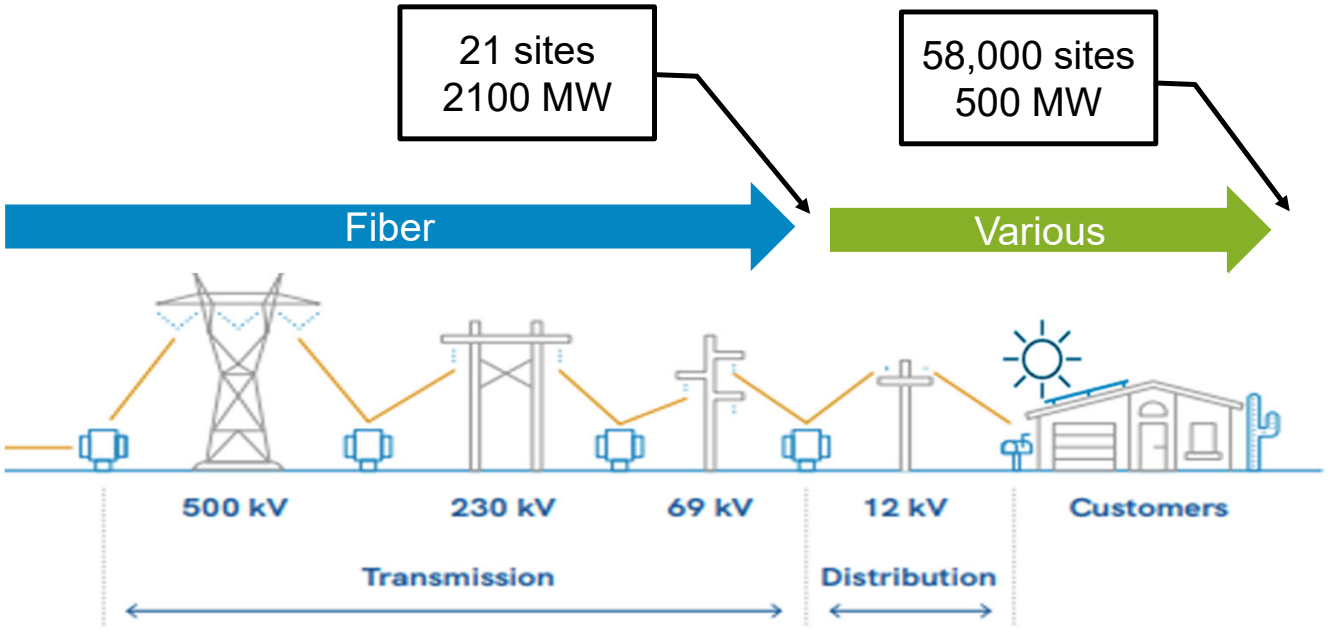
PROJECT	FY25	FY26	FY27	FY28	FY29	FY30
Vehicle-to X Process Development						
Microgrid Standards and Interconnections						
Inverter Commissioning & Settings Optimization						
Siting Advisory Service Offering						
Virtual Power Plant Communication Evaluation						

VPP plan and schedule being updated

Adding IBRs at Scale



SRP Grid Operations



Summary


ENERGY
EXISTING ASSETS
PROGRAMS
PARTNERSHIPS
DISTRIBUTION
TRANSMISSION
CAPACITY
SRP SYSTEM STRATEGIES

thank you!

Distributed Solar Option (DSO) Extension

Nathan Morey, Director of Customer Programs | April 24, 2025

Background

- Solar industry proposed a new financing model where solar provider owns solar system and sells power output directly to customer
- Industry petitioned the Arizona Corporation Commission (ACC) to allow this model without being regulated as a utility
- Ruling by ACC on July 12, 2010
  - Solar providers could proceed without being considered a utility
  - Option limited to schools, government and non-profit entities
  - Allows entities to take advantage of the Federal Investment Tax Credit (ITC)

Background - Continued

- December 2010, SRP's Board approved a model similar to the ACC, referred to as the Distributed Solar Option (DSO)
  - Under the DSO arrangement, SRP purchases output from solar provider and then resells it to customers at same price
  - SRP acts as the provider of the energy
  - Only for customers that are schools, government or nonprofit entities
  - Set to expire April 30, 2025
- Currently, SRP has 100 customer sited DSO solar projects
  - Hospitals, Schools, Cities, Churches and other charitable organizations

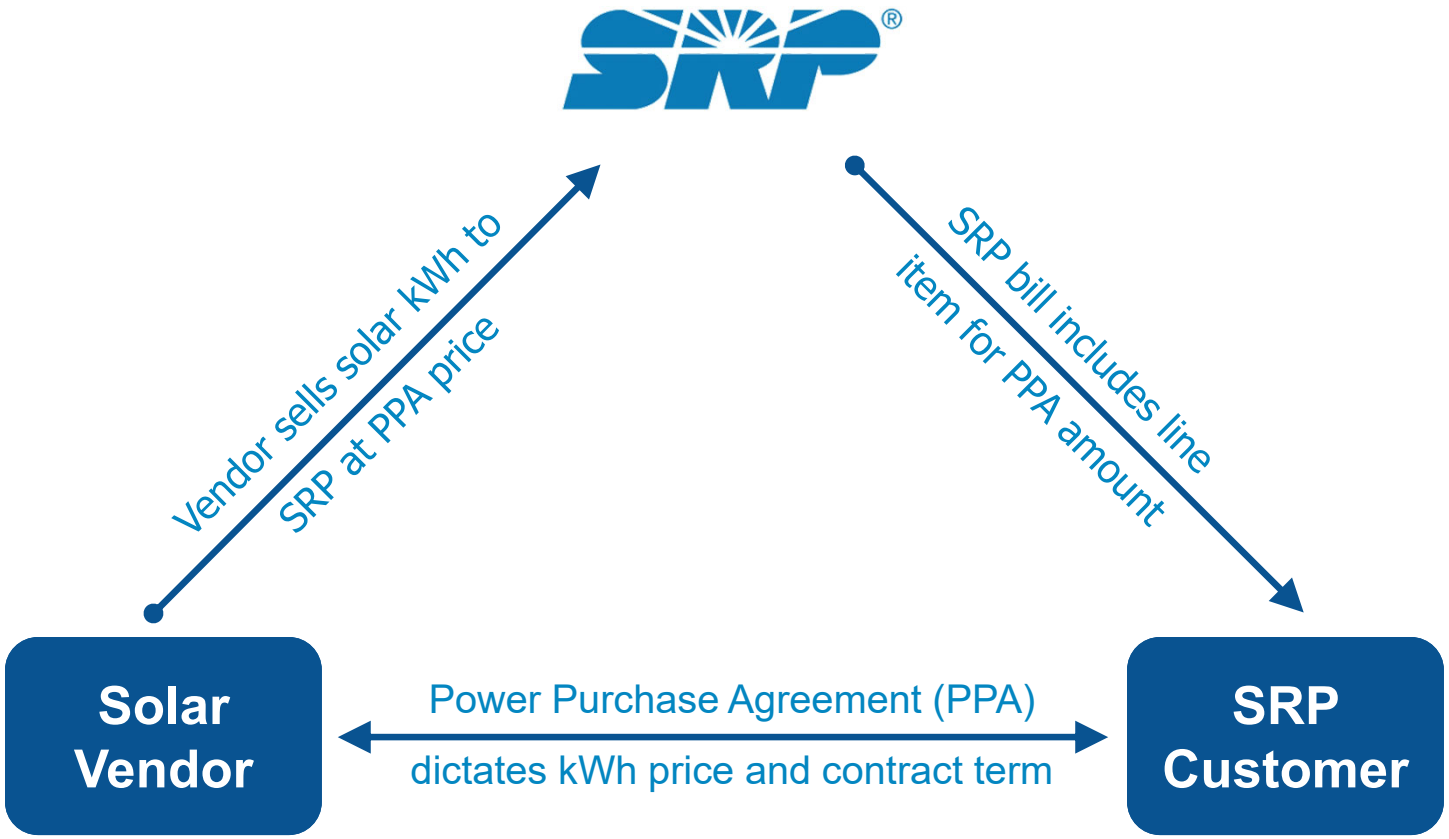
Current Load and Recent Customer Additions

- Total kW-AC commissioned under DSO Program 23,636 kW-AC
- Total kW-AC commissioned since April 2022 Renewal 312 kW-AC
  - Projects pending 1,300 kW-AC*

- 15 new customer sites added by DSO Program since April 2022, 6 completed/9 construction:
  - 7 Churches
  - 7 Schools (GCU)
  - 1 NGO

*not included in commissioned totals

DSO Diagram


SRP
Vendor sells solar kWh to SRP at PPA price
SRP bill includes line item for PPA amount
Solar Vendor
Power Purchase Agreement (PPA)
dictates kWh price and contract term
SRP Customer

Board Approval Request

- Current DSO program will expire April 30, 2025, SRP Management is seeking approval to extend DSO program until April 30, 2028.
  - Aligns with what the ACC allows
  - Arrangement avoids a non-regulated entity selling power directly to an SRP customer, satisfying SRP's current stipulations
  - Provides greater choice for non-profit customers who cannot take advantage of the Federal Investment Tax Credit