UNSE RPAC Meeting Minutes – June 24, 2026

Facilitators:

Lauren Briggs (Director of Resource Planning)
Ryan Anderson (Business Development Manager)

Meeting Focus:

- Looking Ahead
- Customer Energy Optimization Programs
- Market Potential Study
- IRP Preliminary Base Case Results

Key Themes and Topics Discussed:

1. Introductions

2. Stakeholder Representation:
    - TEP/UNSE
        - Business Development
        - Communications
        - Emerging Technology and Innovation
        - Regulatory Services
        - Resource Planning
    - Business advocacy
        - AriSEIA
    - Commercial Customers
        - Fresh Produce Association of the Americas
    - Mining
        - South32
    - Consumer advocacy groups
        - River Cities United Way
    - Regulatory
        - Arizona Corporation Commission

3. Looking Ahead – Proposed Deadlines
    - IRP submission: October 30, 2026
    - Stakeholder comments: February 10, 2027
    - Response to stakeholder comments: June 10, 2027
    - Staff assessment and Proposed Order: September 13, 2027

4. Customer Energy Optimization Programs
    - Energy Efficiency: Programs to reduce energy usage
    - Demand Response: Programs to reduce or manage peak demand
    - Transportation Electrification: Programs to manage load
    - Innovation, Education and Outreach: Consists of pilot programs testing new technologies, community workshops, and school educational workshops

5. Market Potential Study
    - Business as Usual (BAU): includes existing and complementary measures
    - Business as Usual Minus (BAU-): emulates decreased DSM funding
    - Business as Usual Plus (BAU+): emulates increased DSM funding
    - New measures included in study
        - Variable Speed Drive Pool Pump Calibration
        - Window Shade Screens
        - Combined Direct/Indirect Evaporative Cooling

6. Changes Since the 2023 IRP and Modeling Improvements
    - Signed new PPA for Dandelion for a 140 MW solar plus 4-hour battery facility (2028)
    - Black Mountain Expansion estimated to be in service in 2030
    - New industrial load is projected
    - Rising inflation
    - Reduction in tax credits
    - Environmental regulations
    - Modeling optimization
    - Resource adequacy parameters update
    - Inclusion of Demand Response as a resource

7. Forward Wholesale Power & Natural Gas Market Update
    - Transitioned to a blended approach based on 2025 outlook from Woods Mackenzie
    - Prices are generally upward trending with San Juan and Permian gas price expectations in the $3 to $6 dollar range
    - Inflation Reduction Act and One Big Beautiful Bill Act placing pressure on construction starts
    - Assuming no tax credits for wind and solar unless contracts are signed
    - Assuming battery storage is eligible for full Investment Tax Credit if placed in service by 2035

8. Long-Term Capacity Expansion Constraints
   - The Planning Reserve Margin is set at 18%
   - Results for P01 Technology Neutral were discussed:
     - Portfolio includes Dandelion coming online with storage units in the model in 2028
     - BMGS expansion is included and reduces market exposure
     - The LTCE adds a combined cycle resource in 2031
     - Hybrid 50 MW of storage comes online in 2035

9. Stakeholder Questions:

Demand Response

- Is there any sense that there will be a DR program in these counties?
  - Commercial DR will be relaunched
- With energy efficient rules being repealed, are we finding there are challenges and opportunities with DR programs?
  - The DR programs are recalibrating for the needs of the grid. We want resources to be part of the planning process and have customers participate regularly; we view it as an opportunity. Although the ACC has a lot of questions there remains an opportunity, and the ACC is supportive of virtual power plant programs and pay for performance.

Load Forecast

- How is South32's load included in the forecast?
  - The more certain industrial/mining load growth is included in the base forecast.

Portfolio Modeling

- For P05, P06, and P07, do we factor in just a portion of pumped hydro, nuclear, etc into each portfolio?
  - Yes.

Gas Prices

- Has a change in gas market price outlook been made?
  - Yes, we implemented a mixed price outlook to use as a more realistic baseline. Other forecasts were used as high and low market cases.

Feedback Review

- The River Cities United Way received a grant for disaster response with monies supporting energy efficiency efforts.
- An industry group reported that in Santa Cruz County there are clusters of businesses with solar and the potential for a shared battery.
- South32 indicated that carbon reduction is a corporate goal and there are opportunities for utility scale benefits from large batteries. South32 is interested in supporting the grid if there is mutual benefit.
- Business Development highlighted the customer satisfaction pulse survey.

Action Item:

- Next RPAC Meeting: **September 8, 2026, from 2 PM to 4 pm MST**

These notes aim to encapsulate the discussions and outline the next steps for effective collaboration moving forward in the RPAC process