

TEP RPAC Meeting Minutes – August 6, 2026

Facilitators:

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

Meeting Purpose:

Review the preliminary IRP portfolio results.

Key Themes and Topics Discussed:

- Introductions
- Stakeholder Representation:
 - TEP
 - Resource Planning
 - Business Development
 - Emerging Technologies
 - Environmental
 - Communications
 - Special Projects
 - Government Relations
 - Business advocacy/Civic groups
 - Arizona Solar Energy Industry Association
 - The Chamber of Southern AZ
 - Southwest Energy Efficiency Project
 - Education
 - University of Arizona
 - Local and State government
 - City of Tucson
 - Pima County
 - Mining
 - Hudbay Minerals
 - Military
 - Davis-Monthan AFB
 - Nonprofit social services groups
 - Interfaith Community Services
 - Environmental groups
 - Sierra Club
 - The Nature Conservancy
- 2026 IRP Portfolios:
 - Review of key terms and acronyms
 - Lauren presented an overview of the seven portfolios modeled for the 2026 IRP
 - Geothermal should have been on the list of carbon-free resources

- All portfolios include the Springerville gas conversion
 - TEP plans to exit Four Corners in 2031
- Resource Adequacy:
 - TEP covered the process of ensuring resource adequacy for each portfolio:
 - First, a Planning Reserve Margin (PRM) of 18% was determined and all portfolios were subject to that requirement; the portfolios also incorporate updated Effective Load Carrying Capabilities (ELCC)
 - Second, TEP conducted a 15-year hourly stress test to ensure no capacity shortfall over the study period; the stress test ensures that TEP can rely solely on their own resources to meet the 18% PRM
- Resource Buildout Comparison
 - TEP presented the resource buildout of each portfolio and explained why each resource was selected
 - It was noted that P02 to P04 each had the largest cumulative resource additions
 - Also noted that most storage was 4-hour but there was a 10-hour storage resource added in P04
- System Reliability by Portfolio
 - TEP presented the reliability metrics of each portfolio in year 2041, the final year of the study period, including the resource mix that meets gross load plus PRM for each portfolio
- Portfolio Emissions
 - TEP presented the emissions results of each portfolio
 - It was noted that the Springerville Conversion drives the decrease in emissions in 2030
 - The percentages presented represent the total emissions decrease from 2019 to 2041
- Net Present Value Revenue Requirements (NPVRR)
 - TEP presented the NPVRR costs of all seven portfolios, as well as the Average System Costs per KWh
 - Sensitivity analysis on the NPVRR was discussed
- TEP's Least-Cost, Technology Neutral Base Case
 - Lauren Briggs described how TEP's base case provides the best balance for Reliability, Affordability and Sustainability criteria
 - TEP presented the detailed analysis of the Least-Cost, Technology Neutral portfolio, including resource buildout by year, future resource capacity, and annual energy mix
- Looking Ahead
 - TEP described that it periodically reassesses resource needs as market conditions and customer needs change
 - TEP and UNSE will hold a joint public meeting in October 2026 to present IRP

outcomes

- Stakeholder Questions:

2026 IRP Portfolios

- How does TEP consider timing of bringing new resources online?
 - IRP modeling only incorporates new resources based on expected in-service dates.
- How are virtual power plants and energy efficiency incorporated into the analysis?
 - Energy efficiency is built into the load forecast as a net load reduction. VPPs appear as demand response, which is a dispatchable resource in the model. Both EE and DR are subject to ELCC values.
- Has TEP considered requiring large customers to participate in load shedding?
 - TEP does not require customers to shed load unless there is a grid emergency.
- What percentage of large load customers under contract vs. in the queue are in the load forecast?
 - Only contracted customer demand is included in the load forecast.
- What are TEP's cost assumptions?
 - Capital cost assumptions come from industry sources; costs are increased each year of the portfolio based on inflation.
- What is in the "storage" resource bucket?
 - All the portfolios include 4-hour storage, except for P04 which adds 100 MW of 10-hour long duration storage. The model also had the option to select 8-hour storage.
- Why was pumped hydro not included in P04?
 - Pumped hydro was not selected by the LTCE model as a least-cost resource.
- Are new resources considered to be owned by TEP or contracted through a PPA?
 - All new resources are considered owned by TEP for modeling purposes. In practice, resources may be owned or contracted through a PPA.

Portfolio Emissions

- Why is TEP building additional gas facilities instead of focusing on renewable energy?
 - TEP emphasized that it focuses on balancing three priority values: reliability, affordability, and sustainability. Given increasing demand projections, additional gas generation is needed to maintain reliability and keep customer costs down. These gas resources also allow us to continue to integrate the significant solar and battery resources we plan to add over the next 15 years.

TEP's Least-Cost, Technology Neutral Base Case

- What is the average system cost?
 - The average system cost is the NPVRR of the entire portfolio divided by total energy in the portfolio.
- How have the projections from the 2023 IRP played out in the last three years?
 - The 2023 IRP projected the need for a 400 MW natural gas combined cycle

- facility, which TEP did not pursue.
- The 2023 IRP included the retirement of Springerville Generating Station. The decision to pursue a gas conversion instead was made in 2025 based on the need to maintain baseload generation and the economic analysis.
- How are gas costs managed?
 - TEP has a gas hedging program to manage gas costs.

Looking ahead

- If TEP were to have another high-load factor customer, would it switch to P03 or P04?
 - TEP would refresh model parameters and perform a new resource evaluation in the case of a new high-load customer.

Next Steps:

- TEP and UNSE joint public meeting to be held in October 2026
- IRP submission deadline is now October 30, 2026

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