

TO: Ben Elsey and Jay Griffin
CC: Margie Tatro
FROM: Ed Rilkoff and Cynthia Mitchell
RE: SPS SoN ppt deck for Sept 13, 2023 meeting
DATE: September 12, 2023

Thank you for the early review of SPS' proposed SoN. We appreciate how forthcoming SPS has been throughout this process.

Slide 8 asks whether stakeholders agree with the SPS Resource Need Analysis, specifically, whether the quantity and type of **new** capacity needs are appropriate for the 2028-2030 timeframe. (bold emphasis added).

- 4281-6631 MW of variable renewable generation
- 1043-4290 MW of dispatchable resources¹

The multi-jurisdictional forecast range -- 5,324 to 10, 921 MW – calls for substantial capacity additions in a short period of time. Capacity need is driven by two key factors: accelerated retirements of a large portion of SPS' existing coal and gas generation fleet, and significant load growth – high tech and O&G (new and electrification).

Staff does **not** support an RFP for the 2028-2030 period that includes the high forecast electrification numbers.

Per SPS' slide 9, Objective 7, Staff agrees that “Ensuring affordability to all SPS customers, including residential and low-income customers, as the system transitions”, is critical.

To this end, Staff offers two recommendations:

1. To the extent feasible and cost-effective, SPS should extend / renew expiring gas and renewable PPAs, and its own fleet of gas generation.
2. SPS should include in its action plan Staff's requests provided to SPS and Gridworks in a separate email 9/12/23:
 - a. Analysis / study of how to meet O&G connected load through Special Service Contracts.
 - b. Analysis / study of interruptible tariff(s) for high-tech and other loads.

Staff may support the mid-range planning forecast at this time recognizing that we take all analyses including but not limited to the load forecasts, the production costing and reliability modeling, and the O&G electrification study, at face value.

¹ SPS slide 7, second bullet point, lists dispatchable and storage separately. Per slide 8, please clarify that LDS is included as a dispatchable resource.

