

October 1, 2023

Salt River Project
1500 N. Mill Ave.
Tempe, AZ 85288

Dear SRP Board of Directors,

Re: Proposed Integrated System Plan

Western Resource Advocates (WRA) appreciates this opportunity to provide comments on SRP's Integrated System Plan (ISP). Due to fundamental flaws in the underlying analytical process that informs this ISP, WRA respectfully urges you to reject this set of staff recommendations and vote no.

WRA is a nonprofit conservation organization dedicated to protecting the land, air, and water of the West to ensure that communities exist in balance with nature, with a vision of a prosperous economy that is not dependent on fossil-fueled electricity generation. WRA develops and implements policies to reduce the environmental impacts of utilities in the Interior West by advocating for a Western electric system that provides clean, affordable, and reliable energy, reduces economic risks, and protects the environment through the expanded use of energy efficiency, renewable energy resources, and other clean energy technologies.

WRA has been an active participant in the ISP's advisory group from the beginning of this process, which began in the summer of 2021. Throughout the process, WRA has pushed SRP to fully evaluate the economic and environmental risks associated with continued reliance on fossil fuel sources of electricity generation, particularly coal. WRA repeatedly requested information from SRP staff in order to independently validate the claims and assumptions used in this IRP process. However, SRP staff failed to provide that information.

To maintain a pathway of limiting warming to two degrees Celsius and avoiding the worst impacts of climate change, the U.S. power sector must reduce climate changing pollution from electricity generation at least 80% by 2030, as compared to a 2005 baseline. This transition would not only benefit the climate; multiple studies confirm that achieving an 80% reduction in carbon emissions from the power sector also brings financial benefits to customers, investment into local economies, and improved public

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health outcomes, all without sacrificing grid reliability.¹ Across the West, utilities such as Xcel Energy are on track to meet or exceed these standards.

Unfortunately, SRP is far off-track from this industry standard, and the ISP presented for your consideration will only put the utility farther behind. There have been several significant inadequacies in this ISP process, which have foreclosed consideration of cleaner, more economic alternatives to continued reliance on fossil fuels.

These include:

- Refusing to thoroughly evaluate whether the retirement or reduced utilization of SRP's coal fleet, including Springerville Unit 4 and Coronado, would provide cost savings for SRP ratepayers;
- Rejecting calls to model at least one scenario that achieves an 80% reduction in annual carbon emissions by 2030 in order to assess feasibility;
- Unwillingness to fully utilize the electric system optimization modelling software to evaluate the most cost-effective retirement date for Springerville Unit 4;
- Failing to model energy efficiency or other demand side resources in a way that would maximize system-wide benefits for ratepayers, reducing both peak demand and overall consumption;
- Overestimating costs of renewable energy resources like wind and solar, above accepted industry benchmarks; and
- Utilizing overly optimistic price forecasts for fossil fuels, particularly fossil gas, below recent historical price highs, even in the "high gas" sensitivity case.

In addition to these flaws in the underlying analysis, the strategies and actions outlined by SRP staff are excessively broad, thus depriving you, the Board, of the information necessary to hold staff accountable to a particular course of action.

You are also likely to hear that this ISP warrants your support because it is consistent with SRP's sustainability goals. However, the current intensity-based decarbonization goal is plainly inadequate and must be updated. SRP's carbon emissions reduction goal is to reduce the amount of CO₂ emitted by each MWh of electricity generated 65% by 2035, as compared to 2005 levels.² This intensity-based goal obscures the true task at hand, which is to reduce the *total tons* of greenhouse gas pollution entering the atmosphere. SRP staff celebrates that, under this ISP, the utility will exceed its current intensity-based greenhouse gas reduction goal, reducing the CO₂ emissions per MWh of electricity generated by 82%. However, the ISP predicts significant *increases* in the total number of MWh that will be generated. In other words, by increasing the denominator, intensity-based metrics present a misleadingly rosy picture of SRP's climate impact. Instead, a mass-based goal which tracks total tons of CO₂ emissions is required to correctly evaluate SRP's progress towards sustainability.

In reality, the emissions reduction trajectory for SRP, when measured in terms of actual tons of climate pollution emitted, puts SRP far outside the mainstream of Western utilities. Evaluated on a mass-basis, SRP will achieve only a 61% reduction in total tons of climate pollution released into the atmosphere by 2035, falling far short of the industry standard of an 80% reduction by 2030. And, as noted above, SRP staff did not evaluate a single modelling scenario that would achieve an 80% reduction in total carbon emissions by 2030 in order to assess whether it was achievable and cost effective. This ISP process was SRP's opportunity to model science-based goals and lay out a resource acquisition strategy for the next decade that protects public health and the

¹ Dan Esposito, [Studies Agree 80 Percent Clean Electricity by 2030 Would Save Lives and Create Jobs at Minimal Cost](https://energyinnovation.org/wp-content/uploads/2021/09/Studies-Agree-80-Percent-Clean-Electricity-by-2030-Would-Save-Lives-and-Create-Jobs-at-Minimal-Cost.pdf) (2021) available at: <https://energyinnovation.org/wp-content/uploads/2021/09/Studies-Agree-80-Percent-Clean-Electricity-by-2030-Would-Save-Lives-and-Create-Jobs-at-Minimal-Cost.pdf>

² <https://www.srpnet.com/grid-water-management/sustainability-environment/sustainability-overview#carbon>

environment, as well as to inform the upcoming review of SRP's corporate sustainability goals. That opportunity has been squandered.

SRP staff describes this ISP as "affordable, reliable, and sustainable." Unfortunately, due to these fundamental flaws in the underlying process, it's impossible for you to assess whether this is truly the best path forward for SRP and its ratepayers. A lot of hard work and effort have gone into this undertaking by SRP staff. Additionally, many stakeholder hours have been consumed by this process. And yet, the final project is extremely disappointing; this ISP holds little value in informing us of how SRP should operate their system going forward.

WRA strongly urges you to vote no on SRP staff's set of recommendations and direct SRP staff and management to go back to the drawing board to correct the current ISP by addressing the analytical insufficiencies identified above. The flawed analyses in this ISP will inform the utility's investments and resource acquisitions for the next few years. Additionally, for meaningful oversight from the SRP Board, we ask that you require annual updates on implementation and mass-based emissions, and approval of SRP staff's strategies, assumptions, and actions for resource acquisition and planning. Your vote today is of incredible consequence. You have an opportunity to lay the foundation for a bright future for SRP, protecting our communities while also delivering cost savings to SRP ratepayers. Please, don't let it slip away.

Sincerely,

Alex Routhier, Ph.D.
Arizona Clean Energy Manager/Senior Policy Advisor
Western Resource Advocates