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BEFORE THE ARIZONA CORPORATION COMMISSION

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CHAIRMAN

LEA MÁRQUEZ PETERSON
COMMISSIONER

NICK MYERS
COMMISSIONER

RACHEL WALDEN
COMMISSIONER

RENE LOPEZ
COMMISSIONER

IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, AND TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN.	**DOCKET NO. E-01345A-22-0144** **NRG ENERGY, INC.'S MOTION TO AMEND DECISION 79293 UNDER A.R.S. § 40-252**

Pursuant to A.R.S. § 40-252. NRG, Inc. ("NRG") hereby submits this Motion to Amend Decision 79293 (the "Decision") to make two specific modifications to the AG-X Tariff approved therein. The requested changes will enable additional private investment in much needed capacity while maintaining system reliability and taking pressure off the utility as it is faced with increasingly difficult demands for additional service. The changes sought herein are: 1) modify the date on which the reserve capacity charge becomes applicable to AG-X customers such that it only becomes applicable if and when Arizona

Public Service ("APS") becomes a binding member of the Western Resource Adequacy Program ("WRAP"); and 2) increase the AG-X program cap from the current 200 MWs to 800 MWs.

A. Background

APS currently is experiencing unprecedented load growth. In fact, at present while APS is doing its best to keep up with this growth, the utility simply is unable to timely fill all requests for service from large customers. These large customers include everything from mines and advanced manufacturing to data and technology uses and represent billions of dollars in potential investment and thousands of potential jobs for our state. Arizona's continued economic prosperity demands that electric resources be available to meet growth and sustain continued investment into the future. Our monopoly utilities are doing an excellent job keeping up with growth as best they can, but Arizona's growth trajectory is so positive that our needs have outstripped our utilities' ability to keep up.

For this reason, it is essential that we provide relief to our utilities wherever possible and that we explore alternatives that can help bring new resources to bear to meet our growing needs while maintaining reliability. As a result, it is in the public interest to pursue alternatives that can help APS and Arizona capture new economic development opportunities that may otherwise be missed because of the lack of readily available capacity and to do so without shifting costs to others. The AG-X Tariff is one tool available to regulators and the utility to help address a small part of this unprecedented shortage.

In 2012, the Arizona Corporation Commission ("ACC") introduced AG-X as a pilot buy-through program designed for large commercial and industrial customers, enabling them to purchase power from competitive suppliers through the utility. Since its inception, APS billed participating customers through its billing system but passed on energy costs from generation service providers ("GSPs") that serve customers under the tariff. The ACC has modified and reapproved the AG-X tariff in each subsequent rate case.

In December 2024, the ACC again approved the continuation of the AG-X tariff. Today, the AG-X tariff is tied into other tariff mechanisms (like time of use adjustments, capacity payments, service fees, and other billing components), creating complexity.

B. Proposed Amendments

Effective date change: Complexity is workable, but in the last APS rate case, APS proposed, and the Commission added, additional tariff components dealing with resource adequacy ("RA"). The then-existing AG-X tariff provisions on reliability had a long track record of delivering reliable energy. Prior to the conclusion of the last rate case, APS required GSPs to deliver "firm power" via resources identified in Western System Power Pool Schedule C ("WSPP Schedule C"). WSPP Schedule C power has been an extremely reliable resource. In fact, power delivered by GSP's under WSPP Schedule C proved to be even more reliable than APS' own thermal generation fleet. AG-X resource availability exceeded 99.5% in 2020, 2021, and 2022 while APS' thermal fleet had an equivalent availability of 94.4% over the same period.[1]

Nevertheless, in the last rate case APS proposed added conditions around RA. These new provisions that were adopted require GSPs to provide RA in one of two ways. First, they can provide it themselves in compliance with the Southwest Power Pool's ("SPP") Western Resource Adequacy Program ("WRAP"). In the alternative, GSPs that cannot provide their own RA can pay APS to participate in WRAP for them by paying the APS "reserve capacity charge."

These new RA options were intended to provide additional levels of reliability, however, at this point, these new requirements have proven unfair and unworkable. The first option, to self-supply WRAP-compliant RA, is currently impossible as no product exists on the market that can satisfy this requirement. This leaves only the option of paying APS to participate in WRAP on behalf of the GSP in exchange for the reserve capacity charge. However, the WRAP program itself did not become binding in 2024 as anticipated

[1] *See* Ex. NRG-1, Kaufman Direct at 12:14-16.

and has now been delayed, and it is currently slated to become binding for all participants as of winter 2027-2028.[2] This leaves AG-X customers stuck paying for APS' WRAP participation when WRAP is not binding on APS. This presents fairness issues that were not considered at the time of the original Decision.

NRG submits that customers should not be required to pay APS's AG-X reserve capacity charge until the WRAP program is active with APS participating as a binding member. In the meantime, NRG fully supports maintaining the requirement that GSP's continue to be required to provide WSPP Schedule C firm power that has proven historically reliable. As a result, the date on the current AG-X tariff should be modified to reflect that the reserve capacity charge cannot be implemented until APS becomes a binding member of WRAP.

Specifically, we propose the following amendments to the AG-X tariff language that will restore the reserve capacity charge to the level it was set at prior to the rate case and delay the new charge's implementation until APS is a binding member of WRAP:

Decision 79293 at page 332, line 9 after "should be approved" **INSERT:**
"*as modified herein*,"

DELETE Decision 79293 at page 332, lines 12-19.

Decision 79293 at page 332, line 23 after "WRAP RA requirements" **INSERT:**
"*only when APS itself becomes a binding member of WRAP*."
DELETE the remainder of that paragraph.

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[2] Western Power Pool. (2024, August 29). *WRAP Committee approves new transition plan, looks to Summer 2027 binding program*. Western Power Pool News. Retrieved from https://www.westernpowerpool.org/news/wrap-committee-approves-new-transition-plan-looks-

DELETE Decision 79293 at page 333, lines 1-5 and **INSERT**:

- *"It is just and reasonable and in the public interest to allow APS to assess a reserve capacity charge for APS-supplied RA that is equal to its current AG-X reserve capacity charge ($5.248/kW) increased by the system standard revenue increase and to continue to charge this amount commencing with the first billing cycle following this Decision and running until the time that APS becomes a binding member of WRAP. After APS becomes a binding member of WRAP, the reserve capacity charge shall be set at an amount to be determined in the next rate case."*

Decision 79293 at page 450, line 8 after "should be approved" **INSERT:**
"*as modified herein*,"

Decision 79293 at page 450, lines 10, **DELETE: "**During the 12 months following the effective date of this Decision," and **INSERT**:
"*only when APS itself becomes a binding member of WRAP.*"

DELETE Decision 79293 at page 450, lines 14-15 and **INSERT:**
"After APS becomes a binding member of WRAP, the reserve capacity charge shall be set at an amount to be determined in the next rate case."

Decision 79293 at page 450, line 17 after "WRAP RA requirements" **INSERT**:
"*only after APS itself becomes a binding member of WRAP."*

Program expansion: Programs like AG-X serve to enhance Arizona's economic prosperity by attracting private capital, investing in the state's infrastructure, and generating tax revenues and wages that would otherwise be lost if insufficient capacity were available to support development. APS anticipates its annual energy needs to increase by nearly 24 GWh between 2023 and 2038, with approximately 80% of this growth attributed to data centers and large industrial and manufacturing facilities.[3] The total program participation for the AG-X program is currently limited to 200 MW of customer load, less than 1% of APS's projected load at full capacity. In the above captioned rate case, Commission staff proposed doubling the capacity of the AG-X program and this was before the constraints on available capacity were widely known. In light of the current dire situation, NRG proposes to expand the program cap to 800 MWs, a little over 3% of the load growth APS expects to see from large loads. This increase will undoubtedly help bring more business into Arizona and provide the ACC with an additional lever in helping meet the load growth.

In order to implement this change, we propose that Decision 79293 be modified as follows:

DELETE Decision 79293 at page 333, lines 14-19 and **INSERT**:

- *"AG-X is a tool that can be used to bring much needed energy resources into Arizona to support continued economic development. As a result, it is just and reasonable to increase the size of the program to 800MWs.***"**

Decision 79293 at page 450, line 26 **DELETE** "200" and **INSERT**: "800".

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[3] Arizona Public Service. (2023). 2023 Integrated Resource Plan. Arizona Public Service, from https://www.aps.com/-/media/APS/APSCOM-PDFs/About/Our-Company/Doing-business-with-us/Resource-Planning-and-Management/APS_IRP_2023_PUBLIC.pdf

C. Timing

Arizona desperately needs additional capacity to support economic development today. While APS just filed a rate case application on June 13, 2025, this request cannot be addressed in the rate case given the urgent need. Rate cases are notoriously long proceedings with hefty dockets, long documents, and are subject to disparate stakeholder deliberations, which tend to take multiple years to complete and implement. Given that the binding timeline for WRAP is currently slated for Winter 2027, and we are already in mid-2025, waiting for the rate case to settle this issue would be ineffective. For this reason, we respectfully request that the Commission act now and enter an order amending the Decision to remove the additional reserve capacity charge and increase the cap on the AG-X program to 800MW.

RESPECTFULLY SUBMITTED this 25th day of July, 2025.

ROSE LAW GROUP pc

/s/ Court Rich
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ORIGINAL of the foregoing electronically filed this 25th day of July, 2025, with:

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I hereby certify that I have this day served a copy of the foregoing document on all parties of record in this proceeding by regular or electronic mail to:

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