



0000143885

RECEIVED

2013 MAR 29 P 3: 23

APS COMMISSION
DOCKET CONTROL

Mail Station 9708
PO Box 53999
Phoenix, Arizona 85072-3999
Tel 602-250-2661
Jeffrey.Johnson@aps.com

March 29, 2013

Docket Control
Arizona Corporation Commission
1200 W. Washington
Phoenix, AZ 85007

RE: Arizona Public Service Company's 2014 Resource Planning Work Plan
Docket No. E-00000V-13-0070

Pursuant to A.A.C. R14-2-703(G):

A load-serving entity shall by April 1 of each odd year, file with Docket Control a work plan that includes: An outline of the contents of the resource plan the load-serving entity is developing to be filed the following year as required under subsection (F); The load-serving entity's method for assessing potential resources; The sources of the load-serving entity's current assumptions; and An outline of the timing and extent of public participation and advisory group meetings the load-serving entity intends to hold before completing and filing the resource plan.

Arizona Public Service Company ("APS") has enclosed the Work Plan for APS's 2014 Resource Plan.

If you have any questions regarding this information, please contact me at (602)250-2661.

Sincerely,

Jeffrey W. Johnson

JJ/cd

cc: Terri Ford
Barbara Keene

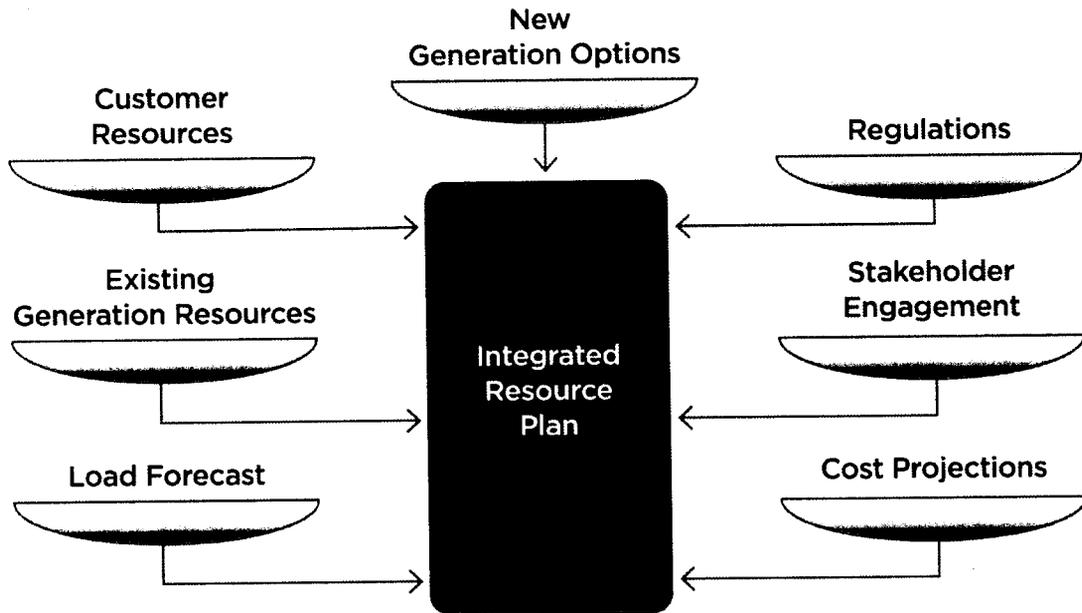
Arizona Corporation Commission
DOCKETED

MAR 29 2013

DOCKETED BY

Arizona Public Service Company

Work Plan for the 2014 Integrated Resource Plan



Filed in Compliance with A.A.C. R14-2-703(G)

March 29, 2013



Work Plan for the 2014 Resource Plan

Overview

The Arizona Corporation Commission's Resource Planning Rules require load-serving entities to file a work plan in April of odd-numbered years. The components of this filing requirement are:¹

1. An outline of the contents of the resource plan the load-serving entity is developing to be filed the following year;
2. The load-serving entity's method for assessing potential resources;
3. The sources of the load-serving entity's current assumptions; and
4. An outline of the timing and extent of public participation and advisory group meetings the load-serving entity intends to hold before completing and filing the resource plan.

Arizona Public Service Company ("APS" or the "Company") is providing this Work Plan, which describes the framework for the integrated resource planning ("IRP") process that will be used to develop APS's 2014 Resource Plan.

Contents of the 2014 Resource Plan

Along with providing an explicit response to the Resource Planning Rules using a format similar to the 2012 IRP, APS anticipates the contents of its 2014 Resource Plan will include the following:

Executive Summary – Key areas will be highlighted, such as energy and capacity mix, resources that contribute to meeting growth in energy and capacity, an abbreviated loads and resources table, a review of relevant planning process criteria, and an action plan for the subsequent three years following Commission acknowledgement of the IRP.

Forecast of Future Customer Requirements – The expected changes in both energy consumption and peak demand will be provided, before and after the effects of energy efficiency and distributed energy.

Description of Current Resources – A comprehensive review of APS's existing portfolio of resources used in meeting our customers' current electricity needs will be included, along with other relevant information regarding those resources such as uncertainties due to changing environmental regulations.

Assessment of Available New Resources – Available resource technologies and solutions that could potentially be used to meet the future needs of our customers will be discussed and analyzed. An extensive array of conventional and renewable resources, as well as energy efficiency measures, demand response programs and emerging technology will be included in this assessment.

¹ Arizona Administrative Code ("A.A.C.") R14-2-703(G).



Work Plan for the 2014 Resource Plan

Analysis of Alternative Future Portfolio Solutions – Alternative resource portfolios that combine current and potential asset additions to meet future customer electricity needs will be developed and analyzed. Complex factors such as the reliability of the Phoenix load pocket, customer-owned solar photovoltaic penetration, and uncertainty of the coal fleet due to stringent environmental requirements will be considered when developing alternative portfolio solutions. Key uncertain variables such as load forecast, natural gas prices, and carbon costs will be varied to objectively and transparently evaluate how resource portfolio combinations will perform under certain future conditions. After this rigorous series of analytics is completed, a specific resource plan will be selected which establishes a direction that balances reliability, cost, environmental impacts, and risk factors in meeting the future needs of APS's customers.

Action Plan – An overview of the actions that will be needed to implement APS's proposed 2014 Resource Plan for the three years following the Commission's acknowledgement will be provided. This will include future resource procurement activities pertaining to development, acquisitions, and implementation timelines.

Method for Assessing Potential Resources

APS will evaluate a wide range of resources for consideration in its Resource Plan by conducting a screening analysis of resource solutions. This comprehensive process incorporates data such as capital cost, fixed O&M, variable O&M, heat rate, ramp rate, reliability, intermittency, capacity factor, water consumption, emissions, and capacity value. In order to ensure its information is up to date and valid, APS uses independent sources including major equipment manufacturers, market participants, customer data from field implementations and industry organizations.

Along with using existing processes for assessing potential resources, APS is investigating the use of a capacity expansion model. Factors such as the cost of the modeling tool, expertise needed and time involved to implement a new methodology, and incremental value of the results will impact a decision on the feasibility of incorporating a capacity expansion model for the development of the 2014 Resource Plan.

Sources of Current Assumptions

Resource Planning is a constantly evolving process which uses many data sources and assumptions to arrive at a comprehensive plan that balances reliability, cost, environmental impact and risk. As a starting point, sources of key data and assumptions are listed below. In addition, should the current workshops related to distributed energy result in any modifications to how APS and other utilities value and procure those programs, a change will necessarily be reflected in the next resource plan. All data is subject to change as future uncertainties become clearer.



Inputs	Sources of Assumptions
Load Forecast:	Bureau of Labor Statistics; U.S. Census Bureau; Bureau of Economic Analysis; National Weather Service; First Enercast Financial
Environmental Regulations:	Environmental Protection Agency; Arizona Department of Environmental Quality
Energy Efficiency Programs:	Energy Efficiency Standard compliance; APS; Navigant Consulting (program evaluation contractor)
Renewable Energy:	Renewable Energy Standard compliance; market data
Resource Costs:	APS; major equipment vendors; market data acquired through RFP solicitations; industry organizations; customer data from field implementations
Integration Costs:	Solar Photovoltaic Integration Cost Study (Black & Veatch, Nov. 2012) Wind Integration Cost Impact Study (NAU, Sept. 2007)
Fuel Forecast:	Market
CO₂:	Charles River Associates

Public Participation

APS plans to follow a similar format to years prior with regard to public participation by facilitating workshops to promote discussion and dialogue between the Company and its key stakeholders on important resource planning issues. Currently, two collaborative workshops are being contemplated to consider stakeholder perspectives:

May-July 2013 Workshops

APS is planning to hold two workshops to be scheduled between May and July 2013. The first workshop will focus on key assumptions, and new and/or revised technology-specific analytics and considerations. The second workshop will include a discussion of portfolios that may be included in the 2014 Resource Plan.

Conclusion

As required by the Resource Planning Rules, APS's 2014 Resource Plan will provide comprehensive data and analyses for the 15-year planning period (2015-2029). A wide range of resources will be considered to serve customers' future electricity needs which promote technology diversity within the portfolio while balancing cost, reliability and risk in an environmentally responsible manner.