

Arizona Clean Energy Consortium

Why Develop a Consortium?

NAU is leading a Consortium of Universities and Municipalities across Arizona to procure clean energy in support of each entity's carbon neutrality and sustainability targets. The consortium approach is favored for two key reasons:

- **Value in a Joint Effort:** Working together increases go-to-market size, allowing the group to leverage economies of scale and benefit from more options and stronger pricing. It also leverages our collective knowledge and demonstrates a strong commitment to sustainability across the state
- **Limited Options in Arizona:** Since Arizona has a fully regulated electricity market with lack of retail choice, there are fewer viable options for clean power procurement than in other states. This increases the need for creative, collaborative thinking to engage the wholesale market and our utilities

Top Criteria for Project Selection

- **Cost Effective:** The Consortium members aim to reach their carbon neutrality goals with consideration of budget constraints and economic risks
- **Supporting New Clean Power:** The Consortium prioritizes investments in new projects that displace fossil fuels and reduce grid-based greenhouse gas emissions– not just paying a fee to make a claim
- **Local Impact:** The Consortium values solutions that benefit communities in and around Arizona as they build towards a more sustainable future and greens up the AZ grid
- **Ready by 2030:** The Consortium is looking for solutions that will be operating ahead of 2030 targets

Two Paths to New Clean Energy

- **Options with APS and SRP:** Energy users in Arizona have options to work with local utilities through approved Green Rates to get new clean power delivered from the local grid. Unfortunately, these projects have not been developed for municipalities and previous cost estimates have been high.
- **Virtual Power Purchase Agreement (VPPA):** The Consortium can support the development of a new renewable energy project that supports scalable decarbonization of the US energy supply in a cost-competitive manner. State regulations limit this option in Arizona, but there are many regional options available in wholesale markets that could benefit the AZ grid.

Arizona Clean Energy Consortium--Options

Clean Energy Option	Physically in Arizona	Greens the AZ Grid	Adds New Renewables	Expected Cost	Online by 2030
APS GPP Green Connect For a cost premium, APS will allocate renewable energy credits (RECs) to customers from operating assets placed in service by 1/1/21-- in and outside of AZ. Used by Flagstaff and Sedona	Potentially – Flagstaff and Sedona get RECs from NM	Not beyond APS plan	No	\$ (fixed per the term of the contract)	Existing resource
APS GPP Green Locate/Green Commit APS has options that would allow the Consortium receive power from a new-build renewable project. Availability is completely reliant on supply/terms offered by APS/SRP.	Yes	Yes	Yes	\$\$\$\$ (fixed per the long term of the contract)	2028+ Unknown for new project
VPPA in Arizona The Consortium signs an agreement to support a wind/solar project build in AZ and delivering power to into the California grid, potentially used by APS at times	Yes	Powers CA, but extra power may serve APS	Yes	\$\$\$ (contract specific, pricing can be variable)	2028 – delays common
VPPA in Southwest Power Pool (SPP) The Consortium signs an agreement to support a wind/solar project built in SPP, the deregulated power region APS and SRP have indicated they will join in 2027	No	Potentially starting in 2027	Yes	+/- \$ (contract specific, pricing can be variable)	2028

Planned Next Steps

- **Sign an Intergovernmental Agreement:** NAU has developed an IGA for participants to show their commitment to working together to acquire clean energy. Each entity that signs the IGA will have the option to not move forward if available projects do not meet their priorities or contractual needs.
- **Issue an RFP/Utility request:** Members of the IGA will have representatives on the RFP committee to develop criteria similar to those above and issue a VPPA solicitation. APS and SRP will be asked to provide clean energy options to the group concurrent with this VPPA solicitation.