



OFFICE OF LAND AND EMERGENCY MANAGEMENT

WASHINGTON, D.C. 20460

March 20, 2025

Bobby Olsen
Salt River Project
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Dear Mr. Olsen:

Thank you for your March 13, 2025, letter to the Environmental Protection Agency (EPA) regarding Salt River Project's (SRP) request to extend the deadline to cease using the Coronado Generating Station (CGS) Evaporation Pond due to grid reliability and resource adequacy concerns. Specifically, you requested the deadline be extended until September 30, 2026, to allow time for design, permit, and construction of alternative disposal capacity.

In its final order denying SRP's application, EPA explained that it would grant a further extension (i.e., beyond 135 days from the date of EPA's final decision) if it was supported by the results of a formal reliability assessment establishing that the temporary outage of CGS during the period needed to obtain alternative disposal capacity will have an adverse impact on grid reliability. EPA further explained that in such a case, without additional notice and comment, EPA may authorize continued use of Evaporation Pond for either the amount of time provided in an alternative schedule proposed by SRP, or the amount of time EPA determines is needed to complete construction of alternative disposal capacity based on its review of the application (whichever is shorter).

After reviewing your March 13, 2025, submission, in consultation with the Department of Energy's Office of Electricity, we consider that SRP has submitted such an assessment and, with this letter, is approving the request to extend the deadline to cease receipt of waste to September 30, 2026, to allow time for design, permitting, and construction of alternative disposal capacity.¹

CGS's 780 MW net capacity represents nearly 10% of SRP's peak demand in the summer months, and more than 70% of the 1,100 MW planning reserve. As shown by the submitted reliability assessment conducted by PowerGem, if CGS is forced to close for the summer of 2025, SRP would not have sufficient reserves, increasing SRP's reliability risk tenfold (i.e., would result in a LOLE of 0.36 days/year, well above the standard 0.1 LOLE target). Based on these estimates, if weather conditions for

¹ EPA notes that extending the deadline to September 30, 2026, provides SRP with approximately 20 1/2 months to obtain alternative capacity, which is substantially less than SRP initially estimated it would take during the part A rulemaking (55 months), and is fully consistent with the average amount of time that EPA estimated would be necessary to obtain alternative capacity (30 months). See, 85 Fed. Reg. 53516, 53531, 53534 (August 28, 2020).

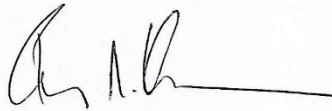
this summer are similar to those in 2020 or 2023, SRP would expect to have at least one day of insufficient operating reserves, during which SRP would need to implement rotating outages across its service territory.

Although SRP could theoretically purchase additional energy on the wholesale market, the currently available information indicates that SRP is unlikely to be able to obtain sufficient additional capacity over the summer months. PowerGem's reliability assessment shows that SRP would need to acquire 350 MW of firm capacity to have a resource adequate system for July through September for the hours of 2 pm to 10 pm. Based on the information available today, EPA considers that 350 MW of firm capacity during extreme peak demand periods in the summer is unlikely to be available either in 2025 or 2026 due to a combination of factors. These factors include insufficient generation in the broader area, and transmission line constraints in transferring power to the needed area: for example, SRP states that historically only 50 MW of capacity has been reliably available for purchase from other entities. This is a reasonable conclusion given that the entire Southwest region would also be peaking and therefore excess capacity available for purchase is likely to be limited. The assessment also shows an anticipated growth in demand going forward, which aligns with some of the North American Electric Reliability Corporation's regional assessments, all of which could contribute to potential strains under particular conditions or scenarios. At a high level, the potential strains indicate that the market is not likely to have an abundance of excess supply under all situations for SRP to be able to leverage in either the summer of 2025 or 2026 period.

EPA is committed to ensuring that the residents in the impacted service area have reliable, continuous access to electricity. We agree that this extension is needed, as well as aligning with EPA's efforts to restore American energy dominance while ensuring access to clean air, land, and water for every American. Thank you for your prompt analysis and EPA looks forward to continuing to work with the Salt River Project as it continues to provide for the essential and expanding power needs in your service area.

If you have any questions, please contact Andy Crossland of my staff, in the EPA's Office of Resource Conservation and Recovery at crossland.andy@epa.gov or 202-853-4459.

Sincerely,

A handwritten signature in black ink, appearing to read "B. N. Breen", with a long horizontal line extending to the right.

Barry N. Breen
Principal Deputy Assistant Administrator (PDAA)