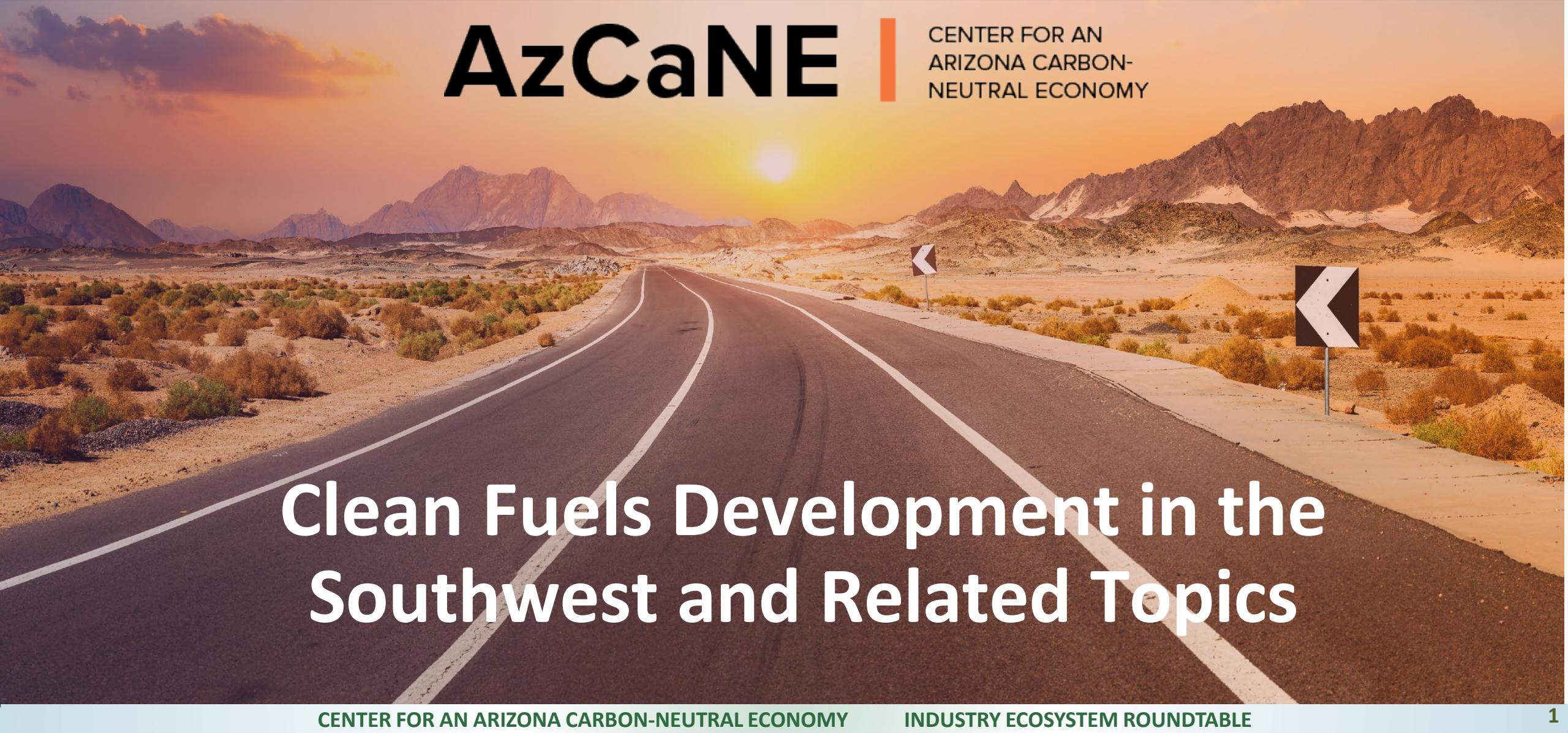


AzCaNE | CENTER FOR AN ARIZONA CARBON-NEUTRAL ECONOMY



Clean Fuels Development in the Southwest and Related Topics

ROUNDTABLE AGENDA 28 OCTOBER 2025

Short Round the Room Introductions

Name, Company, Where you sit in the value chain

Discussion Topic:

Energy Headlines Shaping Arizona's Future

— Gas, Storage, Policy, and Regional Momentum

Led by Neha Chhetri, Research Professional, AzCaNE

Roundtable Prompts

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In the spirit of **co-opetition**, the Industry Roundtable aims to build community and establish a shared understanding of challenges, opportunities, gaps, and needs for a **commercially viable clean hydrogen economy in the Southwest** and related means to achieve deep decarbonization

ROUNDTABLE AGENDA 28 OCTOBER 2025

Roundtable Prompts:

1. *How might Arizona's growing demand from data centers and new infrastructure projects influence the state's energy reliability and resource mix over the next decade?*
2. *In what ways could AZ Governor Hobbs' executive order on streamlining energy projects support more coordinated, inclusive, and transparent energy planning?*
3. *With new regional investments—from large-scale storage in southern Arizona to hydrogen development in Mexico—what partnerships or synergies could strengthen Arizona's clean-energy economy?*



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Tucson Electric Power



SOUTHWEST GAS



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Discussion Lead:

Neha Chhetri
Research Professional, AzCaNE

*Energy Headlines Shaping Arizona's Future
— Gas, Storage, Policy, and Regional Momentum*

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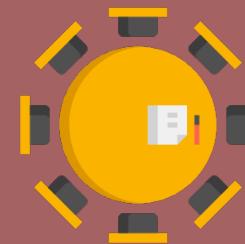


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Discussion Slides 28 October 2025

Presented by:
Neha Chhetri





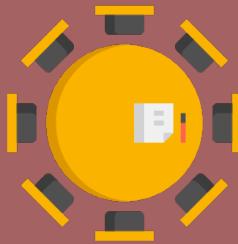
Arizona Utilities Sign Up For Gas Pipeline Project, Spurred by Data Center Development

- Arizona Public Service Co. and Salt River Project will buy capacity on Transwestern Pipeline's Desert Southwest expansion project, which aims to deliver natural gas from the Permian Basin in Texas to Arizona
 - ✓ ~\$5.3B; adds ~1.5 Bcf/d via 516 miles of 42-inch pipe; targeted late-2029 start
- APS, the project's anchor customer, will use gas from the pipeline for gas-fired power plants that will support planned data centers in the utility's service territory



Implications to discuss

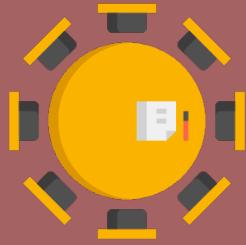
- All AZ interstate gas lines are fully subscribed
- APS expects ~\$7.3B in gas purchases over 25 years tied to the expansion



Governor Katie Hobbs Acts to Cut Red Tape, Unleash Arizona Energy, and Lower Energy Costs

- Governor Katie Hobbs signed an Executive Order Sep. 2025 to cut red tape directs the Arizona State Land Department to deliver a 30-day report to streamline and expedite energy-infrastructure development on state lands and active projects
- Establishes the **Arizona Energy Promise Taskforce** to plan for ~40% projected peak-demand growth over 15 years, expand the clean-energy economy, and streamline siting
- **In addition:** The EO directs agencies to produce an energy-affordability study; analyze transportation-fuel affordability and EV adoption; support energy-related businesses amid federal policy shifts; advance Tribal energy sovereignty; identify cost- and use-reduction measures





White House Cancels Nearly \$8B in Clean Energy Projects in Blue States

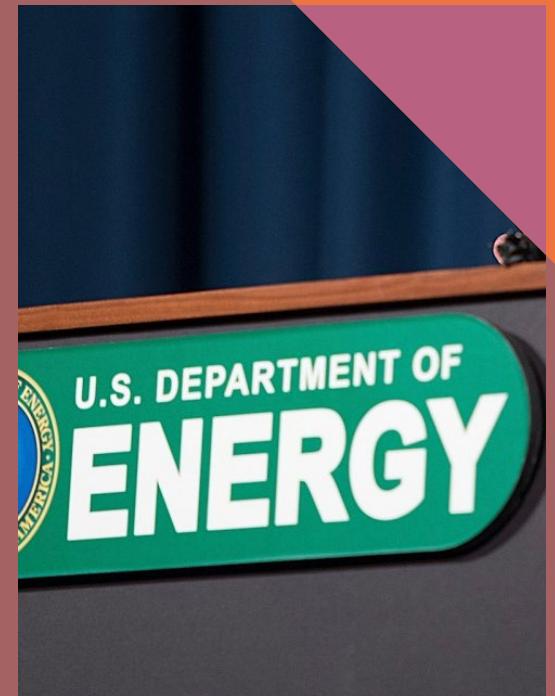
- White House canceled ~\$7.6B in clean-energy grants across 16 Democratic-led states

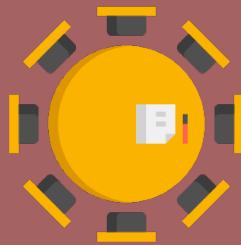
DOE rescinded 321 awards covering 223 projects spanning hydrogen hubs, grid upgrades, batteries, and carbon capture. California's ARCHES hub loses ~\$1.2B

- DOE says projects didn't provide sufficient returns to taxpayers and were part of a broader ~\$26B freeze; critics call it political targeting

- **Implications to discuss**

near-term hits to grid resilience and decarbonization timelines; risk to state/private co-funding; likely litigation and congressional pushback; several major grid projects already flagged as affected

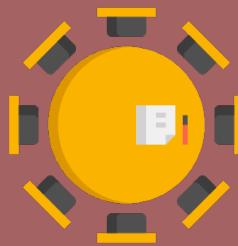




640 MWh of backup unleashed — Arizona's new project reaching new heights and opens a new era

- Torch Clean Energy is building a 160 MW / 640 MWh battery in Cochise County paired with two 80 MW solar parks, with a target start of 2027
 - ✓ Purpose: balance the grid and serve fast-growing local demand.
- The system uses U.S.-made enclosures, inverters, and thermal gear, positioning the solar-plus-storage plant to qualify for domestic-content tax credits
- **Implications to discuss**
adds a large, in-state, nearly dispatchable resource in the Southwest; integrates more solar with less curtailment; strengthens summer reliability as loads rise; and provides a repeatable template for future AZ solar-plus-storage

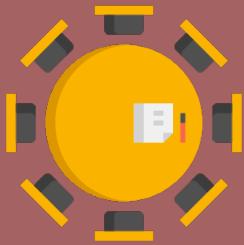




Energy storage market sees record growth in Q2

- The U.S. energy storage market experienced record growth in the second quarter adding 5.6 gigawatts (GW) of installations (4.9 GW in utility-scale)
- Homes added 608 MW, up 132% year over year, led by CA, AZ, and IL
 - ✓ Community/commercial added 38 MW (up 11%) mostly in CA and NY. The U.S. is on track for ~88 GW by 2029
- **Discussion:** New sourcing rules after 2025 could restrict tax credits and shave ~16.5 GW off the five-year buildout. 2027 utility-scale installs could dip ~10%
 - ✓ Expect a near-term rush to start projects; battery supply and permitting may still slow things; community storage likely stays under 1 GW without stronger incentives and less barriers





Mexico Moves Towards a Clean Energy Future With Hydrogen Plan



- Mexico opened its first green hydrogen plant a \$5.3M joint project with a Germany company
- The plant 500 m³ of hydrogen per day using solar and wind power, replacing fossil fuels in pharmaceutical glass production and cutting 100 tons of CO₂ annually
- **Implications for discussion**
shows near-border hydrogen technology scaling in central Mexico, signaling early regional supply chain growth that could extend north under USMCA clean-energy goals

End of Discussion Slides



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Thank you for your participation

Contact Information

Ellen B. Stechel

Executive Director, Center for an Arizona Carbon-Neutral Economy

Ellen.Stechel@asu.edu

cell: 505-400-4299

Connie Gardiola

Senior Project Manager, Center for an Arizona Carbon-Neutral Economy

Connie.Gardiola@asu.edu

480-965-0183