NextEra Energy Resources

Pinal Central Energy Center

July 26, 2017
Agenda

- Who is NextEra Energy?
- How do we develop a project?
- Permitting / Construction Plan
- Discussion Topics about the Project
NextEra Energy (NYSE: NEE) is comprised of two strong businesses

- One of the largest electric utilities in the nation by retail MWh sales
- Utility roots in Florida dating back to 1925

- Fortune 200 company ($65B market cap)\(^1\)
- 46,400 MW in operation\(^2\)
- $90.0B in total assets

- The global leader in electricity generated from the wind and sun
- Internally funded project development and construction

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1) As of June 9, 2017; Source: FactSet
2) Megawatts shown include megawatts sold to NEP
Note: All other data as of December 31, 2016
NextEra Energy Resources’ generation portfolio consists of a diverse set of technologies positioned in diverse regions across North America.

**Existing Generation Portfolio (1)**

1) As of December 31, 2016; excludes Spain solar project; including noncontrolling interest of NextEra Energy Partners assets.
NextEra has invested over $200 million in Arizona and is seeking to make additional investments.

**Arizona Projects**

- **Perrin Ranch Wind Energy Center**
  - 62 wind turbines totaling 99.2 MW under contract with Arizona Public Service
  - Located in Coconino County, AZ
  - Began commercial operations in 2012

- **Pima Storage Project**
  - 10 MW lithium ion battery storage project under contract with Tucson Electric Power
  - Located in Tucson, Arizona
  - Commercial operations in late 2016

- **High Lonesome Mesa Wind Energy Center**
  - 40 wind turbines totaling 100 MW under contract with Arizona Public Service
  - Located in New Mexico
  - Acquired by NextEra in 2016
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The Three Legged Stool of Development

Land – This is needed to build the project
Resource – This determines how much product will be created
Transmission – This is how you get your product to market

Don’t build the stool until you have someone to sit on it.
The project history started in 2014 and gained traction in 2016.

Pinal Central Energy Center Timeline

• NextEra started looking for land in the area in 2014 in response to requests for proposals
• Site moved to the top of the list for Arizona locations for development in early to mid 2016.
  – NextEra initiated the Comprehensive Plan Amendment (CPA) process in April 2016
  – P&Z Hearing for the CPA was September 15, 2016
  – Board of Supervisors hearing for the CPA was October 19, 2016
• NextEra continued to market the project to potential offtakers
  – Project was submitted to a Salt River Project (SRP) solicitation in September, 2016
  – Project was selected as the winner in December, 2016
  – Project signed a Power Purchase Agreement with SRP on April 14, 2017
The final proposal is for 20 MW of Solar combined with 10 MW of storage

Pinal Central Energy Center Final Proposal

• The project is being permitted and will be constructed as contracted
  – 20 MW of Solar Photovoltaic Panels
  – 10 MW / 4 Hour Battery
  – Expected completion in early to mid 2018

• The project will be built to fulfill the contract with SRP
  – No plans for expansion at this time
  – Any additional development will have to go through a new series of permits
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• Who is NextEra Energy?
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• Permitting / Construction Overview
• Discussion Topics about the Project
The Pinal Central Energy Center is working on obtaining all required permits before starting construction in late 2017.

**Permitting Overview**

- **Comprehensive Plan Amendment** – Completed October 2016
- **Zoning Change / Planned Area Development from Pinal County**
  - Application was made February 23, 2017
  - P&Z Hearing on June 15, 2017 (8-1 for rezone, 7-2 for PAD)
  - Board of Supervisors hearing July 26, 2017
- **Site Plan Review Process**
  - Pinal County will thoroughly review the design and engineering before issuing a building permit for construction
- **Certificate of Environmental Compatibility**
  - Permit for the Gen-Tie issued by the Arizona Corporation Commission on June 13, 2017
- **Bureau of Reclamation (BOR) / Bureau of Indian Affairs (BIA)**
  - BOR must issue a letter of consent to cross an existing BOR easement adjacent to Sunshine Boulevard with an overhead power line
  - BIA will review plan to cross existing BIA easement with overhead transmission
Construction Overview

• Panels
  – The project expects to install First Solar panels. First Solar is an Arizona based PV module manufacturer
  – Panels will be installed with a single axis tracker which tracks the sun from East to West
  – The solar panels will produce Direct Current (DC) power which will be collected mostly underground and routed to the inverters

• Inverters
  – The inverters are approximately the size of a shipping container
  – The inverters convert the DC power to Alternating Current (AC) power
  – The AC power is transmitted at 34.5 kV to the project substation
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Construction Overview

• **Project Substation**
  – Collects the 34.5 kV and converts the power to 230 kV
  – A short (.4 mile) power line will deliver the power at 230kV to the Pinal Central Sub

• **Battery Storage**
  – 10 MW / 4 Hr Tesla battery will be built adjacent to the project sub
  – Battery will be built in a modular fashion
  – Battery can discharge up to 40 MWh of energy
  – This is the first large scale solar and battery project to be completed by NextEra Energy
Integrating storage into solar projects allows for the most advanced renewable electric generation profile

**Benefits of Solar + Storage**

- Moves solar energy generated during the day to the afternoon/evening peak
- Reduces utility investment in new transmission lines and power plants
- Improves grid reliability

This graph shows the production of various types of renewable generation across the day.

System Peak Demand (MW) = 30,633
Time: 20:44

Source: GTM Research
Project Regional Overview

Sources

Project Features
- Project Site

Land Use
- Industrial Facility
- Industrial Facility/Use

Existing Utilities
- Power Plant
- Substation
- 500kV Transmission Line
- 230kV Transmission Line
- 115kV Transmission Line
- 69kV Transmission Line
- Pipeline
- Canal/Ditch

Regional Area Map

Pinal Central Power
Regional Industrial and Utility Facilities

October 2016
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SR-287 Frontage
Downtown Area – Coolidge, AZ
Walgreen’s – Coolidge, AZ
Circle K – Coolidge, AZ
NAPA Auto Parts – Coolidge, AZ
SR-287 Visual Impact Simulation

**Existing Condition**
View looking southwest from the intersection of State Route 287 and S. Sunshine Blvd.

**Simulated Condition**
View of Pinal Central Energy Center Project facilities; approximately 280 feet from the nearest proposed solar structure.

*This simulation and structure diagram are for illustrative purposes only. The project depicted in this simulation reflects preliminary siting information. Final locations will differ based on final engineering and design.*
Local Solar Project Financial Impacts

- **Construction Jobs**: 100-150

- **Permanent Jobs**: 5 total (3 direct, 2 indirect)
  - High paying wages

- **Capital Investment**: ~$50 million

- **First year property tax**: ~$260,000
Tesla Presentation
Appendix
Heat Island Effect

• **PV Heat Island Effect** article published October 13, 2016

• Article discusses local temperature increase as measured within large solar arrays

• Greg A. Barron-Gafford, the primary author of the article, is here to discuss the study, the results, and the actual expected impacts
Figure 4 from Published Article