

CAP Energy Strategy Scenarios

Scenario A – “Timing Energy Diversification”

Overview

The fundamental drivers in this scenario are the continued availability of the Navajo Generating Station but an associated increase in the prevailing attitudes in the population supporting environmentally-sustainable actions in water, energy and regional planning decisions, even if those actions increase rates.

Primary attributes

- The Navajo Generating Station remains available:
 - Congress/Executive branch rejects phasing out coal; pro-coal coalitions prevail

- Economy is good:
 - The three counties grow steadily
 - Consistent increases in property values occur
 - Strong governance of CAP and a consistent ability to repay all debts according to terms
 - Government support of artificially-low interest rates ceases and rates rise
 - Public perceives high value of CAP
 - High trust level in CAP governance exists
 - Low resistance to CAP rate increases

- Public increasingly views investments in sustainable energy as a positive:
 - Surveys show most Phoenix area residents believe environmental sustainability is a planning priority for the region
 - The public is willing to pay to diversify away from the Navajo Generating Station
 - Social responsibility levels are relatively high
 - Energy and water conservation achieve aggressive targets

Scenario B – “Continuity Reigns”

Overview

The fundamental drivers in this scenario are the continued availability of the Navajo Generating Station and general lack of support for any actions that increase energy rates, even where those actions might “improve the environment”.

Primary attributes

- The Navajo Generating Station is available:
 - Congress/Executive branch does not support phasing out coal
 - Divided government continues
- Economy remains sluggish:
 - Unemployment remains stubbornly high
 - Emphasis is on cheapest energy; environmental effects is secondary
 - Government support of artificially-low interest rates continues and rates remain low
 - Growing support for public/private partnerships
- Population growth remains essentially flat:
 - Retiring baby boomers continue to swell the ranks of the fixed income population
- Public trust in government remains near historic lows
- The public supports environmental sustainability but, given the economy, is not willing to pay to diversify away from the Navajo Generating Station:
 - Social responsibility levels are relatively low
 - Activist groups target elected officials that raise rates

Scenario C – “Balancing Act”

Overview

The fundamental drivers in this scenario are loss of the Navajo Generating Station and high levels of public support for investing in other diversified energy sources.

Primary attributes

- The Navajo Generating Station is unavailable:
 - Congress/Executive branch drive phasing out coal
 - Carbon tax is implemented that drives movement away from coal

- Economy is good:
 - The three counties grow steadily
 - Interest rates are rising
 - Unemployment is dropping
 - Property values are rising
 - Public perceives high value of CAP
 - Population growth continues

- Public trust in government is rising

- Quality of life issues in the CAP service area have received a lot of attention in the media (traffic, air quality, climate change, water reliability, etc.)

- The public is willing to pay to diversify away from the Navajo Generating Station:
 - Growing influence of environmentally oriented millennials who vote "green"
 - Social responsibility levels are relatively high
 - While the costs of losing coal are high, the cost of replacement energy sources is viewed as a necessary expense and sustainable

Scenario D – “Managing Expectations”

Overview

The fundamental drivers in this scenario are loss of the Navajo Generating Station and low levels of public support for investing in other diversified energy sources.

Primary attributes

- The Navajo Generating Station is unavailable due to regulatory action:
 - Congress/Executive branch drive phasing out coal
 - Carbon tax is implemented that drives movement away from coal;
- Population growth remains relatively flat:
 - Growth in population on fixed incomes occurs
- Energy usage in the CAP service area is rising as climate change drives higher cooling costs
- Economy remains sluggish:
 - Interest rates remain near historic lows
 - Housing is flat
 - Unemployment remains stubbornly high
 - Public is generally disgruntled
 - Fixed-income residents are struggling
- The public is NOT willing to pay to diversify away from the Navajo Generating Station:
 - Advocacy groups are actively targeting elected officials that increase water and energy rates
 - Water-intensive businesses are threatening to relocate
 - Social responsibility levels are relatively low