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ARIZONA · ELECTRIC UTILITIES · CAPITAL BRIEFING

Arizona's grid is being asked to grow 40% in six years. Your capital plan is where that happens.

Data centers and chip fabs are stacking gigawatts of new load onto a grid already setting heat records, while coal retires and the clean build-out accelerates. Each of those forces reshuffles the projects on your list. Invizion helps electric utilities re-sequence a capital portfolio in a click — and defend every decision.

+40%[2]	~10 GW[2]	$10.35B[5]	16.5%[3]
APS's projected peak-demand growth by 2031 — driven by data centers, fabs, and electrification.	Pending data-center interconnection requests at APS alone.	APS capital plan for 2025–2028.	Share of Arizona's electricity data centers could consume by 2030.

Last updated August 2026 · 16 sourced references

THE ARIZONA LANDSCAPE

Four forces are moving your project list at once

None of these is theoretical, and none of them waits for your next budget cycle. Together they mean the capital plan you approved last year may already be the wrong plan.

DEMAND — LOAD GROWTH

Gigawatts of new load, arriving fast

APS projects peak demand up roughly 40% by 2031 and reports about 10 GW of pending data-center interconnection requests[2] data centers alone could take 16.5% of Arizona's electricity by 2030.[3]

Add the TSMC and Intel fabs and their transmission needs[4] and every large new customer is a capacity commitment competing for the same capital.

RELIABILITY — HEAT & PEAKS

Record peaks, thinning margins

APS hit an all-time peak of 8,631 MW and SRP 8,542 MW in summer 2025, both above forecast.[1]

WECC warns the West could face energy shortfalls as early as 2028, and roughly 80% of the Southwest's planned additions are still "speculative" — so the reliability margin depends on projects landing on schedule.[6]

GENERATION — THE TRANSITION

Coal out, clean in — on a capital clock

APS retired the Cholla coal plant in 2025 and plans a 380 MW gas conversion by about 2029, alongside roughly 3.5 GW of new renewables by 2031.[7][2]

Arizona's generation coops are moving too — AEPCO's federal award funds 730 MW of solar and 2,910 MWh of storage and retires its remaining coal by 2027.[12]

CAPITAL — GRID & WILDFIRE

Modernize and harden, at the same time

APS is spending about $10.35 billion over 2025–2028 on grid expansion.[5] On top of growth, wildfire hardening in forested northern Arizona is now a funded program — DOE sent APS $70 million, $50 million of it for wildfire mitigation.[11]

New obligations don't replace the backlog. They stack on top of it, and something on the list has to move.

WHO RUNS ARIZONA'S GRID

Big investor-owned utilities, a large public power provider, and coops

Arizona's grid is carried by two ACC-regulated investor-owned utilities, the publicly governed Salt River Project, and generation-and-transmission cooperatives. The pressures are shared; the accountability path differs.

Investor-owned utilities

Rates & capital recovery regulated by the ACC

Arizona Public Service (APS)	~1.4M customers · statewide[8]
Tucson Electric Power (TEP)	458,000+ customers[9]
UNS Electric	Mohave / Santa Cruz (Fortis)

APS alone plans roughly $10.35 billion of capital over 2025–2028.[5]

Public power & cooperatives

Governed by boards & members, not ACC rates

Salt River Project (SRP)	~1.1M customers · elected board[10]
Arizona G&T Cooperatives (AEPCO)	Wholesale to 40 member utilities[12]
Trico, Mohave, Graham County	Distribution cooperatives

Every capital dollar has to be defensible

Whether you answer to the Corporation Commission or an elected board, the question is the same: why this project, why now, why at this cost?

- **Arizona Corporation Commission (ACC)** regulates rates, capital recovery, and Integrated Resource Plans for APS and TEP[13]
- **APS's 2025 rate case** seeks roughly a $694 million revenue increase at a 10.70% requested ROE, with a decision expected around late 2026 — approvals are not a formality.[14]
- **TEP's 2023 case** landed near a 10% residential increase at a 9.55% ROE — below what was requested.[15]
- **SRP** sets its own rates through an elected board — public capital decisions made in front of customers.[10]

The money is moving — can your plan absorb it?

Arizona utilities have more grid capital available than they've had in a generation. The constraint is readiness: which projects qualify, which are shovel-ready, and how the timing lines up.

- **DOE GRIP: $70M to APS** (2024) — $50M for wildfire mitigation, $20M for smart-grid resilience.[11]
- **$15.6M in state Grid Resilience formula grants** (2025) for undergrounding, microgrids, and grid hardening.[16]
- **USDA New ERA: $485M to AEPCO** for 730 MW of solar and 2,910 MWh of storage, retiring coal by 2027.[12]
- **IRA direct-pay tax credits** put utility-scale solar and storage in reach for public power and coops like SRP and AEPCO.

ARIZONA'S GRID, IN BRIEF

Questions Arizona utility leaders are asking

Short, sourced answers — the same facts we dig into with utilities looking at their capital programs.

How fast is Arizona's electricity demand growing?

APS projects peak demand up roughly 40% by 2031 and reports about 10 GW of pending data-center interconnection requests; data centers alone could consume 16.5% of Arizona's electricity by 2030[2][3]

What's happening to Arizona's coal plants?

The Cholla plant retired in 2025 (with a planned gas conversion by ~2029) and Navajo Generating Station closed in 2019; Arizona's generation coop AEPCO plans to retire its remaining coal by 2027 under a federal clean-energy award[7][12]

Does the Corporation Commission set my utility's rates?

The ACC regulates rates and resource plans for investor-owned utilities such as APS and TEP. Salt River Project is publicly governed and sets its own rates through an elected board.[1][3]

What grid funding is available in Arizona?

DOE sent APS $70 million in GRIP funding, the state is distributing $15.6 million in Grid Resilience formula grants, and AEPCO won a $485 million USDA New ERA award for solar and storage.[11][16][12]

Can the grid keep up with the heat?

APS and SRP both set all-time peaks above forecast in 2025, and WECC warns of possible Western shortfalls by 2028 — part of why APS is investing about $10.35 billion over 2025–2028.[16][5]

How does Invizion help Arizona electric utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. It lets you model how a load surge, a grant, or a retirement date reshuffles your whole project list, re-sequence the portfolio automatically, and keep a defensible record of every decision for the ACC or your board.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

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ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →

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