

SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

STRATEGIC PLANNING COMMITTEE

Thursday, February 8, 2024, 9:30 AM

**SRP Administration Building
1500 N. Mill Avenue, Tempe, AZ 85288**

Committee Members: Anda McAfee, Chairman; Paul Rovey, Vice Chairman; and Kevin Johnson, Kathy Mohr-Almeida, Krista O'Brien, Mark Pace, Larry Rovey, Stephen Williams

Call to Order
Roll Call

- 1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item CHAIRMAN ANDA McAFEE

- Request for approval of the minutes for the meeting of November 13, 2023

- 2. SRP 2050 Strategic Vision..... TOM COOPER

Request for approval of the key elements of the SRP 2050 Strategic Vision, including the mission statement, vision statement, and high-level strategic themes resulting from SRP’s process to establish a strategic vision for 2050.

- 3. SRP 2035 Corporate Goals and SRP 2035 Sustainability Goals TOM COOPER, KAITLYN LIBBY, and BOBBY OLSEN

Request for approval of updates to the SRP 2035 Corporate Goals, including the SRP 2035 Sustainability Goals.

- 4. Report on Current Events by the General Manager and Chief Executive Officer or Designees JIM PRATT

- 5. Future Agenda Topics..... CHAIRMAN ANDA McAFEE

The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary’s Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.



MINUTES
STRATEGIC PLANNING COMMITTEE MEETING

DRAFT

November 13, 2023

A meeting of the Strategic Planning Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 9:30 a.m. on Monday, November 13, 2023, from the Hoopes Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were A.G. McAfee, Chairman; P.E. Rovey, Vice Chairman; and M.V. Pace, L.D. Rovey, and S.H. Williams.

Committee Members absent at roll call were K.J. Johnson, K.L. Mohr-Almeida, and K.H. O'Brien.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.C. Arnett, N.R. Brown, M.J. Herrera, J.M. White Jr., L.C. Williams, and K.B. Woods; Council Vice Chairman R.J. Shelton; Council Liaison T.S. Naylor; Mmes. I.R. Avalos, A.N. Bond-Simpson, L.G. Harrison, L.F. Hobaica, K.B. Kochenderfer, K.M. Libby, G.A. Mingura, K.S. Ramaley, and C.M. Sifuentes; and Messrs. T. Cooper, A.C. Davis, J.M. Felty, B.C. Heath, K.J. Lee, A.J. McSheffrey, M.S. Mendonca, A.V. Mirabito, M.J. O'Connor, B.A. Olsen, J.M. Pratt, R.R. Taylor, and K.J. Tilghman.

In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary's Office had posted a notice and agenda of the Strategic Planning Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Friday, November 10, 2023.

Chairman A.G. McAfee called the meeting to order.

Consent Agenda

Chairman A.G. McAfee requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member S.H. Williams and seconded by Board Member M.V. Pace, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Strategic Planning Committee meeting on September 14, 2023, as presented

Corporate Secretary J.M. Felty polled the Committee Members on Board Member S.H. Williams' motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members A.G. McAfee, Chairman; P.E. Rovey, Vice Chairman; and M.V. Pace, L.D. Rovey, and S.H. Williams	(5)
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members K.J. Johnson, K.L. Mohr-Almeida, and K.H. O'Brien	(3)

SRP 2035 Sustainability Goal Update Process

Using a PowerPoint presentation, Leah G. Harrison, SRP Manager of Sustainability Policy and Programs, stated that the purpose of the presentation was to provide information regarding the SRP 2035 sustainability goal update process to share stakeholder input received on topics discussed to-date as well as next steps in the process. She reminded the Committee of the following 2035 sustainability goal pillars: carbon emissions reductions; water resiliency; supply chain and waste reduction; customer and grid enablement; and customer, community, and employee engagement.

Ms. L.G. Harrison provided a schedule regarding the engagement of the advisory group from October 2023 through Spring 2024. She explained how the timelines among the Integrated System Planning (ISP), SRP's 2035 sustainability goals, and SRP's 2050 strategic vision correspond.

Ms. L.G. Harrison provided a list of the participating members of the advisory group, along with survey results of their top ten sustainability goals prioritized for discussion. She provided updates on the following goals: Facilities Water, Water Storage, Lost and Unaccounted for Water, Water Conservation, Forest Restoration, Supply Chain, and Municipal and Industrial Waste. Ms. L.G. Harrison introduced Angie N. Bond-Simpson, SRP Senior Director of Resource Management.

Continuing, Ms. A.N. Bond-Simpson provided an update on the Generation Carbon goal and an ISP analysis regarding generation carbon reduction. She introduced Brian C. Heath, SRP Senior Director of Facilities and Mechanical Construction and Maintenance.

Mr. B.C. Heath provided an update regarding carbon reduction from facilities. He introduced Kate B. Kochenderfer, SRP Senior Director of Supply Chain, Transportation, and Flight Services.

Continuing, Ms. K.B. Kochenderfer provided an update regarding fleet carbon reduction. She introduced Kyle J. Tilghman, SRP Director of Water Strategy.

Mr. K.J. Tilghman provided an update regarding generation groundwater use in Active Management Areas (AMAs) and generation fleet-wide water reduction.

Ms. L.G. Harrison concluded with a discussion of next steps.

Mmes. A.N. Bond-Simpson, L.G. Harrison, and K.B. Kochenderfer; and Messrs. B.C. Heath and K.J. Tilghman responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member K.B. Woods left the meeting during the presentation. Board Member R.J. Miller; Mmes. A.P. Chabrier and L.A. Meyers; and Messrs. J.D. Coggins and R.T. Judd entered the meeting during the presentation.

SRP Greenhouse Gas Reporting Protocols Overview

Using a PowerPoint presentation, Tom Cooper, SRP Senior Director of Future System Assets and Strategy, stated that the purpose of the presentation was to provide information regarding an overview of the greenhouse gas (GHG) reporting protocols that SRP follows for reporting the organization's Scope 1, 2, and 3 emissions.

Mr. T. Cooper defined GHG emissions scopes as a framework for classifying where emissions arise from across a company's value chain which enables companies to understand emissions across the entire value chain to identify the reduction opportunities. He said that relevant GHG scoping protocols are based on the World Resources Institute – The Greenhouse Gas Protocol and The Climate Registry – Electric Power Sector Protocol for the Voluntary Reporting Program.

Mr. T. Cooper detailed the GHG emission scopes as follows: Scope 1 – Emissions from company-owned or controlled assets; Scope 2 – Emissions from electricity purchased and consumed in company operations; and Scope 3 – Emissions upstream and downstream of direct company operations.

Next, Ms. L.G. Harrison provided examples of SRP's GHG Scopes 1 – 3 with respect to electricity and SRP operations. She concluded with a discussion of GHG emissions reporting purposes and benefits.

Ms. L.G. Harrison and Mr. T. Cooper responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Board Member L.C. Williams; Mmes. A.N. Bond-Simpson and K.B. Kochenderfer; and Messrs. B.C. Heath, K.J. Tilghman, and M.S. Mendonca left the meeting during the presentation.

SRP 2050 Strategic Vision Update

Using a PowerPoint presentation, Kaitlyn M. Libby, SRP Manager of Strategic Planning, stated that the purpose of the presentation was to provide the status of SRP's development of a strategic vision for 2050.

Ms. K.M. Libby discussed the role of SRP's 2050 strategic vision. She defined SRP's mission as follows: "SRP serves our customers and communities by providing reliable, affordable, and sustainable water and energy."

Ms. K.M. Libby stated that framing the vision for the future includes the following choices: customer experience/services; cost focus/affordability; community engagement; water management; power generation/grid; and technology pacing. She said that key elements of SRP's vision include empowering its customers through modern systems and grid and building thriving communities.

Ms. K.M. Libby concluded with a discussion of next steps and upcoming request for approval. She responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary's Office and, by reference, made a part of these minutes.

Mmes. L.G. Harrison and K.S. Ramaley; and Mr. A.V. Mirabito left the meeting during the presentation.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

Jim Pratt, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

Future Agenda Topics

Chairman A.G. McAfee asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Strategic Planning Committee, the meeting adjourned at 11:32 a.m.

Lora F. Hobaica
Assistant Corporate Secretary

2050 Strategic Vision

Strategic Planning Committee

Tom Cooper, Senior Director of Future System Assets & Strategy

February 8, 2024

Defining and Understanding Mission and Vision

- Our **mission** is our reason for being. It is what we do.
- Our **vision** conveys a succinct story of our desired future impact through the lens of our customers and communities

Combined, they articulate **what we do** and **why we do it** to inspire employees and enhance our connection to our communities.

2050 Strategic Vision Framework

SRP
Mission 


2050 Vision and
Associated Themes



2035 Corporate
Goals

2050 Strategic Vision Framework

Approval Requested in This Presentation

SRP
Mission 


2050 Vision and
Associated Themes



2035 Corporate
Goals

2050 Strategic Vision Framework

SRP
Mission 

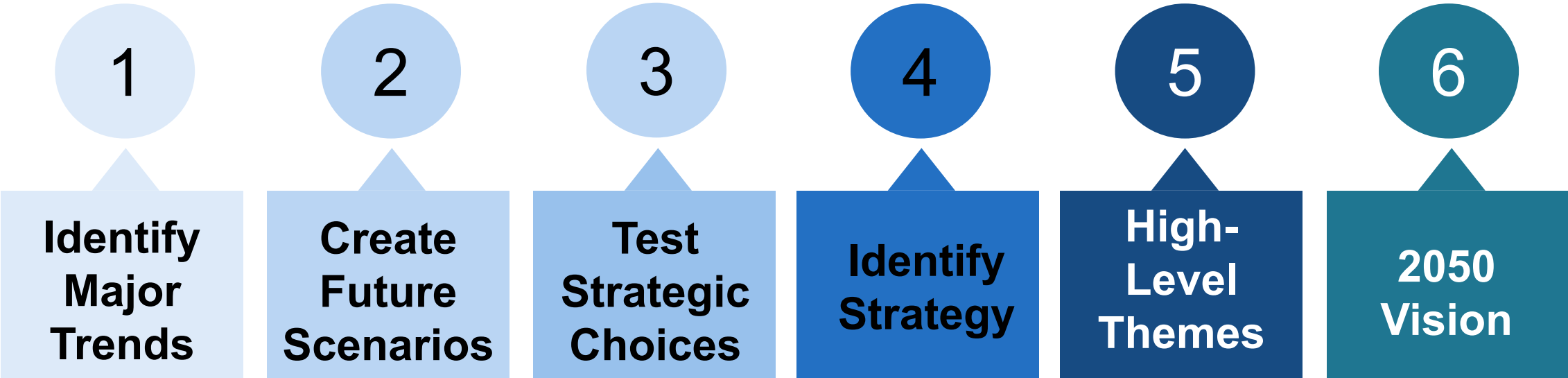

2050 Vision and
Associated Themes



2035 Corporate
Goals

Approval Requested in Next Presentation


2050 Strategic Vision Process and Timeline




June 8: Strategic Planning Committee Update


Sept 14: Strategic Planning Committee Update


Nov 13: Strategic Planning Committee Update


Feb 8: Strategic Planning Committee Approval Request

Our Mission



SRP serves our **customers** and **communities** by providing reliable, affordable and sustainable **water** and **energy**

Envisioning 2050



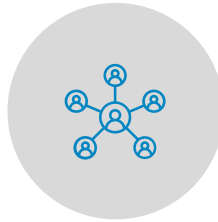
FRAMING THE VISION: FUTURE-FOCUSED TRADEOFFS



CUSTOMER
EXPERIENCE /
SERVICES



COST FOCUS /
AFFORDABILITY



COMMUNITY
ENGAGEMENT



WATER
MANAGEMENT



POWER
GENERATION /
GRID



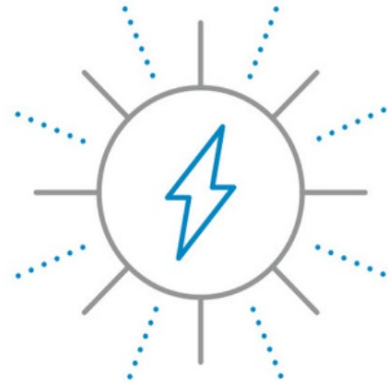
TECHNOLOGY
PACING

High-Level Strategic Themes



Secure Water

Net-Zero, Resilient Power



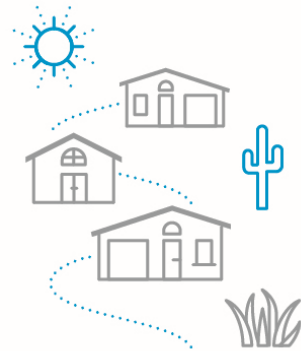
- Serve as a regional leader in water infrastructure and strategic water policy partner.
- Deliver net-zero carbon power across a resilient, regionally connected grid, preserving affordability and reliability.

High-Level Strategic Themes



Empowered Customers

Thriving Communities



- Provide effortless, personalized customer products, services, and communications supported by modern systems and a dynamic grid.
- Intentionally and meaningfully engage in and partner with our communities.

Mission

SRP serves our customers and communities by providing reliable, affordable and sustainable water and energy.



2050 Vision

A secure water and clean energy future empowers Arizona to thrive for generations to come.

Recommendation

Management requests that the Strategic Planning Committee recommend that the Board approve the 2050 Strategic Vision including the mission statement, 2050 vision statement, and high-level strategic themes.

thank you!

2050 STRATEGIC VISION

(A pre-read for the February 8, 2024 Strategic Planning Committee
Presentation titled: 2050 Strategic Vision Request for Approval)



Introduction and Background: Since June 2023, a cross-functional team across SRP has been working to extend its strategic vision beyond 2035 to 2050. Having a clear, long-term vision out to 2050 positions SRP for continued success by ensuring SRP is set up to fulfill its mission, now and in the future, amid ongoing and significant change. As a utility, SRP makes significant decisions and investments that span decades, and it's important SRP has a line of sight to guide those decisions and ensure they're the right ones for current and future customers. To develop the 2050 Strategic Vision, SRP, with the support of third-party strategy consultant Boston Consulting Group, developed and contemplated multiple different 2050 futures. Next, the team evaluated how different strategic choices would perform within those futures to ultimately identify which strategic choices would prove most successful and resilient across a variety of possible futures. Those strategic choices form the basis for SRP's 2050 Strategic Vision.

To support a future approval recommendation, five informational updates have been provided to the Strategic Planning Committee to seek input and address questions:

- September 15, 2022: Informational presentation introducing the concept of developing a vision for 2050
- February 9, 2023: Informational update provided regarding the 2050 vision process timing
- June 8, 2023: Informational presentation of the process and timeline to develop the 2050 Strategic Vision
- September 14, 2023: Informational presentation sharing an update on the development of the 2050 Strategic Vision and high-level themes emerging from the work
- November 13, 2023: Informational presentation sharing more detail on the major themes of the 2050 Strategic Vision

Management Recommendation: Management will request that the Strategic Planning Committee recommend for Board approval the following high-level strategic themes of the 2050 Strategic Vision:

- **Empowered Customers:** Provide effortless, personalized customer products, services, and communications supported by modern systems and a dynamic grid.
- **Net-zero, Resilient Power:** Deliver net-zero carbon power across a resilient, regionally connected grid, preserving affordability and reliability.
- **Secure Water:** Serve as a regional leader in water infrastructure and strategic water policy partner.
- **Thriving Communities:** Intentionally and meaningfully engage in and partner with our communities.

Management will also seek the Committee's recommendation that the Board approve the following mission and vision statements.

Mission Statement: "SRP serves our customers and communities by providing reliable, affordable and sustainable water and energy."

Vision Statement: "A secure water and clean energy future empowers Arizona to thrive for generations to come."

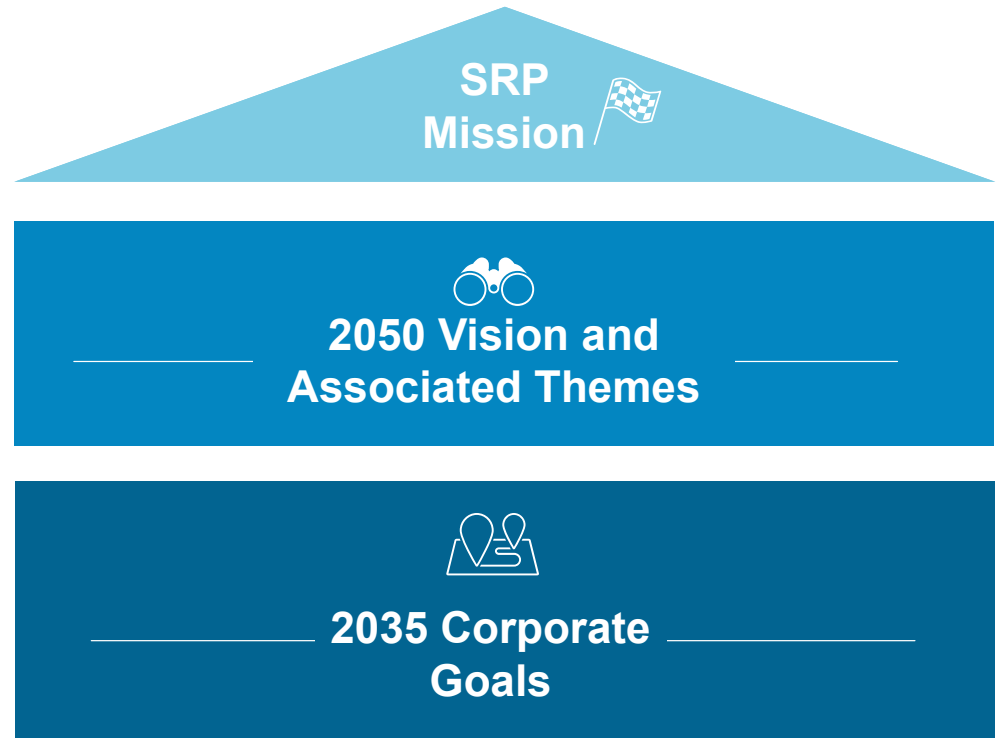
2035 Corporate Goals (Including the Sustainability Goals) Request for Approval

Strategic Planning Committee

Tom Cooper, Kaitlyn Libby, and Bobby Olsen | February 8, 2024

2050 Strategic Vision Framework

02/08/2024 Strategic Planning Committee, T. Cooper



2050 Strategic Vision Framework

02/08/2024 Strategic Planning Committee, T. Cooper



2035 Corporate Goals - Key Updates

1

**Aligned to
Mission and
2050 Vision**

2

**Clarified Role
of Reliability**

3

**Simplified
Goal Structure**

4

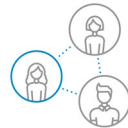
**Updated 2035
Sustainability
Goals**

STRATEGIC DIRECTIONS

Framework aligned with SRP's mission to serve our customers and communities by providing reliable, affordable and sustainable water and energy.



CUSTOMERS Understand value from our customers' perspective and continually improve their experience with us to meet their evolving expectations



COMMUNITY Be a collaborative community partner and thought leader on issues at the heart of SRP's mission



RELIABILITY Invest in the long-term resilience, flexibility and security of our water and power systems



AFFORDABILITY Ensure continued affordability of the water and power we deliver by maintaining SRP's strong financial health and increasing our financial flexibility



SUSTAINABILITY Embed sustainable principles and practices in all that we do to create a lasting, positive social and environmental impact



WORKFORCE Further develop an engaged and future-ready workforce that reflects and embraces the diverse backgrounds and perspectives of our communities



CUSTOMERS

Understand value from our customers' perspective and continually improve their experience with us to meet their evolving expectations.



2035 Goals

1

Continue to deepen our understanding of customers' needs, wants and aspirations and ensure our methods to measure their satisfaction and experience with us remain meaningful and actionable.

2

Personalize and continually evolve the customer experience by providing segment-specific products, services, and communications that enable them to meet their unique water- and power-related goals.



2035 Targets

Customer satisfaction increase (from 2019)

10%

*Dispatchable demand response

300 MW

SRP Brand Health Index Score

≥65

*Enablement of customer-sided resources, without technical constraints

100%

*Energy savings from energy efficiency, annual aggregate

4M MWh

*J.D. Power Sustainability Index Score

Above Avg.

*Energy savings from non-EV electrification, annual aggregate

320k MWh

*Managed EV charging

90%

* Represent 2035 Sustainability Goals



COMMUNITY

Be a collaborative community partner and thought leader on issues at the heart of SRP's mission.



2035 Goals

- 1 Proactively partner with communities and tribal nations on economic development initiatives and also on programs related to water, energy and sustainability.
- 2 Be a positive presence and partner in our communities through meaningful engagement, targeted outreach, corporate contributions, educational programs and employee giving.
- 3 Hold key positions at relevant regional, industry and community organizations and demonstrate leadership to shape and implement water- and energy-related decisions and solutions.



2035 Targets

SRP Community Index Score

≥62

**Gallons of water conserved through partnership*

5B

**Total acres of forest thinned through partnership*

800k



RELIABILITY

Invest in the long-term resilience, flexibility and security of our water and power systems.



2035 Goals

- 1 Maintain high levels of power quality and reliability to ensure customers experience minimal disruptions to the power they depend on.
- 2 Participate in coalitions and industry partnerships to conduct research and demonstration projects that support and prepare SRP for the deployment of emerging technologies and infrastructure.
- 3 Manage and deliver a reliable water supply that serves the needs of shareholders.
- 4 Serve as a regional water infrastructure leader and strategic water recovery partner to ensure a resilient and sustainable water supply for our shareholders and customers and to address local and state water challenges.



2035 Targets

Per acre water allocation and storage

2.5 AF
2 AF

**Water supplies stored underground*

1M
AF

Average customer power interruption compared to peers

Top
10

** Represent 2035 Sustainability Goals*



AFFORDABILITY

Ensure continued affordability of the water and power we deliver by maintaining SRP's strong financial health and increasing our financial flexibility.



2035 Goals

- 1 Maintain a strong yet flexible financial position as measured by SRP's key financial indicators and credit ratings.
- 2 Shape and participate in regional Western electric markets that provide value for SRP and our customers.



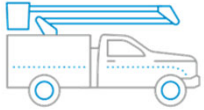
2035 Targets

Lowest quartile retail electric prices, on average, in the region

≤ 25%

Credit rating, as compared to other large public power utilities.

Top 25%



WORKFORCE

Further develop an engaged and future-ready workforce that reflects and embraces the diverse backgrounds and perspectives of our communities.



2035 Goals

- 1 Continually improve SRP's safety culture and performance with the aspirational goal of zero incidents.
- 2 Attract, develop and retain a high-performing workforce with the range of skills and competencies necessary to be successful in a dynamic environment.
- 3 Maintain and foster a strong company culture that embeds diversity and inclusion across the organization and inspires an engaged, innovative and committed workforce to achieve SRP's mission.



2035 Targets

Safety culture ranking, as benchmarked against appropriate industries

Top 10%

Employee engagement, as benchmarked against industry high-performers

Above Avg.



SUSTAINABILITY

Embed sustainable principles and practices in all that we do to create a lasting, positive social and environmental impact.



2035 Goals

1

Take meaningful action to address climate change and our environmental impact by reducing carbon emissions, managing water use, and implementing sustainable practices across our operations.

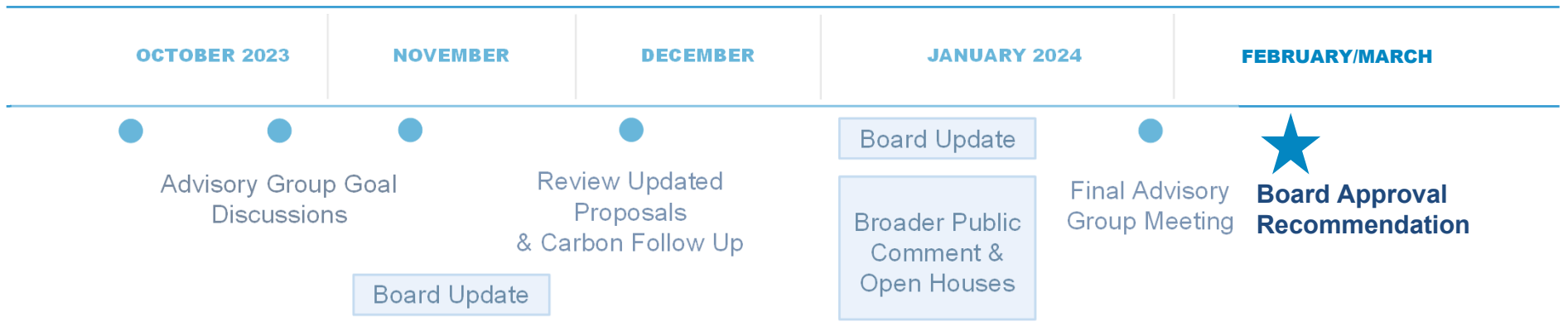


2035 Targets

*Reduction of CO ₂ emitted per MWh of generation	82%	*Power generation groundwater use in AMAs	0
*Carbon emissions reduction from facilities, mass basis	45%	*Generation-related water use intensity reduction	30%
*Carbon emissions reduction from fleet, mass basis	30%	*Sustainability criteria incorporated into sourcing decisions and pre-qualification requirements	100%
*Water use reduction at facilities, mass basis	45%	*Municipal solid waste diverted	75%
*Electric vehicle adoption supported within service territory	1M	*Nonhazardous industrial solid waste sent to Investment Recovery	95%

2035 Sustainability Goals

2035 Sustainability Advisory Group Engagement Schedule



Key Advisory Group (AG) Feedback:

- Some appreciated SRP's recommended update to the Generation Carbon Goal and the challenge of balancing this goal with other SRP obligations
- Some recommend a more aggressive and/or mass-based Generation Carbon Goal
- AG members appreciated SRP's goal revisions in response to their input on several goals (Facilities Carbon, Transportation Electrification, and Forest Restoration)

Open House & Public Comment – Key Feedback Themes

Overall, open house attendees appreciated the opportunity to provide feedback and learn more from SRP experts.

Primary areas of positive sentiment from public comment:

- Praise for the goals and input opportunity
- SRP's planning for the future and growth
- Focus on water resiliency
- Enablement of and investment in electric vehicles and other new technologies

Primary areas of negative sentiment from public comment:

- Distrust surrounding renewable energy/reliability concerns
- Concerns about affordability
- Calls for revised carbon goals (more and less aggressive)
- Public comments included other topics outside the scope of the goal updates like affordable and accessible solar power

Summary of Proposed Changes

14

Goals to
revise



4

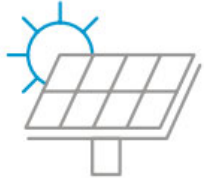
Goals to
maintain



2

Goals to
retire

Progress reports for goals in effect ending FY23 are available at
SRP.net/2035



1. CARBON EMISSIONS REDUCTIONS

1.2 Facilities Carbon

Current Goal:

1.2 Reduce carbon emissions from facilities by 30% on a mass basis

Proposed Goal Revisions:

1.2 Reduce carbon emissions from facilities by 45% on a mass basis **from 2016 baseline**

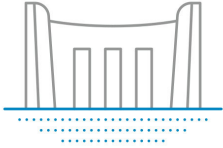
1.3 Transportation Fleet Carbon

Current Goal:

1.3 Reduce carbon emissions from fleet by 30% on a mass basis

Proposed Goal Revisions:

1.3 Reduce carbon emissions from fleet by 30% on a mass basis **from 2016 baseline**



2. WATER RESILIENCY

2.1 Facilities Water

Current Goal:

2.1 Reduce water use at SRP facilities by 45% on a mass basis

Proposed Goal Revisions:

2.1 Reduce water use at SRP facilities by 45% on a mass basis **from 2016 baseline**

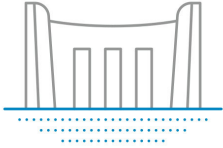
2.2 Lost and Unaccounted for Water

Current Goal:

2.2 Achieve lost and unaccounted for water rate of less than 5% on a 10-year rolling average

Proposed Goal Revisions:

2.2 Retire goal



2. WATER RESILIENCY

2.3 Generation Groundwater

Current Goal:

2.3 Eliminate or offset power generation groundwater use in Active Management Areas (AMAs)

Proposed Goal Revisions:

2.3 Maintain Current Goal

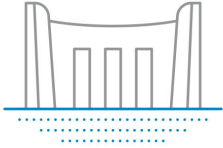
2.4 Generation Fleetwide Water

Current Goal:

2.4 Achieve 20% reduction in generation-related water use intensity across all water types

Proposed Goal Revisions:

2.4 Achieve **30%** reduction in generation-related water use intensity across all water types **from 2005 baseline**



2. WATER RESILIENCY

2.5 Water Storage

Current Goal:

2.5 Store 1 million acre-feet of water supplies underground

Proposed Goal Revisions:

2.5 Lead efforts in water storage and drought resiliency by storing **at least** 1 million acre-feet of water supplies underground and pursuing the long-term viability of increasing beneficial use during flood events by up to **100,000 acre-feet**.

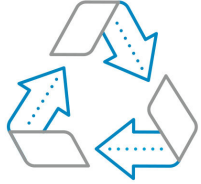
2.6 Community Water Conservation

Current Goal:

2.6 In partnership with Valley cities, support municipal water conservation goal achievements by creating and executing programs to identify 5 billion gallons (~15,300 acre-feet) of potential water conservation by 2035

Proposed Goal Revisions:

2.6 Achieve 5 billion gallons (~15,300 acre-feet) of water conservation by 2035 through partnership.



3. SUPPLY CHAIN & WASTE REDUCTION

3.1 Supply Chain

Current Goal:

3.1 Incorporate sustainability criteria into sourcing decisions for 100% of managed spend

Proposed Goal Revisions:

3.1 Incorporate sustainability criteria into sourcing decisions for 100% of managed spend* **and integrate sustainability criteria into the supplier pre-qualification requirements for 100% of SRP suppliers**

*Defined as spend managed by SRP's Purchasing Services

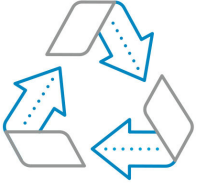
3.2 Municipal Waste

Current Goal:

3.2 Divert 75% of municipal solid waste by 2035
2050 target: Divert 100% of municipal solid waste

Proposed Goal Revisions:

3.2 Maintain Current Goal



3. SUPPLY CHAIN & WASTE REDUCTION

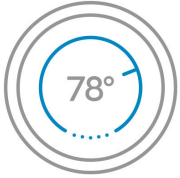
3.3 Industrial Waste

Current Goal:

3.3 Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery

Proposed Goal Revisions:

3.3 Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery; **100% by 2050**



4. CUSTOMER & GRID ENABLEMENT

4.1 Energy Efficiency

Current Goal:

4.1 Deliver over 3 million MWh of annual aggregate energy savings

Proposed Goal Revisions :

4.1 Deliver over **4 million** MWh of annual aggregate energy savings

4.2 Demand Response (DR)

Current Goal:

4.2 Deliver at least 300 MW of dispatchable DR and load management programs

Proposed Goal Revisions:

4.2 **Maintain Current Goal**



4. CUSTOMER & GRID ENABLEMENT

4.3 Transportation Electrification

Current Goal:

4.3 Support the enablement of 500,000 electric vehicles (EVs) in SRP's service territory and manage 90% of EV charging through price plans, dispatchable load management, OEM integration, connected smart homes, behavioral and other emerging programs

Proposed Goal Revisions:

4.3 Support adoption of **1 million*** electric vehicles (EVs) in SRP's service territory and manage 90% of EV charging

*As forecasted by 3rd party industry consultants

4.4 Electric Technologies

Current Goal:

4.4 Expand portfolio of Electric Technology (non-EVs) programs to deliver 300,000 MWh of annual aggregate energy impact

Proposed Goal Revisions:

4.4 Expand portfolio of electric technology (non-EV) programs to deliver **320,000** MWh of annual aggregate energy impact



4. CUSTOMER & GRID ENABLEMENT

4.5 Grid Enablement

Current Goal:

4.5 Enable the interconnection of all customer-sided resources, including solar photovoltaic (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction

Proposed Goal Revisions:

4.5 Maintain Current Goal



5. CUSTOMER, COMMUNITY & EMPLOYEE ENGAGEMENT

5.1 Customer Sustainability *Sentiment Rating*

Current Goal:

5.1 Achieve at least 80% of customers who give SRP a positive rating for its sustainability efforts

Proposed Goal Revisions:

5.1 Maintain **above industry average** in performance in the J.D. Power Sustainability Index

5.2 Employee Engagement

Current Goal:

5.2 Engage 100% of employees in efforts that contribute to SRP's sustainability goals

Proposed Goal Revisions:

5.2 Remove 5.2 as separate goal



5. CUSTOMER, COMMUNITY & EMPLOYEE ENGAGEMENT

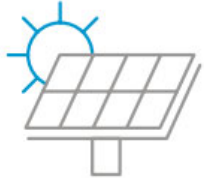
5.3 Forest Restoration

Current Goal:

5.3 Increase SRP's leadership role in forest restoration treatments through partnerships, influence, education and support for industry to thin 50,000 acres per year or 500,000 acres total

Proposed Goal Revisions:

5.3 Increase SRP's leadership role in forest restoration treatments through partnerships, influence, education and support for industry to thin **800,000** acres total by 2035



1. CARBON EMISSIONS REDUCTIONS

1.1 Generation Carbon (for retail energy)

Current Goal:

1.1 Reduce the amount of CO₂ emitted by generation (per MWh) by 65% from 2005 levels by 2035 (~550 lbs/MWh)

2050 Target: 90% intensity reduction from 2005

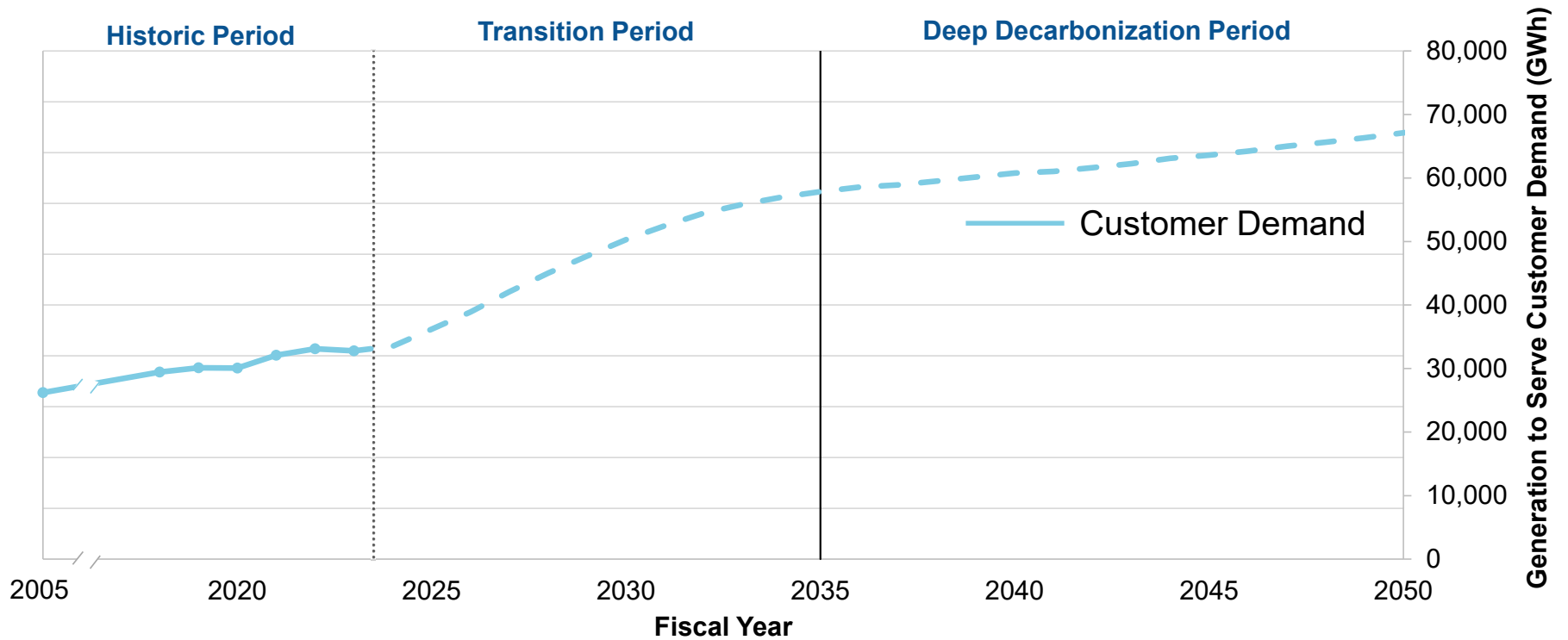
Proposed Goal Revisions:

1.1 Reduce the amount of CO₂ emitted by generation (per MWh) by **82%** from 2005 levels by 2035 (~284 lbs/MWh)

2050 Goal: **Net-zero** carbon emissions

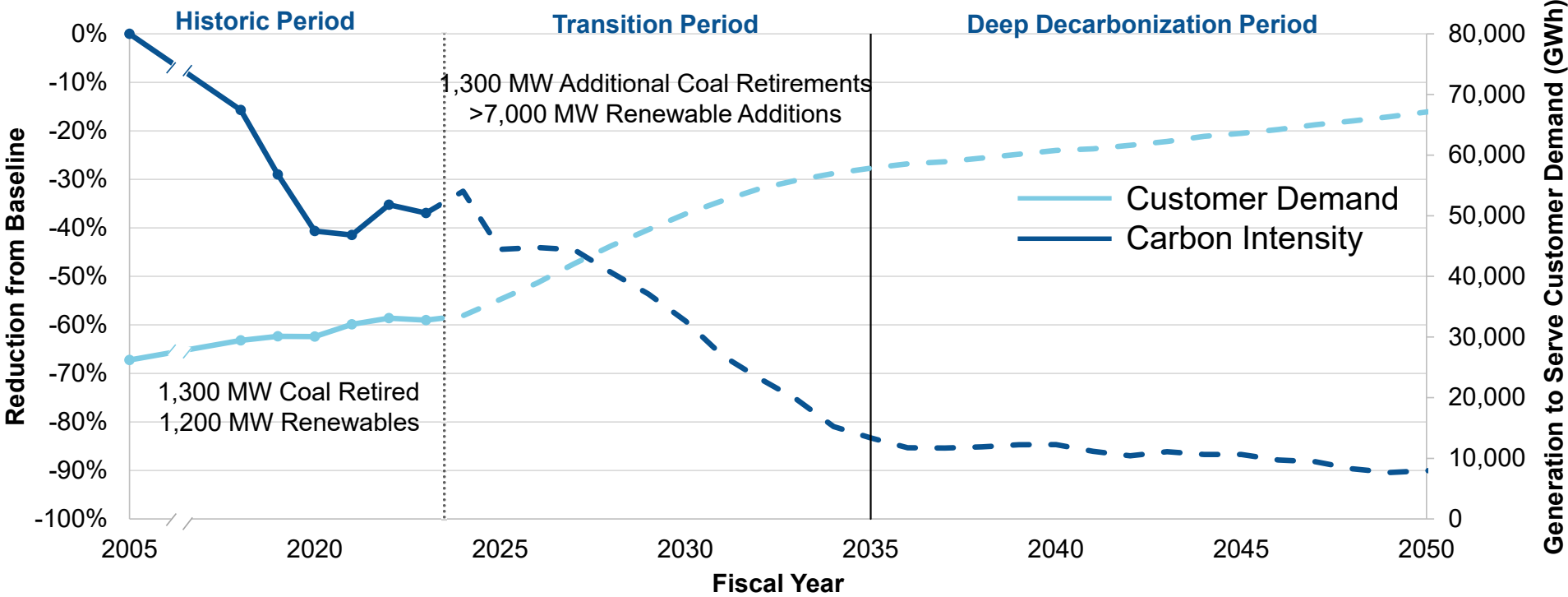
SRP's Growing Customer Demand

Between 2005-2035, SRP customer demand for electricity is expected to more than double



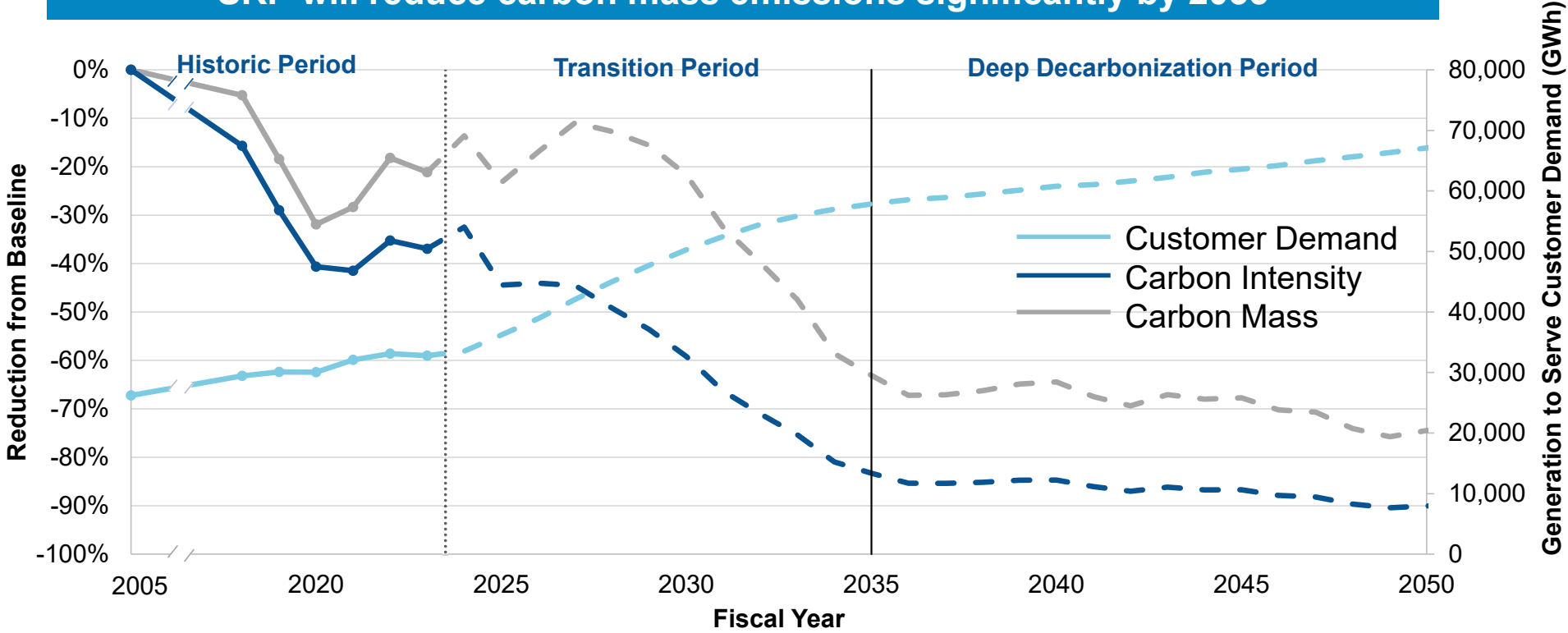
SRP's Lower Carbon Intensity Trajectory

Over the same time period, SRP will reduce carbon intensity by >80%
 This means that every MWh of electricity produced for customers will have 80% less carbon

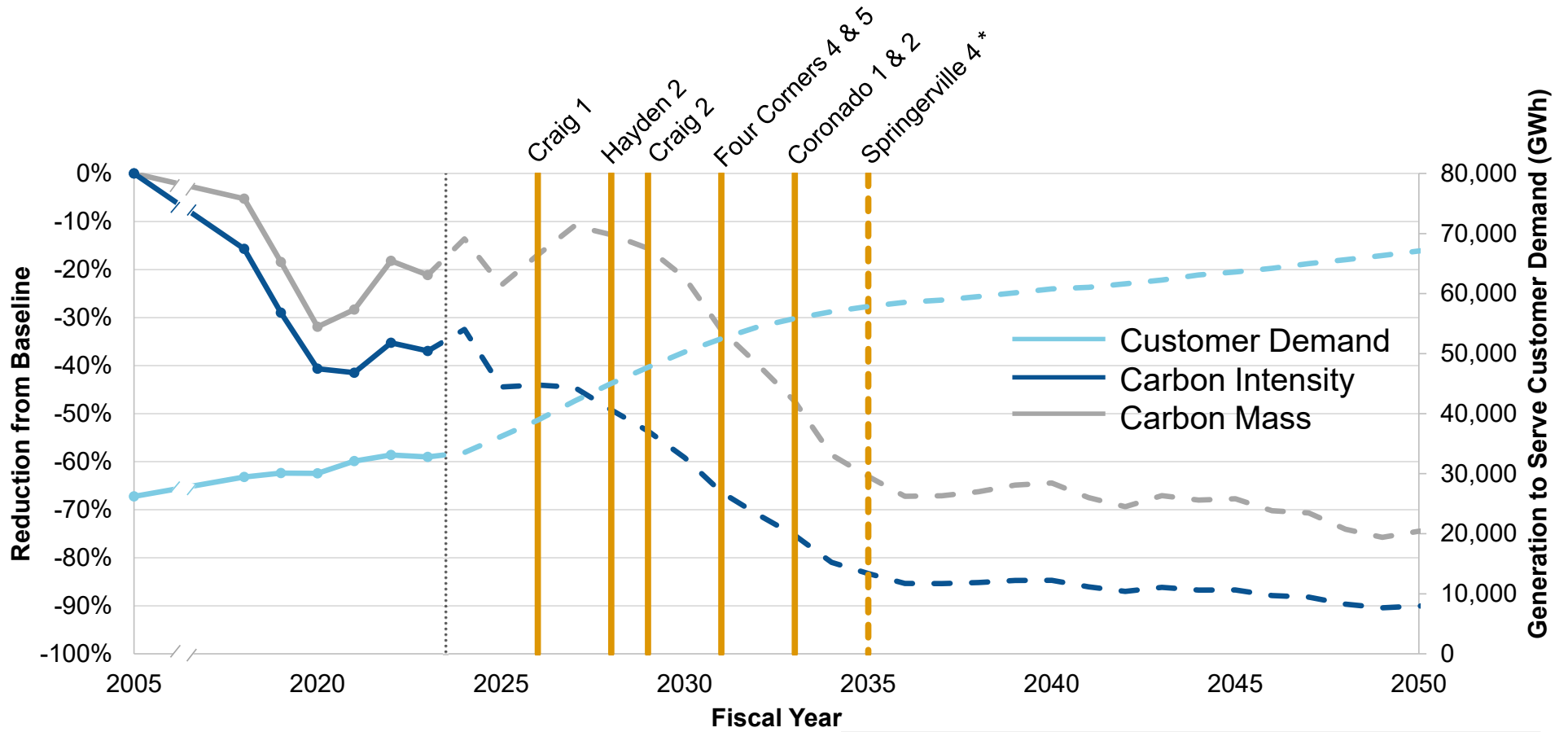


SRP's Lower Carbon Mass Trajectory

Even with customer demand doubling relative to today, SRP will reduce carbon mass emissions significantly by 2035



SRP's Coal Closure Commitments



* Proposed EPA GHG rule compliance modeled as retirement by 2035

SRP is proactively managing carbon output from Coronado and Springerville 4

- Consistent with 2020 Board approvals for the Coronado Split SCR, SRP will voluntarily operate CGS Units 1 and 2 in a limited capacity
 - Combined unit emissions from the facility between 2026 and 2032 less than if Unit 1 closed at the end of 2025
- SRP is currently assuming both CGS and SGS4 operate consistent with the constrained operations compliance pathway provided in the EPA's Greenhouse Gas (GHG) Proposal
- As currently modeled, SGS4 continues to provide critical capacity and reliability benefits through 2035, consistent with EPA's GHG rule proposal

Carbon Reduction/Renewable Goals



2030 45% renewables,
65% clean energy

2035 *Proposed: 82%
carbon intensity
reduction from 2005*

2035 80% carbon
reduction from 2005,
70% renewable
energy for retail load

2050 100% clean and
carbon free

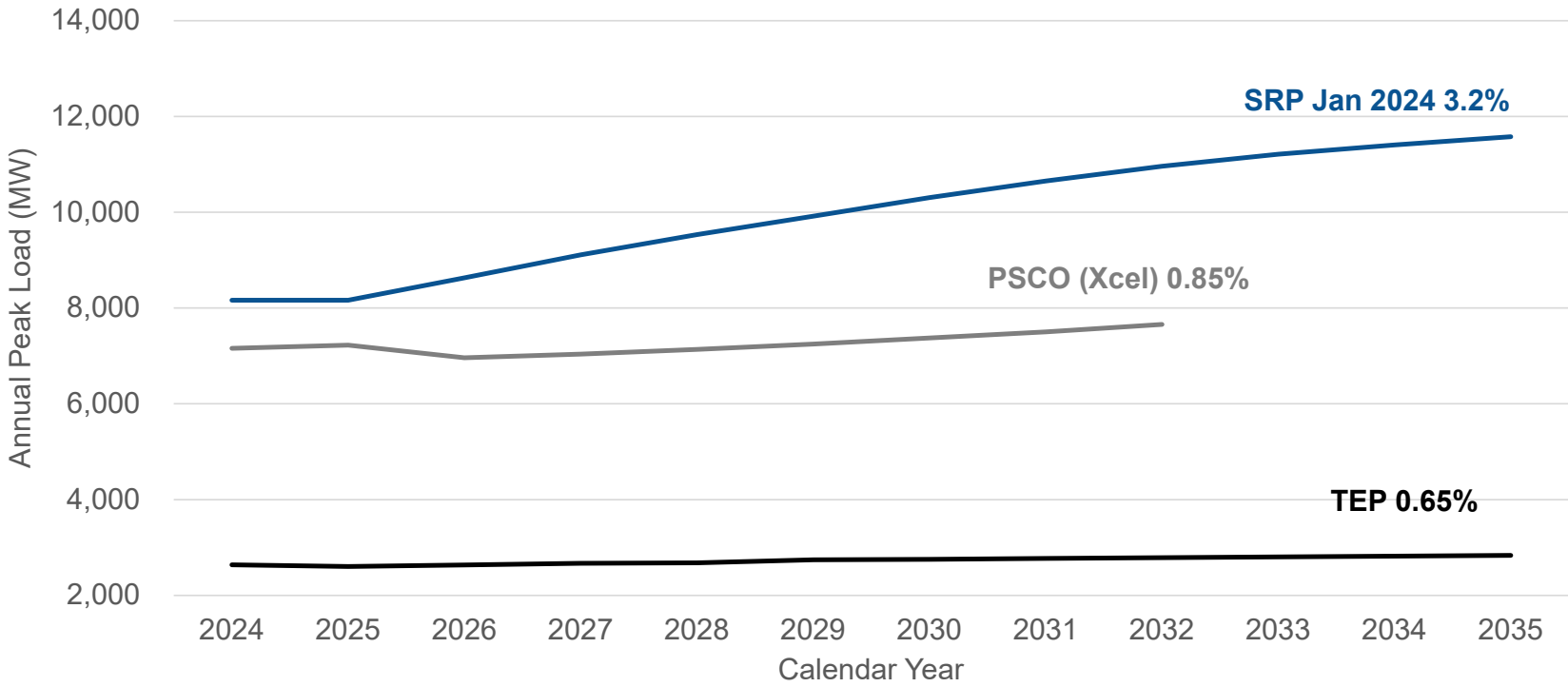
2050 *Proposed: Net-zero
CO2 emissions*

2050 Work toward net zero
direct greenhouse
gas emissions by
2050.

Key Takeaway: There is general alignment between Arizona utilities' visions for decarbonization.

Peak Load & Growth Rate Comparison

SRP is decarbonizing in an era of customer growth that far outpaces utility benchmarks outside of the Phoenix Metro area.



Public Service Company of Colorado (Xcel) Benchmarking

Public Service Company of Colorado (Xcel) has a target of reducing carbon emissions 80% by 2030 relative to 2005 levels on a mass basis

Metric	PSCO	SRP
2005 baseline emissions (million metric tons)	30.7	18.7
2005 baseline emissions intensity (lbs/MWh)	1,849	1,576
2005-2022 retail sales annual growth rate (CAGR)	0.5%	1.3%
Expected 2023-2035 retail sales growth rate (CAGR)	2.0%	4.0%

If SRP experienced PSCO's load growth between now and 2035, SRP's emissions in 2035 would be around 85% lower than 2005 levels on a mass basis

Retail Carbon Goal Key Takeaways

- The proposed 2050 Net-Zero carbon goal is a mass-based goal, and is consistent with voluntary industry goals for similar utilities striving to achieve carbon neutrality
- The proposed 2035 Retail Carbon Goal (82% reduction in carbon/MWh) is aligned with the ISP balanced system plan, and takes into account that SRP will need to more than double the resource capacity connected to the system through 2035
 - Includes thousands of megawatts of solar, wind, storage, pumped storage hydro, and other resources
- Load growth is the biggest differentiator between SRP and utilities with mass-based interim carbon goals

Sustainability Goal Key Takeaways

- Proposed Sustainability Goal revisions balance the diverse feedback received throughout the process around reliability, affordability, and sustainability
- SRP's proposed Sustainability goals maintain one of the most comprehensive set of sustainability goals in the country
 - Address water resilience, carbon emissions, and waste reductions
- SRP's process was open, transparent, and enabled participation through
 - Sustainability Advisory Group
 - Public Open Houses
 - Electronic options including email and online feedback form

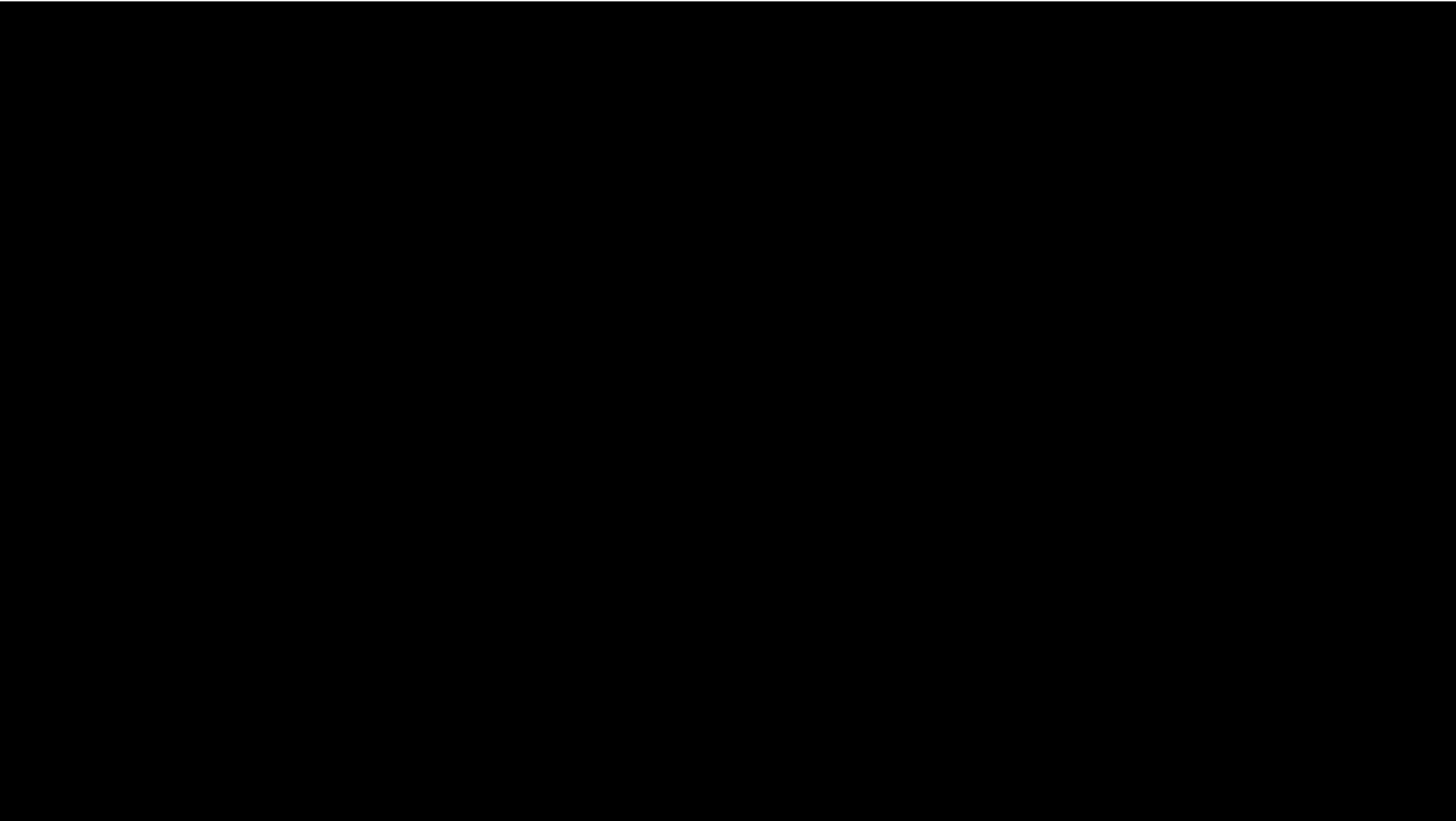
2035 Goal Proposals Key Takeaways

- Proposed 2035 goals are aligned with SRP's mission to provide reliable, affordable, and sustainable water and energy
- Proposed framework clarifies that reliability is a top strategic priority, responsive to feedback from the Board regarding reliability goals
- Reliability goals aim to maintain current customer reliability performance relative to peers across industry
- "Finances" strategic direction proposed to be renamed "Affordability" to align with SRP's mission and aim to maintain current customer affordability experience relative to other utilities in the region
- Proposes to separate goal language from the measurement of the goal to make communication clearer given the diverse employee efforts that contribute to achieving the goal

RECOMMENDATION

Management requests that the Strategic Planning Committee recommend that the Board approve the updated 2035 Corporate Goals, including the 2035 Sustainability Goals.

thank you!



2035 Corporate Goals, including the 2035 Sustainability Goals

(A pre-read for the February 8, 2024 Strategic Planning Committee Presentation titled: 2035 Corporate Goals (Including the 2035 Sustainability Goals) Request for Approval

Executive Summary: Each year, Management reviews the 2035 Corporate Goals, including the six Strategic Directions that serve as the overarching framework for the goals, to ensure SRP's strategy remains relevant and appropriate amid changes within our operating environment. The 2035 Sustainability Goals, a subset of the 2035 Corporate Goals, are reviewed and updated on a five-year basis through a comprehensive stakeholder and public engagement process to ensure the goals continue to meet the needs of our customers and communities. This year was the first such review and update process for the 2035 Sustainability Goals.

Management will present the outcomes of this year's review process for the 2035 Corporate Goals, including the 2035 Sustainability Goals, and recommend for Board approval corresponding updates to the comprehensive set of goals, which are outlined in detail below.

2035 Corporate Goals

Introduction and Background: In 2019, SRP established and began to implement its Board-approved 2035 Strategic Directions and Corporate Goals ("Goals"). The Goals are reviewed annually to ensure they remain relevant and appropriate given any material shifts in trends or market conditions. Following Management's annual review process, the Goals are presented to the Board each year for re-approval or approval of updates. The 2035 Sustainability Goals, which are a subset of the 2035 Corporate Goals, are reviewed and updated through a separate comprehensive stakeholder process on a five-year basis, which is described in greater detail in the next section.

Recommended Updates: This year's review process identified opportunities to update the 2035 Corporate Goals to align with the 2050 Strategic Vision and also to simplify the goal structure. A summary of the key updates include:

- Revising the six strategic directions to more closely align with the pillars of SRP's mission. Specifically, adding a *Reliability* strategic direction, renaming *Finances* to *Affordability*, and removing *Leadership* as a standalone strategic direction (the corresponding *Leadership* goals are maintained within the *Reliability*, *Affordability*, and *Community* strategic directions).
- Adding a power system reliability goal that aims to maintain SRP's strong reliability performance out to 2035. The addition of reliability within the goal set ensures all three pillars of SRP's mission are supported by corresponding goals, as affordability and sustainability are already reflected in the existing goal set.
- Simplifying the goal set by separating out specific metrics/benchmarks into *2035 Targets* and consolidating some of the goal language throughout for clarity and unification.

2035 Sustainability Goals (a subset of the 2035 Corporate Goals)

Introduction and Background: SRP's current suite of 20 sustainability goals was approved by SRP's Board in 2019 after an extensive stakeholder process to ensure customer and community perspectives were considered. The 2035 Sustainability Advisory Group, consisting of large customers, nonprofit and advocacy groups, municipal and educational partners, and representatives of SRP's Customer Utility Panel, was formed to advise SRP on the relevance, ambition, and completeness of the goals. At the time, SRP committed to evaluating the goals every five years with stakeholder input.

To demonstrate meaningful interim progress, SRP identified five-year milestones and developed associated action plans for each goal. The five-year goal review cadence aligns with those milestones and action plans, allowing for SRP to implement goals and demonstrate progress while periodically assessing whether the goals continue to meet the needs of the customers and communities we serve. Fiscal Year (FY) 2024 marks the first five-year update process. While the more extensive update process occurs on a five-year basis, SRP meets with the Advisory Group at least annually to discuss progress toward goals and sustainability topics of interest.

FY2024 Sustainability Goals Update Process

Stakeholder Engagement: In June 2023, SRP initiated the goal update process by meeting with Advisory Group members individually to provide an overview of the process, answer questions, and collect input on the process and priorities for discussion. SRP designed an engagement process based on the goals and topics prioritized by the Advisory Group. Between September and January, the Advisory Group met six times to review and discuss the 2035 Sustainability Goals in their current form and the proposed updates recommended by SRP, including a special session to discuss the generation carbon goal in greater detail at the request of the Advisory Group. Pulse surveys were conducted throughout to measure participants' level of satisfaction with recommended goal updates. The recommendations presented in initial meetings were maintained or revised based on feedback received in the pulse surveys and discussions. Meetings were facilitated by a 3rd party consultant, Dr. Kim Hartmann.

Public Input: During the week of January 8th, SRP hosted three open house events across the Valley (Glendale, East Mesa, and South Phoenix) to gather broader public input. In total, approximately 150 customers and community members attended the three events. SRP subject matter experts attended to discuss and answer questions related to the recommended goal updates.

During the same week, a comment form was available on SRP's website to solicit feedback on the proposed goals. SRP received 351 online comment form submissions in addition to email submissions. The public comment form and open house events were advertised by SRP through a press release, social media, and direct customer email invitations.

Board Engagement: SRP Board and Council Observers participated in all six Advisory Group meetings. Management also provided three presentations to the Board Strategic Planning Committee, sharing the proposed process for updating the goals and interim recommendations and feedback. A presentation of recommended directions for all goals was provided to the full Board on January 8th. A presentation to the SRP Council is scheduled for early February.

Key Stakeholder Feedback Themes (Advisory Group, Open Houses, and Public Comment):

- Open house attendees appreciated the opportunity to provide feedback and learn more about the goals from SRP staff.
- Advisory Group members are mostly satisfied with the recommended updates to the 2035 Sustainability Goals - overall average level of satisfaction score is a 3.9 on 5.0 scale.

- A contingent of Advisory Group members and public comments recommended SRP set a more aggressive, mass-based carbon goal; while others appreciated SRP’s proposed direction for this goal and the balance it strikes among affordability, reliability, and sustainability objectives.
- Advisory Group members appreciated SRP’s willingness to revise goal update proposals in response to their input on several goals relative to Facilities Carbon, Transportation Electrification, and Forest Restoration.
- The primary areas of positive sentiment from public comment included:
 - Praise for the goals and input opportunity
 - SRP’s planning for the future and growth
 - Focus on water resiliency
 - Enablement of and investment in electric vehicles and other new technologies
- The primary areas of negative sentiment from public comment included:
 - Distrust surrounding renewable energy sources/reliability concerns
 - Concerns about increases in costs
 - Calls for revised carbon goals (both more and less aggressive)
 - Public comments included other topics outside the scope of the goal updates like more affordable and accessible solar power

Recommended Updates: Stakeholder and public engagement allowed SRP to consider feedback in proposed goal revisions. This input resulted in making certain goals more ambitious, explicitly stating baseline years in several goals for greater transparency, modifying the titles of some goals for improved clarity, and affirming that several goals should remain standalone targets (versus proposals to combine them).

Based on feedback received through the process, SRP management recommends:

- Maintaining, updating, or retiring certain 2035 Sustainability Goals, as outlined in detail in Exhibit 2
- Continuing to report carbon emissions on a mass and intensity basis
- Continuing engagement and reporting with the Advisory Group annually and to consider additional opportunities to discuss the goals and related technical concepts in greater detail
- Providing more detail related to programs, partnerships, and activities related to the goals

Reporting: Goal progress is reported annually in SRP’s Sustainability Report. The Five-Year Action Plans are also updated annually and include baseline data and five-year milestones for each goal.¹ Additionally, SRP’s Greenhouse Gas Fact Sheet² is updated annually following verification by a third-party auditor and The Climate Registry.

Management Recommendation

Based on the outcomes of the extensive review process and findings summarized above, Management will request that the Strategic Planning Committee recommend for Board approval the updates to the comprehensive set of 2035 Corporate Goals, including the 2035 Sustainability Goals.

¹ Annual Sustainability Report and Five-Year Action Plans are available: srp.net/2035

² GHG Factsheet available: <https://www.srpnet.com/assets/srpnet/pdf/grid-water-management/sustainability-environment/greenhouse-gas-emissions-factsheet.pdf>

EXHIBIT 1: COMPREHENSIVE SET OF 2035 CORPORATE GOALS

Updated 2035 Strategic Directions:



CUSTOMERS Understand value from our customers' perspective and continually improve their experience with us to meet their evolving expectations



COMMUNITY Be a collaborative community partner and thought leader on issues at the heart of SRP's mission



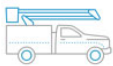
RELIABILITY Invest in the long-term resilience, flexibility and security of our water and power systems



AFFORDABILITY Ensure continued affordability of the water and power we deliver by maintaining SRP's strong financial health and increasing our financial flexibility



SUSTAINABILITY Embed sustainable principles and practices in all that we do to create a lasting, positive social and environmental impact



WORKFORCE Further develop an engaged and future-ready workforce that reflects and embraces the diverse backgrounds and perspectives of our communities

Updated 2035 Corporate Goals:

***Note: The 2035 Sustainability Goals are represented within the goal set as Targets across the Customers, Community, Reliability, and Sustainability Strategic Directions. Full goal language and a detailed view of changes made to the 2035 Sustainability Goals are captured in Exhibit 2: 2035 Sustainability Goal Updates.**



CUSTOMERS

Understand value from our customers' perspective and continually improve their experience with us to meet their evolving expectations.

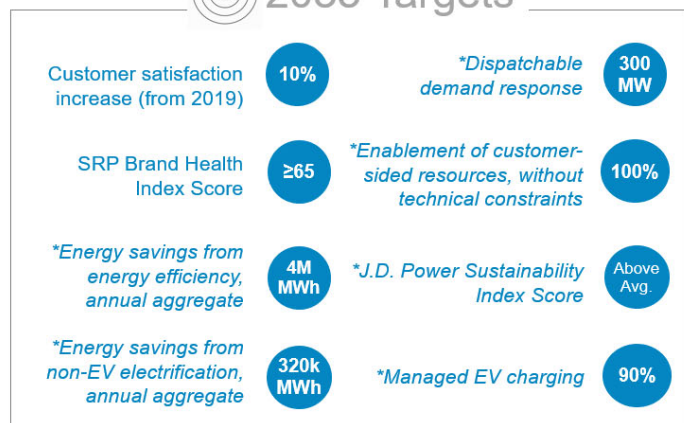


2035 Goals

- 1 Continue to deepen our understanding of customers' needs, wants and aspirations and ensure our methods to measure their satisfaction and experience with us remain meaningful and actionable.
- 2 Personalize and continually evolve the customer experience by providing segment-specific products, services, and communications that enable them to meet their unique water- and power-related goals.



2035 Targets



* Represent 2035 Sustainability Goals, full goal language available in Exhibit 2

EXHIBIT 1: COMPREHENSIVE SET OF 2035 CORPORATE GOALS



COMMUNITY

Be a collaborative community partner and thought leader on issues at the heart of SRP's mission.



2035 Goals

- 1 Proactively partner with communities and tribal nations on economic development initiatives and also on programs related to water, energy and sustainability.
- 2 Be a positive presence and partner in our communities through meaningful engagement, targeted outreach, corporate contributions, educational programs and employee giving.
- 3 Hold key positions at relevant regional, industry and community organizations and demonstrate leadership to shape and implement water- and energy- related decisions and solutions.



2035 Targets

SRP Community Index Score **≥62**

Gallons of water conserved through partnership* **5B

Total acres of forest thinned* **800k

* Represent 2035 Sustainability Goals, full goal language available in Exhibit 2



RELIABILITY

Invest in the long-term resilience, flexibility and security of our water and power systems.



2035 Goals

- 1 Maintain high levels of power quality and reliability to ensure customers experience minimal disruptions to the power they depend on.
- 2 Participate in coalitions and industry partnerships to conduct research and demonstration projects that support and prepare SRP for the deployment of emerging technologies and infrastructure.
- 3 Manage and deliver a reliable water supply that serves the needs of shareholders.
- 4 Serve as a regional water infrastructure leader and strategic water recovery partner to ensure a resilient and sustainable water supply for our shareholders and customers and to address local and state water challenges.



2035 Targets

Per acre water allocation and storage **2.5 AF
2 AF**

**Water supplies stored underground* **1M
AF**

Average customer power interruption compared to peers **Top
10**

* Represent 2035 Sustainability Goals, full goal language available in Exhibit 2.

EXHIBIT 1: COMPREHENSIVE SET OF 2035 CORPORATE GOALS



AFFORDABILITY

Ensure continued affordability of the water and power we deliver by maintaining SRP's strong financial health and increasing our financial flexibility.



2035 Goals

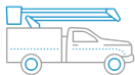
- 1 Maintain a strong yet flexible financial position as measured by SRP's key financial indicators and credit ratings.
- 2 Shape and participate in regional Western electric markets that provide value for SRP and our customers.



2035 Targets

Lowest quartile retail electric prices, on average, in the region **≤ 25%**

Credit rating, as compared to other large public power utilities. **Top 25%**



WORKFORCE

Further develop an engaged and future-ready workforce that reflects and embraces the diverse backgrounds and perspectives of our communities.



2035 Goals

- 1 Continually improve SRP's safety culture and performance with the aspirational goal of zero incidents.
- 2 Attract, develop and retain a high-performing workforce with the range of skills and competencies necessary to be successful in a dynamic environment.
- 3 Maintain and foster a strong company culture that embeds diversity and inclusion across the organization and inspires an engaged, innovative and committed workforce to achieve SRP's mission.



2035 Targets

Safety culture ranking, as benchmarked against appropriate industries **Top 10%**

Employee engagement, as benchmarked against industry high-performers **Above Avg.**

EXHIBIT 1: COMPREHENSIVE SET OF 2035 CORPORATE GOALS



SUSTAINABILITY

Embed sustainable principles and practices in all that we do to create a lasting, positive social and environmental impact.



2035 Goals

- 1 Take meaningful action to address climate change and our environmental impact by reducing carbon emissions, managing water use, and implementing sustainable practices across our operations.



2035 Targets

*Reduction of CO ₂ emitted per MWh of generation	75%	*Power generation groundwater use in AMAs	0
*Carbon emissions reduction from facilities, mass basis	45%	*Generation-related water use intensity reduction	30%
*Carbon emissions reduction from fleet, mass basis	30%	*Sustainability criteria incorporated into sourcing decisions and pre-qualification requirements	100%
*Water use reduction at facilities, mass basis	45%	*Municipal solid waste diverted	75%
*Electric vehicle adoption supported within service territory	1M	*Nonhazardous industrial solid waste sent to Investment Recovery	95%

* Represent 2035 Sustainability Goals, full goal language available in Exhibit 2

EXHIBIT 2: DETAILED UPDATES TO 2035 SUSTAINABILITY GOALS

	Goal #	Current Goal (as set in 2019)	Proposed Goal Revisions
Carbon Emissions Reductions	1.1 Generation Carbon	Reduce the amount of CO2 emitted by generation (per MWh) by 65% from 2005 levels — 2050 target: 90% intensity reduction from 2005	Reduce the amount of CO2 emitted by generation (per MWh) by 75% from 2005 levels — 2050 goal: net zero carbon emissions
	1.2 Facilities Carbon	Reduce carbon emissions from facilities by 30% on a mass basis	Reduce carbon emissions from facilities by 45% on a mass basis from 2016 baseline
	1.3 Fleet Carbon	Reduce carbon emissions from fleet by 30% on a mass basis	Reduce carbon emissions from fleet by 30% on a mass basis from 2016 baseline
Water Resiliency	2.1 Facilities Water	Reduce water use at SRP facilities by 45% on a mass basis	Reduce water use at SRP facilities by 45% on a mass basis from 2016 baseline
	2.2 Lost & Unaccounted For Water	Achieve lost and unaccounted for water rate of less than 5% on a 10-year rolling average	Retire goal and transition into maintenance focus, continue to report performance and investigate improvement opportunities
	2.3 Generation Groundwater	Eliminate or offset power generation groundwater use in Active Management Areas (AMAs)	Eliminate or offset power generation groundwater use in Active Management Areas (AMAs)
	2.4 Generation Fleet-Wide Water	Achieve 20% reduction in generation-related water use intensity across all water types	Achieve 30% reduction in generation-related water use intensity across all water types from 2005 baseline

EXHIBIT 2: DETAILED UPDATES TO 2035 SUSTAINABILITY GOALS

	Goal #	Current Goal (as set in 2019)	Proposed Goal Revisions
Water Resiliency	2.5 Water Storage	Store 1 million acre- feet (af) of water supplies underground	Lead efforts in water storage and drought resiliency by storing at least 1 million acre-feet of water supplies underground and pursuing the long-term viability of increasing beneficial use during flood events by up to 100,000 af
	2.6 Community Water Conservation	In partnership with Valley cities, support municipal water conservation goal achievements by creating and executing programs to identify 5 billion gallons (~15,300 af) of potential water conservation by 2035	Achieve 5 billion gallons (~15,300 af) of water conservation by 2035 through partnership
Supply Chain & Waste Reduction	3.1 Supply Chain	Incorporate sustainability criteria into sourcing decisions for 100% of managed spend	Incorporate sustainability criteria into sourcing decisions for 100% of managed spend* and integrate Sustainability criteria into the supplier pre-qualification requirements for 100% of SRP suppliers <small>*Spend managed by SRP's Purchasing Services</small>
	3.2 Municipal Waste	Divert 75% of municipal solid waste — 2050 target: Divert 100% of municipal solid waste	Divert 75% of Municipal Solid Waste by 2035; 100% by 2050
	3.3 Industrial Waste	Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery	Divert 95% of non-hazardous Industrial Solid Waste sent to Investment Recovery by 2035; 100% by 2050
Customer & Grid Enablement	4.1 Energy Efficiency	Deliver over 3 million MWh of annual aggregate energy savings	Deliver over 4 million MWh of annual aggregate energy savings
	4.2 Demand Response	Deliver at least 300 MW of dispatchable DR and load management programs	Deliver at least 300 MW of dispatchable DR and load management programs

EXHIBIT 2: DETAILED UPDATES TO 2035 SUSTAINABILITY GOALS

	Goal #	Current Goal (as set in 2019)	Proposed Goal Revisions
Water Resiliency	2.5 Water Storage	Store 1 million acre- feet (af) of water supplies underground	Lead efforts in water storage and drought resiliency by storing at least 1 million acre-feet of water supplies underground and pursuing the long-term viability of increasing beneficial use during flood events by up to 100,000 af
	2.6 Community Water Conservation	In partnership with Valley cities, support municipal water conservation goal achievements by creating and executing programs to identify 5 billion gallons (~15,300 af) of potential water conservation by 2035	Achieve 5 billion gallons (~15,300 af) of water conservation by 2035 through partnership
Supply Chain & Waste Reduction	3.1 Supply Chain	Incorporate sustainability criteria into sourcing decisions for 100% of managed spend	Incorporate sustainability criteria into sourcing decisions for 100% of managed spend* and integrate Sustainability criteria into the supplier pre-qualification requirements for 100% of SRP suppliers <small>*Spend managed by SRP's Purchasing Services</small>
	3.2 Municipal Waste	Divert 75% of municipal solid waste — 2050 target: Divert 100% of municipal solid waste	Divert 75% of Municipal Solid Waste by 2035; 100% by 2050
	3.3 Industrial Waste	Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery	Divert 95% of non-hazardous Industrial Solid Waste sent to Investment Recovery by 2035; 100% by 2050
Customer & Grid Enablement	4.1 Energy Efficiency	Deliver over 3 million MWh of annual aggregate energy savings	Deliver over 4 million MWh of annual aggregate energy savings
	4.2 Demand Response	Deliver at least 300 MW of dispatchable DR and load management programs	Deliver at least 300 MW of dispatchable DR and load management programs