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SRP 2035 SUSTAINABILITY ADVISORY GROUP

MEETING #4 SUMMARY

DECEMBER 8, 2023

Topic: 2035 Sustainability Goals—Review of all 20 Sustainability Goals

Date: December 8, 2023

Time: 08:30 a.m.–1:30 p.m. MDT

Location: SRP Heritage Center, 1500 North Mill Avenue, Tempe AZ, 85288

Meeting Objectives:

The objective of this engagement is to ensure management’s recommendations for sustainability goal updates are informed by stakeholder perspectives. The framework to accomplish this includes the following actions:

- 1) Level-set: Review of the goals as originally framed, progress achieved, and lessons learned;
- 2) Discuss: Listen to stakeholder feedback and dialogue with the SRP Goal Owners;
- 3) Update: Discuss SRP’s current thinking on each goal, including proposed changes; and
- 4) Pulse survey: Measure Advisory Group satisfaction with the direction of proposed revisions to the goal.

Point of Contact:

SRP Sustainability Policy & Programs
Sustainability@srpnet.com

Of the 21 Advisory Group organizations invited to attend, 13 organizations attended the meeting.

The meeting agenda and presentations are available at the [2035 Sustainability Goals Update Process website](#).

EXECUTIVE SUMMARY

On Friday, December 8th, Advisory Group members convened in SRP's Heritage Center to review the recommended directions for SRP's 2035 Sustainability Goals. The 4th in a series of meetings, SRP Goal Owners presented recommended directions noting how Advisory Group feedback was incorporated into each proposal.

1.3 Fleet Carbon

Goal Owner and Presenter: Kate Kochenderfer, Senior Director, Supply Chain, Transportation & Flight Services

Current Goal: Reduce carbon emissions from fleet by 30% on a mass basis

Recommended Direction: Maintain current goal

Discussion summary:

Advisory Group members expressed appreciation for the innovation encouraged by this goal, including the incorporation of biodiesel in achieving this target. Advisory Group members also inquired about hybrid vehicles in SRP's fleet.

1.2 Facilities Carbon

Goal Owner and Presenter: Brian Heath, Senior Director, Facilities & MCM Services

Current Goal: Reduce carbon emissions from facilities by 30% on a mass basis

Recommended Direction: Reduce carbon emissions from facilities by 45% on a mass basis

Discussion summary:

Advisory Group members inquired as to what qualifies as a facility under this goal, as well as the energy use profile of SRP facilities. Advisory Group members also asked about the baseline used for this goal (2016), and SRP's process for improving data collection since establishing the goal and baseline year. Discussion also focused on non-electric emitters such as generators and refrigerants as included in reporting.

2.1 Facilities Water

Goal Owner and Presenter: Brian Heath, Senior Director, Facilities & MCM Services

Current Goal: Reduce water use at SRP facilities by 45% on a mass basis

Recommended Direction: Maintain current goal

Discussion summary:

SRP confirmed the baseline year for the goal (2016) and discussed efforts to identify opportunities as well as current initiatives to achieve this target, such as switching to evaporative coolers and implementing landscaping standards across facilities to maximize goal progress.

2.2 Lost & Unaccounted for Water

Goal Owner and Presenter: Kyle Tilghman, Director, Water Strategy

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

Recommended Direction: Retire goal and transition into maintenance focus, continue to report performance and investigate improvement opportunities

Discussion summary:

No additional discussion on this goal.

2.3 Generation Groundwater

Goal Owner and Presenter: Kyle Tilghman, Director, Water Strategy

Current Goal: Eliminate or offset power generation groundwater use in Active Management Areas (AMAs)

Recommended Direction: Maintain current goal

Discussion summary:

Advisory Group members inquired about the status of the Granite Reef Underground Storage Project (GRUSP) and opportunities for decreasing evaporation in SRP's water delivery system. Discussion focused on SRP's plan to reach this goal and the ways SRP's resource mix going forward will drive a significant portion of groundwater use reductions. The discussion also

centered on the connection between the storage of credits and the area of impact in utilizing the credits. SRP confirmed it complies with Arizona Department of Water Resources' (DWR) regulatory requirements to withdraw water from the area of impact and elaborated on how DWR manages the creation, transfer, and retirement of Long-Term Storage Credits (LTSC). AG members questioned if this goal should be characterized as a sustainability or water management/economic growth goal.

2.4 Generation Fleet-Wide Water

Goal Owner and Presenter: Kyle Tilghman, Director, Water Strategy

Current Goal: Achieve 20% reduction in generation-related water use intensity across all water types

Recommended Direction: Achieve 30% reduction in generation-related water use intensity across all water types

Discussion Summary:

Advisory Group members were curious about how retiring coal generating facilities would impact achieving the goal. SRP noted that the future resource plan will drive goal progress but that it is exploring other initiatives as well. Some Advisory Group members recommended SRP include baseline years in all goals. Advisory Group members also asked about the impacts of tactics to reduce generation-related water use such as air-cooling units. Some Advisory Group members noted that water savings may have less inherent benefit if not tied to a particular use. Advisory Group members also discussed the relationship between this goal and the Generation Carbon goal and reiterated that this should be a standalone goal.

2.5 Water Storage

Goal Owner and Presenter: Kyle Tilghman, Director, Water Strategy

Current Goal: Store 1 million acre-feet (af) of water supplies underground

Recommended Direction: 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

Discussion Summary:

The Advisory Group asked about potential future storage opportunities including efforts to increase capacity at Bartlett Dam. Some Advisory Group members also noted the goal as currently stated does not include wording to stop the water from being available for new demand and suggested the goal should be characterized as a water management rather than a sustainability goal. Discussion also focused on the rationale behind the 100,000 acre-feet target, which is relative to putting to beneficial use water that would encroach into the first five feet of the flood control space at Roosevelt Dam.

2.6 Water Conservation

Goal Owner and Presenter: Elvy Barton, Manager, Water & Forest Sustainability

Current Goal: 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

Recommended Direction: Achieve 5 billion gallons (~15,300 af) of water conservation by 2035 through partnership

Discussion Summary:

Advisory Group members asked about potential customer incentive opportunities relative to this goal. The discussion also included questions on the role that homebuilders play in these efforts, and highlighted SRP's Energy Star Home Program, one of the largest in the nation with 60–70% of the new homes meeting standards. Advisory Group members noted that Valley cities are augmenting municipal conservation programs and asked how SRP plans to apportion savings relative to goal progress. Some Advisory Group members expressed an interest in seeing more information on the breakdown of solutions being utilized to achieve the goal. SRP plans to include more detail on these inquiries in future reporting and action plans. Advisory Group members expressed interest in exploring ways SRP and partners can improve system efficiency and noted outdoor water use as a particularly promising opportunity for conservation.

5.3 Forest Restoration

Goal Owner and Presenter: Elvy Barton, Manager, Water & Forest Sustainability

Current Goal: 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

Recommended Direction: 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

Discussion Summary:

Advisory Group members encouraged SRP to explore opportunities to utilize products of restoration efforts and help to bring new technology to market. Advisory Group members offered to host follow up conversations on how to keep these initiatives in the state.

3.1 Supply Chain

Goal Owner and Presenter: Kate Kochenderfer, Senior Director, Supply Chain, Transportation & Flight Services

Current Goal: Incorporate sustainability criteria into sourcing decisions for 100% of managed spend

Recommended Direction: 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 (*spend managed by SRP's Purchasing Services)

Discussion Summary:

Advisory Group members asked if this goal included consideration for domestic versus imported supplies. SRP confirmed supplier location is one of the weighted sustainability factors in the vendor selection process. Advisory Group members emphasized that the goal is a low-cost way to make a sustainability impact by asking suppliers to submit decarbonization plans. The presentation also included a discussion of the questions in the sustainability criteria SRP utilizes.

3.2 Municipal Waste

Goal Owner and Presenter: Kate Kochenderfer, Senior Director, Supply Chain, Transportation & Flight Services

Current Goal: Divert 75% of municipal solid waste — 2050 target: Divert 100% of municipal solid waste

Recommended Direction: Divert 75% of Municipal Solid Waste by 2035; 100% by 2050

Discussion Summary:

The discussion included additional information on how SRP plans to achieve this goal, including SRP's efforts to ensure business groups are completing accurate job plans as well as SRP's pilot programs with Arizona State University and Northern Arizona University on recycling and reuse innovations. Advisory Group members urged SRP to work with vendors and ensure materials are being recycled as contracted.

3.3 Industrial Waste

Goal Owner and Presenter: Kate Kochenderfer, Senior Director, Supply Chain, Transportation & Flight Services

Current Goal: Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery

Recommended Direction: Divert 95% of non-hazardous Industrial Solid Waste sent to Investment Recovery by 2035; 100% by 2050

Discussion Summary:

No additional discussion on this goal.

4.1 Energy Efficiency

Goal Owner and Presenter: Dan Dreiling, Director, Customer Programs

Current Goal: Deliver over 3 million MWh of annual aggregate energy savings

Recommended Direction: Deliver over 4 million MWh of annual aggregate energy savings

Discussion Summary:

The discussion included a breakdown of projected growth by customer segment in reaching the 2035 target.

4.2 Demand Response

Goal Owner and Presenter: Dan Dreiling, Director, Customer Programs

Current Goal: Deliver at least 300 MW of dispatchable DR and load management programs

Recommended Direction: Maintain current goal

Discussion Summary:

Discussion included affirming SRP's plans to continue recognizing business customers for their demand response participation as appropriate. Advisory Group members encouraged SRP to be prepared to innovate and execute quickly with the complexity of artificial intelligence and smart grids and expressed that SRP can innovate in significant ways with DERMS platforms, vehicle-to-grid technology, and more. Some Advisory Group members noted that many large commercial and industrial customers have their own sustainability goals and participating in DR typically allows for more sophisticated metering and suggested SRP encourage participation and leverage competition by featuring program benefits through case studies. Some Advisory Group members considered whether the term dispatchable should be supplemented with something that reflects the flexibility of load management and reduction in peak load.

4.3 Transportation Electrification

Goal Owner and Presenter: Dan Dreiling, Director, Customer Programs

Current Goal: 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

Recommended Direction: Support adoption of 1 million* EVs in SRP's service territory and manage 90% of EV charging (*as forecasted by 3rd party industry consultants)

Discussion Summary:

Advisory Group members expressed appreciation for the increased goal and for being responsive to previous comments. They also commented that some context may be lost if the list of tactics is removed from the goal language and suggested there may be value in having those items included. Some Advisory Group members shared their interest in having vehicle-to-grid technology included in the list. Advisory Group members encouraged SRP to be proactive in planning for and communicating with customers about EV price plans and methods for incentivizing charging at certain times of day. Advisory Group members emphasized their understanding that there are many other factors outside of SRP's control, including economic and market volatility, that will impact the rate of EV adoption. Some Advisory Group members also raised the importance of coordinating with customers who have large or growing EV fleets to partner on managed charging. SRP shared more about programs aimed at partnering with these customers like fleet assessments, level 2 rebates, savings programs for businesses, and more.

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4.4 Electric Technologies

Goal Owner and Presenter: Dan Dreiling, Director, Customer Programs

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

Recommended Direction: Expand portfolio of Electric Technology (non-EVs) programs to deliver 320,000 MWh of annual aggregate energy impact

Discussion Summary:

Advisory Group members inquired about SRP's offerings for heat pump installations. Advisory Group members also noted the importance of talking with commercial customers about how electrification will change processes.

4.5 Grid Enablement

Goal Owner and Presenter: Chris Campbell, Senior Director, Distribution & Technology Operations

Current Goal: 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

Recommended Direction: Maintain current goal

Discussion Summary:

The presentation featured a clarification on grid congestion as more of a transmission concern whereas capacity is a consideration at the distribution level, which SRP's system is designed to alleviate. Advisory Group members asked clarifying questions about how this goal is measured. The discussion noted various elements that SRP measures, such as power quality and reliability. The specific metric for this goal comes from the database that tracks every application for interconnection and records how SRP works with every customer to design a path forward. Advisory Group members noted that technical constraints are not the only consideration and affordability can prevent customers from connecting to the grid. The discussion also clarified the scope of this goal revision process relative to SRP's pricing process. Some Advisory Group members also asked SRP to supply city planners with maps of existing electrical capacity. Advisory Group members also asked for more detail in annual reporting on this goal to highlight how SRP is supporting developing technology.

5.1 Customer Sustainability Rating

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Goal Owner and Presenter: Elise Gould, Senior Director, Insights, Brand Strategy & Communications

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

Recommended Direction: Maintain above industry average in performance in the J.D. Power Sustainability Index

Discussion Summary:

Advisory Group members inquired about the customer base that receives the JD Power survey, which includes both residential and commercial customers. Some Advisory Group members expressed that this goal seemed more like a marketing goal than a sustainability goal, while others thought it was beneficial as it kept customer priorities top of mind. Advisory Group members asked about costs associated with the JD Power survey. Some Advisory Group members commented that the goal language could be more aggressive.

5.2 Employee Engagement

Goal Owner and Presenter: Tom Cooper, Senior Director, Future System Assets & Strategy

Current Goal: Engage 100% of employees in efforts that contribute to SRP's sustainability goals

Recommended Direction: Remove 5.2 as a separate goal; ensure action plans for all sustainability goals clearly indicate pathways for employee contributions

Discussion Summary:

No additional discussion on this goal.
