



FY24 PROGRESS UPDATE:

SRP 2035 SUSTAINABILITY GOALS

SRP is building a better Arizona with innovative ways to provide our customers with reliable, affordable and sustainable power and water. Responsible sustainability is at the core of our approach and is reflected in our 2035 Sustainability Goals.



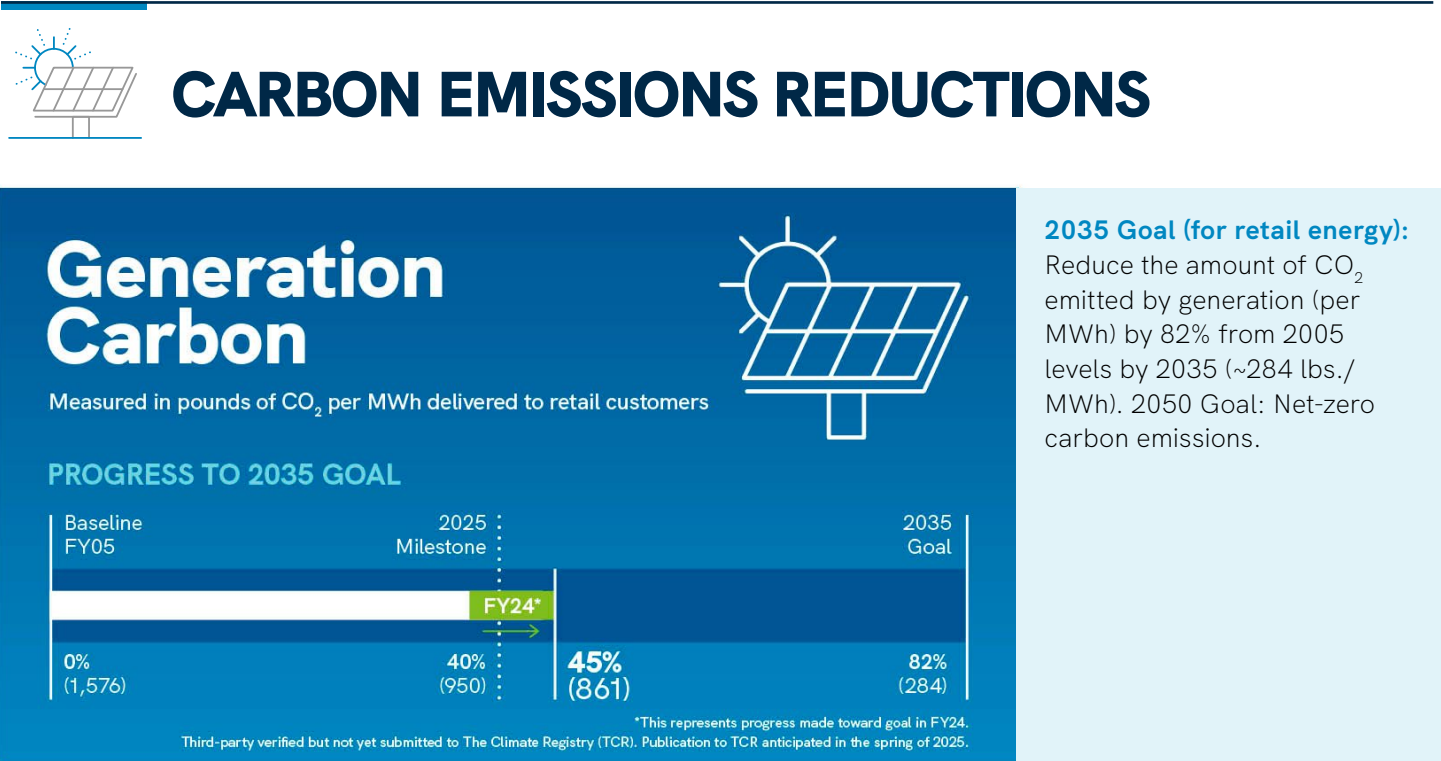
Delivering water and power®

2035 SUSTAINABILITY GOAL PROGRESS – FY24

From May 2023 through April 2024 (FY24), we made considerable strides toward achieving our ambitious goals. We also completed a process to update the goals with input from a broad range of stakeholders. As a result, SRP’s Board approved revising 14 goals, keeping four goals unchanged and retiring two goals. This report demonstrates progress to the updated goals and the initiatives in FY24 to support them.

2025 MILESTONES

To help reach, measure and report progress on the 2035 goals, we developed near-term milestones for 2025 as identified in the blue boxes below. New milestones for FY30 will be developed in FY25 and will be featured in next year’s report.



Key FY24 Updates

- Energized 348 MW of new solar projects and 448 MW of new energy storage projects. Advanced permitting and construction of 161 MW of new wind resources, 1,549 MW of additional utility-scale solar resources under contract and 640 MW of additional battery storage capacity under contract.
- Completed the 2023 All Source request for proposal (RFP) that resulted in the selection of eight new solar and energy storage projects, representing over 700 MW of new solar and 1,300 MW of new storage with target online dates in 2026-2028. Issued a new All Source RFP in FY24 for up to 2,500 MW of new carbon-free resources.
- Became the first U.S. electric utility to partner on a 5 MW 10-hour-duration pilot project with CMBlu’s unique non-lithium long-duration energy storage technology.
- Advanced the Pumped Hydro Storage Project by completing two rounds of stakeholder engagement meetings, geotechnical studies, development of 30% design and filing the transmission interconnection application.
- Purchased 40 MW of additional around-the-clock carbon-free energy from Palo Verde Generating Station Unit 3 for 2024 through and including 2028.
- Produced SRP’s first Integrated System Plan with Board-approved power system strategies with supporting analysis that indicated SRP could attain an 82% carbon reduction by 2035 and will need to double or triple its generation capacity.
- Renegotiated terms of power purchase agreement with Novo BioPower to maintain 14 MW of biomass energy and associated forest health benefits through 2031.

Facilities Carbon

Measured in pounds of CO₂e emissions from SRP facilities



2035 Goal: Reduce carbon emissions from facilities by 45% on a mass basis from 2016 baseline.

PROGRESS TO 2035 GOAL



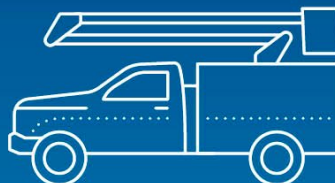
*This represents progress made toward goal in FY24.

Key FY24 Updates

- Began to implement a building automation system to provide enhanced data visibility and improved building automation capabilities, as well as help identify trends, address problems sooner and aid in overall building consumption reductions.
- Worked toward decommissioning and relocating business units at four aging SRP facilities that represent 15%-20% of total facilities carbon emissions; future carbon savings associated with the decommissionings are unknown due to evolving business needs for building assets.

Transportation Fleet Carbon

Measured in pounds of CO₂e emissions from vehicle fleet



2035 Goal: Reduce carbon emissions from fleet by 30% on a mass basis from 2016 baseline.

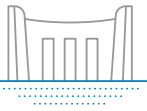
PROGRESS TO 2035 GOAL



*This represents negative progress made toward goal in FY24.

Key FY24 Updates

- Transportation Services saw an increase in carbon emissions in FY24 due to an extensive workload companywide, resulting in an increased number of active assets and usage of the fleet compared to FY23.
- Reached 12% electrification of the SRP fleet with 35 new electrified vehicles and four electric material handling assets entering service. Electrified equipment still pending delivery includes 17 electric vehicles, five 40-foot bucket trucks with electrified power takeoff and HVAC, and two service body trucks with electrified HVAC.
- Completed an electrical assessment and installation of higher rate chargers (19 kW) at three SRP facilities.
- Water Construction and Maintenance, Hauling and Transportation tested the Kenworth Class 6 medium-duty truck to provide valuable learnings for potential electrification of the heavier assets in the fleet.



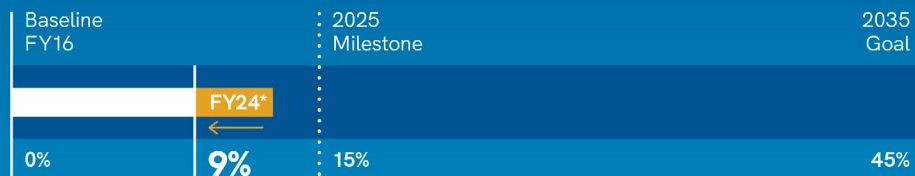
WATER RESILIENCY

Facilities Water

Measured in gallons of water used in SRP facilities



PROGRESS TO 2035 GOAL



*This represents negative progress made toward goal in FY24.

2035 Goal: Reduce water use at SRP facilities by 45% on a mass basis from 2016 baseline.

Key FY24 Updates

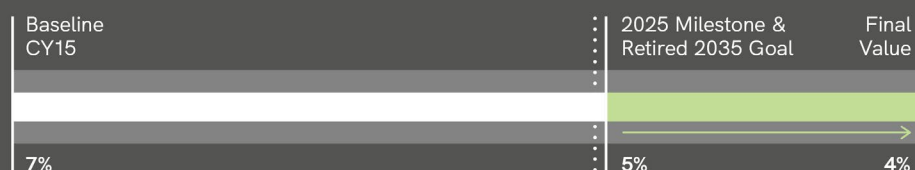
- The summer of 2023 provided extreme heat across Arizona, with temperatures rising above 110 degrees for 31 days in a row. These extreme temperatures provided a challenge in water reduction efforts due to increased irrigation usage to hydrate the site landscaping and high usage of evaporative cooling systems to ensure comfortable working environments for employees.
- Began implementing updated landscaping standards, focusing efforts on upgrading irrigation systems, adding drought-tolerant plants and xeriscaping when appropriate at three Valley facilities.
- Initiated project to replace chiller plant at one SRP facility with an air-cooled unit, which is expected to produce significant annual water savings. Project design was completed in FY24 and construction will start in FY25.
- Worked toward decommissioning and relocating business units at four aging SRP facilities that represent 5%-10% of total facilities water usage.

Lost & Unaccounted For Water

Measured in % lost and unaccounted for water rate



RETIRED GOAL



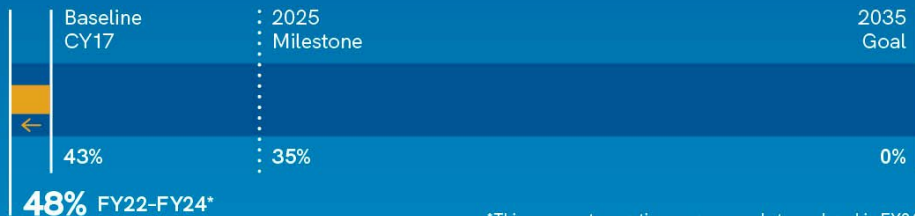
2035 Goal: The Lost and Unaccounted for Water Goal was achieved and subsequently retired as part of the five-year goal update process in FY24. SRP will continue to maintain and report on performance as standard business practice.

Generation Active Mgmt. Area Groundwater

Measured in a rolling 3-year average % of power generation water consumption from groundwater



PROGRESS TO 2035 GOAL



48% FY22-FY24*

*This represents negative progress made toward goal in FY24.

2035 Goal: Eliminate or offset power generation groundwater use in Active Management Areas (AMAs).

Key FY24 Updates

- The three-year rolling average has increased since the 2017 baseline year due to increased generation resource requirements in recent years. As we began phasing in the use of long-term storage credits to offset groundwater use, the annual percentage of groundwater use improved to 28% in 2024 and will begin reducing the three-year rolling average in 2025.
- Offset over 5,700 acre-feet of groundwater use (or 1.8 billion gallons) through long-term storage credits in FY24.
- Evaluated long-term storage credit utilization rates based on the Integrated System Plan to determine projected need.

Generation Fleet-Wide Water Reduction

Measured in gallons per MWh of generation-related water use



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

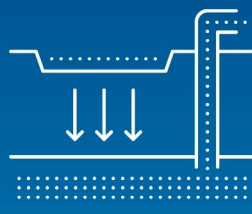
2035 Goal: Achieve 30% reduction in generation-related water use intensity across all water types from 2005 baseline.

Key FY24 Updates

- Achieved an improved fleet water intensity due to an increase in carbon-free resources added to SRP's resource portfolio.
- Conducted a study at Desert Basin Generating Station to evaluate effluent quality and potential water recovery improvements.
- Decreased absorber bleed frequency, a water-intensive process through which sulfur dioxide is removed from produced flue gas, by over 50% at Coronado Generating Station.
- Evaluated water flows, storage activities and use cases at Gila River Power Station (GRPS) to better manage water associated with GRPS' zero liquid discharge designation.

Water Storage

Measured in acre-feet of water stored underground



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

2035 Goal: 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.

Key FY24 Updates

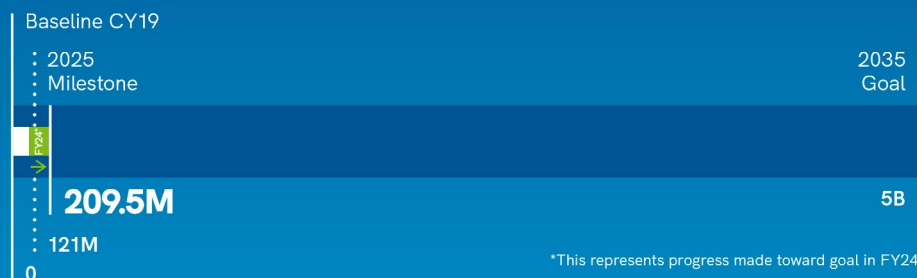
- Opted to voluntarily participate in Colorado River system conservation to support the need for stabilizing water levels in Lake Mead by offering our Non-Indian Agricultural CAP water in CY23 and were still able to achieve goal progress.
- Worked toward revising water storage permits to allow water released from the Roosevelt Dam Flood Control Space to have the opportunity to earn long-term storage credits in the future.

Community Water Conservation

Measured in gallons of potential water conservation achieved



PROGRESS TO 2035 GOAL

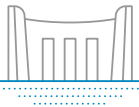


*This represents progress made toward goal in FY24.

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

Key FY24 Updates

- Hosted the SRP Water Conservation Expo™ with more than 40 internal and external exhibitors showcasing water agencies, community partners, water-efficient technologies and a local farmers market. Approximately 1,200 people attended the in-person event and two virtual expos, which resulted in an overall high satisfaction rating in a customer survey and 630 smart irrigation controllers distributed.
- Provided a dollar-for-dollar match to help fund the Town of Gilbert's nonresidential grass removal rebate program for local businesses and HOAs to get up to \$6,000 to remove grass that will be replaced with low-water-use landscaping. SRP supported the removal of 4,835 square feet of grass for an associated 241,750 gallons of water saved annually.
- Partnered with the cities of Avondale, Chandler, Goodyear and Tempe to support 233 Waterfluence commercial and municipal sites to reduce overwatering of landscapes. While most sites do not have water-savings data available yet, SRP reported approximately 49.5 million gallons in water savings for 39 sites in the city of Chandler.



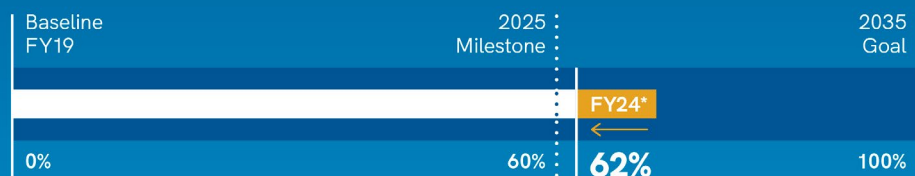
SUPPLY CHAIN & WASTE REDUCTION

Supply Chain

Measured in % of managed spend with sustainability criteria in sourcing decisions



PROGRESS TO 2035 GOAL



*This represents negative progress made toward goal in FY24.

2035 Goal: Incorporate sustainability criteria into sourcing decisions for 100% of managed spend* and integrate sustainability criteria into the supplier prequalification requirements for 100% of SRP suppliers.

*Defined as spend managed by SRP's Purchasing Services

Key FY24 Updates

- The goal progress decreased from 68% in FY23 to 62% in FY24 due to managed spend increasing at a faster rate than the portion of spend currently integrating sustainability criteria into sourcing decisions.
- Updated all formal RFP proposal evaluation templates to include sustainability criteria and to automate the scoring of the bidder responses to the sustainability questions. This enhancement standardizes how the sustainability criteria are factored into the evaluations and improves the efficiency of the evaluation process.

Municipal Waste

Measured in % municipal solid waste diversion rate



PROGRESS TO 2035 GOAL



*This represents negative progress made toward goal in FY24.

2035 Goal: Divert 75% of municipal solid waste by 2035; 100% by 2050.

Key FY24 Updates

- Post-COVID 19 office return in FY22 led to a temporary rise in waste diversion in FY23 due to auctioning excess equipment and recycling surplus paper. However, increased business needs in FY24 resulted in more items sent to landfill, reducing overall diversion rates.
- Coordinated a major effort to perform on-site inspection of front-load bins. Reduced the vendor pickup schedule, right-sized bins and converted front-load bins to roll-off bins.
- Purchased two industrial compactors for installation at SRP's main facility (represents 25% of SRP's municipal solid waste) which are expected to reduce pickups from daily to weekly, reducing greenhouse gas (GHG) emissions, costs and odor, due to the new enclosed container. The landfill compactor was installed and operational in Q4 of FY24. The recycling compactor is targeted for installation in Q1 of FY25.

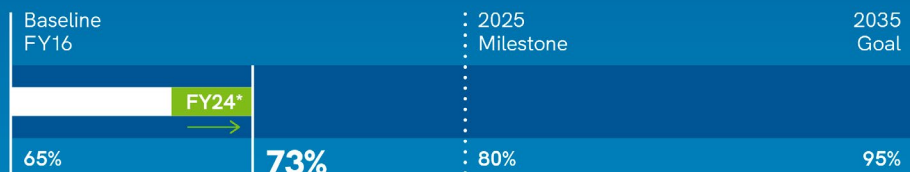
Industrial Waste

Measured in % nonhazardous industrial solid waste diversion rate



2035 Goal: Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery; 100% by 2050.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

Key FY24 Updates

- The nonhazardous industrial solid waste (NHISW) communication plan and strategy was approved and aims to reach more stakeholders to communicate industrial recycling standards, increase recycling and reduce contamination.
- Continued focus on diversion of treated wood and plastic chops (cable jacketing) for future projects, as well as screening waste for line hardware recycling opportunities.



CUSTOMER & GRID ENABLEMENT

Energy Efficiency

Measured in MWh of annual aggregate energy savings



2035 Goal: Deliver over 4 million MWh of annual aggregate energy savings.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

Key FY24 Updates

- Based on FY24 preliminary unaudited results, SRP's portfolio of energy efficiency (EE) programs generated 626,020 MWh of incremental energy savings.
- The residential EE portfolio provided 148,167 MWh of energy savings, with the Efficient Homes, SRP ENERGY STAR® Homes and SRP Energy Scorecard™ programs being the primary drivers. The commercial EE programs delivered 183,727 MWh of incremental energy savings, with the Standard Business Solutions program generating most of the savings. SRP M-Power® energy savings totaled 294,126 MWh, with 150,509 customers participating in the program at year-end.
- Transitioned the SRP Energy Scorecard and SRP Marketplace™ programs to new vendors (Oracle and Franklin Energy) to enhance the existing products and increase their reach.
- Launched HVAC tuneup measures for commercial customers to help make their systems more efficient, as well as a Virtual Commissioning program to help small and midsize business customers implement no- and low-cost measures that can save energy and money.
- Introduced new incentives for residential customers installing heat pump water heaters, cool roofs and window replacements to target greater efficiency and leverage new Inflation Reduction Act federal tax credits.

Demand Response

Measured in MW of dispatchable demand response and load management programs



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

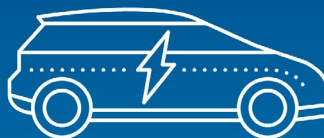
2035 Goal: Deliver at least 300 MW of dispatchable DR and load management programs.

Key FY24 Updates

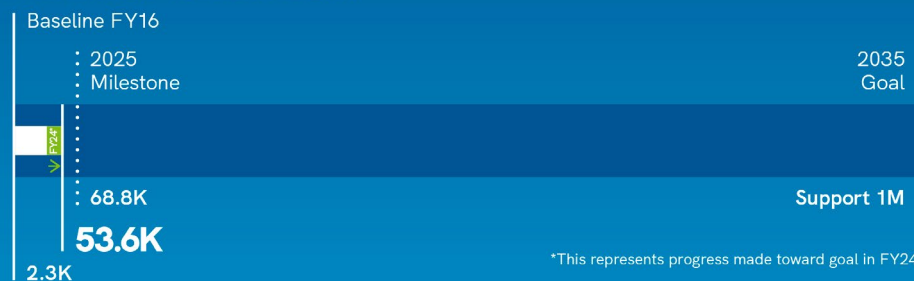
- Based on FY24 preliminary unaudited results, SRP's residential and commercial demand response (DR) programs subscribed a combined total 165 MW of capacity, representing 110% of the 150 MW target.
- The residential SRP Bring Your Own Thermostat Program™ (BYOT) closed out the FY24 program year with 89,458 subscribed thermostats and 115 MW of dispatchable DR capacity, an increase of 13,315 thermostats and 28 MW of DR capacity from a year ago. Nine BYOT events were triggered during the summer in 2023 for a peak load reduction on the system of 200-plus MW at event onset.
- Within the SRP Business Demand Response Program™ (BDR), SRP continued to refine customer options and dispatch plans and ended the year with 738 commercial customer sites enrolled and 50 MW of dispatchable DR capacity, an increase of 244 customer sites and 10 MW of DR capacity compared to a year ago. Seven BDR events were triggered during the summer in 2023 to offset precooling or snapback effects on the system from the BYOT program.
- Increased customer awareness through event promotions such as Earth Day discounts, automatic enrollments via purchases on the SRP Marketplace platform, and bill inserts for targeted customers to increase participation in programs.

Transportation Electrification

Measured in number of EVs supported in SRP service territory



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

2035 Goal: Support adoption of 1 million** electric vehicles (EVs) in SRP's service territory and manage 90% of EV charging.

**As forecasted by outside industry consultants

Key FY24 Updates

- SRP completed year two of the SRP EV Flex Charge™ pilot and year one of the SRP EV Smart Charge™ pilot. We successfully managed charging events and utilized vendor platforms to observe various capabilities, including data acquisition and demand response refinement.
- Rebated 3,193 residential EV chargers and 551 business EV chargers. A third of the residential chargers were sold via the SRP Marketplace e-commerce platform. Residential customer participation in the smart charger program was 58% higher than a year ago. Multifamily projects made up the majority of business rebates.
- Local homebuilders completed 2,105 homes in EV-ready communities through the SRP ENERGY STAR® Homes program, 176% higher than a year ago. There are 15 builders with 66 communities enrolled in this program and four who have committed to building all future communities at 100% EV-ready.
- Completed SRP's Managed Charging Roadmap, which lays out a flexible action plan to proactively manage the load from EVs on the grid as technology and market conditions evolve.
- Assisted in the coordination and planning of the second annual Arizona EV Fleet Day, which was hosted by the Transportation Electrification Activator group, to spur fleet electrification by supporting a more cohesive network of fleet operators, influencers and implementation partners. The event attracted over 220 participants (more than twice the number from last year's event).

Electric Technologies

Measured in MWh of annual aggregate energy impact



2035 Goal: Expand portfolio of electric technology (non-EV) programs to deliver 320,000 MWh of annual aggregate energy impact.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

Key FY24 Updates

- The E-Tech program provided incentives for 751 electric forklifts, 278 high-frequency demand response-capable forklift chargers, and 13 battery-powered scissors and/or boom lifts, delivering 18,298 MWh of incremental load growth.
- Completed seven custom electrification projects, delivering 866 MWh of incremental load growth.
- Developed and implemented educational campaigns to promote the benefits of electric technologies; hosted SRP's annual EV/E-Tech Signature Series event; provided technical assistance to identify electrification opportunities; and built a pipeline of custom electrification projects with large business customers.
- Grew and expanded the trade ally network of contractors to engage and leverage expertise from industrial process equipment manufacturers and service providers to further drive custom measures. Also launched monthly webinars covering topics such as training and education, current and new electric technologies, available funding resources and trends in the market.

Grid Enablement

Measured in % of customer distributed energy resources interconnection applications approved. This goal is a rolling annual target.



2035 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.

PROGRESS TO 2035 GOAL



Key FY24 Updates

- Facilitated an in-depth study with Sound Grid Partners on the value proposition of various solar and storage configurations, including customer-sited scenarios, culminating in a three-hour presentation and work-study session with SRP's Board and Council. These results will help inform resource plans, customer programs, pricing designs and the Distribution Enablement Strategy.
- The Advanced Distribution Management System (ADMS) Foundation project achieved site acceptance testing, dual-porting 273 remote terminal units and migrating of all system environments from the SRP corporate network to the secured ADMS network, with full implementation expected by December 2024. The ADMS will allow SRP to operate a flexible and reliable grid while responding to changing customer demands, such as distributed energy resources (DERs) and electric vehicles.
- Completed the installation of the remaining 520 line capacitor bank controllers ahead of schedule. In total, over 3,000 controllers were installed in the past three years. These upgrades will provide enhanced management of power quality and the ability to respond to more dynamic behavior of the grid.
- Developed a new interconnection application screening process and implementation plan and executed a successful go-live in May 2024. This process will screen all customer applications for impacts on the grid to ensure grid safety, facilitate system planning, ensure compliance with standards, provide customer support, and assess the impact of DERs on the grid infrastructure.



CUSTOMER & COMMUNITY ENGAGEMENT

Customer Sustainability Sentiment Rating

Measured in performance relative to the industry average of the J.D. Power Sustainability Index. This goal is a rolling annual target.



2035 Goal: Maintain above industry average in performance in the J.D. Power Sustainability Index.



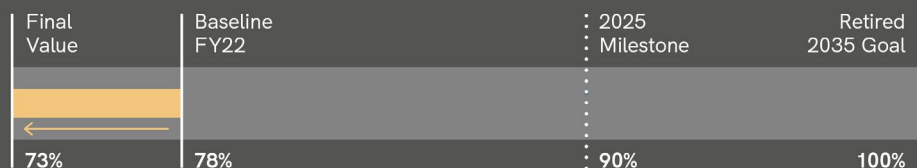
Key FY24 Updates

- Continued to spotlight SRP's investments in new technologies, increasing customer awareness of resilience efforts through the Sustainability and Innovation Campaign.
- Commissioned J.D. Power to conduct a proprietary study on customer attitudes toward climate change, awareness of their utilities' plans and levels of customer engagement and advocacy.
- Provided ongoing strategy for and campaign management of initiatives, including the following:
 - 2023 Integrated System Plan
 - Revised 2035 Sustainability Goals
 - Sustainability Goal 5-Year Action Plans
 - 2023 Sustainability Energy Offering Customer Annual Reports
 - Packaging of SRP's Renewable Energy Solutions
 - 2023 Greenhouse Gas Fact Sheet
 - ASU/SRP Strategic Partnership Report
 - Sustainable Cities Program
 - Water Conservation and Resiliency Campaign
 - Preferred Solar Installer Program
 - SRP Healthy Forest Initiative™
 - Right Tree, Right Place ProgramInformed these efforts through strategic communications and marketing intended to keep SRP customers and the local community in the know.
- Sponsored partnerships and events:
 - Environmental Excellence Awards
 - Designing a Resilient City event and competition
 - Presenting sponsor of the Valley Metro Clean Air Awards
 - SRP Water Conservation Expo™
 - Celebration for Resilience: Knowledge Exchange for Resiliency at ASU
 - Mpact Transit + Community Conference
 - Canal Convergence
 - Fountain Hills Arts Festival
 - Water Awareness Month Festival
 - Valley Home Shows

Employee Engagement

Measured in Sustainability Index Score % from the Sustainability Employee Engagement Survey

RETIRED GOAL



2035 Goal: The stand-alone Employee Engagement goal was retired as part of the five-year goal update process in FY24 in favor of more explicitly connecting and incorporating employee contributions in achieving the goals as part of the five-year action plans.

Forest Restoration

Measured in number of forest acres thinned

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY24.

2035 Goal: 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.

Key FY24 Updates

- Executed two memorandums of understanding (MOUs) with new partners: 1) Mule Deer Foundation for five years to work cooperatively in the identification, evaluation and funding of forest and watershed restoration projects in the Highway Tanks area; and 2) National Forest Foundation for five years to jointly identify and implement forest restoration projects in the Verde and Salt river watersheds. SRP will provide donations up to \$500,000 per year to support specific on-the-ground forest restoration projects in the Salt and Verde river watersheds and another \$25,000 each year of the MOU to the Wood For Life program that uses wood from forest restoration to fuel Indigenous communities that rely on firewood to heat their homes.
- Worked closely with the Arizona Department of Forestry and Fire Management and the U.S. Forest Service to help execute four supplement project agreements: 1) Cragin Watershed Protection Project 2 to restore 22,638 acres; 2) Greater Payson Restoration Project to restore 14,265 acres; 3) Payson and Pleasant Valley Projects to restore 2,993 acres; and 4) Beaver Creek Watershed and Wildlife Enhancement Project to restore 5,832 acres.
- Surpassed FY23 thinned acres by 2,640 acres via 10 forest thinning projects under operations with about 4,194 acres thinned.
- Funded 11 other forest projects to achieve 21,105 acres thinned. For these 11 projects, SRP was able to secure \$7.87M from 11 partners. SRP's funding match was approximately \$2.96M.
- Secured five corporate partners (Apple, Meta, Google, PepsiCo and EdgeCore) investing in 14 projects totaling \$4.63M and 33,000 acres of forest restoration.