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SRP 2035 SUSTAINABILITY ADVISORY GROUP

MEETING #3 SUMMARY

NOVEMBER 17, 2023

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Topic: 2035 Sustainability Goals—Customer and Grid Enablement, Customer Satisfaction Rating, and Employee Engagement Goals

Date: November 17, 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, 12 organizations attended the meeting.

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

EXECUTIVE SUMMARY

On Friday, November 17th, Advisory Group members convened in SRP's Heritage Center to review a subset of SRP's 2035 Sustainability Goals. The 3rd in a series of meetings, SRP opened the meeting by thanking attendees for their active participation in the goal update process. SRP emphasized the objective of the process is to achieve shared understanding of the complex issues being discussed and for the Advisory Group members' diverse perspectives to be captured and considered in any recommended updates to the 2035 Sustainability Goals.

Overview of Customer and Grid Enablement Pillar

Presenter: Dan Dreiling, Director, Customer Programs

Discussion centered on the evolution of SRP's Customer Programs over time to help the power system operate more efficiently and to benefit customers by providing multiple options to manage energy and cost. The presentation emphasized SRP's unrelenting focus on affordability and the need to reduce cost burdens on customers, highlighting the fact that SRP has the largest energy efficiency portfolio in the southwest and has been recognized by the Department of Energy and others as a mature leader in the field. The discussion provided an overview of advanced technology being studied such as Virtual Power Plants and how SRP is working with aggregators to develop customer side solutions to manage and shape the loads of the future.

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.

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

Discussion summary:

Advisory Group members expressed appreciation for an increase in the Energy Efficiency goal metric and SRP's leadership in the energy efficiency space. The discussion included SRP's efforts to ensure customers can take advantage of federal funding and ensure they are aware of opportunities.

Some Advisory Group members inquired about how interest rates and economic activity impact SRP's progress toward its sustainability goals. Several Advisory Group members expressed concern over SRP including the M-Power program in the energy efficiency portfolio. The discussion also highlighted that SRP conducts ongoing cost benefit analysis relative to customer programs with partners such as Guidehouse and publishes the results. Advisory Group members also noted the importance of conservation to decarbonization efforts.

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.

Proposed Direction: Maintain goal to deliver at least 300 MW of dispatchable DR and load management programs.

Discussion summary:

Advisory Group members asked clarifying questions about the duration and strategy of calling demand response events. The presentation explained how SRP uses shorter duration events (2 hours) and works with partners like Guidehouse to improve assumptions and analysis on the many variables involved. Attendees also asked about levelized cost of energy. Some Advisory Group members suggested SRP should calculate the savings from market prices during events to illustrate cost savings, and potentially increase investment in the program. Other Advisory Group members asked about the grid emergencies and how those protocols differ from demand response. Advisory Group members also inquired about how commercial and industrial (C&I) customers subscribe to demand response programs and the role that data centers play in demand response efforts.

4.3 Electric Transportation

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

Current Goal: Support the enablement of 500,000 EVs in SRP's service territory and manage 90% of EV charging through price plans, dispatchable load management, original equipment manufacturer integration, connected smart homes, behavioral and other emerging programs.

Proposed Direction: Support widespread EV adoption in SRP service territory and ensure the electric grid can support our customers and communities' needs by offering a suite of price plans and programs that manage 90% of residential EV charging on the system.

Discussion summary:

Advisory Group members expressed an appreciation for SRP's efforts in the EV space. Some members urged SRP to maintain the numerical target in this goal. Advisory Group members asked about collaboration with the fleet vehicles managed by cities. Advisory Group members inquired about what the 90% managed charge metric includes and how it will be measured. Some Advisory Group members recommended SRP increase the educational materials on its website to help new electric vehicle owners navigate the process of identifying rebates, incentives and charging price plans.

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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 megawatt hours of annual aggregate energy impact.

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

Discussion summary:

Advisory Group members appreciated the proposed increased target for this goal. The discussion highlighted that there are large commercial opportunities and SRP is working with Electric Power Research Institute and ICF to build out customer measures and explore further market opportunities. Advisory Group members suggested SRP track both commercial and residential performance separately to not lose sight of what residential customers could achieve. The presentation also focused on emerging technologies and load shaping options, while noting SRP's ENERGY STAR homes program.

4.5 Grid Enablement

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

Current Goal: Enable the interconnection of all customer-sited resources, including solar photovoltaics (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction.

Proposed Direction: Maintain goal to enable the interconnection of all customer-sited resources, including solar photovoltaics (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction.

Discussion Summary:

Advisory Group members expressed a desire to learn more about SRP's efforts to support customers by advancing microgrids. The discussion included information about SRP's work with some customers to explore planning and execution of microgrids. Advisory Group members expressed an interest in the ways SRP is enabling rooftop solar. The discussion emphasized SRP's efforts to make it as easy as possible for customers to install rooftop solar. The conversation also focused on SRP's Advanced Distribution Management System/Distributed

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Energy Resource Management Systems and the related opportunities around workforce development, particularly in the areas of data science, data analytics and engineering as well as SRP's partnerships around workforce development and training programs. The discussion included information on SRP's customer software modernization program that will allow for much more flexibility and efficiency in customer programs, slated to come online in a few years. Advisory Group members inquired about tracking projected congestion from distribution feeders. SRP shared that it tracks congestion continuously and has a robust planning process to alleviate it. Advisory Group members also emphasized the difference between enablement and access and urged SRP to consider low-income customers who may not have access. Advisory Group members also noted the opportunity to highlight some opportunities for transformation and innovation related to this goal.

5.1 Customer Satisfaction Rating

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

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

Proposed Direction: Maintain above the industry average in the J.D. Power Sustainability Index; Stretch: Achieve top quartile performance in the J.D. Power Sustainability Index.

Discussion Summary:

Advisory Group members asked for more information on the types of questions asked for in the JD Power Sustainability Index and the quantity and representation of respondents. Several Advisory Group members urged SRP to establish the proposed stretch goal as the goal. Other members expressed skepticism in the value of tracking customer sentiment given the role SRP plays in shaping those perspectives. Advisory Group members also shared proposed alternative scorecard or rating opportunities.

5.2 Employee Engagement

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

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

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Proposed Direction: Remove 5.2 as a separate goal. Ensure action plans for all sustainability goals clearly indicate pathways for employee contributions.

Discussion Summary:

Some Advisory Group members shared appreciation for the enthusiasm of SRP employees at internal sustainability events and encouraged SRP to support this culture. Other Advisory Group members suggested SRP replace the goal with one focused on supporting customers instead of employees. Additional Advisory Group members suggested this goal was a tactic rather than a goal and should be retired.