

An aerial photograph of a large concrete dam and its reservoir, situated in a deep, rugged canyon. The canyon walls are composed of layered, reddish-brown rock. The reservoir is a deep blue, and the dam is a long, low structure across the middle of the frame. The sky is a clear, pale blue.

SRP 2035 Sustainability Goals

1.1 Generation Carbon Follow Up Discussion

December 8, 2023

Welcome

Bobby Olsen

**Associate General Manager & Chief Planning, Strategy,
and Sustainability Executive**

Agenda

Discussion Framework:

- What we heard on 10/27
- Clarifying information based on Advisory Group feedback
- Risks considered in achieving the goal
- Additional discussion and considerations

Meeting Protocol

- Be present
- Active engagement
- Inclusive
- Respectful
- Open and curious
- Chatham House Rule



1.1 Generation Carbon

Angie Bond-Simpson, Senior Director, Resource Management

Goal 1.1 — Generation Carbon

Proposed Direction

Updated Goal:

Reduce the amount of CO₂ emitted by generation (per MWh) by 75% from 2005 levels — 2050 goal: net zero carbon emissions

Original Goal:

Reduce the amount of CO₂ emitted by generation (per MWh) by 65% from 2005 levels — 2050 target: 90% intensity reduction from 2005

What We Heard

- About half the group was satisfied with proposed direction, half was not satisfied
- Some appreciated the proposed goal, some asked for more aggressive targets
- Desire for mass-based target
- Importance of safety and reliability

Recommended Direction

Maintain Direction:

Reduce the amount of CO₂ emitted by generation (per MWh) by 75% from 2005 levels — 2050 goal: net zero carbon emissions

Integrated System Plan: System Strategies

Energy Investments

Invest in renewable resources and storage to manage fuel consumption, and drive carbon and water reductions.

Capacity Investments

Invest in firm generation, including natural gas, to support reliability and manage affordability, while also supporting advancement of emerging firm technologies.

Proactive Transmission

Proactively plan to expand transmission infrastructure to enable generator interconnections and load growth.

Distribution Innovation

Ensure distribution grid readiness to maintain reliability and enable customer innovations to drive carbon reductions.



Strategic Investment & Reinforcement of Existing Assets

Reinforce and maximize value of existing infrastructure with strategic investments to manage affordability, and ensure future performance, grid security and resilience.

Evolution of Customer Programs & Pricing

Evolve pricing and customer programs to improve economy-wide carbon reductions and pace infrastructure development, while recognizing customers' diverse needs.

Partnerships & Suppliers

Explore partnerships, supply chain and development solutions that manage cost and availability to meet the pace of transformation.

Carbon Reduction/Renewable Goals



2030 45% renewables,
65% clean energy

2035 *Proposed: 75%
carbon intensity
reduction from 2005*

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

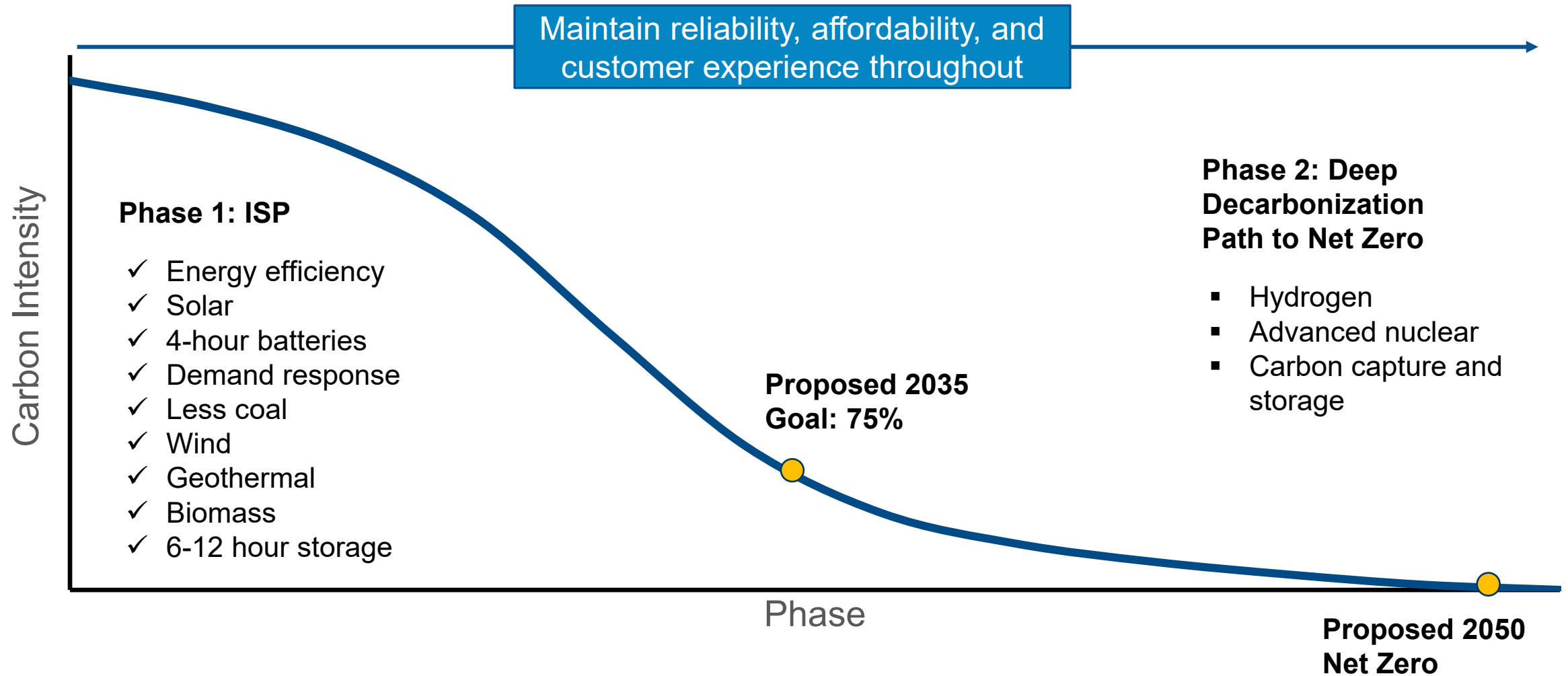
2050 100% clean and
carbon free

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.

The Path to Net Zero



Closing Poll

Wrap Up and Next Steps