



SRP 2035 Sustainability Goals

Advisory Group Meeting #4

December 8, 2023



Welcome

Tom Cooper

Senior Director, Future System Assets and Strategy

Safety & Sustainability Minute

Safety & Sustainability Minute

Be mindful with decorations

- Keep decorations at least 3 feet away from heat sources
- Cover extension or long cords with rugs or tape to avoid tripping hazards
- Store batteries safely away from children or pets

Be festive while being sustainable

- Use LED holiday lights: they use 75% less energy and last 25 times longer!
- Use nature as your décor with fresh greenery, rustic pinecones, and dried oranges
- Extra tree trimmings? Use the extra branches from the bottom of your tree to make a DIY fresh wreath



Welcome Board and Council Observers



Chris Dobson
SRP Vice President



Robert Arnett
SRP Board Member



Mario Herrera
SRP Board Member



Nick Brown
SRP Board Member

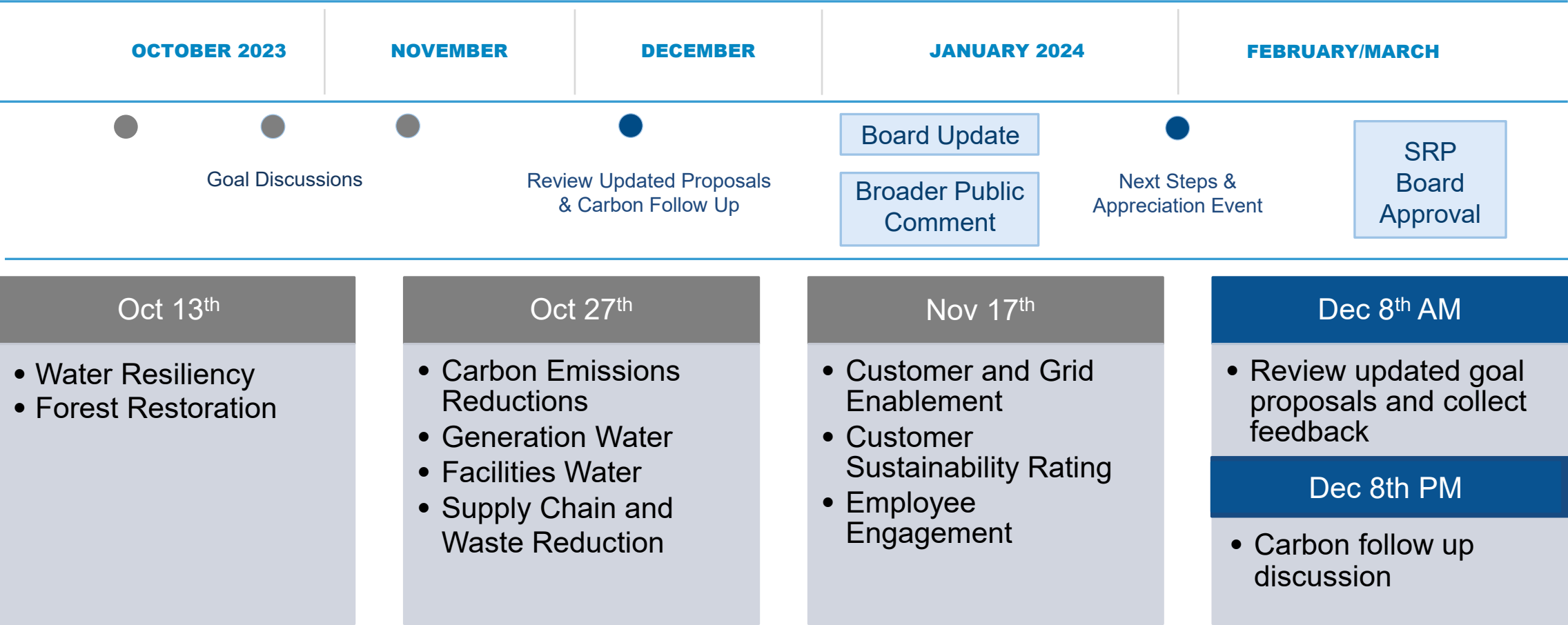


Mark Mulligan
SRP Council Member



Rocky Shelton
SRP Council Member

2035 Sustainability Advisory Group Engagement Schedule



December 8th Agenda

Time	Topics	Details
8:00–8:30	Gathering time	
8:30–8:45	Welcome	Reflections on previous meeting, meeting logistics, and survey results
8:45–10:15	Working Session	Pillars 1 & 2 (Facilities and Fleet Carbon Emissions Reduction and Water Resiliency)
10:15–10:30	Break	
10:30–12:00	Working Session	Pillars 3 & 4 (Supply Chain & Waste Reduction and Customer & Grid Enablement)
12:00–1:15	Working Lunch	Pillar 5 (Customer, Community & Employee Engagement)
1:15–1:30	Wrap Up and Next Steps	Pulse survey
1:30–4:30	Follow Up Session	Goal 1.1 Generation Carbon



Sustainability at SRP



SRP's focus on sustainability is reflected in our mission statement – SRP serves our customers and communities by providing sustainable, reliable and affordable water and power – and is a core component of our corporate strategy.

On this page:

[SRP 2035 Sustainability Goals](#)

[Progress year over year](#)

[Developing a blueprint for the future](#)

On related pages:

[Goals update process](#)

Welcome Our Facilitator



Kim Hartmann, Ed.D.
KCH Solutions LLC

Advisory Group



City of Phoenix



Customer Utility Panel



Meeting Objective

Inform



*Sustainability Goal
Progress, New Context
& Lessons Learned*

Listen



Q & A

Refine



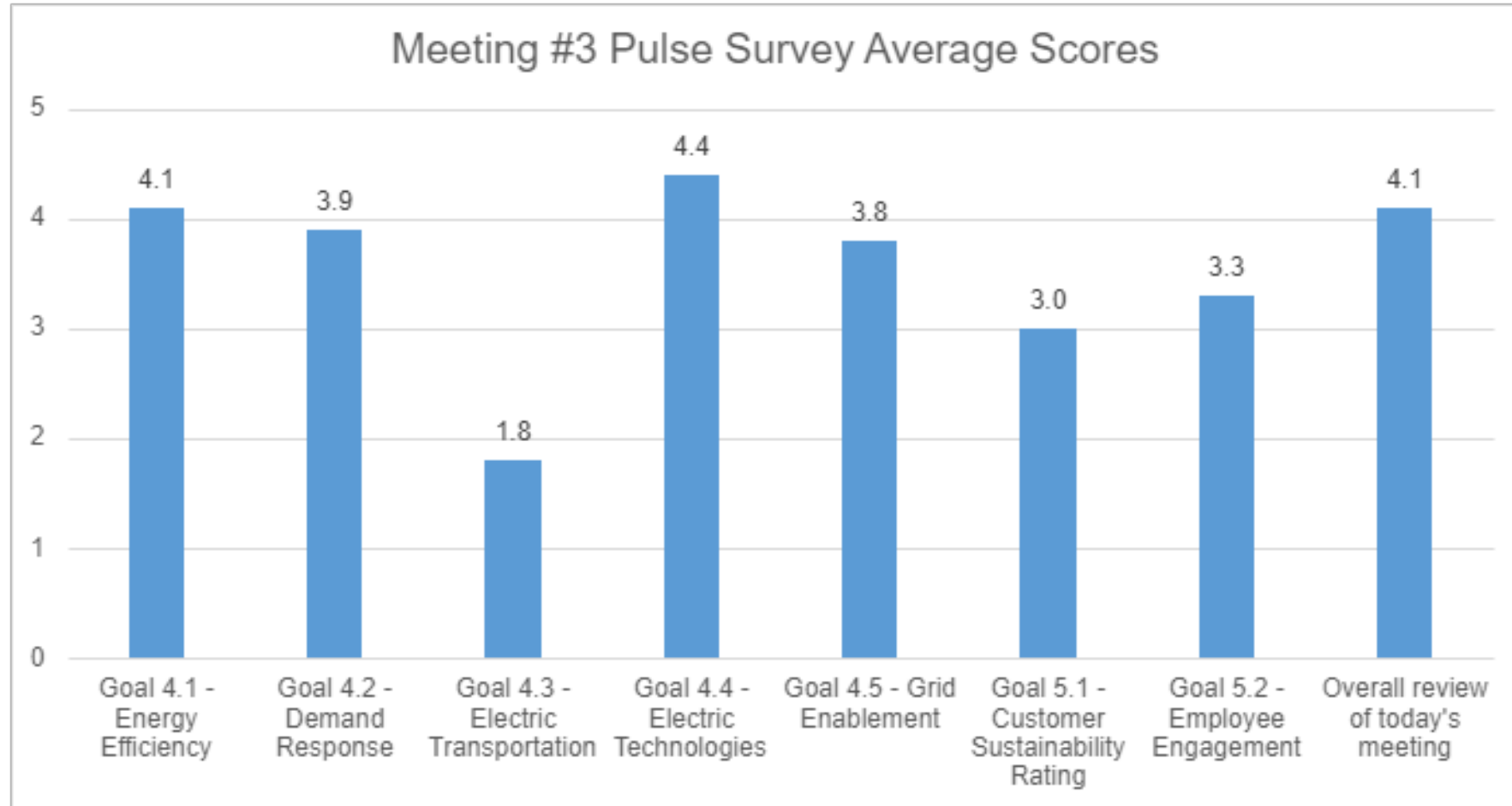
*Sustainability Goal
Recommendations to
the SRP Board*

Meeting Protocol

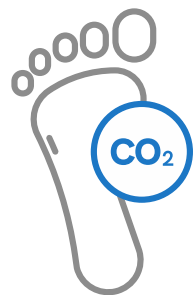
- Be present
- Active engagement
- Inclusive
- Respectful
- Open and curious
- Chatham House Rule



November 17th Pulse Survey Results



Plan for the Day



CARBON EMISSIONS REDUCTIONS

1.1 Generation Carbon

1.2 Facilities Carbon

1.3 Fleet Carbon



WATER RESILIENCY

2.1 Facilities Water

2.2 Lost & Unaccounted For Water

2.3 Generation Active Management Area Groundwater

2.4 Generation Fleet-Wide Water Reduction

2.5 Water Storage

2.6 Water Conservation

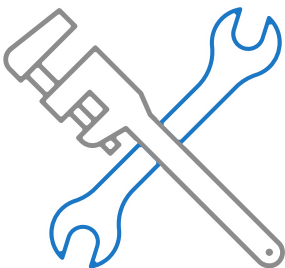


SUSTAINABLE SUPPLY CHAIN & WASTE REDUCTION

3.1 Supply Chain

3.2 Municipal Waste

3.3 Industrial Waste



CUSTOMER & GRID ENABLEMENT

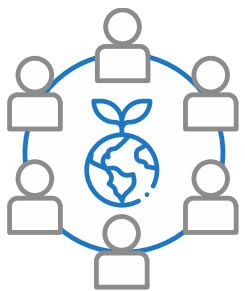
4.1 Energy Efficiency

4.2 Demand Response

4.3 Transportation Electrification

4.4 Electric Technologies

4.5 Grid Enablement



CUSTOMER, COMMUNITY & EMPLOYEE ENGAGEMENT

5.1 Customer Sustainability Rating

5.2 Employee Engagement

5.3 Forest Restoration

Facilities and Fleet Carbon Emissions Reductions

Kate Kochenderfer, Senior Director, Supply Chain, Transportation & Flight Services

Brian Heath, Senior Director, Facilities & MCM Services

Goal 1.3 — Fleet Carbon

Proposed Direction	What We Heard	Recommended Direction
Maintain Current Goal: Reduce carbon emissions from fleet by 30% on a mass basis	• Like focus on idle reduction • Would like more focus on reducing fleet vehicles • Would like goal to be more aggressive	Maintain Current Goal: Reduce carbon emissions from fleet by 30% on a mass basis

Goal 1.2 — Facilities Carbon

Proposed Direction	What We Heard	Recommended Direction
Maintain Current Goal: Reduce carbon emissions from facilities by 30% on a mass basis	• Highlights on Facilities case studies • Generation reduction impact to Facilities' goal • More aggressive goal revision	Updated Recommendation: Reduce carbon emissions from facilities by 45% on a mass basis

Water Resiliency

Brian Heath, Senior Director, Facilities & MCM Services

Kyle Tilghman, Director, Water Strategy

Elvy Barton, Manager, Water & Forest Sustainability

Goal 2.1 — Facilities Water

Proposed Direction	What We Heard	Recommended Direction
Maintain Current Goal: Reduce water use at SRP facilities by 45% on a mass basis	• Water recycling or reuse • More breakdown of water savings • More aggressive goal revision	Maintain Current Goal: Reduce water use at SRP facilities by 45% on a mass basis

Goal 2.2 — Lost & Unaccounted for Water

Proposed Direction	What We Heard	Recommended Direction
Retire goal and transition into maintenance focus, continue to report performance and investigate improvement opportunities Current Goal: Achieve lost and unaccounted for water rate of less than 5% on a 10-year rolling average	• Agreement with goal recommendation • Desire to still track L&U	Maintain Proposed Direction

Goal 2.3 — Generation Groundwater

Current Goal:

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

What we proposed:

Maintain current goal

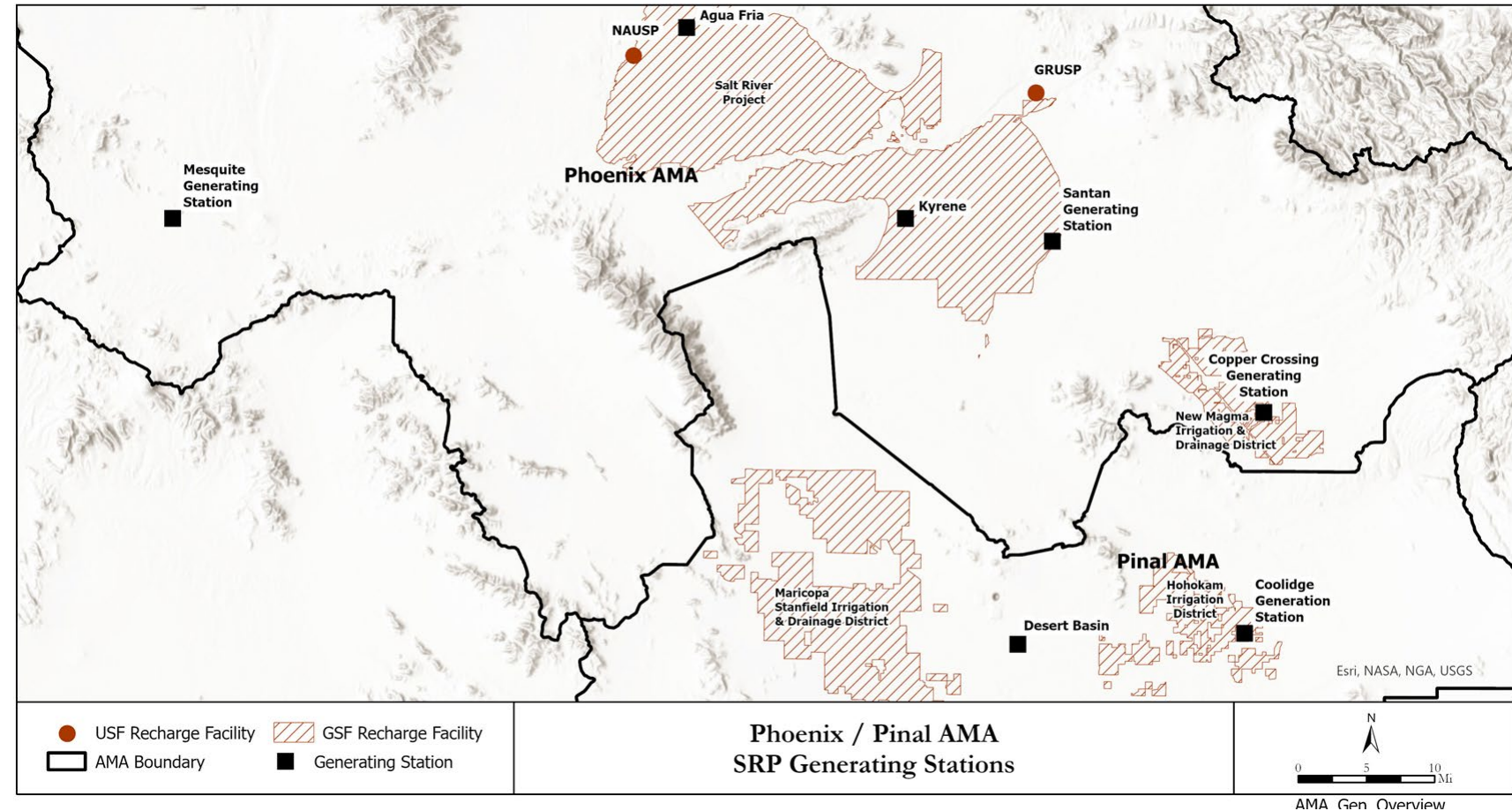
What We Heard:

Additional clarity on path to achieve the goal

Goal 2.3 — Generation Groundwater

How are we incorporating or addressing:

- Storing water underground to create Long Term Storage Credits (LTSC)



Goal 2.3 — Generation Groundwater

How are we incorporating or addressing:

- In 2023 started offsetting at two more generating stations
- Current limitation on the Colorado River
- Goal 2.5 — continuing to create Long Term Storage Credits for generation purposes

Goal 2.3 — Generation Groundwater

Recommended Direction:

Maintain current goal to eliminate or offset power generation groundwater use in Active Management Areas (AMAs).

Goal 2.3 — Generation Groundwater

Proposed Direction	What We Heard	Recommended Direction
Maintain Current Goal: Eliminate or offset power generation groundwater use in Active Management Areas (AMAs)	Additional clarity on path to achieve the goal	Maintain Current Goal: Eliminate or offset power generation groundwater use in Active Management Areas (AMAs)

Goal 2.4 — Generation Fleet-Wide Water

Current Goal:

Achieve 20% reduction in generation-related water use intensity across all water types by 2035.

What we proposed:

Achieve 30% reduction in generation-related water use intensity across all water types by 2035.

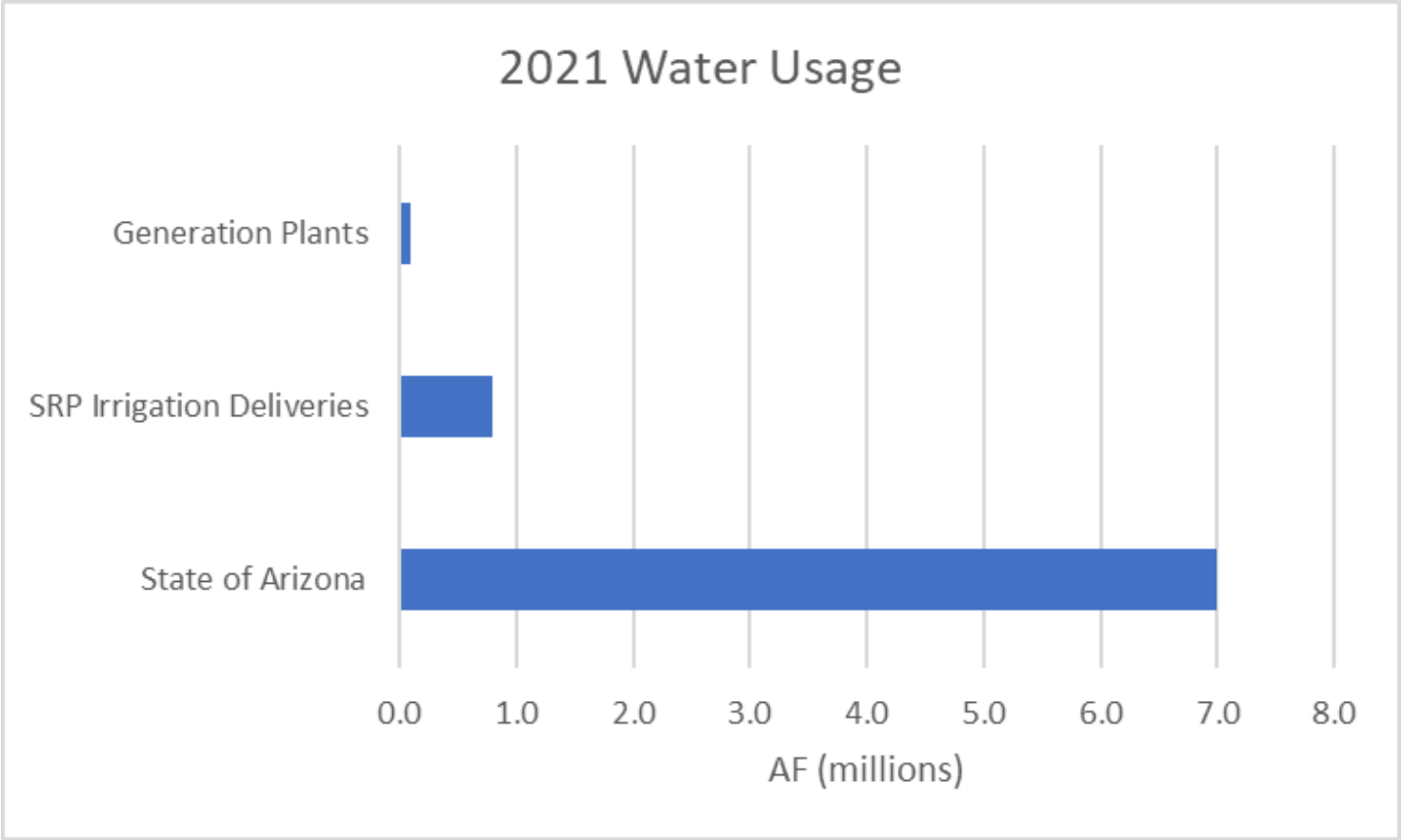
Goal 2.4 — Generation Fleet-Wide Water

What We Heard:

- Water usage data at all generating stations
- Clarify conservation efforts beyond the resource mix
- Interested in a mass reduction goal
- Preferred a target separate from Generation Carbon goal

Goal 2.4 — Generation Fleet-Wide Water

How are we incorporating or addressing:



Goal 2.4 — Generation Fleet-Wide Water

How are we incorporating or addressing:

- Plant water efficiency efforts:
 - Water cooled to air cooled equipment
 - Leak detection
 - Water treatment improvements
- Committed to reporting acre feet along with water intensity
- Will continue to track goal separately from Goal 1.1 Generation Carbon

Goal 2.4 — Generation Fleet-Wide Water

Recommended Direction:

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

Goal 2.4 — Generation Fleet-Wide Water

Proposed Direction	What We Heard	Recommended Direction
Achieve 30% reduction in generation-related water use intensity across all water types Current Goal: Achieve 20% reduction in generation-related water use intensity across all water types	• Data on water usage at generating stations • Clarify conservation efforts beyond the resource mix • Interested in a mass reduction goal • Keep goal separate from carbon intensity goal	Maintain Direction: Achieve 30% reduction in generation-related water use intensity across all water types

Goal 2.5 — Water Storage

Current Goal:

Store 1 million acre-feet of water supplies underground

What we proposed:

Maintain goal to store 1 million acre-feet of water supplies underground, and add aspects of drought resiliency to include:

- Surface water development
- Recovery
- Regional exchange flexibility

Goal 2.5 — Water Storage

What We Heard:

- Important goal and great progress to date
- Support for expanding to incorporate regional drought resiliency
- Should not stop at the 1 million acre feet
- Interested in knowing more about water storage

Goal 2.5 — Water Storage

How are we incorporating or addressing:

- Incorporate drought resiliency efforts
 - Develop infrastructure and improve plans for beneficial water use
 - Assist in delivering beneficial-use water and recovery water
- Will continue to focus on underground water storage

Goal 2.5 — Water Storage

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 acre-feet.

(Action Plans to include establishing Recovery Agreements with partners and implementing new interconnection with Central Arizona Project canal)

Goal 2.5 — Water Storage

Proposed Direction	What We Heard	Recommended Direction
Store 1 million acre-feet of water supplies underground, and add aspects of drought resiliency to include: • Surface water development • Recovery • Regional exchange flexibility Current Goal: Store 1 million acre-feet of water supplies underground	• Important goal and great progress to date • Support for expanding to incorporate regional drought resiliency • Should not stop at the 1 million acre feet • Interested in knowing more about water storage	Updated Recommendation: 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. (Action Plans to include establishing Recovery Agreements with partners and implementing new interconnection with Central Arizona Project canal.)

Goal 2.6 — Water Conservation

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.

What we proposed:

Revise goal with a broader scope to support water conservation by creating and executing programs to identify 5 billion gallons (~15,300 af) of potential water conservation by 2035.

Goal 2.6 — Water Conservation

What We Heard:

- Desire to better understand goal metrics and measurement, including potential third-party verification
- Inclusion of green stormwater infrastructure projects
- Keep focus of municipal partnerships and water conservation programs
- Do not expand scope outside service territory/ watershed
- Goal target small when compared to other goals

Goal 2.6 — Water Conservation

How are we incorporating or addressing:

- Provide more background information on how SRP measures goal progress
- Keep goal scope focused on water conservation activities within SRP service territories and watershed boundaries
 - Example projects: Commercial/ Industrial landscape changes, Cooling tower upgrades, irrigation upgrades, turf removal
- Keep the goal target at 5 billion gallons by 2035

Goal 2.6 — Water Conservation

Recommended Direction:

Achieve 5 billion gallons (~15,300 af) of water conservation by 2035 through partnership
(Modify goal name to include “Community”)

Goal 2.6 — *Community* Water Conservation

Proposed Direction	What We Heard	Recommended Direction
Revise goal with a broader scope to support water conservation by creating and executing programs to identify 5 billion gallons (~15,300 af) of potential water conservation by 2035 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	• Desire to better understand goal metrics and measurement, including potential third-party verification • Inclusion of green stormwater infrastructure projects • Keep focus of municipal partnerships and water conservation programs • Do not expand scope outside service territory/ watershed • Goal target small when compared to other goals	Updated Recommendation: Achieve 5 billion gallons (~15,300 acre feet) of water conservation by 2035 through partnership (Modify goal name to include “Community”)

Goal 5.3 — Forest Restoration

Proposed Direction	What We Heard	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 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	• Appreciation for the increased acreage target • Explore biochar and pyrolysis as possibilities • Deeper understanding on the rationale for both the original goal scope as well as the proposed increase in the acreage target	Maintain Proposed 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

Supply Chain & Waste Reduction

Kate Kochenderfer, Senior Director, Supply Chain, Transportation & Flight Services

Goal 3.1 — Supply Chain

Proposed Direction	What We Heard	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 Current Goal: Incorporate sustainability criteria into sourcing decisions for 100% of managed spend	• Like expansion • Improvement • Ambitious	Maintain Proposed Direction: 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.

Goal 3.2 — Municipal Waste

Proposed Direction	What We Heard	Recommended Direction
Combine Goal: Reduce all SRP waste, Municipal and Non-Hazardous Industrial Solid Waste, by 85% by 2035; 100% by 2050 Current Goal: Divert 75% of municipal solid waste — 2050 target: Divert 100% of municipal solid waste	- Combining feels like a step backwards - Like emphasis on reuse - More focus on non-hazardous goal	Updated Recommendation: <i>(do not combine with 3.3)</i> Divert 75% of Municipal Solid Waste by 2035; 100% by 2050

Goal 3.3 — Industrial Waste

Proposed Direction	What We Heard	Recommended Direction
Combine Goal: Reduce all SRP waste, Municipal and Non-Hazardous Industrial Solid Waste, by 85% by 2035; 100% by 2050 Current Goal: Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery	- Combining feels like a step backwards - Like emphasis on reuse - More focus on non-hazardous waste goal	Updated Recommendation: <i>(do not combine with 3.2)</i> Divert 95% of non-hazardous Industrial Solid Waste sent to Investment Recovery by 2035; 100% by 2050

Customer & Grid Enablement

Dan Dreiling, Director, Customer Programs

Chris Campbell, Senior Director, Distribution & Technology Operations

Goal 4.1 — Energy Efficiency

Proposed Direction	What We Heard	Recommended Direction
Deliver over 4 million MWh of annual aggregate energy savings Current Goal: Deliver over 3 million MWh of annual aggregate energy savings	• SRP's leadership in this area — meeting goals • Appreciative of significant increase to 2035 EE goal • Continue to leverage IRA funding	Maintain Proposed Direction: Deliver over 4 million MWh of annual aggregate energy savings

Goal 4.2 — Demand Response

Proposed Direction	What We Heard	Recommended Direction
Maintain Current Goal: Deliver at least 300 MW of dispatchable DR and load management programs	• Important to reach demand response targets • Continue to expand demand response portfolio • More intentional recognition of participating business customers	Maintain Current Goal: Deliver at least 300 MW of dispatchable DR and load management programs

Goal 4.3 — Transportation Electrification

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

Current Goal:

Support the enablement of 500K 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

What We Heard

- Advisory Group members prefer SRP maintain a long-term EV in operation target
- Stakeholders understand that SRP cannot single-handedly control EV adoption and growth
- Group recognizes challenges associated with business / fleet charging

Recommended Direction

Updated Recommendation:

Support adoption of **1 million*** EVs in SRP's service territory and manage 90% of EV charging

*As forecasted by 3rd party industry consultants

Goal 4.4 — Electric Technologies

Proposed Direction	What We Heard	Recommended Direction
Expand portfolio of electric technology (non-EV) programs to deliver 320,000 MWh of annual aggregate energy impact Current Goal: Expand portfolio of electric technology (non-EV) programs to deliver 300,000 MWh of annual aggregate energy impact	• Advisory Group appreciated increase in E-Tech target • Glad to see success with business electrification • Expand focus to include residential and off-peak growth	Maintain Proposed Direction: Expand portfolio of electric technology (non-EV) programs to deliver 320,000 MWh of annual aggregate energy impact

Goal 4.5 — Grid Enablement

Proposed Direction	What We Heard	Recommended Direction
Maintain Current Goal: Enable the interconnection of all customer-sided resources, including solar photovoltaics (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction	• Grid & customer program enablement is important • Critical to integrate advanced technologies and future DERs • The goal is complicated and touches many areas	Maintain Current Goal: Enable the interconnection of all customer-sided resources, including solar photovoltaics (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction

Customer, Community & Employee Engagement

Elise Gould, Senior Director, Insights, Brand Strategy & Communications

Tom Cooper, Senior Director, Future System Assets & Strategy

Goal 5.1 — Customer Sustainability *Sentiment* Rating

Proposed Direction	What We Heard	Recommended 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 Current Goal: Achieve at least 80% of customers who give SRP a positive rating for its sustainability efforts	• Use Stretch Goal as aspirational target • Would like to review questions in study • Update naming of goal for accuracy	Updated Recommendation: Maintain above industry average in performance in the J.D. Power Sustainability Index (Modify goal name to include “Sentiment.”)

Goal 5.2 — Employee Engagement

Proposed Direction	What We Heard	Recommended Direction
Remove 5.2 as a separate goal; ensure action plans for all sustainability goals clearly indicate pathways for employee contributions Current Goal: Engage 100% of employees in efforts that contribute to SRP’s sustainability goals	• Recognition of limitations of current goal structure • Encouragement to consider high-value efforts like focusing on customers • Recommendation to ensure employees understand how their efforts contribute to progress on goals	Maintain Proposed Direction: Remove 5.2 as a separate goal; ensure action plans for all sustainability goals clearly indicate pathways for employee contributions

Closing Poll

Wrap Up and Next Steps