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SRP 2035 SUSTAINABILITY ADVISORY GROUP

MEETING #2 SUMMARY

OCTOBER 27, 2023

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Topic: 2035 Sustainability Goals—Generation Carbon, Generation Water, Facilities Carbon and Water, Fleet Carbon, Supply Chain, Municipal Waste, and Industrial Waste

Date: October 27, 2023

Time: 08:00 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, 14 organizations attended the meeting.

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

EXECUTIVE SUMMARY

On Friday, October 27th, Advisory Group members convened in SRP's Heritage Center to review a subset of SRP's 2035 Sustainability Goals. During the meeting, Advisory Group members expressed desire to learn more about the goals through this stakeholder process and to arrive at a place of shared understanding by the end. Members said they want to ensure the goals SRP establishes have equity considerations embedded as well as realistic action plans for achievement. Several members called on SRP to set "science-based, mass-based" decarbonization goals and be a leader in the space. They also asked SRP to host an additional meeting to further discuss the 1.1 carbon generation goal.

1.1 Generation Carbon

Goal Owner and Presenter: Angie Bond-Simpson, Senior Director, Resource Management

Current Goal: Reduce the amount of CO₂ emitted by generation (per MWh) by 65% from 2005 levels by 2035 and FY50 target: 90% intensity reduction from 2005.

Proposed Direction: Reduce the amount of CO₂ emitted by generation (per MWh) by 75% from 2005 levels and FY50 goal: net zero carbon emissions.

Discussion summary:

The discussion around proposed directions for SRP's Generation Carbon goal focused on the pace, cost, and process for decarbonization. Advisory Group members appreciated the proposed goal direction and some expressed a desire for SRP to be more aggressive in setting a carbon target and pursue a mass-based goal. Discussion also centered around resource diversity, coal plant closures and transitions, carbon accounting, and benchmarking goals against SRP's peers. The Advisory Group also discussed carbon offsets in achieving a net zero target, and the role of customer programs and energy efficiency in decarbonization. Questions included a discussion around capacity factors for natural gas units, enabling customer microgrids, and the role of flexible load shaping. SRP's Integrated System Plan (ISP) findings were reviewed. The Advisory Group had questions on the assumptions related to the plan and the customer research conducted as part of the ISP process. SRP's upcoming pilot with a flow battery technology at Copper Crossing Energy and Research Center was also discussed.

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2.4 Generation Fleet-Wide Water Reduction

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

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

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

Discussion summary:

Advisory Group members discussed a desire to learn more about water use related to SRP's generation portfolio, particularly relative to the type of water (surface water vs groundwater). Some expressed a request for SRP to adopt a mass-based water use goal relative to generation, others appreciated the intensity metric. There was also a request to better understand the efforts SRP has taken in this space and the impact on water reductions.

1.2 Facilities Carbon

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

Current Goal: Reduce carbon emissions 30% by 2035 on a mass basis.

Proposed Direction: Maintain current goal.

2.1 Facilities Water

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

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

Proposed Direction: Maintain current goal.

Discussion summary:

The 1.2 Facilities Carbon and 2.1 Facilities Water goals were discussed together. Advisory Group members asked about SRP's participation in demand response programs from a facilities perspective and wanted to learn more about how the Facilities Water and Facilities Carbon goals are interrelated. They expressed a desire to see a breakdown of the facilities emissions profile and to understand benchmarking against other entities in this space. Some members expressed appreciation for the metric for these two goals and others asked SRP to look at ways to make the carbon target more aggressive. Some Advisory Group members appreciated SRP's internal messaging around water conservation.

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1.3 Fleet Carbon

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

Current Goal: Reduce carbon emissions 30% by 2035 on a mass basis.

Proposed Direction: Maintain goal.

Discussion summary:

Advisory Group members appreciated SRP's efforts to date around this goal. They discussed the lifecycle of SRP vehicles and a breakdown of light, medium, and heavy-duty trucks as well as associated electrification strategies. The group noted opportunities for further reduction related to behavior change and discussed details of SRP's telematics program. The benefits of collective procurement were noted.

3.1 Supply Chain

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

Current Goal: Incorporate sustainability criteria into sourcing decisions for 100% of Purchasing's managed spend.

Proposed 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.

Discussion Summary:

Some Advisory Group members shared satisfaction with the ambitious 100% goal and expressed a desire for SRP to share best practices with other organizations. There was a desire to learn more about SRP's sustainability criteria. Advisory Group members noted the opportunity to collaborate with local manufacturers and recyclers to support a circular lithium-ion battery economy. The discussion also highlighted SRP's strategies to mitigate supply chain risk related to critical materials.

3.2 Municipal Waste

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

Current Goal: Divert 75% of Municipal Solid Waste.

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Proposed Direction: (Combine goals 3.2 and 3.3) Reduce all SRP waste, Municipal and Industrial, by 85% by 2035; 100% by 2050.

3.3 Industrial Waste

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

Current Goal: Divert 95% of non-hazardous Industrial Solid Waste sent to Investment Recovery.

Proposed Direction: (Combine goals 3.2 and 3.3) Reduce all SRP waste, Municipal and Industrial, by 85% by 2035; 100% by 2050.

Discussion Summary:

The 3.2 Municipal Waste and 3.3 Industrial Waste goals were discussed together. SRP shared an update on a project to explore additional cable recycling opportunities (specific to inclusion in concrete). Some Advisory Group members expressed appreciation for the efforts of SRP's Investment Recovery team in prioritizing recycling and SRP's efforts overall to reduce packaging waste. Some Advisory Group members recommended maintaining separate goals for these waste streams.

Next meeting: November 17, 2023, discussing Customer and Grid Enablement, Customer Sustainability Rating and Employee Engagement goals.