Delivering water and power®

SRP 2035 SUSTAINABILITY GOALS

FY21-25 ACTION PLANS

UPDATED FEBRUARY 2024

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INTRODUCTION

SRP plays a unique role in the Phoenix metro area as a major provider of both power and water. Recognizing our responsibilities to future generations, we are committed to transforming Arizona's energy future by decarbonizing our generation sources at an accelerated rate and making strategic infrastructure investments. To meet these commitments, we worked with community stakeholders to develop our 2035 Sustainability Goals.

The SRP 2035 Sustainability Goals establish a comprehensive framework and formal set of long-term sustainability goals that address five priority areas of SRP's business operations:

1) Carbon emissions reductions

2) Water resiliency

3) Supply chain and waste reduction

4) Customer and grid enablement

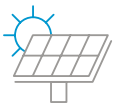
5) Customer, community and employee engagement

Based on key community and stakeholder perspectives, SRP established 20 goals within these five priority areas. This suite of goals makes up SRP's 2035 Sustainability Goals, which we are working toward fulfilling today.

FIGURE 1 | SRP 2035 Sustainability Goals Action Plans Timeline

The 20 goals that constitute the SRP 2035 Sustainability Goals are detailed in Figure 2 below. In addition, SRP has created a five-year action plan covering FY21-FY25, which outlines the major components of making meaningful progress toward their goal achievement. Those action plans, which are included in this document, set five-year milestones and lay out strategic roadmaps for reaching them. In FY21, SRP began using these action plans to measure and report progress toward the 2035 Sustainability Goals. In FY24, the 2035 Sustainability Goals are going through a scheduled review and update process. Additional information on the update process is available here: **srp.net/goalprogress**.

FIGURE 2 | SRP 2035 Sustainability Goals



CARBON EMISSIONS REDUCTIONS

1.1 Reduce the amount of CO_2 emitted by generation (per MWh) by 65% from 2005 levels — FY50 target: 90% intensity reduction from 2005

1.2 Reduce carbon emissions from facilities by 30% on a mass basis

1.3 Reduce carbon emissions from fleet by 30% on a mass basis

WATER RESILIENCY

2.1 Reduce water use at SRP facilities by 45% on a mass basis

2.2 Achieve lost and unaccounted for water rate of less than 5% on a 10-year rolling average

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

2.4 Achieve 20% reduction in generation-related water use intensity across all water types

2.5 Store 1 million acre-feet (af) of water supplies underground

2.6 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

SUPPLY CHAIN & WASTE REDUCTION

3.1 Incorporate sustainability criteria into sourcing decisions for 100% of managed spend

3.2 Divert 75% of municipal solid waste (MSW) — FY50 target: Divert 100% of MSW

3.3 Divert 95% of non-hazardous industrial solid waste sent to Investment Recovery

CUSTOMER & GRID ENABLEMENT

4.1 Energy Efficiency (EE) — Deliver over 3 million MWh of annual aggregate energy savings

4.2 Demand Response (DR) — Deliver at least 300 MW of dispatchable DR and load management programs

4.3 Electric Transportation — Support the enablement of 500,000 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

4.4 Electric Technologies — Expand portfolio of Electric Technology (non-EVs) programs to deliver 300,000 MWh of annual aggregate energy impact

4.5 Grid Enablement — 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

CUSTOMER, COMMUNITY & EMPLOYEE ENGAGEMENT

5.1 Achieve at least 80% of customers who give SRP a positive rating for its sustainability efforts

5.2 Engage 100% of employees in efforts that contribute to SRP's sustainability goals

5.3 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

ACTION PLAN HIGHLIGHTS

Each goal owner has completed a five-year action plan for their respective goal(s) that identifies the major strategic components and a five-year milestone target that demonstrates a meaningful path toward the long-term 2035 Sustainability target. The key contents from the 20 action plan documents are summarized in the following tables.

GOAL 1.1: GENERATION CARBON

Goal language	FY35: Reduce the amount of CO_2 emitted by generation (per MWh) by 62% from 2005. Goal updated to 65% in FY22. FY50: Reduce the amount of CO_2 emitted by generation (per MWh) by 90% from 2005.
Baseline value and year	1,429 lbs. CO_2/MWh in FY05, updated in FY22 to 1,576 lbs. CO_2/MWh due to an adjustment to reflect improved data and implementation of The Climate Registry (TCR) guidance.
Scope of goal	Retail carbon intensity includes all energy sales allocated to serve our retail load and does not include energy sales allocated to wholesale.
5-year milestone target value	900-950 lbs. CO_2/MWh in FY25.
5-year milestone explanation for value above	The above range is a modeled result through production cost modeling. It represents a potential forecast of SRP resource operations given a set of forecasted external conditions (market prices, gas prices and load).
Key initiatives	• 2,025 MW of Solar by FY25: Integrating 2,025 MW of solar is part of our effort to grow SRP's renewables portfolio to reduce CO_2 intensity and manage costs, as well as expand opportunities for customer-dedicated projects. • Pumped Hydro Storage Feasibility Study: This study will help to determine if hydro pumped storage would be a feasible carbon-free flexible resource option to support the integration of renewables and provide peak capacity. • Coal Action Plan: Provides guidelines on SRP's existing coal generating resources over the next 15 years as part of the effort to pursue further deliberate, meaningful reductions in the amount of energy in SRP's portfolio produced by coal generation to reduce emissions.
Key assumptions	• SRP's current system performs an economic dispatch based on many factors and is highly sensitive to fuel prices and load growth. The natural gas price forecast used to develop the five-year range is indicative of values forecasted from the first quarter of 2020. • The five-year action plan ranges are based on a forecasted increase in retail load.
FY25 Action Plan updates	• Add 661 MW of renewable nameplate capacity, including beginning SRP's first self-built solar facility, Copper Crossing Advanced Solar. • Add 640 MW of battery storage capacity. • Work with partners to develop a demonstration of long-duration energy storage as a phase of the Copper Crossing Energy Center. • Continue early site development efforts for pumped storage hydrogeneration on the Salt River to support SRP's long-term reliability and sustainability with long-duration storage. • Solicit competitive proposals for up to 1,200 MW of peak electrical generating capacity and up to 2,500 MW of carbon-free capacity with commercial operation dates between 2028 and 2029. • Move forward with the Coolidge Expansion Project and add a total of 12 units by the summer of 2027 to support renewable energy adoption and lower carbon emissions. • Continue to evaluate the new EPA Clean Air 111B/111D rules and consider how they will impact future plant operations as well as SRP's future resource portfolio. • Continue implementation of the ISP Balanced System Plan to transform SRP's power generation portfolio to low and zero carbon and water use resources.

GOAL 1.2: FACILITIES CARBON

Goal language	Reduce carbon emissions from facilities by 30% on a mass basis.
Baseline value and year	Baseline value was updated to 46.3M lbs. CO_2 equivalent (CO_2e) after the following data improvements were made: • Refrigerants and other gases consumed in relevant facilities were added to baseline and all subsequent reporting years in recognition of their contribution to the facilities footprint. • Moving forward, emissions will be reported in terms of CO_2e to account for the added non-CO_2 emission sources. • Emission factors used to calculate purchased electricity emissions were updated to reflect the most recent set of EPA eGRID Arizona/New Mexico factors. • Facilities Services refined the goal asset list, adding the PERA Valley facility. When the baseline was originally developed, the site was not under Facilities Services' control, but the department took the site over shortly after and will count the data toward goal achievement.
Scope of goal	Scope includes all non-generation Valley properties managed by SRP, including offices, warehouses, shops, garages and non-leased assets.
5-year milestone target value	Reduce absolute energy consumption by 10% relative to the FY16 baseline. *Note: SRP is also working to establish sub-goals for energy and water reductions in both major renovations and in existing buildings.*
5-year milestone explanation for value above	The absolute energy goal represents one-third progress toward the 2035 goal, thus maintaining goal pace within this first five-year period. Efforts include system upgrades (e.g., HVAC, plumbing), xeriscaping and changes to the building envelope.
Key initiatives	**Energy Efficiency:** • Optimize performance of equipment in use. • Research and address key improvement opportunities — HVAC, lighting, envelope. Evaluate opportunities for more energy-efficient technologies. **Data and Systems:** • Implement building automation system (BAS) and sub-metering to inform decisions and identify issues quickly. • Formally incorporate energy and water into both design/build and enhanced commissioning processes.

Key assumptions	• Internal client acceptance of changes to the way that SRP operates buildings, including using efficient technologies appropriately.
	  – To support this, SRP is developing an engagement plan to help roll out significant changes and harness the growing enthusiasm for sustainability across the organization.
	• Where necessary and justified, additional funding for efficiency improvements and/or more efficient design/technology options in capital projects.
	  – A short-term priority is to identify key improvement opportunities so that SRP can confidently set priorities and apply best practices.

FY25 Action Plan updates	• Further efforts to decommission four properties across the Valley. • Continue to upgrade building automation controls for a comprehensive visualization of building performance across all Valley facilities. • Implement standard policies surrounding building controls (temperature, lighting, etc.) and thermal comfort.

GOAL 1.3: FLEET CARBON

Goal language	Reduce carbon emissions from fleet by 30% on a mass basis.
Baseline value and year	Baseline value was updated to 34.2M lbs. CO_2. Initial calculations did not account for fuel use in fleet vehicles purchased on the Voyager card (fleet fuel card) which was corrected in FY19 but has not been formally published. Additional minor adjustments to FY17-FY22 reported values will also occur to match finalized data.
Scope of goal	Fleet includes all vehicles owned or leased by SRP that require an emissions test and are managed by Transportation Services. Includes on-road equipment (sedans), (light duty ≤ 8,500), (medium duty 8,501-26,000), (heavy duty ≥ 26,001) and off-road (construction equipment).
5-year milestone target value	10% reduction from FY16 baseline.
5-year milestone explanation for value above	This goal represents one-third progress toward our 2035 goal to reduce CO_2e by 30% across the fleet.
Key initiatives	• Purchase new EV assets (half-ton pickups, SUVs, etc.) when available based on replacement cycle analysis and utilization. • Install telematics across the fleet. Engage SRP internal customers to utilize telematics data to review fleet efficiencies (ridesharing, route scheduling, idle reduction) and improve operational best practices. • Continue to review battery pack technology options for aerial line equipment (bucket trucks, derricks). • Invest in prototype electric cab comfort technology, including battery and solar, leading to a potential reduction in carbon emissions due to idling. • Optimize and right-size non-sedan fleet to ensure equipment meets business requirements while being the most fuel-efficient. • Continue to evaluate current and future technologies (fuel cells, battery technology and hydrogen) and alternative fuels (R99 diesel).
Key assumptions	• SRP management will assist with idle reduction program adoption and enforcement where it makes business sense and does not affect the safety of the crews in the field. • New technology will be developed and brought to market by the OEMs that will meet this business need. • New technology, like hydrogen cars, could come to market thus requiring additional infrastructure to utilize. • Assume battery raw materials meet demand. • Funding of sufficient charging station infrastructure to meet growing needs.
FY25 Action Plan updates	• Accelerate fleet electrification by focusing on purchasing new EV 1/2-ton pickups and SUVs. • Upgrade to higher capacity EV chargers to accommodate future fleet charging requirements. Pursue additional DC fast chargers at other locations. Develop contingency and business continuity plans for charging in outage conditions. • Continue pilot testing and data evaluation of the trucks and Class 6 EV trucks that are equipped with an auxiliary power unit to inform potential future fleet vehicle options. • Pursue engagement with internal customers using telematics data to improve fleet efficiency and idle reduction opportunities without impacting business requirements or employee safety.

GOAL 2.1: FACILITIES WATER

Goal language	Reduce water use at SRP facilities by 45% on a mass basis.
Baseline value and year	Baseline value was updated to 73.8M gallons to include the PERA Valley facility. When the baseline was originally developed, the site was not under Facilities Services' control, but the department took the site over shortly after and will count the data toward goal achievement.
Scope of goal	Scope includes all non-generation Valley properties managed by SRP, including offices, warehouses, shops, garages and non-leased assets.
5-year milestone target value	Water: Reduce absolute water consumption by 15% relative to the FY16 baseline. *Note: SRP is also working to establish sub-goals for energy and water reductions in both major renovations and in existing buildings.*
5-year milestone explanation for value above	The absolute energy and water goals represent one-third progress toward the 2035 goal, thus maintaining goal pace within this first five-year period.
Key initiatives	**Water Efficiency:** • Optimize performance of equipment in use. • Purposefully research and address key improvement opportunities: sub-metering fixtures, cooling, landscaping. Evaluate opportunities for more water-efficient technologies (e.g., air conditioning vs. evaporative coolers). **Data and Systems:** • Implement Building Automation System (BAS) and sub-metering to inform decisions and identify issues quickly. • Formally incorporate water efficiency into both design/build and enhanced commissioning processes.
Key assumptions	• Internal client acceptance of changes to the way that SRP operates buildings, including using efficient technologies appropriately. – To support this, SRP is developing an engagement plan to help roll out significant changes and harness the growing enthusiasm for sustainability across the organization. • The achievement of this goal will be a significant challenge and will require substantial changes to the technologies we use (e.g., evaporative coolers) and design choices we make (e.g., dramatic reductions in landscaping). – SRP is conscious of the challenge with this goal and will be pursuing water-efficient options aggressively in operations and designs.
FY25 Action Plan updates	• Further efforts to decommission four properties across the Valley. • Implement water reduction plans that include submetering for buildings and specific uses. The data will allow for faster response to water issues. • Execute updated landscaping standards at additional facilities across the next few fiscal years.

GOAL 2.2: LOST & UNACCOUNTED FOR WATER

Goal language	Achieve lost and unaccounted (L&U) for water rate of less than 5% on a 10-year rolling average.
Baseline value and year	CY15 baseline of 7.1% L&U for water deliveries.
Scope of goal	This includes water deliveries to all end-use customers through the SRP water delivery system.
5-year milestone target value	CY25 target of 5% L&U.
5-year milestone explanation for value above	In addition to water loss mitigation mandated by the Arizona Department of Water Resources, SRP believes in the need to treat water as the precious resource that it is. For that reason, striving to minimize the delivery of water that does not go to beneficial use should be kept as a high priority. SRP has made investments in water delivery infrastructure and measurement which should enable the organization to meet the five-year milestone target.
Key initiatives	• Use new technologies to inspect delivery system canals and pipelines to identify potential sites for water loss from leaks or vegetation overgrowth. • Identify sites where the installation of remotely operated delivery gates may result in more consistent water delivery or resource reallocation. • Analyze the benefit of variable controlled pumps at locations where delivery amounts fluctuate. This will provide improved scheduling flexibility and a possible reduction in "carriage" water. Pump installation will be completed on a case-by-case basis, as deemed viable. • Assess new technologies allowing for greater scheduling flexibility, thereby improving the efficiency of field personnel and better management of water deliveries to shareholders.
Key assumptions	• Changes to economic health may result in impacts to planned community development and may have an impact on the ability to make more widespread use of automated delivery gates. • Changes in external priorities, such as mitigation of potential heat island impacts, may result in increased need for delivery flexibility and potential changes to water lost in transportation. • Greater need for reallocated internal capital resources may result in deferred work.
FY25 Action Plan updates	• Continue to develop the agricultural and urban water customer scheduling system that will allow for greater scheduling flexibility and improve the efficiency of field water deliveries. • Complete testing and planning of underground pipe inspection technology. If successful, implement and integrate into the proactive pipe inspection process. • Continue the rollout of automated lateral head gates, installing an additional 10–12 gates in FY25.

GOAL 2.3: GENERATION ACTIVE MANAGEMENT AREA GROUNDWATER

Goal language	Eliminate or offset power generation groundwater use in Active Management Areas (AMAs).
Baseline value and year	As of 2017, 43% of pumping by power plants in the Phoenix AMA was groundwater (the balance being recovered annual and long-term storage credits).
Scope of goal	Eliminate or offset power generation groundwater use in AMAs. This only pertains to groundwater and only affects the water used in two AMAs: Phoenix and Pinal. The affected facilities are Mesquite, Agua Fria, Kyrene, Santan, Desert Basin and Coolidge.
5-year milestone target value	The 2025 target for this metric is 35% pumping from groundwater or less.
5-year milestone explanation for value above	Based on the data, a reasonable reduction would be at least an 8% reduction in the three-year rolling average of the percentage of pumping reported as groundwater. As of 2017, 43% of pumping by power plants in the Phoenix AMA was groundwater (the balance being recovered annual and long-term storage credits). The 2025 target for this metric is 35% or less.
Key initiatives	• Evaluate alternative water supplies (e.g., surface/effluent) for Mesquite, Agua Fria, Kyrene, Santan, Desert Basin and Coolidge generating stations. • Determine long-term water strategy for generation use of water storage credits. • Select the best solution to reach the goal on a facility-by-facility basis. For instance, if the location of the facility is such that there is little impact to the community to use an alternative water source, then it might be considered. However, the best option may be to utilize water storage credits instead.
Key assumptions	• There is an alternative source(s) of water available (e.g., surface water or effluent). • The costs of the infrastructure for alternative source(s) of water are manageable. This will include additional treatment systems within each power facility being addressed. • The cost of alternative source(s) of water does not exceed a material increase. • Groundwater credits remain available, and the cost of credits does not exceed a material increase.
FY25 Action Plan updates	• Evaluate long-term storage credit utilization rates based on the Integrated System Plan (ISP). • Begin discussions to develop an acquisition strategy for long-term storage credits based on determined need.

GOAL 2.4: GENERATION FLEET-WIDE WATER REDUCTION

Goal language	Achieve 20% reduction in generation-related water use intensity across all water types.
Baseline value and year	465 gallons/MWh in 2005.
Scope of goal	Included within the scope of this goal are all generation resources within SRP's portfolio. To the extent possible, even purchased power will be given a water intensity figure and contribute to the overall water consumption of the entire generating load.
5-year milestone target value	418 gallons/MWh or 10%.
5-year milestone explanation for value above	Projected water intensity reduction based on future production cost modeling and the transition from coal to natural gas and renewables.
Key initiatives	• This goal is highly dependent on the generation carbon emissions intensity reduction goal. A considerable amount of analysis has taken place regarding the Integrated System Plan and the five-year action plan for carbon emissions intensity for SRP's resource mix. • SRP will also track the water reduction associated with the resource purchases made by Supply & Trading throughout the five-year action plan.
Key assumptions	• Accurate water intensity figures, which can be generated for both internal and external sources. Some of this external data will likely come from the Energy Information Agency (EIA). • Accuracy of FP21 forecast with regards to the Natural Gas Fleet Outlook, the Coal Fleet Action Plan, and the transformation to renewables and storage.
FY25 Action Plan updates	• Add 661 MW of renewable nameplate capacity in FY25, which will not use water as part of the power generation process. This includes SRP's first self-built solar facility, Copper Crossing Advanced Solar. • Continue implementation of the ISP Balanced System Plan to transform SRP's power generation portfolio to low and zero carbon and water use resources.

GOAL 2.5: WATER STORAGE

Goal language	Store 1 million acre-feet (af) of water supplies underground.
Baseline value and year	0 af of water stored underground as of start of CY15.
Scope of goal	Partnering with the Gila River Indian Community (GRIC) on our joint Gila River Water Storage LLC (GRWS), SRP will facilitate the storage of an additional 1 million acre-feet of renewable supplies between CY15 through the end of CY29. This water is surplus water from the Colorado River.
5-year milestone target value	Water storage is tracked on a calendar year basis, so the reporting will reflect CY instead of FY. For CY15 through CY19, a total of 773,280 acre-feet was stored. This represents 77% of goal completion. At this time, SRP anticipates that a majority of the goal will be accomplished by FY25.
5-year milestone explanation for value above	This goal is on target to meet its goal of completing 1 million acre-feet of storage by CY29. Precipitation and river flows are unpredictable, thus this goal requires SRP to be as aggressive as possible up front to reduce the risks associated with access to surplus water.
Key initiatives	• Continue working with Gila River Indian Community (GRIC) to plan and manage recharge water deliveries of unused GRIC Central Arizona Project (CAP) water supplies. • Maintain water storage locations and agreements to store in other facilities. • Manage and refine SRP's Groundwater Savings Facility and Granite Reef Underground Storage Project storage opportunities.
Key assumptions	Requires that sufficient GRIC Central Arizona Project (CAP) water is available to meet this goal. There are two risks to consider: • Shortages on the Colorado River will reduce the amount of CAP water GRIC will have access to. • GRWS water storage is limited by the amount of CAP water GRIC makes available for storage. GRIC may have competing objectives for their water plan, which could reduce the volume of CAP water available to meet this goal. • Requires sufficient water storage capacity at locations that meet the business needs of GRWS.
FY25 Action Plan updates	• Resume partnership with the Gila River Indian Community (GRIC) on our joint Gila River Water Storage LLC (GRWS) if the condition of the Colorado River continues to improve. • Store underground any water made available from the Roosevelt Flood Control Space once the planned deviation is fully approved and in place.

GOAL 2.6: WATER CONSERVATION

Goal language	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.
Baseline value and year	Baseline value is 0 gallons as of CY19.
Scope of goal	Municipal water providers have state water conservation requirements, including the following: 1) gallons per capita per day (GPCD) reduction and/or adoption of best management practices (BMPs) and 2) limit lost and unaccounted for water to 10% or less. The decisions to reduce water demand will not be made by SRP but will be made by the end users. These decisions could be influenced by regulations or incentives/education. The programs must be consistent with city goals for water conservation, water resource management, sustainability, economic development, quality of life, and financial impacts to municipal water utility.
5-year milestone target value	120,960,000 gallons conserved.
5-year milestone explanation for value above	The annual SRP Water Conservation Expo™ smart controller distribution savings will continue to be counted toward the overall goal. This assumes 1,000 controllers per year are distributed from 2020 to 2025. The impact from this distribution is approximately 2.4% of the 2035 goal. SRP is beginning to engage with municipal partners on future partnerships. As these partnerships become better defined and finalized, they will be incorporated into the five-year milestone targets.
Key initiatives	• Some municipalities have water conservation stretch goals, such as: – Implement additional best management practices to reduce gallons per capita per day (4th Management Plan). – Save at least 20 million gallons for homeowners association program (key component to overall water use). – Conserve 10 million gallons for commercial, industrial and institutional (CII) customers (customer types that will provide significant savings). • Assist municipalities with implementing new technologies that will decrease water use. Examples include leak detection and water software platforms (technology is ever-changing to improve features and data). • Partner with organizations to provide CII opportunities for cities. • Cooling tower pilot program similar to Terminal 4 at Sky Harbor Airport – water treatment.
Key assumptions	• Over time, advancements in technology and policy could have an impact on potential projects and/or programs. • Data collection will be largely reliant on municipal partners. • Municipalities can start and stop projects. • Timelines are unknown because these are new projects.
FY25 Action Plan updates	• Onboard additional customer accounts in the Waterfluence Program. • Expand SRP's reach to commercial, industrial and institutional customers for water efficiency checkup programs. • Complete assessments for HOAs to identify opportunities to replace in-ground and aboveground irrigation components, xeriscape conversion and advanced technologies. • Complete the 2035 SRP Water Conservation Goal Database, which will store all of the water data provided by municipalities and will be used to track water savings, analyze trends and report progress to SRP leadership, Valley partners and the public.

GOAL 3.1: SUPPLY CHAIN

Goal language	Integrate sustainability criteria into the supplier pre-qualification requirements for 100% of SRP suppliers, and incorporate sustainability criteria into sourcing decisions for 100% of SRP's formal bids.
Baseline value and year	FY19 baseline is 0%.
Scope of goal	Managed spend includes any dollars spent on a purchase order (PO), contract or with a supplier. The goal requires that all suppliers undergo evaluation of sustainability by the SRP purchasing agents or invoice approvers as a portion of the deciding factor for award.
5-year milestone target value	Reach 60% by 2025.
5-year milestone explanation for value above	All purchase order and contract suppliers include sustainability criteria prior to award of the PO or contract. The next step will be to identify the non-PO spend and prequalify suppliers prior to selecting the supplier for business. SRP is confident that implementation of these improvements can help achieve the 60% target.
Key initiatives	• Supplier rolodex • Supplier prequalification • Annual sustainability event • Sustainability criteria tool • Sustainability validation/certification • Sustainable, circular supply
Key assumptions	• Technology available to use both externally for the supplier to input and internally for clients to search for sustainable suppliers. SRP must be able to identify sustainable suppliers. • The success of this goal is dependent on the adoption of the criteria used by our internal clients that source goods and services. • SRP will continue to participate in the Electric Utility Industry Sustainable Supply Chain Alliance (EUISSCA).
FY25 Action Plan updates	• Purchasing will continue to incorporate sustainability-related questions recommended by the Sustainable Supply Chain Alliance into all formal RFPs and coordinate with purchasing agents and internal business units to factor responses to these sustainability questions into evaluations. • Continue to enhance the Aravo tool as a supplier portal for suppliers to self-register. Expand the tool to facilitate the pre-qualification of suppliers based on sustainability and other criteria. • Update the Purchasing Services page on srp.net to explain the importance of sustainability and initiatives related to SRP suppliers. • Identify questions for future pre-qualification of suppliers using sustainability-related criteria.

GOAL 3.2: MUNICIPAL WASTE

Goal language	Divert 75% of municipal solid waste (MSW).
Baseline value and year	25% approximate diversion rate in FY16 (measured in tons, estimated based on two sample waste sort analyses performed at two SRP facilities).
Scope of goal	Municipal solid waste consists of items normally generated at SRP by nonindustrial activities (also called trash). Examples include general office, bathroom, food packaging, paper, cardboard, plastics, Styrofoam, food containers, clothing, product packaging, glass, aluminum and hybrid materials.
5-year milestone target value	40% diverted (measured in tons).
5-year milestone explanation for value above	40% is an appropriate five-year target based upon process improvements and new waste diversion initiatives that will be implemented in the FY21–FY25 action plan.
Key initiatives	There are numerous initiatives that SRP is undertaking to address municipal solid waste. Some examples include: • Organics Diversion Plan (Composting) • Reduce single-use plastics • ASU waste stream inventory • Waste diversion partnerships • Corporatewide waste characterization audit • Stakeholder education outreach • Bin right-sizing
Key assumptions	• Recycling and commodity markets will continue to expand. • Approval of policy changes and leadership support that move the organization toward zero waste practices. • Technology and innovation will continue to advance and make recycling more efficient and cost-effective. • Employees have a strong interest in accepting and adopting recycling and best practices related to waste diversion. • Increased vendor relationships and offerings of negotiated diversion opportunities.
FY25 Action Plan updates	• Research and socialize Circular Supply Chain training and opportunities with internal partners and the Supply Chain team. • Finalize Supply Chain Sustainable Solutions Departmental Policy. • Pilot zero-waste events at SRP facilities. • Increase waste diversion partnerships with municipalities. • Increase bin audits to help identify opportunities for increased education and landfill diversion.

GOAL 3.3: INDUSTRIAL WASTE

Goal language	Divert 95% of nonhazardous industrial solid waste (NHISW) sent to Investment Recovery.
Baseline value and year	FY16 baseline year with 65% diversion rate of NHISW sent to Investment Recovery (measured in tons).
Scope of goal	The scope includes all nonhazardous industrial solid waste that is managed by SRP's Investment Recovery group.
5-year milestone target value	Achieve a diversion rate of 80% for NHISW (measured in tons).
5-year milestone explanation for value above	SRP is currently working on several breakthrough processes for disposition for materials that are difficult to reuse/recycle/repurpose.
Key initiatives	There are numerous initiatives that SRP is undertaking to address municipal solid waste. Some examples include: • Waste diversion partnerships • Implement circular economy strategy • Corporatewide waste characterization audit • Leverage existing and identify new revenue stream opportunities • Treated and untreated wood disposition • Explore waste-to-energy options • Develop and implement Zero Waste Roadmap
Key assumptions	• Recycling and commodity markets will continue to expand. • Approval of policy changes and leadership support that move the organization toward zero waste practices. • Technology and innovation will continue to advance and make recycling more efficient and cost-effective. • Increased vendor relationships and offerings of negotiated diversion opportunities.
FY25 Action Plan updates	• Partner with the Supply Chain Purchasing and Warehousing teams to educate other departments on supply chain risks and best practices. • Expand site visits to identify bin rightsizing, signage standardization and opportunities to help our internal partners increase landfill diversion. • Research best practices and begin to socialize circular supply chain opportunities with our supply chain teams and internal partners.

GOAL 4.1: ENERGY EFFICIENCY

Goal language	Over 3 million MWh of annual aggregate energy savings.
Baseline value and year	The Energy Efficiency (EE) baseline will reset SRP's annual aggregate MWh energy savings value to zero as of the beginning of FY16.
Scope of goal	The 2035 EE goal is to deliver over 3 million MWh of annual aggregate energy savings through a portfolio of programs.
5-year milestone target value	During the FY21-25 action plan, as committed to stakeholders, SRP has set annual incremental saving targets for each year to help reach the goal. SRP's annual EE MWh targets: **FY21: 510,000 FY22: 540,500 FY23: 575,000** **FY24: 620,000 FY25: 636,000 (subject to FY25 budget approval in March 2024)** At the conclusion of FY25, this program plan is estimated to bring SRP to 2.8 million MWh of annual aggregate energy savings.
5-year milestone explanation for value above	This milestone is appropriate as SRP's EE strategy and long-term program plans will continue to build over the next five years to deliver the established 2035 savings target. This is appropriate as it balances program costs with savings and builds in assumptions for improved and lower-cost technologies supporting achievement of the goal.
Key initiatives	• Reset annual MWh savings target to address changing codes, federal standards and maturing markets. • Implement a portfolio of 20-plus residential and commercial EE programs to meet the needs and expectations of our customers. • Transition EE portfolio away from general lighting and target underserved market segments and areas to realize additional savings.
Key assumptions	• Maturing customer market for existing EE devices and technologies leading to greater adoption. • Advancement and adoption of progressive building energy codes within SRP's local jurisdictions changing the baseline for claiming energy savings. • Savings impact associated with moving SRP M-Power® to the Central Prepay (CPP) system and offering could affect meeting annual and long-term savings goals.
FY25 Action Plan updates	• Deliver a portfolio of energy efficiency programs to provide 636,000 MWh of annual incremental energy savings by FY25 year-end (subject to FY25 budget approval in March 2024). • Expand the Home Energy Report program (formerly Energy Scorecard program) to engage 200,000 residential customers and leverage the new solution to deliver personalized insights to better serve the unique needs of customers with limited income and Spanish language preference. • Launch a new Multifamily New Construction path within the ENERGY STAR Homes Program that engages and incents multifamily property developers and builders to build to ENERGY STAR specifications. • Introduce HVAC Tuneup and Virtual Commissioning services for small and midsize business customers. • Coordinate and align with Arizona Governor's Office of Resiliency to proactively promote state rebates and federal tax credits within the Efficient Home Program to further leverage the Inflation Reduction Act's energy efficiency and electrification initiatives for SRP customers.

GOAL 4.2: DEMAND RESPONSE

Goal language	Deliver at least 300 MW of dispatchable Demand Response (DR) and load management programs.
Baseline value and year	The DR baseline is established in FY16 at zero MW, as SRP had no active DR programs at that time.
Scope of goal	The 2035 Demand Response goal is to deliver at least 300 MW of dispatchable demand response and load management programs.
5-year milestone target value	During the FY21-25 action plan, as committed to stakeholders, SRP has set annual year-end cumulative MW targets for each year to help reach the goal. SRP's annual goals are: FY22 Updates to Goal Demand Response (DR) Annual Cumulative MW Goal updated to the following (subject to FY25 budget approval in March 2023): **FY24: 150 FY25: 165** Previous DR Annual Cumulative MW Goal: **FY21: 67 FY22: 95 FY23: 120 FY24: 137 FY25: 150** At the conclusion of FY25, this program plan is estimated to provide 165 MW of cumulative subscribed Demand Response capacity.
5-year milestone explanation for value above	This first major milestone is appropriate as SRP's DR strategy and long-term program plans will continue to grow over the next five years to deliver the established 2035 capacity target. This is appropriate as it balances building capacity and incorporates assumptions for improved and lower-cost technologies supporting achievement of the goal.
Key initiatives	• SRP's Demand Response (DR) initiative will require that a portfolio of residential and commercial programs be deployed to serve multiple customer segments to meet this target. The portfolio approach will provide greater growth potential, reduced risk and enhanced flexibility in terms of dispatch capabilities. • The initial implementation plan includes two market-ready DR options that have been deemed cost-effective resource alternatives and will be delivered by proven implementers with market-ready program solutions. • Expanded the residential SRP Bring Your Own Thermostat Program™ (BYOT) to engage and enroll thermostats in multifamily facilities and small businesses. • Leveraged the results of the previous all-source RFP to secure the services of Enel X, a commercial demand response aggregator, to expand this portion of the demand response portfolio. This agreement has been approved and executed as planned. The program launched in FY20, with the program now growing to over 700 business customer sites and the program capacity serving as a resource option to Supply and Trading since FY21.
Key assumptions	• Customer demand and market adoption of smart thermostats and other smart devices will continue to grow at the same or an accelerated pace. • The large technology companies (Google) and thermostat manufacturers (Honeywell and ecobee) will continue to work with DR aggregators and utilities to enable control functionality and coordination. • The cost of Distributed Energy Resources (DERs) and EV smart chargers will continue to decline, and the devices will have viable communication protocols that can be controlled and dispatched from aggregators. • The total adoption of commercial demand response within SRP's existing customer base will grow above our existing FY25 targets.
FY25 Action Plan updates	• Accelerate and expand SRP's residential and commercial demand response portfolio to subscribe a combined 165 MW of dispatchable demand response capacity by the end of FY25 (subject to FY25 budget approval in March 2024). • Launch and expand the Custom Demand Response Program to encourage select large business customers to enroll additional demand response capacity. • Continue to evaluate and optimize sales channels, event dispatch strategies and demand response performance. • Research and test additional demand response approaches and Virtual Power Plant (VPP) technologies.

GOAL 4.3: TRANSPORTATION ELECTRIFICATION

Goal language	Support the enablement of 500,000 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.
Baseline value and year	The Transportation Electrification (TE) baseline is established as the number of EVs in SRP service territory as of the beginning of FY16. The baseline value as of the beginning of FY16 was approximately 2,300 EVs.
Scope of goal	The TE goal includes electric vehicles in operation (VIO) within SRP's service territory.
5-year milestone target value	During the FY21-25 action plan, SRP has set annual cumulative EV targets for each year to help reach the goal. SRP's annual goals are: Cumulative EVs in SRP's Service Territory **FY21: 17,000 FY22: 23,000 FY23: 39,000 FY24: 52,600 FY25: 68,800** At the conclusion of FY25, this program plan is estimated to bring the total number of EVs in SRP's service territory to 68,800.
5-year milestone explanation for value above	This milestone is appropriate as SRP's TE strategy, and long-term program plans will continue to build over the next five years to deliver the established 2035 savings target. This is appropriate as it builds in assumptions for market information efforts, improved education and lower-cost EVs to support adoption.
Key initiatives	• Collaborate with internal organizations to plan and coordinate initiatives to ensure SRP system requirements, pricing, policy and program offerings are aligned. • Offer a portfolio of residential and commercial TE programs and initiatives that address new construction and existing buildings, workplace and fleet charging and support DC fast charging. • Expand existing business EV charging rebates to include workplace, multifamily and fleet and offer a turnkey installation program for our residential customers.
Key assumptions	• Public charging infrastructure buildout occurs at a rate that enables the EV marketplace. • Federal, state and local policy is generally supportive of EV technology and EV adopters. • Electric vehicle price parity occurs no later than expected and does not adversely affect market adoption. • Battery technology advances as planned to address range anxiety and higher costs. • Rapid expansion of fast charging occurs at a pace that does not create challenges to SRP's distribution system. • Auto manufacturers remain committed to announced EV manufacturing goals and plans, including investments in EV production plants and targets. There are no significant disruptions to supply chains, including labor and availability of materials.
FY25 Action Plan updates	• Implement and expand SRP's portfolio of residential and commercial EV enablement programs that support a total of 68,800 EVs within SRP's service territory by FY25 year-end. • Refine program portfolio to address EV charging needs of various customer segments from commercial customers to residential customers, municipalities and multifamily. • Implement key action items identified from the process of developing the SRP Enterprise-wide Managed Charging Roadmap. • Continue to enable DC fast charging installations to meet the needs and expectations of business and fleet customers. • Develop and launch interconnection standards for bidirectional EV charging equipment.

GOAL 4.4: ELECTRIC TECHNOLOGIES

Goal language	Expand portfolio of Electric Technology (E-Tech, which are non-EVs) programs to deliver 300,000 MWh of annual aggregate energy impact.
Baseline value and year	The Electric Technologies baseline is established as the MWh of annual aggregate energy impact from non-EV electrification efforts as of the beginning of FY16. The baseline value in FY16 was 0.
Scope of goal	The E-Tech goal will include a portfolio of programs and measures that focus on displacing and/or converting fossil fuel-powered (non-EV) systems and devices to electric within SRP's electric service territory.
5-year milestone target value	During the FY21-25 action plan, SRP has set annual incremental energy impact targets for each year to help reach the E-Tech goal. SRP's annual goals are: E-Tech Annual Incremental MWh Impact Goal **FY21: 8,400 FY22: 12,000 FY23: 14,000 FY24: 15,300 FY25: 18,000** At the conclusion of FY25, this program plan is estimated to deliver annual aggregate energy impact of 86,000 MWh.
5-year milestone explanation for value above	This milestone is appropriate as SRP's E-Tech strategy and long-term program plans will continue to build over the next five years to deliver the established 2035 savings target. This is appropriate as it balances program costs and incremental energy impacts with assumptions for additional and lower-cost technologies supporting achievement of the goal.
Key initiatives	• The E-Tech program represents a multiyear initiative that is intended to meet SRP's committed non-EV electrification goal. • Expansions of the portfolio of electric technologies (non-EV) and eligible measures to expand into additional devices and offerings. • The program currently focuses on incenting electric forklifts, electric infrastructure for truck refrigeration units and other custom electrification measures.
Key assumptions	• Policy regarding displacement and conversion of fossil fuels. • Impacts from competition for additional load growth. • Customers' knowledge and understanding that electrification is a tool to manage their operating costs and meet their established sustainability and emissions goals. • Electric supply costs remain on par with other fossil fuel costs.
FY25 Action Plan updates	• Expand the portfolio of Electric Technology programs to deliver 18,000 MWh of annual incremental energy impact by FY25 year-end (subject to FY25 budget approval in March 2024). • Enhance awareness of electrification options within the residential market (e.g., heat pumps, heat pump water heaters, etc.) to leverage the Inflation Reduction Act incentives and allow customers to stack rebates. • Continue to provide technical assistance to identify electrification opportunities and build a pipeline of custom electrification projects with large business customers. • Grow and expand trade ally network of contractors to engage and leverage expertise from industrial process equipment manufacturers and service providers.

GOAL 4.5: GRID ENABLEMENT

Goal language	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.
Baseline value and year	The Grid Enablement goal is the percent of customer Distributed Energy Resources (DER) interconnection applications approved (e.g., solar photovoltaic, battery storage) and grid integrity assessed by existing indicators for reliability and power quality (System Average Interruption Duration Index, SAIDI; System Average Interruption Frequency Index, SAIFI; and Sag Count Index, SCI) as of the beginning of FY22.
Scope of goal	The goal includes the interconnection of all customer-sided resources, including solar PV, battery storage and EV charging infrastructure, and the ability to integrate these resources into the real-time operation of SRP's electrical system.
5-year milestone target value	SRP will enable the interconnection of all customer-sided resources, including solar photovoltaic and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction.
5-year milestone explanation for value above	This milestone is appropriate as SRP's long-term DER plans and resources will continue to build over the next 15 years to interconnect additional customer-sided resources onto the grid.
Key initiatives	• Continue to assist SRP's residential and business customers with the interconnection of solar PV and battery storage system in SRP's service territory. • Collaborate among SRP's internal organizations to plan and coordinate activities to further refine the customer interconnection processes to ensure grid integrity and customer satisfaction. • Continue to refine and execute the Distribution Enablement Roadmap to optimize the value of DER on the grid and advance design standards and operational capabilities needed to ensure grid integrity and customer satisfaction.
Key assumptions	• Solar penetration and the advancement of battery storage technologies will continue to accelerate. • The federal investment tax credit (ITC) will remain in place at 30% for solar and battery systems through December 2032 due to the passing of the new federal legislation. • SRP's resource requirements to staff the DER application and interconnection processes will grow over the next five years. • There will be a diversity of DERs connected to transmission, distribution and customers. • There will be bidirectional power flow with dynamic variability of energy and demand that will require advanced system planning and operations capabilities beyond what exists today.
FY25 Action Plan updates	• Establish the new Grid Performance Center that will address critical unmet gaps related to data integrity, grid monitoring, trending and reporting. • Incorporate recommendations from the Distribution Storage Plan into projects within the FY25 Distribution Enablement Roadmap. • Further develop planning capabilities through special studies and projects defined within the Advanced Planning initiative of the Distribution Enablement Roadmap. This includes maturing our electrical distribution model, enhancing our hosting capacity process to include additional DER, and developing a new tool that will help evaluate optimal placement. • Complete deployment of the Advanced Distribution Management System (ADMS) with transition to production in December 2024.

GOAL 5.1: CUSTOMER SUSTAINABILITY RATING

Goal language	Achieve at least 80% of customers who give SRP a positive rating for its sustainability efforts.
Baseline value and year	The baseline value is 68% of customers give SRP a positive rating for its sustainability efforts based on questions in the Sustainability Index (SI) as of FY18.
Scope of goal	Customers' views and attitudes toward SRP's sustainability efforts as reflected in the SI score which is derived from selected questions administered twice per year in the Brand Health Study.
5-year milestone target value	By FY25, achieve at least an average rating of 74% of residential electric customers who give SRP a positive score* for its sustainability efforts. **Denotes a score of 7-10 on a scale of 10*
5-year milestone explanation for value above	SRP will meet the goal through the following integrated Community, Communications and Marketing efforts: • The Sustainability and Innovation campaign launched in 2020. • Customer experience and data-backed energy efficiency, water and environmental integrated campaigns. • Media Relations, Event Marketing and Community Outreach team activities and engagements across the Valley.
Key initiatives	• Build our communications and marketing around our customers' needs and experience. • Align data with decision-making and customer experience for data-backed communication and marketing strategies across the entire customer journey. • Leverage customer journey mapping and research to strategically impact progress. • Support customer community engagement teams.
Key assumptions	• Increasing customer expectations for the energy mix and our ability to keep up with their expectations will impact the score. • Customer appetite for a sustainable message and adoption of technology that will reduce/stabilize our energy requirements. • Over time, advancements in technology and policy could have an impact on potential projects and/or programs.
FY25 Action Plan updates	• Continue the Sustainability and Innovation campaign. • Apply new customer needs approach by enhancing applicable new marketing campaigns like SRP Solar Choice™, SRP Solar for Nonprofits™ and the SRP Healthy Forest Initiative™ to demonstrate the impact of our contributions on the environment when paired with our own customers' actions in the community. • Share 2024 progress toward the 2035 Sustainability Goals through a marketing and communications campaign that highlights the people and partnerships across Arizona that drive our impact toward a brighter future. • Implement dynamic personalization in communications with each customer across their preferred media channels.

GOAL 5.2: EMPLOYEE ENGAGEMENT

Goal language	Engage 100% of employees in efforts that contribute to SRP's sustainability goals.
Baseline value and year	In FY22, SRP administered the first annual Sustainability Engagement Survey, containing a subset of five core metrics that make up the Sustainability Engagement Index (SEI), which will be used as the measurement of goal 5.2. The FY22 initial SEI score was measured at 78%.
Scope of goal	All SRP employees. This goal involves continual engagement with employees and requires SRP to maintain the target value of 100%. Thus, it is an absolute target that must be maintained year over year. Additional engagement in other programs and initiatives will be reported and communicated to demonstrate SRP's efforts to further embed sustainability into our culture.
5-year milestone target value	• 90% completion of Corporate Sustainability Goal. The FY20 performance metric goal was 80%, supporting a target of 90% for FY25. • An additional goal of 100% leadership engagement will also be implemented.
5-year milestone explanation for value above	• Achieving a 90% engagement milestone by 2025 assists in achieving this incremental but meaningful progress and allows for gradual, long-term cultural valuation of sustainability at SRP. • Some departments/types of employees will be more difficult to engage, and more effort will be required to achieve engagement in sustainability from these groups. A 90% target by 2025 will allow the opportunity to target the departments that are more difficult to reach over time. • The additional 100% leadership engagement goal will facilitate education and engagement with those in leadership positions and encourage employee participation.
Key initiatives	• Pursuit of leadership or team intermediary engagement goal (e.g., 100% of leaders engaged in sustainability at SRP) to support long-term engagement efforts. • Continue employee-focused sustainability programs and Green Team initiatives that will maintain and grow employee engagement. • Creation of new employee programs, which are yet to be determined at this time. • Grow participation in Sustainability Speaker Series over time. • Present to field employees on sustainability, increased contact with field groups and supervisors.
Key assumptions	• Achievement of this goal assumes that funding for employee-focused sustainability programs and other sustainability initiatives is adequate. • Accomplishing this goal also assumes that continued refinements and changes to the annual Corporate Sustainability Goals, which all employees are asked to complete, will be approved by and acceptable to executive management.
FY25 Action Plan updates	• Host employee campaigns and monthly events on various sustainability topics to educate and connect employees to SRP's 2035 Sustainability Goals. • Explore options to launch enterprise-wide gamification program. • Aim for 10% employee participation in Sustainability in Action programs in each Associate General Manager (AGM) organization, pending Oversight Committee and Governance Committee approval. • Connect with leadership and Green Team members to improve communication methods and program design, as well as discover new opportunities that appeal to a wider employee base. • Engage field employees by planning an event to connect them to SRP's 2035 Sustainability Goals and celebrate achievements.

GOAL 5.3: FOREST RESTORATION

Goal language	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.
Baseline value and year	Initial baseline of 0 acres in CY16. The program started in CY18 and has thinned 13,796 acres annually since. Baseline revised from 13,796 to 13,218 acres in FY21 based on updated and additional data from the U.S. Forest Service (USFS). Baseline value was updated to 12,681 acres of forest restoration to reflect the USFS's modified tracking and reporting methods for the Four Forest Restoration Initiative (4FRI) project.
Scope of goal	Support for industry to thin 50,000/year or 500,000 acres by 2035. *Geographic boundaries: Four Forest Restoration Initiative (4FRI) area, 1.1 million acres in 4FRI need mechanical treatment. Of the 1.1 million acres, about 770-825K are in the SRP watersheds. Other areas may be included.*
5-year milestone target value	Add 115,000 acres.
5-year milestone explanation for value above	**FY21 = 15,500 acres FY22 = 15,500 acres FY23 = 21,000 acres** **FY24 = 29,000 acres FY25 = 34,000 acres**
Key initiatives	• Work under Memorandums of Understanding (MOUs) to help with forest thinning projects up to 20,000 acres/year. – FY21 - Executed SRP/AZ Department of Forestry and Fire Management (DFFM) MOU. – FY22 - Executed SRP/DFFM/USFS MOUs for Tonto National Forest and Cragin Watershed. – FY23 - Executed pilot projects with Prescott National Forest and Red Rock District. – FY24 - Execute long-term MOUs with Prescott National Forest and Red Rock District. – FY25 - Execute pilot projects with Kaibab National Forest and Apache-Sitgreaves National Forest. • Cragin Watershed Protection Project - Completed Environmental Assessment in 2018 and now focusing on implementation of forest thinning in the Cragin watershed. – FY21 - (May 2020-April 2021) 0 acres – FY22 - (May 2021-April 2022) 0 acres – FY23 - (May 2022-April 2023) 1,000 acres – FY24 - (May 2023-April 2024) 3,500 acres – FY25 - (May 2024-April 2025) 5,000 acres
Key assumptions	Phase Two contracts may be issued in late 2020 (FY20) and are allowed a two-year ramping period (FY21 and FY22). • USFS continues to fund forest thinning projects at 50%. • SRP partnering with USFS and DFFM to thin challenging areas up to 20,000 acres per year. • SRP recruits new partners to invest in forest restoration. • SRP works to expand existing industry capacity and attract new industry and markets.
FY25 Action Plan updates	• Complete 8,000 acres of forest restoration through SRP partner projects. • Secure $7M in partner investments for additional forest restoration efforts. • Complete water and carbon benefit scaling initiative to develop forest health investment strategy.

STAKEHOLDER AND BOARD ENGAGEMENT PROCESS SUMMARY

In recognition of the need to pursue meaningful goals and transparently report progress in achieving them, SRP engaged in a robust stakeholder and Board engagement process that began in FY19. The purpose of the engagement process was to refine the SRP 2035 Sustainability Goals framework in advance of developing the first five-year action plans. The process was organized in three major phases which are detailed in Figure 3 below. As a result of the stakeholder and customer input during the engagement process, SRP proposed an updated set of goals that are more comprehensive, robust and representative of issues important to both our operations and the community. The SRP Board formally approved the new SRP 2035 Sustainability Goals at the beginning of FY20 on June 3, 2019.

In November 2018, SRP initiated a community engagement stakeholder process to review and revise the SRP 2035 Sustainability Goals. The process involved two phases of engagement with external stakeholders and customers and a third phase of engagement with SRP's Board and Council. During the first phase, SRP met with a broad group of stakeholders representing a wide range of customer, community and advocacy groups to hear feedback about the goals and their direction. During the second phase, SRP convened a smaller, representative group of stakeholders to engage in deeper dialogue about the goals, while also opening a public comment process to solicit feedback from customers and other members of the public. The purpose of these activities was to gain community input, recommendations and support for revised SRP 2035 Sustainability Goals. Four Board members and SRP's Vice President attended each meeting throughout the entire process to hear input from stakeholders firsthand.

SRP's stakeholder approach and process received high marks from participants. The Phase I Community Stakeholder Engagement meeting, held on Nov. 4, 2018, received an overall satisfaction rating of 4.6 on a 5.0 scale from participants. The Phase II Advisory Group (AG) meetings, held on five separate occasions between January and March 2019, received an overall satisfaction rating of 5.0 on a 5.0 scale.

Each of the phases are described in more detail below.

FIGURE 3 | Board and Stakeholder Engagement Phases

PHASE I: STAKEHOLDER WORKSHOP

The first SRP 2035 Sustainability Stakeholder Engagement meeting occurred in November 2018 at the Phoenix Zoo. The objective of this meeting was to share, inform and listen to feedback from a comprehensive cross-section of SRP stakeholders interested in and impacted by the SRP 2035 Sustainability Goals. SRP extended 114 invitations to a broad group of external stakeholders of which 60 attended that initial meeting. The day was structured to provide an overview of the current SRP 2035 Sustainability Goals by SRP's leadership, then collect stakeholder feedback in small groups. All stakeholders participated in six self-selected breakout sessions, each conducted with a different goal topic and goal owner. There were 36 breakout sessions in total during six time slots throughout the event.

Each breakout session included an SRP goal owner(s) and/or subject matter expert(s) ("SME") and approximately 10 community stakeholders. The stakeholders preregistered to attend goal breakout sessions of most interest to them, with each stakeholder attending six sessions total. Within each breakout session, the SRP goal owner/SME provided a brief goal overview and answered community stakeholder questions. Stakeholders affixed Post-it notes on easels that corresponded to each of the following three prompts: 1) strengths, 2) missing opportunities and 3) future aspirations. The stakeholders at each table then worked as a group to organize the collection of notes into common themes. Those themes became the basis for group conversations that followed with goal owners and SMEs. Community stakeholder input and ideas from the exercise were also captured in writing, summarized and ultimately documented in a database for later reference by SRP. To close out the day, the goal owners participated in a panel discussion where they shared key themes and conversations from the breakout sessions. In total, the stakeholder participants provided over 1,200 individual pieces of feedback during the workshop.

PUBLIC COMMENT

In addition to meeting with stakeholders, SRP also collected input from the community during an open public comment period that ran from Dec. 5, 2018, through Feb. 7, 2019. The public comment form was available on SRP's website and included open-ended questions that mirrored those asked in the stakeholder meeting about the strengths, missing opportunities and additional aspirations of each goal. There was also a fourth general question that asked for any additional comments. The public comment form was publicized through Contact (SRP's customer newsletter), social media platforms and a targeted email to some residential and commercial customers. SRP received comments from approximately 1,000 individuals and collected almost 4,000 comments as a part of the comment period.

PHASE II: ADVISORY GROUP MEETINGS

The Phase II process consisted of five full-day meetings with a sub-group of 19 stakeholders from Phase I, known as the Advisory Group (Figure 4 below), who were focused topically on the pre-existing 14 SRP 2035 Sustainability Goals. The Advisory Group participated in a deeper exploration of the goals and goal feedback themes: strengths, opportunities and aspirations. The Advisory Group representation was similar to the Phase I geographic, sector and area(s) of focus.

The SRP 2035 Sustainability Advisory Group meetings were designed to create an environment where goal owners and Advisory Group members could have open dialogue and exchange information. This "acknowledge, advance and aspire" format allowed goal owners to recognize comments submitted at the Phase I meeting, provide background context on development of the goals and talk with the Advisory Group members about how the goals might be advanced in meaningful ways where appropriate. The productive conversations with the Advisory Group led to meaningful changes to a majority of the goals that SRP Management brought forward to Phase III when the engagement transitioned to the SRP Board and Council.

FIGURE 4 | SRP 2035 Sustainability Stakeholder Advisory Group

ORGANIZATION	SECTOR/INTEREST
Arizona State University	Academia
Gammage & Burnham Attorneys at Law	Development
Valley Partnership	Economic Development
Environmental Defense Fund	Environmental Advocacy
The Nature Conservancy	Forest Restoration/Watershed
Boeing	Large Customers
Intel	Large Customers
Wildfire AZ	Low Income Advocacy
City of Phoenix	Municipalities
Apple	Large Customers
Southwest Energy Efficiency Project (SWEEP)	Technological Advocacy
Greenlots	Transportation
Kyl Center for Water Policy	Water
Arizona Public Interest Research Group	Community Advocacy
Environment America	Environmental Advocacy
Residential Advisory Committee (RAC)	Residential Customers
City of Mesa	Municipalities
Sierra Club	Environmental Advocacy

PHASE III: BOARD AND COUNCIL PROCESS

Phase III of the process focused on engagement with the Board and Council to educate them on the goal context and progress during Phases I and II, get their feedback, and ultimately gain approval for an updated set of SRP 2035 Sustainability Goals. In order to provide an informative and engaging dialogue with the Board and Council, SRP held a study session in April 2019 where SRP Management and staff presented the outcomes from the stakeholder engagement process. The Board and Council asked questions about the progression of the goals and the feedback from stakeholders and offered input on the recommendations put forth for consideration. A majority of the Board and Council attended the study session, with a makeup session coordinated in early May for those who could not.

After engaging with the Board and Council, SRP management presented a revised set of goals to the SRP Board's Strategic Planning Committee in early May 2019. Further refinements were made to the goals throughout April and May, starting with the April study session and continuing through the May Strategic Planning Committee. On May 9, 2019, the Strategic Planning Committee recommended approval of the new SRP 2035 Sustainability Goals, and on June 3, 2019, the full SRP Board officially approved them.

The new SRP 2035 Sustainability Goals are outlined in Figure 2 on page 4. A majority of the goals were modified during the process to be more aspirational. In addition, seven new goals were added, the Grid Modernization pillar was renamed to "Customer & Grid Enablement," and one water goal was removed. The new goal framework now consists of 20 goals, compared to the 14 goals in the 2017 version.

SRP 2035 SUSTAINABILITY MANAGEMENT SYSTEMS

"Innovation and Sustainability" is a priority for SRP's corporate strategy, emphasizing the importance of sustainability efforts across the organization. A crucial success factor for the 2035 Sustainability Goals is the implementation of effective management systems to guide and embed sustainability into the culture, priorities and operations of SRP. These systems include a governance structure; integration with financial planning; communications and engagement plans; and effective data governance. Each of these elements are summarized below.

GOVERNANCE STRUCTURE

To fully integrate and support the SRP 2035 Sustainability Goals, SRP established a governance structure in early FY18. This structure ensures that key internal stakeholders actively engage in and direct progress. The structure consists of the following bodies:

- **Governance Committee**
  - Populated by members of SRP Senior Leadership who have direct responsibility for one or more goals. The Governance Committee members are also goal owners, as each oversees a department that has direct responsibility for an SRP 2035 Sustainability Goal(s).
  - Oversees the effective implementation of the SRP 2035 Sustainability framework and goals.
- **Oversight Committee**
  - Represents SRP leaders within management tasked with implementing SRP 2035 Sustainability initiatives in their respective departments.
  - Provides guidance and support on the employee engagement goal.
- **Core Implementation Team**
  - Populated by Sustainability Policy & Programs (SP&P) staff and external consultants.
  - Leads the implementation of SRP 2035 Sustainability, supports goal owners and teams in establishing their action.

FINANCIAL PLANNING

Over the past decade, evolving environmental and social considerations have raised questions about the economic impacts of sustainability. While there used to be a general sentiment that sustainability initiatives carried a cost premium, there is now growing recognition that sustainability has tangible value as a core business function, including cost savings and organizational resilience. As a result of sustainability's emergence into corporate strategic planning, mainstream institutional investors are also integrating sustainability criteria into their investment decisions because they see them as a positive factor in the risk-adjusted returns they earn. Thus, SRP has integrated Environmental, Social and Governance (ESG) considerations into its core strategy to meet the long-term needs of stakeholders for a reliable and affordable supply of energy and water.

SRP, its stakeholders and those that provide financial capital (including customers and creditors) are in alignment that better carbon, water, forest and electrification outcomes as part of normal operations benefit the long-term economic vitality of our region and reduce risk. Therefore, sustainability spending in SRP's financial planning is not treated as distinct line items, but as part of the total cost of doing business and providing customer value. For each goal area, there is a clear pathway from action to long-term outcomes that provide value for a range of interested stakeholders.

- **Carbon:** Gaining access to the most cost-effective renewable energy sources and batteries while managing fuel and operating cost risk from traditional generation, transitioning to less carbon-intensive technologies in our fleet and facilities.
- **Water:** Reducing or offsetting SRP's own water use, partnering with communities in the region to conserve water, and increasing water storage to help the resilience of SRP and the region to weather water scarcity in a way that enhances sustainable economic development.
- **Customer and Grid Enablement:** Supporting diverse customer needs, wants and aspirations, including energy efficiency, demand response, distributed generation, battery storage, and electric vehicle (EV) adoption and charging infrastructure.
- **Supply Chain and Waste:** Working with suppliers to encourage better sustainability practices and reducing downstream waste.
- **Community:** Working with partners to thin forests and prevent catastrophic wildfire, engaging our employees to embed sustainability within our organization, communicating our progress to our stakeholders, and playing an active role in bettering our community.

Successful implementation of this long-term value creation strategy will require effective governance of SRP's initiatives and capital investments in sustainability. There are three elements to that governance system:

1. Full integration of sustainability into SRP's existing financial processes and governance structures.
2. Accountability for implementing the plan from the SRP 2035 Sustainability Governance Committee.
3. Clear executive accountability for the 2035 Sustainability plan via SRP's Sustainability Executive.

DATA GOVERNANCE

A critical part of the 2035 Sustainability Goals process is the implementation of effective data governance to support reporting progress toward each goal. To ensure accurate and timely reporting, we must manage sustainability data collection, transformation and communication of Key Performance Indicators (KPIs)* in a way that provides value to the business and advances transparency by capturing available, consistent and auditable data. To do this, SRP has been developing a sustainability data governance plan, which is governed by the SRP 2035 Sustainability Governance Committee, described above.

DATA GOVERNANCE PURPOSE AND STRUCTURE

The purpose of the data governance structure is to ensure that pertinent data is available, consistent and auditable:

Available – Identify timely and accessible data to report progress toward goals.

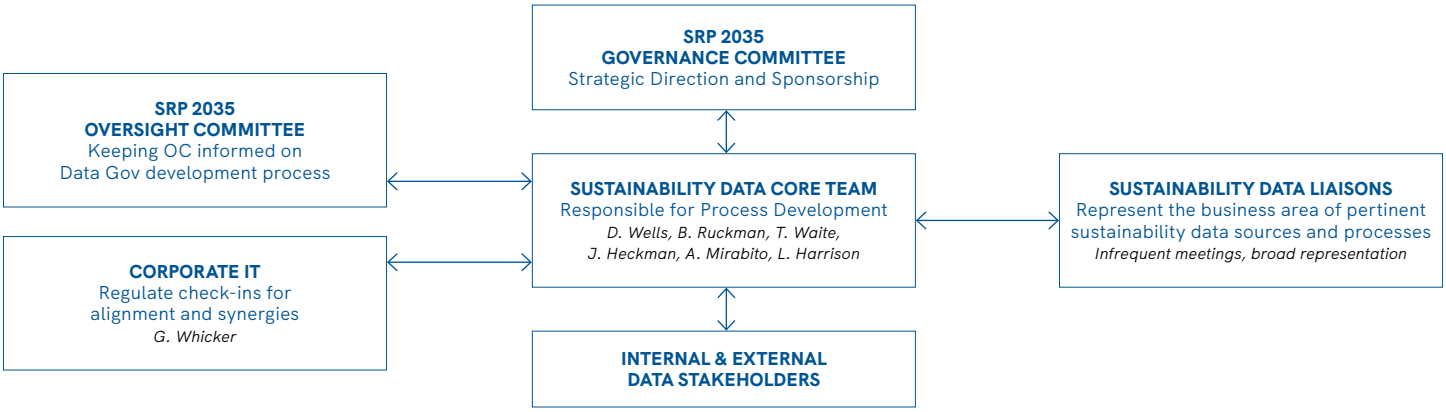
Consistent – Establish clear data format, scope and methodologies to drive efficiency and reliability throughout the reporting process year over year.

Auditable – Maintain quality data, ensure accountability and confidence in the information reported.

Throughout FY19 and FY20, we have been building upon ongoing sustainability reporting efforts that consider the existing SRP IT efforts around data management practices currently in place within each department. In order to do this, we have developed a methodology and team structure for data governance. This structure adds two new teams to support the Governance Committee: the data governance process core team and the sustainability data liaisons (see Figure 5).

The core team reports to the SRP 2035 Sustainability Governance Committee. The sustainability data liaisons, a group of approximately 20 employees, serve as the data experts for various SRP 2035 Sustainability Goals. The Information Management department provides support as needed and informs decision-making where corporate solutions are necessary for larger, more complex data sources. The sustainability data core team and sustainability data liaisons evaluate and refine the data sources.

FIGURE 5 | SRP 2035 Data Governance Team Structure



*Key performance indicators (KPIs) are repeatable, measurable values that indicate progress toward specific goals, or objectives within a larger goal, over a period of time.

DATA GOVERNANCE PROGRESS FROM FY20

The sustainability data core team and data liaisons have established a vision for data governance that is built from an industry standard maturity model using a 4x4 construction:

- **Levels of Data Governance Maturity**
  - **Ad Hoc** — Data governance is implemented as needed, often only by a responsible individual.
  - **Repeatable** — Data governance processes are documented and understood at a departmental level.
  - **Standardized** — Data governance processes are implemented using SRP standard tools and processes.
  - **Optimized** — Data governance processes adhere to SRP best practices and have established mechanisms for continuous improvement.
- **Components of Data Governance**
  - **Data Sources** — Ensuring confidence and dependability of the source data from which any KPI is calculated.
  - **Data Management Process** — Implementing the steps necessary to collect, transform and report on the KPI.
  - **Standardization and Data Quality** — Assessing and assuring that the data quality coming from the process meets the reporting requirements.
  - **Data Foundation and Stewardship** — Integrating the expectations of good data governance in the broader organization.

Requirements within this structure are built from a combination of existing and anticipated SRP standards as well as data management best practice. However, it is not a finalized framework, but rather a starting point for engagement with the data liaisons and goal owners as we begin to develop assessments of current practice and improvement plans. We completed two pilot implementations of the data governance framework in FY20, from which improved versions will be applied across all 2035 Sustainability Goals during FY21.

DATA GOVERNANCE OBJECTIVES FOR FY21 – FY25

1. Produce the data deliverables to support future Sustainability Reports for all SRP 2035 Sustainability Goals with the highest quality possible.
2. Continue to assess data maturity of all 2035 Sustainability Goals against the Data Governance Framework.
3. Continue to maintain Data Governance Improvement Plans for each 2035 Sustainability Goal.
4. Reassess each 2035 Sustainability Goal implementation of Data Governance on an annual basis to facilitate effective implementation and continual improvement.
5. Work with key internal teams to best align the Data Governance Framework with SRP enterprise data requirements and best practices.
6. Create and maintain a data governance implementation dashboard as helpful for the 2035 Sustainability Governance Committee.

ENGAGEMENT AND COMMUNICATIONS

ENGAGEMENT

SRP is committed to transparently communicating progress and discussing challenges with the public throughout our journey to achieving the 2035 Sustainability Goals. Thus, SRP will meet with external stakeholders on an annual basis, similar to the structure and meetings in the Board and Stakeholder Process described above. These annual meetings will allow SRP to continue the productive dialogue with stakeholders, share best practices, discuss both successes and failures from the previous year, and provide insights looking forward. In addition to the annual meeting, SRP will continue to look for ways to provide sustainability leadership to the Phoenix-metro area.

COMMUNICATIONS

SRP will transparently and proactively communicate with employees and customers. From blogs, web and social media to community presentations, annual reports and interactive graphics, SRP will report progress on the SRP 2035 Sustainability Goals in ways customers and employees can understand. SRP teams will also deliver content that dives deeper into each goal area to educate employees and customers about SRP's sustainability commitment and the innovative ways teams are working to bring sustainability into SRP operations. A comprehensive employee, customer and media relations communications plan was developed to help meet all audience needs and is updated frequently as part of an ongoing project for SRP teams.

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