Call to Order
Roll Call

1. **CONSENT AGENDA:** The following agenda item(s) will be considered as a group by the Committee and will be enacted with one motion. There will be no separate discussion of these item(s) unless a Committee Member requests, in which event the agenda item(s) will be removed from the Consent Agenda and considered as a separate item ................................................................. CHAIRMAN ANDA McAFFEE

   - Request for approval of the minutes for the meeting of November 10, 2022

2. **SRP 2035 Corporate Goals Review** .................................................... KAITLYN LIBBY

   Request for re-approval of the 2035 Corporate Goals without changes, which are reviewed on an annual basis to ensure SRP’s strategy remains relevant and appropriate amid changes within SRP’s operating environment.

3. **SRP Sustainable Cities Program Pilot** ... TOM COOPER and MARC VALENZUELA

   Informational presentation regarding SRP’s work with four Valley cities to pilot a Sustainable Cities Program, which was initiated by SRP Economic Development to work with and assist communities in identifying and promoting their sustainable assets and emphasizing their commitment to sustainable growth.

4. **SRP Fiscal Year 2022 Sustainability Report** ................................. LEAH HARRISON and BOBBY OLSEN

   Informational presentation regarding the publication of SRP’s Fiscal Year 2022 (FY22) Annual Sustainability Report.

5. **Report on Current Events by the General Manager and Chief Executive Officer or Designees** .................................................................................................................. MIKE HUMMEL

6. **Future Agenda Topics** ....................................................................... CHAIRMAN ANDA McAFFEE
The Committee may vote during the meeting to go into Executive Session, pursuant to A.R.S. §38-431.03 (A)(3), for the purpose of discussion or consultation for legal advice with legal counsel to the Committee on any of the matters listed on the agenda.

The Committee may go into Closed Session, pursuant to A.R.S. §30-805(B), for records and proceedings relating to competitive activity, including trade secrets or privileged or confidential commercial or financial information.

Visitors: The public has the option to attend in-person or observe via Zoom and may receive teleconference information by contacting the Corporate Secretary’s Office at (602) 236-4398. If attending in-person, all property in your possession, including purses, briefcases, packages, or containers, will be subject to inspection.
A meeting of the Strategic Planning Committee of the Salt River Project Agricultural Improvement and Power District (the District) and the Salt River Valley Water Users' Association (the Association), collectively SRP, convened at 9:30 a.m. on Thursday, November 10, 2022, from the Board Conference Room at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona. This meeting was conducted in-person and via teleconference in compliance with open meeting law guidelines.

Committee Members present at roll call were A.G. McAfee, Chairman; P.E. Rovey, Vice Chairman; and M.V. Pace and L.C. Williams.

Committee Member absent at roll call was J.M. White Jr.


In compliance with A.R.S. §38-431.02, Andrew Davis of the Corporate Secretary’s Office had posted a notice and agenda of the Strategic Planning Committee meeting at the SRP Administration Building, 1500 North Mill Avenue, Tempe, Arizona, at 9:00 a.m. on Tuesday, November 8, 2022.

Chairman A.G. McAfee called the meeting to order.

Consent Agenda

Chairman A.G. McAfee requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member L.C. Williams and seconded by Board Member M.V. Pace, the Committee unanimously approved and adopted the following item on the Consent Agenda:

- Minutes of the Strategic Planning Committee meeting on September 15, 2022, as presented

Corporate Secretary J.M. Felty polled the Committee Members on Board Member L.C. Williams’ motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:
Six-Year Implementation Plans

Using a PowerPoint presentation Tom Cooper, SRP Director of Corporate Strategy, Sustainability, and Economic Services, stated that the purpose of the presentation was to provide an update of the Six-Year Implementation Plans. He said that SRP’s 2035 corporate goals involve the following six strategic directions: workforce, finances, community, leadership, customers, and innovation and sustainability; and compared the 2024 to 2029 six-year implementation plan to the projected 2035 long-term targeted goals. Mr. T. Cooper introduced Kaitlyn M. Libby, SRP Manager of Strategic Planning.

Center on the Customer

Continuing, Ms. K.M. Libby explained that customer expectations are evolving, and that SRP will deepen its understanding of its customers; embed the ‘voice of its customers’ at the core of decisions made; and invest in modernization to empower customers with new and innovative solutions. She highlighted two of SRP’s critical milestones as follows: customer system modernization is complete and in-service; and the grid has been enabled with the Advanced Distribution Management System (ADMS) and Distributed Energy Resource Management System (DERMS).

Ms. K.M. Libby said that the following key measures are being implemented in targeting SRP’s 2035 Corporate Goals: Customer Experience Metric; SRP Brand Health Index; Energy Efficiency Savings; Demand Response Capacity; and Retail Electric Prices.

Transform the System

Ms. K.M. Libby stated that over the next six years, SRP will plan better together for the benefit of its customers; continue the transition through growth, repurposing, and innovation; manage risk for near-term success and long-term resilience; and maintain its foundational commitment to operational excellence and cost discipline. She highlighted three of SPR’s critical milestones as follows: 5,000 Megawatts (MW) of inverter-based resources operate on the system; customers decide ownership and operation of carbon-free resources; and real-time western market participation.

Ms. K.M. Libby said that the following key measures are being implemented in targeting SRP’s 2035 Corporate Goals: Carbon Emissions Intensity pounds/MW per hour (lbs/MWh); Generation-related Water Use Intensity; System Reliability Metrics; J.D. Power Sustainability Index; and Retail Electric Prices.
Lead Through Stewardship

Ms. K.M. Libby stated that over the next six years, SRP will invest infrastructure projects that ensure long-term water supplies and support economic growth; influence smart, sustainable growth in the Valley; pursue common sustainability goals in partnership to influence a greater collective impact; and employ new methods to engage with, educate, and support its customers and communities. She highlighted three of SRP’s critical milestones as follows: Roosevelt Flood Control Space deviation in operation; Bartlett Dam Modification feasibility study complete and funding in place; and Environmental, Social and Governance (ESG) framework and equity approach in place and incorporated in decision-making.

Ms. K.M. Libby said that the following key measures are being implemented in targeting SRP’s 2035 Corporate Goals: Water Conservation; Lost and Unaccounted Water Rate; Forest Health Plan; SRP Community Index; SRP Sustainability Index; Electric Vehicle Adoption; and New Jobs and Capital Investment. She concluded with a discussion of next steps and future engagement.

Mr. T. Cooper and Ms. K.M. Libby responded to questions from the Committee.

Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary’s Office and, by reference, made a part of these minutes.

President D. Rousseau; Board Members R.C. Arnett and L.D. Rovey; and Mmes. M.M. Hernandez and L.A. Meyers entered the meeting during the presentation.

SRP-ASU Equity Research Project

Using a PowerPoint presentation, Leah G. Harrison, SRP Manager of Sustainability Policy and Programs, stated that the purpose of the presentation was to provide information regarding the joint project between SRP and faculty members of Arizona State University’s (ASU) School for the Future of Innovation in Society to build acumen within SRP around issues of equity relevant to SRP’s planning and operations.

Ms. L.G. Harrison explained how movements from the 1970s through 2020s concerning environment, climate, energy, and equity have influenced the direct electric utility business, and has impacted regulatory agency and legislative goals; federal government funding requirements; community needs; and customer expectations. She listed certain industries contributing to research efforts, and summarized areas of typical utility equity issues and SRP’s existing equity related activities.

Ms. L.G. Harrison reviewed the following objectives for the SRP-ASU Equity Research Project: 1) Develop a definition of equity appropriate to SRP’s charter as a public power and water utility; 2) identify areas of equity potentially relevant to SRP’s planning and operations and what elements are owned by SRP; and 3) build acumen within SRP around this subject and paths to better proactively identify equity issues. She concluded with a discussion of near-term next steps.
Copies of the PowerPoint slides used in this presentation are on file in the Corporate Secretary’s Office and, by reference, made a part of these minutes.

Ms. K.M. Libby left the meeting during the presentation.

Report on Current Events by the General Manager and Chief Executive Officer or Designees

Mike Hummel, SRP General Manager and Chief Executive Officer, reported on a variety of federal, state, and local topics of interest to the Committee.

Ms. L.G. Harrison left the meeting during the report.

Future Agenda Topics

Chairman A.G. McAfee asked the Committee if there were any future agenda topics. Board Member R.J. Miller requested information regarding potential differences between developing storage on the distribution vs. transmission system and a presentation on what the SRP Strategic Energy Managers do to support customers.

There being no further business to come before the Strategic Planning Committee, the meeting adjourned at 10:59 a.m.

Lora F. Hobaica
Assistant Corporate Secretary
Executive Summary:
Management conducted its annual review of SRP’s 2035 Corporate Goals against current trends and market conditions, including through the lens of multiple recession scenarios. The review concluded that the major trends within SRP’s operating environment continue to be impactful but have not significantly shifted over the past year and that even under multiple near-term recession scenarios, SRP’s 2035 Corporate Goals remain appropriate and achievable. Accordingly, Management recommends no modifications to the 2035 Corporate Goals.

Background:
In 2019, SRP established its Board-approved 2035 Strategic Directions and Corporate Goals to set SRP up for long-term success in the face of transformative change. The development of such goals was grounded in a vision of the major forces of change that would play out between then and 2035, such as increasing customer expectations, an accelerating pace of technological advancement, and a heightened focus on the impacts of climate change. Given the scale and durability of these trends, SRP created the 2035 Corporate Goals to be resilient and to serve as a north star throughout a great deal of enduring change.

With the pace and scale of change continually increasing, the 2035 Corporate Goals are reviewed annually to ensure the goals remain relevant and appropriate given any material shifts in trends or market conditions. Last year, the review process resulted in a set of Board-approved updates to the goals to address major shifts in the pace and influence of the trends referenced above.

Review Process and Assumptions:
As part of the annual review process, Management assessed SRP’s 2035 Corporate Goals against current trends and market conditions to determine if any goal adjustments are warranted. This year, the review was expanded to evaluate potential recession impacts on SRP’s ability to achieve its corporate goals and whether strategic gaps would emerge under the current set of goals.

Multiple recession scenarios were used to assess how different severity levels and durations of a potential recession would impact the national and local economy. Given the analysis performed along with a review of prior recessionary impacts on SRP’s operations and core metrics, it is anticipated that recessionary effects would, to a varying degree, be short-term (two quarters to two years) and would reverse once a new economic recovery emerged.

In addition to considering potential recessionary impacts, Management also evaluated the status and outlook of the major forces of change within SRP’s operating environment to determine whether any material shifts have occurred in broader market and industry trends. The review concluded that no new or unexpected trends have emerged (beyond the increased risk of a recession), and that the same major trends (Figure 1) continue to persist and ultimately shape the utility landscape today. While the trends are generally unchanged since last year in their trajectory, incremental shifts within each of the trends are bringing forward new pressures, opportunities, and priority areas of immediate focus.

Figure 1: Major Trends
This year, one of the most notable shifts comes in the form of new, and significantly impactful, federal legislation that stands to emphasize, accelerate, and cause greater intersection of each of the major trends. The Infrastructure Investment and Jobs Act (IIJA) and Inflation Reduction Act (IRA) will expedite the transition to the ‘utility of the future’, causing utilities to re-evaluate their approach to decarbonization and address some of the near-term barriers to realizing the opportunities of the new legislation, such as prioritizing transmission interconnection reform and infrastructure build out, grid modernization and resilience, innovative supply chain solutions, and new partnerships and coalitions.

The 2035 Corporate Goals position SRP on the appropriate trajectory to respond to and take advantage of the recent legislative shifts as well as the other major trends that persist. Accordingly, the review process concluded that given the status of and outlook on industry trends and market conditions, including the assumption of a near-term recession, no material impacts are expected relative to achieving the 2035 Corporate Goals and no strategic gaps were identified. Rather, the 2035 Corporate Goals continue to provide effective strategic guidance for key decisions and resource prioritization in the coming years. The review did, however, emphasize the importance of revisiting SRP’s 2035 Sustainability Goals to address shifts in policy, utility sustainability commitments, and broader market trends over the last several years. Such shifts are scheduled to be addressed in the upcoming goal update process described further below.

**Upcoming Strategy Processes:**
Throughout FY24, SRP will conduct two comprehensive, corporate-wide strategy efforts. The first process will extend SRP’s planning vision to establish a strategic plan for SRP out to 2050 while updating and aligning SRP’s 2035 Corporate Goals. Leveraging the outcomes of that process, SRP will initiate its 2035 Sustainability Goal update process, which occurs every five years and involves significant internal and external stakeholder engagement. Board approval of the 2050 strategic plan and associated 2035 goals is planned to occur by the end of FY24, while the updated 2035 Sustainability Goals are scheduled for Board approval in early FY25.

**Recommendation:**
Management recommends no modifications to the 2035 Corporate Goals given the current state and outlook of SRP’s operating environment and broader market conditions. The existing 2035 Corporate Goals (included within this pre-read) remain appropriate for SRP and accomplish the foundational purpose of providing the company with a stable and resilient strategic vision amid significant change.
OUR MISSION:
We serve our customers and communities by providing sustainable, reliable and affordable water and energy.

STRATEGIC DIRECTIONS:

CUSTOMERS
Understand value from our customers’ perspective and offer choices that meet the customers’ needs, wants and aspirations.

COMMUNITY
Develop and enhance partnerships and engagements with cities, communities and Native American nations and tribes.

WORKFORCE
Further develop an engaged, inclusive and future-ready workforce that reflects and embraces the diverse backgrounds and perspectives of our communities.

SUSTAINABILITY
Embed sustainable principles and practices in all that we do to deliberately increase the pace of our transformation and create a lasting, positive social and environmental impact.

LEADERSHIP
Provide public policy and thought leadership on issues at the heart of SRP’s mission, including water, energy and economic development.

FINANCES
Maintain SRP’s strong financial health and increase our financial flexibility.

FRAMEWORK FOR SUCCESS
Our Strategic Directions and 2035 Corporate Goals make up SRP’s Strategic Framework, which defines what we want to achieve over the long term in order to deliver on our mission.
CUSTOMERS 2035 CORPORATE GOALS

GOAL 1

Continually improve the customer experience, satisfaction and loyalty.
A. Ensure methods to measure customer satisfaction remain meaningful and actionable.
B. Increase customer satisfaction by 10% relative to FY19 SRP Customer Perspectives metrics.
C. Achieve and maintain an SRP Brand Health Index of 65 or greater.
D. Achieve at least 80% of customers who give SRP a positive rating for its sustainability efforts.

GOAL 2

Personalize the customer experience by providing segment-specific products, services and communications.
A. Provide customers with convenient solutions to manage their energy usage and environmental impact.
   i. Refine the portfolio of pricing and program options to meet changing customer needs and demand for clean energy, market-based pricing and energy affordability.
   ii. Deliver over 3 million MWh of annual aggregate energy savings.
   iii. Deliver at least 300 MW of dispatchable DR and load management programs.
   iv. Expand the portfolio of Electric Technology (non-EVs) programs to deliver 300,000 MWh of annual aggregate energy impact.
B. Enable unified and enhanced customer interactions supported by holistic, data-driven insights that allow us to better serve and guide our customers.
C. 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.

GOAL 3

Manage SRP’s water portfolio to ensure a reliable, sustainable water supply to serve the needs of shareholders.
A. Ensure a 2.5 acre-feet per acre allocation, including 2 acre-feet of stored water per acre, while providing supplemental water supplies as needed.
B. Store 1 million acre-feet of water supplies underground.
C. Achieve a lost and unaccounted for water rate of less than 5% on a 10-year rolling average.

FINANCES 2035 CORPORATE GOALS

GOAL 1

Have retail electric prices that are in the lowest quartile, on average, in the region.

GOAL 2

Maintain a strong yet flexible financial position as measured by key financial indicators.
SUSTAINABILITY | 2035 CORPORATE GOALS

GOAL 1

Take meaningful action to address climate change and our environmental impact.

A. Transition to less carbon- and water-intensive generation.
   i. Reduce SRP’s carbon emissions by 65% from 2005 levels by 2035 as measured on a pounds of CO₂ per MWh of energy basis.
   ii. Eliminate or offset power generation groundwater use in Active Management Areas (AMAs).
   iii. Achieve 20% reduction in generation-related water use intensity across all water types.

B. Implement sustainable best practices and efficiencies across internal operations.
   i. On a mass basis, reduce carbon emissions from facilities by 30% and water use by 45%.
   ii. Reduce carbon emissions from fleet by 30% on a mass basis.
   iii. Incorporate sustainability criteria into sourcing decisions for 100% of managed spend.
   iv. Divert 75% of municipal solid waste (MSW).
   v. Divert 95% of non-hazardous industrial solid waste sent to Investment Recovery.
   vi. Engage 100% of employees in efforts that contribute to SRP’s sustainability goals.

GOAL 2

Manage SRP’s sustainability performance through an Environmental, Social and Governance (ESG) framework that prioritizes and aligns our actions with the present and future needs of our customers, communities, employees and stakeholders.

GOAL 3

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.

WORKFORCE | 2035 CORPORATE GOALS

GOAL 1

Achieve a top 10% ranking for safety culture as benchmarked against appropriate industries and continually improve safety performance with the aspirational goal of zero incidents.

GOAL 2

Attract, develop and retain a high-performing workforce with the range of skills and competencies necessary to be successful in a dynamic environment.

GOAL 3

Maintain and foster a strong company culture that embeds diversity and inclusion across the organization and inspires an engaged, innovative and committed workforce to achieve SRP’s mission.
LEADERSHIP | 2035 CORPORATE GOALS

GOAL 1
Engage in public policy and provide thought leadership to advocate for, educate and influence on issues at the heart of SRP’s mission and that improve the quality of life for Arizonans, including water, energy, sustainability, education and economic development.

A. Hold key positions at relevant regional, industry and community organizations and demonstrate leadership to shape and implement water- and energy-related decisions and solutions and to advance the mission of public power.

B. Increase SRP’s leadership role in forest restoration treatments through partnerships, influence, education and support for the industry to thin 50,000 acres per year or 500,000 acres total.

GOAL 2
Employ SRP’s unique leadership, expertise and influence to enhance the resiliency and operational flexibility of our water system to ensure a sustainable water supply for our shareholders and customers and to address local and state water challenges.

A. Proactively partner with communities and Tribal Nations on economic development initiatives and also on programs related to water, energy and sustainability.

B. Achieve and maintain an SRP Community Index score of 62 or greater.

GOAL 3
Integrate and operate emerging clean technologies and engage in industry and regional efforts to advance decarbonization and address growing energy demand.

A. Participate in coalitions and industry partnerships to conduct research and demonstration projects that support and prepare SRP for the deployment of emerging technologies and infrastructure.

B. Take a proactive role in the development and operation of regional Western electric markets that provide value for SRP and our customers.

COMMUNITY | 2035 CORPORATE GOALS

GOAL 1
Proactively partner with communities and Tribal Nations on economic development initiatives and also on programs related to water, energy and sustainability.

A. In partnership with Valley cities, support municipal water conservation goal achievements by creating and executing programs to identify 5 billion gallons of potential water conservation by 2035.

GOAL 2
Be a positive presence and create strong partnerships in our communities through corporate outreach, contributions, educational programs and employee giving.

A. Achieve and maintain an SRP Community Index score of 62 or greater.
Annual 2035 Corporate Goals Review and Request for Re-Approval

Strategic Planning Committee

Kaitlyn Libby | February 9, 2023
SRP’s 2035 Strategic Framework - What we aim to achieve over the long term

We serve our customers and communities by providing sustainable, reliable and affordable water and energy.
CURRENT OPERATING ENVIRONMENT

- Heightened focus on the impacts of climate change
- Decarbonization of power generation
- Expanding view of sustainability
- Accelerating pace of technological advancement
- Increasing customer and workforce expectations
- Dynamic market conditions: Unprecedented growth; threat of recession
# Major Near-Term Strategy Efforts

<table>
<thead>
<tr>
<th>FY23</th>
<th>FY24</th>
<th>FY25</th>
</tr>
</thead>
<tbody>
<tr>
<td>2035 Corporate Goal Approval</td>
<td>2050 Strategic Plan Development</td>
<td>2035 Sustainability Goal Approval</td>
</tr>
<tr>
<td>Strategic Planning Committee</td>
<td>Strategic Plan Approval</td>
<td>Strategic Planning Committee</td>
</tr>
</tbody>
</table>

- 2035 Corporate Goal Approval
- 2050 Strategic Plan Development
- 2035 Sustainability Goal Approval
RECOMMENDATION

Management requests that the Strategic Planning Committee recommend that the Board re-approve the 2035 Corporate Goals without changes.
thank you!
2035 Corporate Goal: Proactively partner with communities and Tribal Nations on economic development initiatives and also on programs related to water, energy and sustainability.

FY23 Corporate Objective: Develop and implement a Sustainable City certification program to help participating communities promote their commitment to sustainable growth.
Sustainable Cities

“Actively working and making significant progress in addressing economic health, the environment and social/cultural impact through urban planning and city management.”

- Environmentally Responsible
- Resilient
- Prepared for Change
- Inclusive
- Competitive
Program Objective

Work with and assist participating cities in identifying and promoting their sustainable assets, as well as emphasizing their commitment to sustainable growth, in order to ensure they are most competitive for talent, investment and jobs.
# Pilot Program Overview

<table>
<thead>
<tr>
<th>Objective</th>
<th>Program Eligibility</th>
<th>Participating Municipalities</th>
</tr>
</thead>
</table>
| To work with and assist participating cities in identifying and promoting their **sustainable assets**, as well as emphasizing their commitment to **sustainable growth**, in order to ensure they are most competitive for **talent, investment and jobs**. | • Led by Economic Development  
• Required to seek support from city management  
• Establishment of a working Sustainability Team | ![Gilbert Arizona](#)  
![Mesa AZ](#)  
![Tempe](#)  
![City of Phoenix](#) |
Pilot Program Components

Program’s three main components allow communities to meet economic, environmental, and societal goals to be more competitive for investment long-term.

**Economic**
- Business Competitiveness
- Land Use and Zoning
- Local Economies

**Environmental**
- Energy Efficiency
- Transportation
- Natural Resources
- Waste Management
- Water Conservation
- Climate Protection/ Air Quality
- Green Design/ Construction

**Societal**
- Safety
- Health and Wellness
- Education
- Arts, Culture and Historic Preservation
- Housing
- Community Participation and Education
- Diversity, Equity & Including (DEI)
# Program Implementation: Questionnaire / Inventory

## SRP Sustainable Assets Questionnaire

**Environmental - Waste Management**

<table>
<thead>
<tr>
<th>Activity Number</th>
<th>Activity, Program or Initiative</th>
</tr>
</thead>
<tbody>
<tr>
<td>45</td>
<td>Does your city provide recycling containers at all public parks and facilities?</td>
</tr>
<tr>
<td>46</td>
<td>Does your city offer curbside recycling to all residents?</td>
</tr>
<tr>
<td>47</td>
<td>Does your city offer single-stream recycling to all residents?</td>
</tr>
<tr>
<td>48</td>
<td>Does your city operate recycling drop-off locations for electronics, batteries, and cell phones?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Designation Level</th>
<th>Score</th>
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<tbody>
<tr>
<td>Platinum</td>
<td>471 – 605</td>
</tr>
<tr>
<td>Gold</td>
<td>336 – 470</td>
</tr>
<tr>
<td>Silver</td>
<td>200 - 335</td>
</tr>
</tbody>
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02/09/2023 Strategic Planning Committee, M.A. Valenzuela
Program Deliverables and Benefits

- Sustainable Inventory
- Marketing messages for assets
- Observations for future initiatives
- Designation as an SRP Sustainable City
- Serving as a model for other communities
- Press release from SRP and listing on website
## Timeline and Current Status

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
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<tbody>
<tr>
<td>Monday, October 31, 2022</td>
<td>Official Program Launch for Select Cities by Zoom</td>
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<tr>
<td>Friday, December 16, 2022</td>
<td>Completion of Sustainable Assets Questionnaire</td>
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<tr>
<td>Week of January 16, 2023</td>
<td>Individual Community Meetings by Zoom</td>
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<tr>
<td>Week of February 27, 2023</td>
<td>Delivery of Sustainable Inventory In Person – Designation Provided</td>
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<tr>
<td>April 2023</td>
<td>Designation Announcements</td>
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<tr>
<td></td>
<td>- News Release</td>
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<td></td>
<td>- Social Media Posts</td>
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<td></td>
<td>- Listed on SRP ED website as a Sustainable City</td>
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</table>
thank you!
Our 2035 Sustainability Goals revolve around five key pillars and their sub-goals, as outlined below. This report provides the progress we made this year in reaching the 2035 goals and the short-term 2025 goals from the current five-year action plan.
2035 SUSTAINABILITY GOAL PROGRESS – FY22

From May 2021 through April 2022, we were able to make considerable strides toward achieving our ambitious 2035 Sustainability Goals. We are committed to transforming Arizona’s energy future by decarbonizing our generation sources at an accelerated rate and making strategic infrastructure investments.

Overall 2035 Progress
*Goal 4.5 established official metrics in FY22 and progress to the goal will be reported starting in FY23. See individual goal page for details.

2025 MILESTONES

To help reach, measure and report progress on the 2035 goals, we developed near-term targets for 2025 as identified in the boxes below. The color of each box represents the progress toward that goal’s 2025 milestone.

Key FY22 Updates

In FY22 SRP prioritized additional renewable resources by finalizing 961 MW of carbon-free power purchase agreements, extending existing battery storage agreements, and initiating the procurement process for 277 MW of new solar. SRP’s FY22 carbon intensity value (pending verification)* is expected to increase from FY21 levels because of high gas prices leading to elevated coal generation for retail customers, thereby saving money for our customers. The carbon-free resource additions listed above are long-term commitments that will lower SRP’s carbon intensity over time and maintain our ability to achieve or exceed the 2035 carbon intensity target of 900-950 lbs. CO₂/MWh.

Key FY22 Updates

SRP improved its understanding of facilities energy and water consumption with enhanced visualization tools and usage audits and completed a Sustainability Guidelines manual for construction projects. As a result of these and previous efforts, three SRP facilities received a Platinum, Gold and Silver certification, respectively, for Leadership in Energy and Environmental Design, and facilities carbon was reduced by 12% since FY16, surpassing our five-year target of 10%.

Key FY22 Updates

SRP advanced management of fleet emissions through the installation of telematics equipment on all fleet vehicles and achieving 8.8% of total fleet electrification. Although fuel consumption decreased overall since FY21, the COVID-19 one-person-per-vehicle policy remained in place for part of FY22 and 130 vehicles returned to service from departments that were previously teleworking. Progress to goal remains negative compared to the FY16 baseline, but upcoming initiatives to convert internal fuel islands to biofuel will ensure emissions reductions are made.

Key FY22 Updates

Teleworking conditions allowed SRP to make building modifications and introduce new sustainable landscaping standards to reduce water usage. Overall facility water usage has decreased by 17% since FY16, surpassing our five-year target of 15%.

*FY22 data will be made available pending completion of a third-party verification and submission to the Climate Registry in early 2023.
Key FY22 Updates
SRP reduced the rate of lost and unaccounted for water to 4.3%, exceeding the annual target of 5%, through ongoing management of water deliveries including the inspection of 1,500 water delivery structures, expanding pipe inspections while researching water loss detection technologies, and completing final testing to begin installation of automated canal gates.

Key FY22 Updates
SRP engaged in discussions regarding Palo Verde Nuclear Generating Station to better understand summer water constraints and optimize effluent utilization when available, contributing to a three-year average of 48.66% of water pumped by power plants coming from groundwater as of FY22. Progress to goal and the five-year target remains negative when compared to the baseline of 43%, but future potential alternative water supplies for Mesquite Generating Station and the addition of significant renewable resources will lead to reduction opportunities.

Key FY22 Updates
The accelerated development of renewable resources will continue to decrease generation-related water intensity over time. SRP’s water intensity from generation resources has decreased to 439 gallons/MWh as of FY22, representing a 5.6% reduction from the baseline.

Key FY22 Updates
SRP continued to work with the Gila River Indian Community to plan and manage water supplies and prepare for the impacts of Colorado River shortages. SRP stored 990,345 acre-feet of water from CY15 through CY21, accomplishing 99% of goal.

Key FY22 Updates
Over 700 customers attended three virtual Water Conservation Expos and purchased a total of 393 smart irrigation controllers, resulting in a total of 22.4M gallons of cumulative water savings to date. Progress to five-year target is 18.5%, and future long-term municipal programs will accelerate savings.

Key FY22 Updates
SRP introduced a supplier onboarding tool which will be expanded to facilitate the pre-qualification of suppliers based on sustainability and other criteria. SRP continues to communicate to suppliers with detailed requirements for sustainability and incorporate sustainability criteria into all formal RFP evaluations (approximately 54% of FY22 spend).

Key FY22 Updates
SRP completed a waste bin right-sizing project by analyzing municipal solid waste (MSW) site collection bins throughout the Valley to properly meet site requirements and onboarded a new vendor to compost food waste, leading to a diversion rate of 25% for municipal solid waste and a total reduction of 42% in annual tons generated from FY20 levels.
Key FY22 Updates
SRP incentivized energy efficiency (EE) by supporting 72,000 residential EE upgrades and nearly 1,300 commercial projects, assisting with EE standards in the construction of 15,000 new homes and businesses, and being awarded 2022 ENERGY STAR “Partner of the Year — Sustained Excellence.” These efforts, along with customer participation in SRP’s M-Power program, resulted in 589,671 MWh of incremental energy savings in FY22, exceeding the annual target by 9%.

Key FY22 Updates
SRP subscribed additional demand response (DR) resources including 58,442 smart thermostats for a total of 71.8 MW of dispatchable capacity and 454 new business customer sites with seven dispatched business DR events. Each event reduced peak load by 26–42 MW and overall program capacity totaled 116.8 MW, representing 106% of the FY22 target.

Key FY22 Updates
SRP supported the enablement of electric vehicles (EVs) by providing 272 EV charging port rebates to businesses, 873 discounted residential charging ports, and 704 electric vehicle rebates, while over 200 attendees participated in nearly 500 test drives at an EV Ride & Drive event. Despite supply chain shortages for EV components, 29,273 EVs were present in SRP service territory through FY22, exceeding the annual target by 27%.

Key FY22 Updates
SRP incentivized 236 electric forklifts and 211 addressable demand response capable forklift chargers, as well as completed over 25 custom commercial electrification projects for a total of 12,808 MWh of energy impact, which represents 107% of annual plan and a cumulative aggregate total of 44,627 MWh in FY22.

Key FY22 Updates
In FY22, SRP executed the third year of the Distribution Enablement Plan, which defines investments totaling 50 projects and $47.5M. Noteworthy accomplishments include processing a record number of solar interconnection requests, interconnection process improvements, upgrade of 767 capacitor controllers and deployment of a new planning tool. Additionally, SRP established the Grid Enablement goal reporting metric: percent of customer distributed energy resources interconnection applications approved (i.e., solar photovoltaic, battery storage).

Key FY22 Updates
SRP communicated sustainability topics to customers by producing 28 sustainability-related blogs and securing more than 2,400 unique media articles on related sustainability topics, while distributing 51 press releases on SRP 2035 Sustainability Goals efforts. The SRP Brand Health Study shows a Sustainability Index score of 73, which remained unchanged throughout the COVID-19 pandemic.

Key FY22 Updates
SRP employees remain engaged in sustainability: 968 employees participated in sustainable commute programs, SRP’s Green Team reached 704 members, and 315 employees participated in an annual Earth Day Celebration supporting local businesses and sustainable food systems. The first Sustainability Employee Engagement Survey launched to a strong reception of about 60% (~3,000 responses), aiding in the establishment of a 78% baseline for employees engaged in sustainability.

Key FY22 Updates
SRP demonstrated responsible watershed management by securing short- and long-term partnerships with government agencies, conservation groups, private organizations and SRP customers to thin 76,000 acres of forest over the next 10 years. SRP customers, through the SRP Healthy Forest Initiative™, provided donations totaling $214,000. These efforts and more led to the restoration of 22,163 acres of forest, bringing cumulative progress to a total of 47,886 restored acres through September 2021, despite challenges securing needed additional forest product industry to the State to accelerate the annual number of watershed acres restored.
FY22 Sustainability Report

• Includes
  • FY22 progress updates for 2025 milestones and overall 2035 goals
  • FY22 key accomplishments

• Also Available:
  • Updated Action Plans
  • Revised website
FY22 Sustainability Report

• Visit SRP.net/2035
FY22 Progress to 2035 Goals
Website Redesign—SRP.net/2035

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

SRP is dedicated to making decisions through the eyes of future generations. This can be seen in actions such as our continued shift to cleaner energy sources and our unwavering focus on our 2035 Sustainability Goals.

SRP 2035 Sustainability Goals

Our 2035 Sustainability Goals revolve around five key pillars:

- Carbon emissions reduction
- Water resiliency
- Customer and grid enablement
- Supply chain management and waste reduction
- Customer and community engagement

Progress year over year

Every year, SRP reviews the progress made toward meeting our 2035 Sustainability Goals based on key indicators. Each of these goals, and their related sub-goals, have key indicators to measure progress. We have also developed five-year action plans for each goal that outline 2025 milestones and specific initiatives throughout the time frame that will contribute to overall goal progress. SRP reports progress on both the 2025 goals and the 2025 milestones annually. The current strategic execution phase covers SRP’s fiscal years 2020 to 2025 (calendar years 2019-2025).

See how we’re progressing toward these goals. [Download the 2022 report](#).
Website Redesign—SRP.net/2035

2022 Customer & Grid Enablement Successes

Grid Enablement
Established official goal metric; percent of customer distributed energy resources (DER) interconnection applications approved (i.e., solar photovoltaic, battery storage).

Electric Vehicle Adoption
To help advance electric vehicle adoption, held Ride and Drive Event as part of the Transportation Electrification Activator* alliance.

Transportation Electrification
Participated in City of Phoenix Electric Vehicle Ad Hoc Committee to advance transportation electrification. Supported the enablement of 29,273 EVs within SRP’s service territory through FY22, 27% greater than the FY22 target.

Energy Efficiency
Generated 589,671 MWh of incremental energy savings, 9% greater than the FY22 target.

Microgrid
Enabled commercial customer to install microgrid complete with solar and battery storage.

*Learn about Transportation Electrification Activator alliance.
FY22 Progress to 2025 Milestones

Key FY22 Updates:
- Finalized 961 MW of carbon-free power purchase agreements
- Carbon Intensity increased due to elevated coal generation associated with high natural gas costs

Key FY22 Updates:
- Stored 990k acre-feet from calendar years 15 to 21
- Continued partnership with Gila River Indian Community

Key FY22 Updates:
- Supported 29,273 EVs in SRP service territory, exceeded annual target by 27%

Key FY22 Updates:
- 47,886 cumulative acres restored through September 2021
- Secured partnerships to thin 76,000 acres over next ten years
Carbon Intensity Update

- FY22 Carbon Intensity was 1,020 lbs/MWh
- Fuel switching from natural gas to coal
  - Customers saved ~$60M
- Development and supply chain challenges are near-term headwinds for FY23-25
- Leading indicators are still driving change
  - 2,586MW of coal retirements by 2032
  - 2,097MW of solar by 2025
  - 1,140MW of batteries by 2025
  - 288MW of wind by 2025
  - Long-duration energy pilot
  - Exploration of pumped-storage hydro
thank you!