SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT MEETING NOTICE AND AGENDA

STRATEGIC PLANNING COMMITTEE

Thursday, May 8, 2025, 9:30 AM

SRP Administration Building 1500 N. Mill Avenue, Tempe, AZ 85288

Committee Members: Leslie C. Williams, Chair; Nicholas Brown, Vice Chair; and Robert Arnett, Casey Clowes, Mario Herrera, Sandra Kennedy, and Jack White Jr.

Call to Order Roll Call

- - Request for approval of the minutes for the meeting of November 14, 2024.
- 2. SRP 2035 Corporate Goals and Targets KAITLYN LIBBY

Request for re-approval of the existing set of 2035 Corporate Goals and Targets, which are reviewed on an annual basis to ensure SRP's strategy remains directionally relevant and appropriate amid changes within SRP's operating environment.

Informational presentation regarding the results of SRP's third-party verified greenhouse gas inventory for FY24.

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.



MINUTES STRATEGIC PLANNING COMMITTEE MEETING

DRAFT

November 14, 2024

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 14, 2024, from the Hoopes 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 N.R. Brown, Vice Chair; and R.C. Arnett, C. Clowes, M.J. Herrera, and S.D. Kennedy.

Committee Members absent at roll were L.C. Williams, Chair; and J.M. White Jr.

Also present were President D. Rousseau; Vice President C.J. Dobson; Board Members R.J. Miller, K.H. O'Brien, L.D. Rovey, P.E. Rovey, and S.H. Williams; Council Chair J.R. Shelton; Council Liaisons A.S. Hatley and W.W. Sheely; Council Members E.L. Gorsegner, M.R. Mulligan, and C. Resch-Geretti; and I.R. Avalos, A.N. Bond-Simpson, M.J. Burger, A.P. Chabrier, T. Cooper, A.C. Davis, D.W. Dreiling, J.M. Felty, L.G. Harrison, B.C. Heath, K.J. Lee, K.M. Libby, S.J. Lopez, M.S. Mendonca, G.A. Mingura, M.J. O'Connor, B.A. Olsen, D.V. Player, J.M. Pratt, C.M. Sifuentes, and W.N. Wisdom of SRP.

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 12, 2024.

Vice Chair N.R. Brown called the meeting to order.

Consent Agenda

Vice Chair N.R. Brown requested a motion for Committee approval of the Consent Agenda, in its entirety.

On a motion duly made by Board Member M.J. Herrera and seconded by Board Member R.C. Arnett, the Committee unanimously approved and adopted the following item on the Consent Agenda:

 Minutes of the Strategic Planning Committee meeting on September 12, 2024, as presented. \/**-**0

Corporate Secretary J.M. Felty polled the Committee Members on Board Member M.J. Herrera's motion to approve the Consent Agenda, in its entirety. The vote was recorded as follows:

YES:	Board Members N.R. Brown, vice Chair; and R.C. Arnett,	(5)
	C. Clowes, M.J. Herrera, and S.D. Kennedy	
NO:	None	(0)
ABSTAINED:	None	(0)
ABSENT:	Board Members L.C. Williams, Chair; and J.M. White Jr.	(2)

SRP 2035 Sustainability Goals Five-Year Action Plans and Milestones

Using a PowerPoint presentation, Kaitlyn M. Libby, SRP Director of Corporate Strategy and Sustainability, stated that the purpose of the presentation was to provide an overview of the five-year action plans and associated Fiscal Year 2030 (FY30) progress milestones for the updated set of 2035 Sustainability Goals. They reminded the Committee of the following pillars of SRP's 2035 Sustainability Goals: 1) carbon emissions reductions; 2) water resiliency; 3) supply chain and waste reduction; 4) customer and grid enablement; and 5) customer and community engagement.

K.M. Libby said that SRP adopted its 2035 Sustainability Goals in Fiscal Year 2021 (FY21). They explained that a three-phased approach over five-year increments was established to review and ensure progress is meeting the goals by FY35. K.M. Libby broke down the three-phased action plans as follows: 1) Phase 1 – Foundational Execution from FY21 to FY25; 2) Phase 2 – Strategic Execution from FY26 to FY30; and 3) Phase 3 – Realize Goals from FY31 to FY35. They indicated that SRP is in the final year of the first action plan which goes through FY25.

K.M. Libby said that Phase 2 will focus on the following priority areas: 1) add low-carbon, low-water use generation resources; 2) implement new technologies and efficiencies across internal operations; 3) evolve and tailor SRP's portfolio of customer programs and service offerings; and 4) expand community partnerships and education. They introduced Angie N. Bond-Simpson, SRP Senior Director of Resource Management.

Generation Carbon (for retail energy) and Generation Fleet-Wide Water

Continuing, A.N. Bond-Simpson reminded the Committee that SRP's 2035 Sustainability Goal for generation carbon (for retail energy) is to reduce the amount of carbon dioxide (CO₂) emitted by generation per Megawatt-hour (MWh) by 82% from 2005 levels by 2035 and reach net-zero carbon emissions by 2050. They reminded the Committee that SRP's 2035 Sustainability Goal for generation fleetwide water is to achieve 30% reduction in generation-related water use intensity across all water types from the 2005 baseline.

A.N. Bond-Simpson reviewed the key initiatives being implemented through FY30, as well as the risks that are associated with successfully implementing the key initiatives.

They highlighted that SRP energized more than 2,500 megawatts (MW) of renewables and storage and managed 13 individual projects from FY21 through FY25.

A.N. Bond-Simpson said that from FY26 through FY30, SRP will actively be developing or negotiating more than 9,200 MW of renewables/storage and considering 25 or more individual projects. They explained that scaling up will require diversity of development methods such as: 1) annual request for proposals; 2) self-development; 3) solar development partnerships; 4) potential front of the meter connections on 12-kilovolt (kV) system; and 5) proactive siting.

A.N. Bond-Simpson broke down the timeline in reliably retiring coal from the following plants: 1) in 2025, Criag Unit 1 will retire 428 MW of coal, of which 124 MW is SPR's share; 2) in 2027, Hayden Unit 2 will retire 262 MW of coal, of which 131 MW is SRP's share; and 3) in 2028, Craig Unit 2 will retire 428 MW of coal, of which 124 MW is SRP's share. They stated that by FY30, Inverter-Based Resources (IBR) penetration will be at approximately 38% – 6,226 MW of IBR and 62% – 10,129 MW of Non-IBR.

A.N. Bond-Simpson listed actions taken by SRP to advance net zero engineering as follows: 1) energize, test, and monitor pilot technologies for scalable applications; 2) develop the Salt River Pumped Storage project; 3) partner on nuclear, hydrogen, and carbon capture research; and 4) move forward on proactive transmission.

A.N. Bond-Simpson said that SRP's milestone goal for FY30 for generation carbon is to reduce the amount of carbon dioxide (CO_2) emitted by generation per MWh by 60% from the 2005 baseline, which is approximately 630 pounds of CO_2 /MWh. They highlighted that 45% progress has been made to date through FY24, which is approximately 861 pounds of CO_2 /MWh from the 2005 baseline.

A.N. Bond-Simpson stated that SRP's milestone goal for FY30 for generation fleet-wide water is to reduce water use intensity to 372 gallons per MWh from the 2005 baseline. They noted that 9% progress has been made to date through FY24, which is approximately 425 gallons per MWh from the 2005 baseline. A.N. Bond-Simpson introduced Brian C. Heath, SRP Senior Director of Facilities and Mechanical Construction and Maintenance.

Facilities Carbon and Facilities Water

B.C. Heath reminded the Committee that SRP's 2035 Sustainability Goals include reducing carbon emissions and water use at SRP facilities by 45% each on a mass basis from SRP's 2016 baseline. They said that key initiatives through FY30 include a reduction in SRP's building portfolio; building automation controls; and upgrading SRP's chiller plant and cooling systems.

- B.C. Heath explained that the following risks are associated with successfully implementing the key initiatives: 1) current conditions of the real estate market;
- 2) corporate growth; 3) hybrid work and understanding consolidated facilities usage;
- 4) keeping up with technological advancements; 5) complex and costly upgrades;

- 6) personnel and contract support; 7) supply chain availability; 8) technological maturity; and 9) competing corporate goal priorities.
- B.C. Heath said that SRP's milestone goal for FY30 for facilities carbon is to reduce carbon dioxide equivalent (CO₂e) emissions by 33% and reduce water used in SRP's facilities by 34% from the 2016 baseline. They highlighted that 20% progress for the facilities carbon and 9% progress for the facilities water has been made to date through FY24 from the 2016 baseline. B.C. Heath introduced Dan W. Dreiling, SRP Senior Director of Customer Strategy.

Energy Efficiency, Demand Response, and Transportation Electrification

D.W. Dreiling summarized SRP's Sustainability Goals for the following programs: 1) the Energy Efficiency (EE) program – deliver over four million MWh of annual aggregate energy savings; 2) the Demand Response (DR) program – deliver at least 300 MW of dispatchable DR and loan management programs; and 3) the Transportation Electrification (TE) program – support the adoption of one million Electric Vehicles (EVs), as forecasted by third-party industry consultants, in SRP's service territory and manage 90% of EV charging. They discussed current key trends and assumptions relating to customers, technology, market, policy, and SRP system needs.

D.W. Dreiling reviewed the five-year initiatives for the EE, DR, and TE programs, as well as the risks and challenges associated with the programs. They said that SRP's milestone goals for FY30 for the EE, DR, and TE programs are as follows: 1) the EE program is to deliver approximately 3.7 million MWh of annual aggregate energy savings from the 2016 baseline; 2) the DR program goal is to deliver at least 230 MW of dispatchable DR and load management programs from the 2016 baseline; and 3) the TE program goal is to support approximately 460,000 EVs and manage EV charging in SRP's territory from the 2016 baseline.

D.W. Dreiling highlighted that to-date, the EE program has delivered approximately 2.9 million MWh of annual aggregate energy savings; the DR program has delivered approximately 165 MW of dispatchable DR and load management programs; and the TE program has supported approximately 53,600 EVs in SRP's territory. They introduced Michael S. Mendonca, SRP Senior Director of Water Strategic Services.

Community Water Conversation and Forest Restoration

- M.S. Mendonca reminded the Committee that SRP's Sustainability Goal for community water conservation is to achieve 5 billion gallons (approximately 15,300 acre-feet) of water conservation by 2035. They said that SRP's Sustainability Goal for forest restoration is to increase SRP's leadership role in forest restoration treatments through partnerships, influence, education, and support for industry to thin 800,000 acres total by 2035. They reviewed the key initiatives through FY30, along with the risks and challenges that can occur.
- M.S. Mendonca said that SRP's milestone goals for FY30 for community water conservation is to achieve 3 billion gallons of water conservation and that SRP's

milestone goals for FY30 for forest restoration to thin approximately 500,000 acres of forest. They stated that progress to-date for the community water conservation is approximately 209.5 million gallons of water has been conserved; and for the forest restoration, approximately 82,900 acres of forest have been thinned.

In conclusion, K.M. Libby reviewed a timeline of sustainability reporting and action plans and reminded the Committee that the timeline is also posted on SRP's public reporting website.

A.N. Bond-Simpson, D.W. Dreiling, B.C. Heath, K.M. Libby, and M.S. Mendonca of SRP responded to questions from the Committee.

Copies of the handouts distributed and 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.

Council Member A.S. Hatley left the meeting during the presentation. R.T. Judd of SRP entered and left the meeting during the presentation. Board Member L.C. Williams entered the meeting during the presentation and assumed the Chair; and V.P. Kisicki and B.J. Koch of SRP entered the meeting during the presentation.

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

There was no report on current events by Jim M. Pratt, SRP General Manager and Chief Executive Officer.

Future Agenda Topics

Chair L.C. Williams asked the Committee if there were any future agenda topics. None were requested.

There being no further business to come before the Strategic Planning Committee, the meeting adjourned at 11:19 a.m.

John M. Felty Corporate Secretary

Request for Approval of the 2035 Corporate Goals and Targets

Strategic Planning Committee

Kaitlyn Libby | May 8, 2025

Today's Agenda



1 SRP's Strategic Framework

2 Current Operating Environment

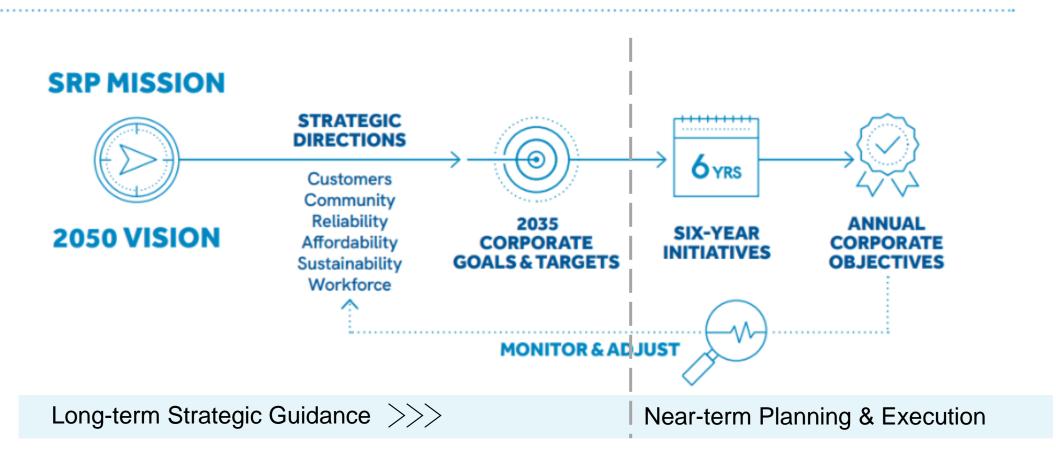
3 SRP's 2035 Corporate Goals and Targets

4 Approval Recommendation

SRP'S STRATEGIC FRAMEWORK



SRP'S STRATEGIC FRAMEWORK



The 2050 Vision and 2035 Corporate Goals consider several potential future scenarios



RAPID TECH INNOVATION



CENTRALIZED MARKET DECENTRALIZED MARKET



STAGNATING TECH INNOVATION



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SRP's current operating environment is disruptive and dynamic, as envisioned within the future scenarios

- Significant growth in the Valley
- Extreme weather
- Shifting policy priorities
- Broad decarbonization and electrification
- Changing customer preferences
- Rapid technological advancement



2050 VISION

A secure water and clean energy future empowers Arizona to thrive for generations to come.



ACHIEVING OUR VISION: 2035 STRATEGIC DIRECTIONS





STRATEGIC DIRECTION: CUSTOMERS

Understand value from our customers' perspective and continually improve their experience with us to meet their evolving expectations.

2035 GOALS

- 1. Continue to deepen our understanding of customers' needs, wants and aspirations and ensure our methods to measure their satisfaction and experience with us remain meaningful and actionable.
- 2. Personalize and continually evolve the customer experience by providing segment-specific products, services and communications that enable them to meet their unique water- and power-related goals.

- Customer satisfaction increase (from 2019): 10%
- SRP Brand Health Index Score: ≥ 65
- *Energy savings from energy efficiency, annual aggregate: 4 million MWh
- *Energy savings from non-EV electrification, annual aggregate: 320,000 MWh
- *Dispatchable demand response: 300 MW
- *Enablement of customer-sided resources, without technical constraints: 100%
- *J.D. Power Sustainability Index Score: Above average
- *Managed EV charging: 90%



STRATEGIC DIRECTION: COMMUNITY

Be a collaborative community partner and thought leader on issues at the heart of SRP's mission.

2035 GOALS

- 1. Proactively partner with communities and tribal nations on economic development initiatives and also on programs related to water, energy and sustainability.
- 2. Be a positive presence and partner in our communities through meaningful engagement, targeted outreach, corporate contributions, educational programs and employee giving.
- 3. Hold key positions at relevant regional, industry and community organizations and demonstrate leadership to shape and implement water- and energy-related decisions and solutions.

- SRP Community Index Score: ≥ 62
- *Gallons of water conserved through partnership: 5 billion
- *Total acres of forest thinned through partnership: 800,000



STRATEGIC DIRECTION: RELIABILITY

Invest in the long-term resilience, flexibility and security of our water and power systems.

2035 GOALS

- 1. Maintain high levels of power quality and reliability to ensure customers experience minimal disruptions to the power they depend on.
- 2. 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.
- 3. Manage and deliver a reliable water supply that serves the needs of shareholders.
- 4. Serve as a regional water infrastructure leader and strategic water recovery partner to ensure a resilient and sustainable water supply for our shareholders and customers and to address local and state water challenges.

- Per-acre water allocation and storage: 2.5 acre-feet (af), 2 af
- *Water supplies stored underground: 1 million af
- Average customer power interruption compared to peers: Top 10



STRATEGIC DIRECTION: AFFORDABILITY

Ensure continued affordability of the water and power we deliver by maintaining SRP's strong financial health and increasing our financial flexibility.

2035 GOALS

- 1. Maintain a strong yet flexible financial position as measured by SRP's key financial indicators and credit ratings.
- 2. Shape and participate in regional Western electric markets that provide value for SRP and our customers.

- Lowest quartile retail electric prices, on average, in the region: $\leq 25\%$
- Credit rating, as compared to other large public power utilities: Top 25%



Embed sustainable principles and practices in all that we do to create a lasting, positive social and environmental impact.

2035 GOALS

Take meaningful action to address climate change and our environmental impact by reducing carbon emissions, managing water use and implementing sustainable practices across our operations.

- *Reduction of CO₂ emitted per MWh of generation: **82%**
- *Carbon emissions reduction from facilities, mass basis: 45%
- *Carbon emissions reduction from fleet, mass basis: **30%**
- *Water use reduction at facilities, mass basis: 45%
- *Electric vehicle adoption supported within service territory: 1 million
- *Power generation groundwater use in active management areas: 0
- *Generation-related water use intensity reduction: **30%**
- *Sustainability criteria incorporated into sourcing decisions and prequalification requirements: 100%
- *Municipal solid waste diverted: 75%
- *Nonhazardous industrial solid waste sent to Investment Recovery: 95%



STRATEGIC DIRECTION: WORKFORCE

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

2035 GOALS

- 1. Continually improve SRP's safety culture and performance with the aspirational goal of zero incidents.
- 2. Attract, develop and retain a high-performing workforce with the range of skills and competencies necessary to be successful in a dynamic environment.
- 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.

- Safety culture ranking, as benchmarked against appropriate industries: Top 10%
- Employee engagement, as benchmarked against industry high performers: Above average

Key Takeaways

- The utility industry faces near-term headwinds, but longer-term tailwinds persist
- Goal stability is important in providing a clear and steady sense of direction during times of change and uncertainty
- Review of market conditions and outlook confirms SRP's 2035 Corporate Goals and Targets continue to position SRP for long-term success

Recommendation

Management requests that the Strategic Planning Committee recommend that the Board approve the 2035 Corporate Goals and Targets without changes.

thank you!



Request for Approval of the 2035 Corporate Goals and Targets

Executive Summary: In 2019, SRP established and began to implement its Board-approved 2035 Strategic Directions and Corporate Goals and corresponding Targets ("Goals"). The Goals are reviewed annually by Management to ensure they remain relevant and appropriate given any material shifts in trends or market conditions. Following Management's annual review process, the Goals are presented to the Board each year for re-approval or approval of updates. During last year's review process, the Board approved updates to the Goals, including to the 2035 Sustainability Goals, which are reviewed and updated on a five-year basis through a separate comprehensive stakeholder and public engagement process.

Recommendation: Management recommends no modifications to the 2035 Corporate Goals and Targets based on the current state and outlook of SRP's operating environment and broader market conditions. The existing set of Goals (included below) remain appropriate for SRP based on the Mission and 2050 Vision and continue to play a critical role in providing clear strategic direction in the face of change and uncertainty.

For reference:

SRP'S MISSION

SRP serves our customers and communities by providing reliable, affordable and sustainable water and energy.

SRP'S 2050 VISION

A secure water and clean energy future empowers Arizona to thrive for generations to come.

HOW SRP'S STRATEGY WORKS TOGETHER



SRP's 2035 Corporate Goals and Targets



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- Customer satisfaction increase (from 2019): 10%
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*Represents 2035 Sustainability Goals.



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2035 TARGETS

- Per-acre water allocation and storage: 2.5 acre-feet (af), 2 af
- *Water supplies stored underground: 1 million af
- Average customer power interruption compared to peers: Top 10
 (As measured by System Average Interruption Duration Index (SAIDI))

^{*}Represents 2035 Sustainability Goals.



STRATEGIC DIRECTION: AFFORDABILITY

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2035 **TARGETS**

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- Sustainability criteria incorporated into sourcing decisions and prequalification requirements: 100%
- Municipal solid waste diverted: 75%
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^{*}All targets above represent 2035 Sustainability Goals.



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- Safety culture ranking, as benchmarked against appropriate industries: **Top 10%**
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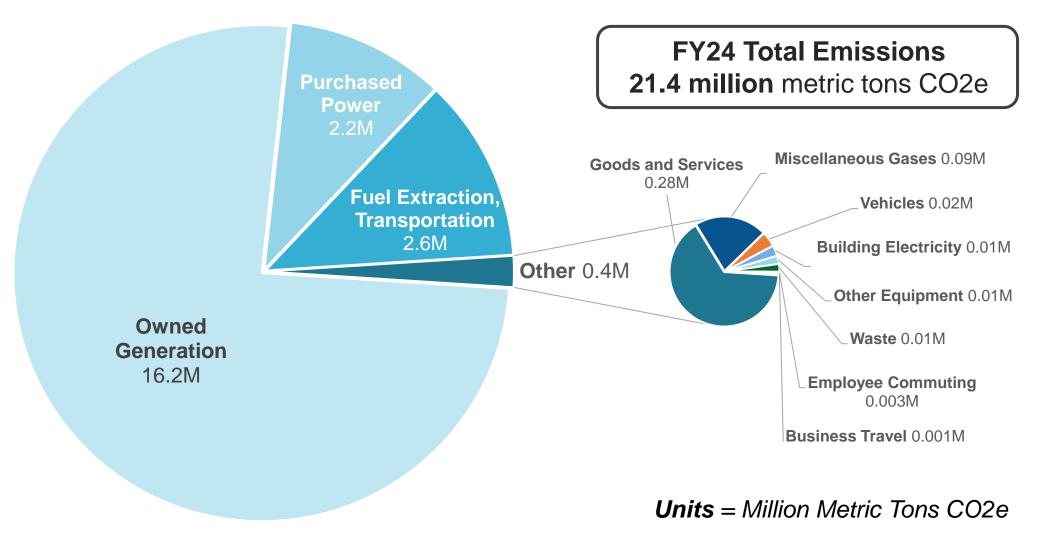


Why Does SRP Measure and Report GHG Emissions?

- Provide a comprehensive view of SRP's total footprint
- Support attainment of SRP corporate goals
- Meet customer data requirements
- Align with industry disclosure standards
 - FY24 emissions verified by a third-party and The Climate Registry



GHG Emissions Supporting SRP Operations in FY24



05/08/2025 Strategic Planning Committee, A. Mirabito

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GHG Emissions Supporting SRP Operations in FY24

Definition

Example

FY24 Total Emissions

Scope 1

Emissions directly from company-owned assets or operations

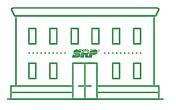


Owned Power Generation

16.3 million metric tons CO₂e

Scope 2

Emissions from electricity purchased and consumed in company operations



Building Purchased Electricity

0.1 million metric tons CO₂e

Scope 3

Emissions **upstream** of company-owned assets or operations



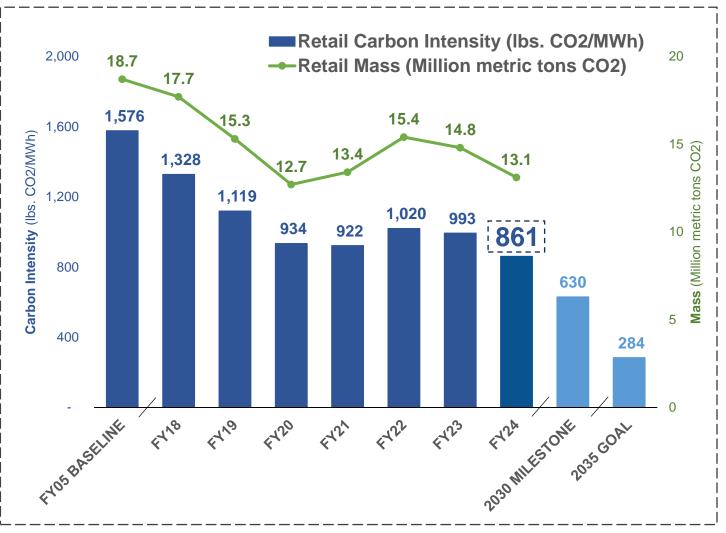
Purchased Power Resold to Customers

5.0 million metric tons CO₂e

FY24 Total Emissions = 21.4 million metric tons CO2e

GHG Emissions From Retail Energy Deliveries Over Time

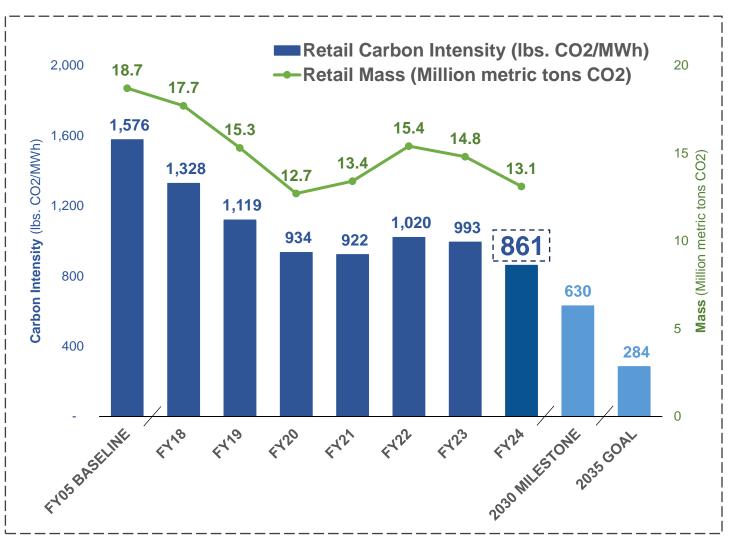
- Retail Carbon Intensity has decreased by 45% since 2005
- Retail Mass has decreased by 30% since 2005



GHG Emissions From Retail Energy Deliveries Over Time

- Retail Carbon Intensity has decreased by 45% since 2005
- Retail Mass has decreased by 30% since 2005
- Retail Energy Deliveries have increased by 28% since 2005





Key Takeaways

- SRP met record-setting retail customer demand while decreasing delivered retail carbon intensity and retail mass emissions in FY24
- Rigorous third-party verification of emissions data lead to enhanced customer satisfaction

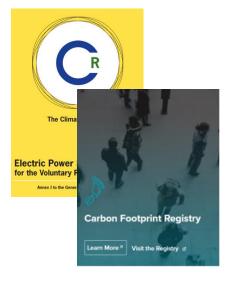
GHG Reporting Resources



Progress Report srp.net/2035



GHG Fact Sheet srp.net/2035



The Climate Registry
Carbon Footprint Registry

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Power Content Label available to customers

thank you!