



FY25 PROGRESS UPDATE:

SRP 2035 SUSTAINABILITY GOALS

As a community-based not-for-profit, SRP is committed to a secure water and clean energy future that empowers Arizona to thrive for generations to come.

SRP is building a better Arizona with innovative ways to provide our customers with reliable, affordable and sustainable power and water. Responsible sustainability is at the core of our approach and is reflected in our 2035 Sustainability Goals.



Delivering water and power®

2035 SUSTAINABILITY GOAL PROGRESS: FY25

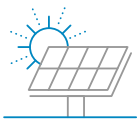
This Sustainability Report represents our continued commitment to transparency, accountability and progress. Over the past year, we have accelerated our transition to clean energy sources, adding over 700 MW of carbon-free energy; achieved a 5.7% reduction in total generation fleet-wide water use even as systemwide generation grew by 4%; and brought online the Advanced Distribution Management System (ADMS), which enables SRP to operate a more reliable, efficient, safe and sustainable grid.

By investing in clean energy, water efficiency and grid modernization, we are not only reducing our environmental footprint but also ensuring reliable, affordable services for generations to come.

This report, which summarizes our efforts from May 2024 through April 2025 (fiscal year 2025, or FY25), details our progress, acknowledges our challenges and outlines our ambitious milestones and goals for the years ahead.

2030 MILESTONES

To help reach, measure and report progress on the 2035 goals, we developed near-term milestones for 2030 as identified in the blue boxes below. Milestones are reviewed every five years to coincide with the five-year goal update process, the first of which concluded in 2024.



CARBON EMISSIONS REDUCTIONS

Generation Carbon

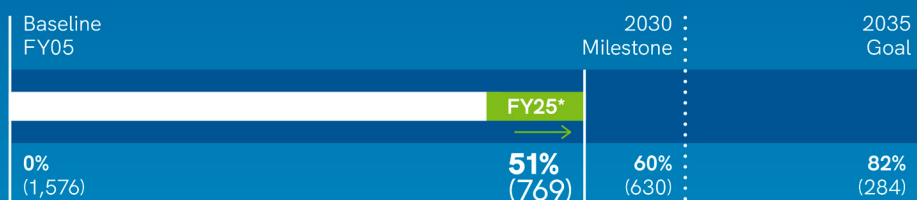
Measured in lbs. of CO₂ per MWh delivered to retail customers



2035 Goal (for retail energy):

Reduce the amount of CO₂ emitted by generation (per MWh) by 82% from 2005 levels by 2035 (~284 lbs./MWh). 2050 Goal: Net-zero carbon emissions.

PROGRESS TO 2035 GOAL



*Third-party verified; publication to The Climate Registry (TCR) anticipated in the spring of 2026.

Key Updates

- Added 500 MW of new solar generation and 161 MW of new wind generation, contributing an additional 1.7M MWh of carbon-free energy to SRP's portfolio.
- Received the first full year of an additional 40 MW of around-the-clock carbon-free nuclear generation from Palo Verde Generating Station, contributing 330,000 MWh to SRP's portfolio.
- Commissioned 640 MW of new energy storage capacity to support SRP's carbon reduction goals by capturing excess carbon-free energy during off-peak hours and discharging it during peak demand periods.
- Market natural gas prices remained consistently below \$2/MMBtu (million British thermal units) in FY25, resulting in more gas units dispatched to serve customer load and displacing generation from higher emitting coal units.
- Federal policies surrounding tariffs on imported solar panels and tax credits for renewable energy pose a significant risk to projects that could create further uncertainty in supply chains and development costs of solar infrastructure in FY26 and beyond.
- Additional project pressures include local permitting processes becoming increasingly complex for new energy infrastructure as public opposition intensifies against proposed solar and battery storage projects in some counties in Arizona, as well as the transition to a new transmission interconnection process causing delays for over 800 MW of contracted solar projects.

Facilities Carbon

Measured in lbs. of CO₂e emissions from SRP facilities



2035 Goal: Reduce carbon emissions from facilities by 45% on a mass basis from 2016 baseline.

PROGRESS TO 2035 GOAL

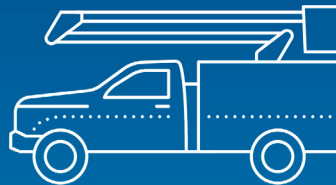


Key Updates

- Upgraded the fluorescent lighting at one of our facilities to a more efficient LED system, which is estimated to save 20% of that facility's lighting usage based on wattages.
- Decommissioned a building with aging infrastructure and relocated the business unit to a more energy-efficient facility.
- Facility-related initiatives in support of SRP's Transportation Fleet Carbon and Facilities Water goals could lead to adverse impacts on the Facilities Carbon goal. Examples include installing EV chargers for fleet vehicles and transitioning water-based cooling technology to mechanically cooled units, both leading to higher facility energy consumption.

Transportation Fleet Carbon

Measured in lbs. of CO₂e emissions from vehicle fleet



2035 Goal: Reduce carbon emissions from fleet by 30% on a mass basis from 2016 baseline.

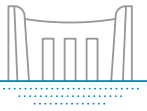
PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

- Reached 15% electrification of the SRP fleet with 51 new EVs, including 24 Chevrolet Silverados, 14 Ford Lightnings and five Chevrolet Blazers.
- Added 110 additional charging cords to support fleet electrification. Implemented new charging standards that increased the charging rate from 6.6 kWh to 19.2 kWh.
- Purchased a third solar charger to support off-grid charging and emergency response options for EVs.
- Launched a project to replace the diesel fuel tank at one of our facilities with a biodiesel tank, which will eliminate 36,000 pounds of CO₂ annually.
- Fleet size and total miles driven continue to grow due to service territory growth and workload increases. Our fleet has grown by 295 assets to accommodate 750-plus new staff, and total miles driven have increased by 33% since the baseline year of 2016.



WATER RESILIENCY

Facilities Water

Measured in gallons of water used in SRP facilities



2035 Goal: Reduce water use at SRP facilities by 45% on a mass basis from 2016 baseline.

PROGRESS TO 2035 GOAL



*This represents negative progress made toward goal in FY25.

Key Updates

- Record-setting extreme heat across Arizona in the summer of 2024 challenged water reduction efforts and led to increased irrigation usage to hydrate site landscaping and high usage of evaporative cooling systems to ensure employees could work in safe, comfortable environments.
- Nearly completed a project converting the cooling system at one of our warehouses from an evaporative cooling system to an HVAC system.
- Completed three water-saving landscaping projects with upgraded irrigation systems, drought-tolerant plants and xeriscaping when appropriate.
- Decommissioned a building with aging infrastructure and relocated the business unit to a more water-efficient facility.

Generation Active Mgmt. Area Groundwater

Measured in a rolling 3-year average % of power generation water consumption from groundwater



2035 Goal: Eliminate or offset power generation groundwater use in Active Management Areas (AMAs).

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

- Offset 6,090 acre-feet of groundwater use (almost 2 billion gallons) through long-term storage credits (LTSC) in FY25. Water shortages on the Colorado River have impacted the ability to create new volumes of LTSC.
- Improved water usage modeling and updated projections through FY35.
- Offset all groundwater use at our Coolidge Generating Station.

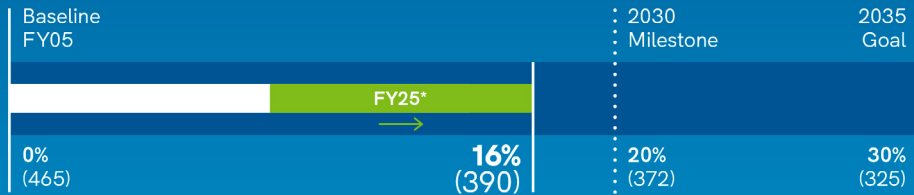
Generation Fleet-Wide Water Reduction

Measured in gallons per MWh of generation-related water use



2035 Goal: Achieve 30% reduction in generation-related water use intensity across all water types from 2005 baseline.

PROGRESS TO 2035 GOAL



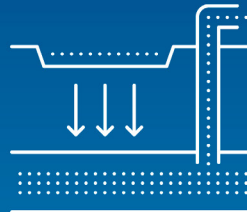
*Pending final FY25 metrics
*Third-party review anticipated in the spring of 2026.

Key Updates

- Achieved a 5.7% reduction in total water use — dropping from 18.6 to 17.6 billion gallons — even as systemwide generation grew by 4%. This led to a 9.8% decrease in water intensity, largely driven by the near doubling of low-water-use resources, including 500 MW of new solar capacity and 161 MW of new wind capacity.
- Refined data collection and reporting process to align carbon and water intensity metric timelines. Historical values will be updated and reported in SRP's Sustainability Goals FY26-30 Action Plans, to be published in the spring of 2026.
- Started discussion on implications of tariffs and tax credits which pose a significant risk to projects that could impact SRP's ability to bring low-water-intensity generation online.

Water Storage

Measured in acre-feet of water stored underground



2035 Goal: Lead efforts in water storage and drought resiliency by storing at least 1 million acre-feet of water supplies underground and pursuing the long-term viability of increasing beneficial use during flood events by up to 100,000 acre-feet.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

- Stored 141 acre-feet at the Hohokam Irrigation and Drainage District Groundwater Savings Facility in CY24.
- Created 1,580 acre-feet of water long-term storage credits for the Coolidge Generating Station by utilizing our Non-Indian Agricultural Central Arizona Project water.
- Began discussions with the Gila River Indian Community about creating additional credits with Gila River Water Storage LLC in future years.

Community Water Conservation

Measured in gallons of potential water conservation achieved



2035 Goal: Achieve 5 billion gallons (~15,300 acre-feet) of water conservation by 2035 through partnership.

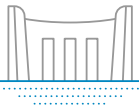
PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

- Supported commercial grass removal programs with the cities of Mesa and Tempe by providing a dollar-for-dollar match to local companies and HOAs to remove grass and replace it with low-water-use desert landscaping. SRP also partnered with the Town of Gilbert on their nonresidential grass removal rebate program in FY24, which so far has saved 300K gallons of water annually.
- Saved 19M-plus gallons from the City of Goodyear's leak notification program, which utilizes Waterfluence to notify users of potential leaks. Waterfluence is an irrigation water management software for large landscapes that provides commercial water users (like HOAs and municipal parks) with an interactive water budget portal based on the landscape's characteristics and environmental conditions. In FY25, SRP added 55 Waterfluence sites across Avondale, Chandler, Goodyear and Tempe for a total of 288 sites.
- Partnered with Cottonwood-based nonprofit Friends of the Verde River to provide funding for the River Friendly Living grant program, which empowers homeowners, businesses, nonprofits and municipalities to implement their water-saving ideas, and selected 15 projects to fund after a record-breaking 55 applications were received during the grant cycle.
- Developed a new partnership with Water - Use It Wisely to distribute free water-saving devices to communities in need across Arizona. Each complete kit has the potential to save an estimated 20,000 gallons per year; 4,500 kits will be distributed in 2025.



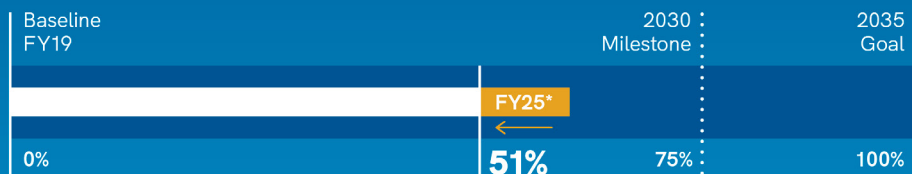
SUPPLY CHAIN & WASTE REDUCTION

Supply Chain

Measured in % of managed spend with sustainability criteria in sourcing decisions



PROGRESS TO 2035 GOAL



*This represents negative progress made toward goal in FY25.

2035 Goal: Incorporate sustainability criteria into sourcing decisions for 100% of managed spend* and integrate sustainability criteria into the supplier prequalification requirements for 100% of SRP suppliers.

*Defined as spend managed by SRP's Purchasing Services

Key Updates

- Completed a request for proposal to potentially implement a solution within SRP's supplier risk management program that evaluates sustainability risk for SRP suppliers. Executed an additional agreement with Aravo to consider the upfront prequalification requirements of new suppliers.
- Optimized SRP's vendor management platform, Aravo, through ongoing enhancements and expanded SRP's license to increase the tool's capabilities.
- The increased pace of managed spend has made it challenging to integrate sustainability criteria into sourcing decisions in FY25, leading

to a decrease in year-over-year progress. Planned implementation of new technology and processes in FY26 to prequalify all SRP suppliers based on sustainability criteria will accelerate progress.

Municipal Waste

Measured in % municipal solid waste diversion rate



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

2035 Goal: Divert 75% of municipal solid waste by 2035; 100% by 2050.

Key Updates

- Increased the amount of food waste composted from SRP's corporate headquarters and training center by 132.5% to 35.5 tons compared to FY24. Provided kitchen staff with compost containers and educated both custodial and kitchen staff on acceptable compostable materials.
- Deployed "tech bins" to collect retired computer peripherals to be recycled through Investment Recovery. Collection bins were placed across nine SRP facilities.
- Installed recycling compactor, which reduced service visits by compacting material. Reduced service visits led to lower greenhouse gas emissions and operational costs. Service visits were reduced from three times per week to once per month.
- Hosted Sustainability Hackathon to encourage SRP employees to share their concepts and ideas for new waste diversion programs.

Industrial Waste

Measured in % nonhazardous industrial solid waste diversion rate



2035 Goal: Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery; 100% by 2050.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

- Launched a new diversion program to recycle retired utility poles to be used as fencing, road berms or agricultural structures. SRP diverted 600 tons of this hard-to-recycle material in the program's first year.
- Collaborated with Arizona State University to repurpose crosslinked polyethylene (XLPE) scraps from SRP into high-value carbon materials. This project aims to convert this plastic material used in cable jacketing into flash graphene which can be used to manufacture EV batteries, automotive tires and consumer electronics.
- Continued multiple successful industrial diversion initiatives. Initiatives include upgrading SRP's industrial granulator to increase the amount of metal and jacketing material separated from recovered cables, refurbishing and reintroducing 6,781 line hardware parts, and respooling and reusing 323 tons of wooden reels.



CUSTOMER & GRID ENABLEMENT

Energy Efficiency

Measured in MWh of annual aggregate energy savings



2035 Goal: Deliver over 4 million MWh of annual aggregate energy savings.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

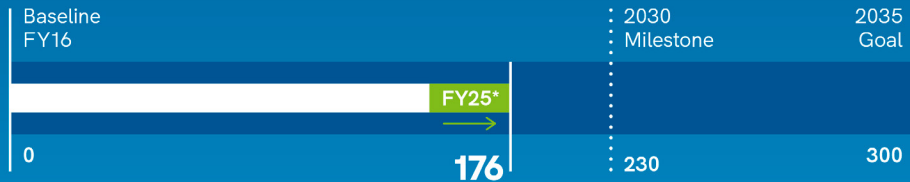
- Based on FY25 final audited results, SRP's portfolio of energy efficiency (EE) programs generated 648,722 MWh of incremental energy savings.
- The residential EE portfolio provided 132,275 MWh of energy savings, with the SRP Efficient Home, SRP ENERGY STAR® Homes and smart thermostat programs being the primary drivers. The commercial EE portfolio delivered 209,300 MWh of incremental energy savings, with the Standard Business Solutions program generating most of the savings. SRP M-Power® energy savings totaled 307,146 MWh, with 154,944 customers participating in the program at year-end.
- Supported more than 20,500 customer efficiency projects in FY25 through the SRP Efficient Home program.
- Certified a new record of nearly 9,500 homes this year through the SRP ENERGY STAR Homes program.
- Rising inflation rates and increased costs associated with tariffs have led to less investment in larger EE retrofit projects both on the residential and commercial sides and fewer sales among large new homes (which deliver higher savings) in the SRP ENERGY STAR Homes program.

Demand Response

Measured in MW of dispatchable DR and load management programs



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

2035 Goal: Deliver at least 300 MW of dispatchable DR and load management programs.

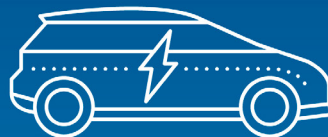
Key Updates

- Based on FY25 final audited results, SRP's residential and commercial demand response (DR) programs subscribed a combined total 176 MW of capacity, representing 106% of the 165 MW target.
- Reached 102,001 subscribed thermostats and 128 MW of dispatchable DR with the residential SRP Bring Your Own
- Thermostat Program™, an increase of 12,543 thermostats and 14 MW of DR capacity from a year ago. On average, the program helped reduce peak load on the system by 200-plus MW at event onset.
- Continued to refine customer options and dispatch plans within the SRP Business Demand Response Program™ and ended the

year with 724 commercial customer sites enrolled and 48 MW of dispatchable DR, a decrease of 14 customer sites and 3 MW of DR capacity compared to a year ago.

Transportation Electrification

Measured in number of EVs supported in SRP service territory



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

2035 Goal: Support adoption of 1 million** electric vehicles (EVs) in SRP's service territory and manage 90% of EV charging.

**As forecasted by outside industry consultants

Key Updates

- Based on estimated data from the Electric Power Research Institute, SRP continued to support our customers' adoption decisions by enabling 68,011 EVs in operation within its service territory by FY25 year-end.
- Rebated 2,837 residential EV chargers. More than a third of them were sold via the SRP Marketplace™ e-commerce platform.
- Rebated 1,102 business EV chargers and prewire installations, with multifamily projects making up most of the EV chargers.
- Through the SRP ENERGY STAR® Homes program, local homebuilders completed 3,239 homes in EV-ready communities, 54% higher than a year ago. As of FY25, there are 15 builders who have enrolled 100 communities in this program and 11 builders who have committed to building all future communities at 100% EV-ready.
- Sponsored the third annual Arizona EV Fleet Day, which was hosted by the Transportation Electrification Activator group.
- SRP proposed a daytime super off-peak rate in the 2025 pricing process, in part to incentivize shifting EV charging to daytime hours. This change was approved by SRP's Board and will be implemented starting November 2025.
- Macroeconomic and policy headwinds such as inflation, interest rates, tariffs and reduced federal support for EVs and EV charging infrastructure impacted the completion of goal projects and present forecasting challenges. In addition, several automakers are scaling back on their EV commitments, which could impact the trajectory of future growth.

Electric Technologies

Measured in MWh of annual aggregate energy impact



2035 Goal: Expand portfolio of electric technology (non-EV) programs to deliver 320,000 MWh of annual aggregate energy impact.

PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

Key Updates

- Based on FY25 final audited results, the E-Tech program provided 20,881 MWh of incremental energy impact.
- Provided incentives for 303 electric forklifts, 176 high-frequency demand response-capable forklift chargers, and 21 electric transport refrigeration units and truck stop infrastructure projects, delivering 11,565 MWh of incremental load growth.
- Identified more than 1,800 heating-related fuel conversions in the SRP Efficient Home program, with new high-efficiency heat pumps replacing AC units with gas furnaces. The conversions delivered about 5,100 MWh of new incremental load growth.
- Completed our largest commercial rebate project to date by replacing a gas boiler with an electric one, which is expected to result in incremental load growth of several thousand MWh per year.

Grid Enablement

Measured in percentage of customer distributed energy resources interconnection applications approved each year



2035 Goal: 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.

PROGRESS TO 2035 GOAL



Key Updates

- Brought the Advanced Distribution Management System (ADMS) online, which enables SRP to operate a more reliable, efficient, safe and sustainable grid through seamless coordination between outage detection, troubleshooting, grid optimization and distributed energy management.
- Commissioned the Distribution Enablement (DE) Lab, which enables SRP to test scenarios with new technologies like battery energy storage and microgrids to determine their effect on the power grid. The DE Lab will also provide insight into how best to integrate novel capabilities onto the SRP distribution system.
- Established a planning process for the distribution system to better accommodate direct current fast-charging stations, including identifying attractive locations.
- Large-scale equipment procurement had increased lead times and procurement delays, and recognizing the importance of efficient procurement for key projects such as the DE Lab and ADMS Foundation, SRP proactively worked with and improved partnerships with suppliers.



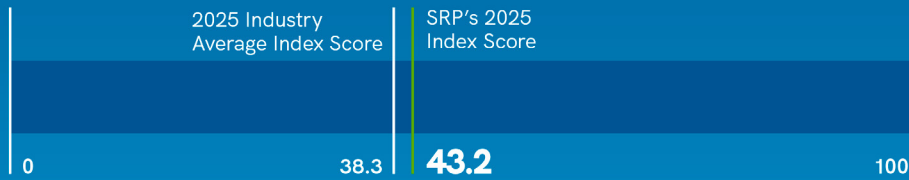
CUSTOMER & COMMUNITY ENGAGEMENT

Customer Sustainability Sentiment Rating

Measured in performance relative to the industry average of the J.D. Power Sustainability Index, which is updated annually



PROGRESS TO 2035 GOAL



2035 Goal: Maintain above industry average in performance in the J.D. Power Sustainability Index.

Key Updates

- Continued to spotlight SRP's investments in new technologies and commitment to conservation, increasing customer awareness of resilience efforts through the Sustainability and Innovation campaign.
- Kept SRP customers and the local community informed about our sustainability-focused efforts through strategic communications and marketing of more than 19 initiatives, including energy efficiency programs, the SRP Healthy Forest Initiative™, SRP Solar Choice™ and Preferred Solar Installer programs, and our Community Impact, Water Conservation and Resiliency and EV campaigns.
- Enhanced our efforts in resource conservation, climate resilience, public education and community engagements at 22 events like the January Maricopa County Home & Garden Show, Local First Fall Festival, National Drive Electric Week and the AZ Water Association's annual conference, as well as through sponsorships with nonprofit organizations including Desert Botanical Garden and the Arizona Sustainability Alliance.

Forest Restoration

Measured in number of forest acres thinned



PROGRESS TO 2035 GOAL



*This represents progress made toward goal in FY25.

2035 Goal: 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.

Key Updates

- Partnered with seven federal, state, local government and nonprofit partners to collaboratively fund and implement 14 forest restoration projects that will restore 33,694 acres upon completion across SRP’s watershed.
- Secured two new corporate investments (Swire Coca-Cola and The Coca Cola Company) totaling \$202,500 that helped fund a project for 1,320 acres.
- Completed approximately 12,864 acres of thinning across 15 forest thinning projects that SRP has contributed to since FY22. This number exceeds FY24 acres thinned by 8,670 acres.
- Executed a new five-year memorandum of understanding (MOU) with the Arizona Elk Society to coordinate and work cooperatively in the identification, evaluation and funding of forest and watershed restoration projects. This new partnership will help expand our investments and efforts and contribute to additional acres thinned.
- Experienced temporary project delays related to pauses in federal funding and federal staffing reductions.