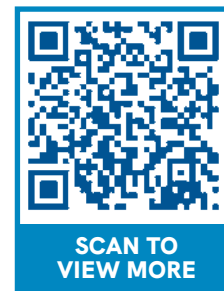
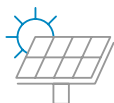


# FY23 PROGRESS UPDATE: SRP 2035 SUSTAINABILITY GOALS



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. See them outlined below, as well as the progress we're making in both the short and long term.



## 1. CARBON EMISSIONS REDUCTIONS

**1.1** Reduce the amount of CO<sub>2</sub> emitted by generation (per MWh) by 65% from 2005 levels — 2050 target: 90% intensity reduction from 2005

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

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



## 2. WATER RESILIENCY

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

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

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

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

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

**2.6** In partnership with Valley cities, support municipal water conservation goal achievements by creating and executing programs to identify 5 billion gallons (~15,300 af) of potential water conservation by 2035



## 3. SUPPLY CHAIN & WASTE REDUCTION

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

**3.2** Divert 75% of municipal solid waste — 2050 target: Divert 100% of municipal solid waste

**3.3** Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery



## 4. CUSTOMER & GRID ENABLEMENT

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

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

**4.3** Electric Transportation — Support the enablement of 500,000 electric vehicles (EVs) in SRP's service territory and manage 90% of EV charging through price plans, dispatchable load management, OEM integration, connected smart homes, behavioral and other emerging programs

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

**4.5** Grid Enablement — Enable the interconnection of all customer-sided resources, including solar photovoltaic (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction



## 5. CUSTOMER, COMMUNITY & EMPLOYEE ENGAGEMENT

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

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

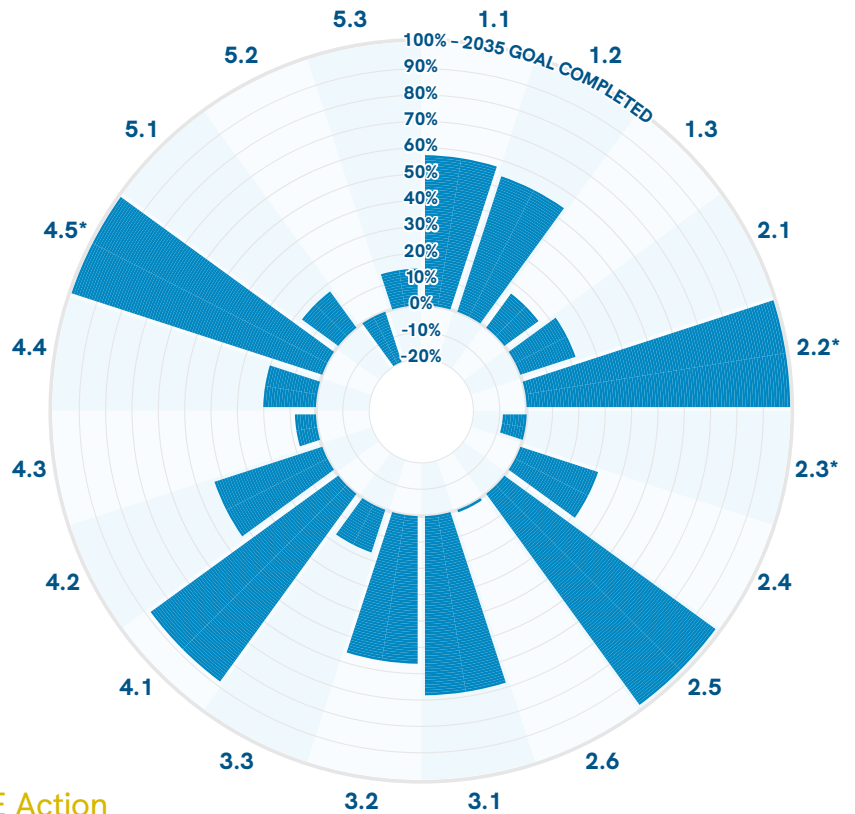
**5.3** Increase SRP's leadership role in forest restoration treatments through partnerships, influence, education and support for industry to thin 50,000 acres per year or 500,000 acres total

# 2035 SUSTAINABILITY GOAL PROGRESS – FY23

From May 2022 through April 2023, 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

- \*2.2) This is an annual target.
- \*2.3) The metric for this goal is based on a rolling three-year average.
- \*4.5) This is an annual target.



## 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.

### MAINTAIN Progress ACCELERATE Action

**1.1 GENERATION CARBON**

**2025 Milestone:** Generation carbon intensity of 900-950 lbs. CO<sub>2</sub>/MWh

**1.2 FACILITIES CARBON**

**2025 Milestone:** 10% facility emissions reduction

**1.3 FLEET CARBON**

**2025 Milestone:** 10% fleet emissions reduction

**2.1 FACILITIES WATER**

**2025 Milestone:** 15% facility water use reduction

#### Key FY23 Updates

- SRP’s FY23 carbon intensity was 993 lbs/MWh.\*
- Added 104 MW of carbon-free generation from Palo Verde.
- Added 400 MW of new solar and have contracts in place for an additional 1,697 MW.
- Working with developers to also implement 1,088 MW of storage and 161 MW of wind generation by 2025.
- Despite deploying strategies to preserve pace towards the 2025 milestone, renewable energy and storage developers continue to be challenged by supply chain constraints.

#### Key FY23 Updates

- Identified locations at eight SRP facilities to expand photovoltaic systems and reduce overall energy use.
- Utilized Nantum software within the Credit Union Building to monitor and reduce energy consumption in FY23 while occupancy increased.
- Participated in 10 commercial demand response events over the summer to reduce peak consumption.

#### Key FY23 Updates

- Converted diesel tanks at one SRP facility to B20 biodiesel, reducing diesel use in fleet vehicles from over 210K gallons in FY22 to under 81K gallons in FY23 from bulk fuel sites.
- Ordered 25 half-ton battery electric pickup trucks to contribute to deeper fleet electrification. Vehicle orders continue to be delayed by supply chain constraints.
- Completed additional analysis of fleet operating duty cycles to assess potential for electrification and charging infrastructure requirements.

#### Key FY23 Updates

- Installed a secondary water loop and sub-metering at East Valley Service Center (EVSC) to monitor water consumption for specific uses as additional metering provides better data, allowing for improved decision-making.
- Completed construction designs for three buildings in accordance with newly developed landscape standards.

\*Pending final verification by The Climate Registry

## 2.2 LOST & UNACCOUNTED FOR WATER



**2025 Milestone:** 5% lost and unaccounted for water rate

### Key FY23 Updates

- Achieved annual goal by installing 11 automated lateral headgates to more accurately measure and regulate water distribution remotely as it leaves the canal transmission system.
- Completed second year of the two-year program inspecting all 3,000 SRP distribution delivery structures for leaks and other damage leading to water waste.

## 2.3 GENERATION GROUNDWATER



**2025 Milestone:** 35% or less groundwater use for generation

### Key FY23 Updates

- Performed effluent water supply cost evaluation for Mesquite Generating Station.
- Launched initiative to offset groundwater use at Agua Fria, Santan and Coolidge generating stations in CY 2023/FY24.

## 2.4 GENERATION FLEET-WIDE WATER



**2025 Milestone:** Generation water intensity of 418 gallons/MWh

### Key FY23 Updates

- Added new lower-water-use generation resources, including renewable resources, to increase power generation capacity while supporting long-term reduction of water intensity.

## 2.5 WATER STORAGE



**2025 Milestone:** 773,280 acre-feet of water stored

### Key FY23 Updates

- Stored all 2,160 acre-feet available through the Non-Indian Agriculture Central Arizona Project (CAP) Subcontract.
- Worked with Army Corps of Engineers to enable a temporary deviation from the control manual of Roosevelt Dam to lengthen the amount of time water can be held in the Flood Control Space to allow such water to be scheduled in a manner to put the water to beneficial use.

## 2.6 WATER CONSERVATION



**2025 Milestone:** 120,960,000 gallons conserved

### Key FY23 Updates

- Hosted 2,275 attendees at Water Conservation Expos, who purchased a total of 1,445 smart controllers.
- Hydro-Rain Pilot Program with Town of Gilbert achieved 3,340,000 gallons of water savings.
- Hosted a commercial, industrial and institutional training for 36 participants from a total of 14 water agencies and municipalities at Grand Canyon University.

## 3.1 SUPPLY CHAIN



**2025 Milestone:** Sustainability criteria for 60% managed spend

### Key FY23 Updates

- Collaborated with the Sustainable Supply Chain Alliance to identify enhancements to the sustainability criteria in the vendor onboarding process.
- Continued to enhance the vendor onboarding tool to facilitate more efficient onboarding of suppliers and maintenance of supplier sustainability related to data.

## 3.2 MUNICIPAL WASTE

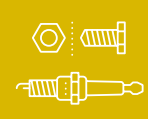


**2025 Milestone:** 40% MSW diverted

### Key FY23 Updates

- Launched a major effort in FY23 to expedite the paper shred bin deployment and increase the bin change-out schedule.
- Created municipal solid waste standards for bin management and labeling. The new standards outline waste bin standardization and simplified bin labeling for all office areas.

## 3.3 INDUSTRIAL WASTE



**2025 Milestone:** 80% NHISW diverted

### Key FY23 Updates

- Reclaimed, refurbished and returned to warehouse 15,000 items totaling a value of \$750K and reducing the strain on SRP's supply chain.
- Sold 3K tons of scrap metal, including 670 tons of chopped aluminum and copper, 770 tons of old concrete transformer pads and 150 vehicles.
- Launched initiative to recycle clean wood previously sent to landfill.

## 4.1 ENERGY EFFICIENCY



**2025 Milestone:** 3,100,000 MWh annual aggregate energy savings

### Key FY23 Updates

- Business customers implemented over 1,200 energy-saving rebate projects over the last year.
- Certified 7,800 ENERGY STAR® Homes and issued over 17,000 Efficient Homes EE rebates.
- Expanded energy efficiency programs targeting underserved communities by launching a limited-time offer program in partnership with Techniart and providing 3,063 limited-income customers with free energy savings kits while growing demand response program participation within this customer segment.

## 4.2 DEMAND RESPONSE



**2025 Milestone:** 165 MW cumulative DR capacity

### Key FY23 Updates

- The residential SRP Bring Your Own Thermostat Program™ (BYOT) saw 76,143 subscribed thermostats and 87 MW of dispatchable capacity, an increase of 17,701 net new thermostats.
- Enrolled 40 new customer sites to the Business Demand Response (DR) Program, for a total participation of 494 commercial sites and 41 MW of dispatchable capacity.

## 4.3 TRANSPORTATION ELECTRIFICATION



**2025 Milestone:** 68,800 EVs in SRP service territory

### Key FY23 Updates

- Rebated 2,020 charging ports through the residential Smart Charger program, including 802 sold via SRP Marketplace™.
- 763 EV-ready ENERGY STAR Homes rebated.
- Customer participation in the Business EV Charger program was 114% higher than a year ago.
- Customer participation in the Smart Charger pilot program to research residential customer charging patterns and needs was 113% higher than a year ago.

## 4.4 ELECTRIC TECHNOLOGIES



**2025 Milestone:** 86,000 MWh annual aggregate energy impact

### Key FY23 Updates

- Provided incentives for over 120 standard projects, including forklifts, rapid chargers, scissor lifts and truck refrigeration units.
- Completed 13 custom electrification projects, delivering 1,672 MWh of incremental load growth for the program.

## 4.5 GRID ENABLEMENT



**2025 Milestone:** 100% of customer interconnection applications approved

### Key FY23 Updates

- Completed all three phases of factory acceptance testing in preparation for the Advanced Distribution Management System (ADMS) Foundation go-live in FY24.
- In the third year of our interconnection improvement project, the interconnection process was streamlined and technically integrated to make it more efficient, resulting in a better customer experience.

## 5.1 CUSTOMER SUSTAINABILITY RATING



**2025 Milestone:** Positive sustainability rating from 74% of customers

### Key FY23 Updates

- Expanded the Sustainability & Innovation campaign to bring awareness to efforts for both water and power.
- Redesigned srpnet.com to improve web user experience and accessibility to high-interest information with deeper sustainability storytelling at [srp.net/2035](http://srp.net/2035).

## 5.2 EMPLOYEE ENGAGEMENT



**2025 Milestone:** 90% employee engagement in sustainability

### Key FY23 Updates

- Hosted more than 600 SRP employees and contractors in the first post-pandemic Sustainability Fair.
- Implemented gamification pre-pilot with employees submitting over 1,500 entries. The findings of the pre-pilot informed the development of a formal pilot program.

## 5.3 FOREST RESTORATION



**2025 Milestone:** 115,000 acres thinned

### Key FY23 Updates

- Secured \$3.6M in partner funding in addition to SRP's funding match of \$1.3M, as well as commitments from five Valley cities and Novo Biopower to participate in the Biomass Power Partnerships. City commitments total \$1.8M every year for 10 years.