Delivering water and power®

SRP 2035 SUSTAINABILITY GOALS

FY26-30 ACTION PLANS

UPDATED FEBRUARY 2025

1847586 1/25

CONTENTS

INTRODUCTION

SRP plays a unique role in the Phoenix metro area as a major provider of both power and water. Recognizing our responsibilities to future generations, we are committed to transforming Arizona's energy future by decarbonizing our generation sources and making strategic infrastructure investments. These commitments align with SRP's 2050 Vision: A secure water and clean energy future empowers Arizona to thrive for generations to come. In the spirit of this vision, we worked with SRP's customers and the community to develop our 2035 Sustainability Goals.

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

1) Carbon emissions reductions

2) Water resiliency

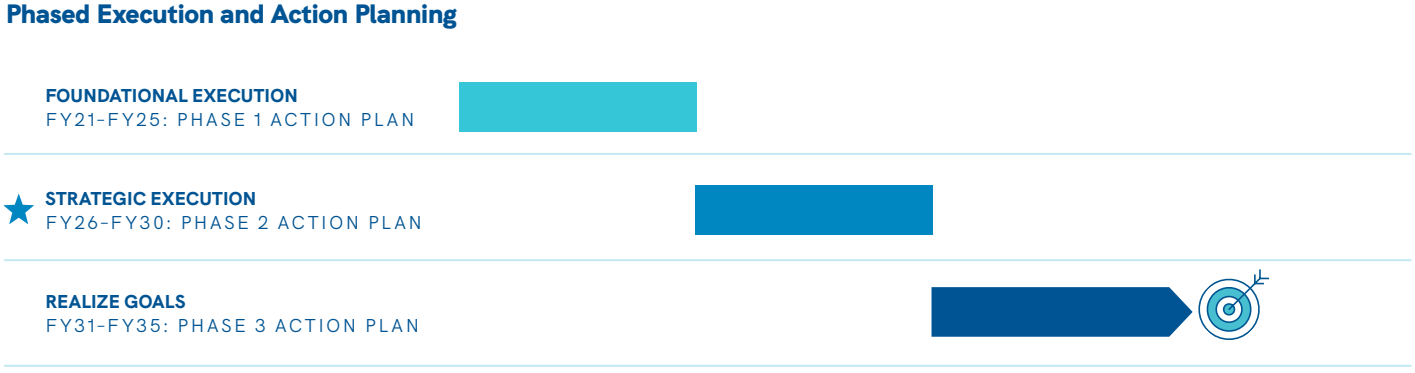
3) Supply chain and waste reduction

4) Customer and grid enablement

5) Customer and community engagement

Based on key community and stakeholder perspectives, SRP established goals within these five priority areas. This suite of goals makes up SRP's 2035 Sustainability Goals, which we are working toward fulfilling today. SRP Management has committed to reviewing the goals every five years with stakeholder input, and the first goal update process was completed in 2024. This resulted in a revised set of Sustainability Goals, which is represented within this report.

FIGURE 1 | SRP 2035 Sustainability Goals Action Plans Timeline



The 18 goals that constitute the SRP 2035 Sustainability Goals are detailed in Figure 2 below. In addition, SRP has created five-year action plans covering FY26–FY30, which outline the major components of making meaningful progress toward their goal achievement. Those action plans, which are included in this document, set five-year milestones and lay out strategic roadmaps for reaching them. In FY21, SRP began using the phase one action plans to measure and report progress toward the 2035 Sustainability Goals. This updated set of action plans reflects updates to the goal set implemented by SRP's Board in 2024.

FIGURE 2 | SRP 2035 Sustainability Goals

CARBON EMISSIONS REDUCTIONS

Generation Carbon (for retail energy) — Reduce the amount of CO_2 emitted by generation (per MWh) by 82% from 2005 levels by 2035 (~284 lbs./ MWh). 2050 Goal: Net-zero carbon emissions.

Facilities Carbon — Reduce carbon emissions from facilities by 45% on a mass basis from 2016 baseline.

Transportation Fleet Carbon — Reduce carbon emissions from fleet by 30% on a mass basis from 2016 baseline.

WATER RESILIENCY

Facilities Water — Reduce water use at SRP facilities by 45% on a mass basis from 2016 baseline.

Generation Groundwater — Eliminate or offset power generation groundwater use in Active Management Areas (AMAs).

Generation Fleetwide Water — Achieve 30% reduction in generation-related water use intensity across all water types from 2005 baseline.

Water Storage — 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.

Community Water Conservation — Achieve 5 billion gallons (~15,300 acre-feet) of water conservation by 2035 through partnership.

SUPPLY CHAIN & WASTE REDUCTION

Supply Chain — 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.

Municipal Waste — Divert 75% of municipal solid waste by 2035; 100% by 2050.

Industrial Waste — Divert 95% of nonhazardous industrial solid waste sent to Investment Recovery; 100% by 2050.

**Defined as spend managed by SRP's Purchasing Services*

CUSTOMER & GRID ENABLEMENT

Energy Efficiency (EE) — Deliver over 4 million MWh of annual aggregate energy savings.

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

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

Electric Technologies — Expand portfolio of electric technology (non-EV) programs to deliver 320,000 MWh of annual aggregate energy impact.

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.

***As forecasted by outside industry consultants*

CUSTOMER & COMMUNITY ENGAGEMENT

Customer Sustainability Sentiment Rating — Maintain above industry average in performance in the J.D. Power Sustainability Index.

Forest Restoration — 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.

ACTION PLAN HIGHLIGHTS

Each goal owner has completed a five-year action plan for their respective goal(s) that identifies the major strategic components and a five-year milestone target that demonstrates a meaningful path toward the long-term 2035 Sustainability target. The key contents from the 18 action plan documents are summarized in the following tables.

For each action plan summary, the actual pace of progress, milestone achievement and specific initiatives will depend on various factors, including the availability of funding and resources from SRP and external entities. SRP will continue to update these action plans annually to reflect the best available information on its progress and plans toward achieving the 2035 Sustainability Goals.

GENERATION CARBON (FOR RETAIL ENERGY)

Goal Language	Reduce the amount of CO_2 emitted by generation (per MWh) by 82% from 2005 levels by 2035 (~284 lbs./MWh) — 2050 goal: Net-zero carbon emissions.
Baseline Value and Year	1,576 lbs. CO_2/MWh in FY05 **Revision History:** • FY22 — Updated to 1,576 lbs. CO_2/MWh due to an adjustment to reflect improved data and implementation of The Climate Registry (TCR) guidance. • Original Baseline — 1,429 lbs. CO_2/MWh in FY05.
Scope of Goal	Retail carbon intensity includes all energy sales allocated to serve our retail load and does not include energy sales allocated to wholesale.
5-year Milestone Value	Projected to be 60% reduction of CO_2 emitted by generation (per MWh) by FY30 (~630 lbs. CO_2/MWh) from 2005 levels.
5-year Milestone Value – Explanation for Value Above	The above projection is a modeled result through production cost modeling. It represents a potential forecast of SRP resource operations given a set of forecasted external conditions (online dates of new renewable resources, market prices, gas prices and load).
Pace of Progress	The FP25 final resource plan shows that SRP is expected to meet the goal of 82% (284 lbs./MWh) carbon intensity reduction for retail needs by 2035. It is expected that SRP makes continued progress toward reduction through FY30 as follows: • FY26: 44% (882 lbs./MWh) • FY27: 46% (874 lbs./MWh) • FY28: 49% (800 lbs./MWh) • FY29: 54% (731 lbs./MWh) • FY30: 60% (630 lbs./MWh) The actual carbon intensity achieved in these years may vary from projections due to changes in fuel prices, technology costs and generation resource implementation timelines. SRP has experienced resource development delays due to global supply chain constraints, permitting delays and other factors. SRP will strive to continue to make meaningful progress toward our carbon intensity goals while providing reliable and affordable electricity to our customers.

Key Initiatives	• Implement 2,600 MW of solar projects selected from the 2021, 2023 and 2024 All-Source Request for Proposals (RFP), including SRP's first self-built solar resource at Copper Crossing. • Negotiate agreements for up to 1,200 MW of additional carbon-free, low-water-use resources from the 2024 All-Source RFP. • Select and negotiate an agreement with a renewable development partner to implement 3,000 MW of solar generation by 2035. • Continue to issue annual All-Source RFPs, with a target to procure additional carbon-free resources and meet system needs defined by the annual resource plan. • Retire over 370 MW of coal resources and replace retired capacity with lower-carbon or carbon-free energy sources. • Explore opportunities to install additional solar and/or storage on the 12 kV distribution system in front of the meter. • Continue to develop options for up to 2,000 MW of new pumped storage hydropower by advancing design and progressing through the federal environmental compliance process, with a target for completion of this compliance process in FY27. • Explore the performance of emerging long-duration energy storage (LDES) technologies through demonstration pilots to create options for a more diverse energy storage portfolio. Pilots include the 5 MW/10-hour flow battery project with CMBlu and potentially two more technologies from two LDES requests for proposals issued in 2024. • Integrated System Plan (ISP) Action 8 – Develop coal transition action plan: – Coordinate with co-owners to develop a transition plan for the Springerville Generating Station. – Prepare a plan or plans for repurposing the Coronado Generating Station site after shutdown of units 1 and 2. – Develop solutions that preserve transmission following the retirement of SRP coal generation resources. – Test strategies for minimizing emissions from coal generation resources during remaining operating years. • ISP Action 9 – Develop and initiate a collaborative community engagement, land, resources and transmission siting research process to proactively identify, prepare and preserve options for feasible sites for future system infrastructure: – Pursue site control of public and private land to support development of new renewable generation. – Identify and initiate development of required upgrades for transmission infrastructure. – Develop plan to engage with communities located near potential generation and infrastructure sites. • ISP Action 10 – Pursue transmission projects that would enable SRP to access diverse renewable resource options beyond solar, such as wind and geothermal, and engage with project developers as appropriate. • Continue to evaluate and adjust the resource implementation plan to identify viable resources, initiate infrastructure upgrades and mitigate risk. • Pursue participation in the CarbonSAFE II project to characterize the geology of the Harquahala basin west of Phoenix for both hydrogen and CO_2 storage. • Initiate early assessment activities for new nuclear generation. • Launch, scope and complete SRP's next Integrated System Plan.
Key Assumptions	• Costs for solar, wind and storage do not increase significantly. • Supply chain constraints can be managed and do not preclude new project implementation. • Resource developers can keep up with regional and national demand for renewable energy resources. • New transmission can be developed and implemented to support additional generation resources, including regional transmission to incorporate out-of-state wind resources.

Key Risks in Achieving the Target	• Load growth forecast; customer load volatility/acceleration • Continued supply chain constraints • Pumped storage environmental compliance timeline • Commercial maturity risks for emerging energy storage technologies • Regional labor availability and lack of skilled and professional labor resources • Community resistance to any new generation • Transmission access and availability • Contiguous land availability • High gas prices leading to additional coal generation • Equipment failure — loss of a primary unit and having to rely on a carbon-producing asset • Drought conditions; water availability/water shortage • Regulatory restrictions limiting development and impacting cost of resources, utilization of existing resources and development of infrastructure • Required transmission system upgrades cannot keep pace with the rate of planned zero-carbon projects • Lack of confirmed geology in reasonable proximity to SRP for either hydrogen or CO_2 limits options for 2050 net-zero goal
Key Changes Necessary to Meet New Goal (if applicable)	• Increased procurement of carbon-free resources • Potential changes to fossil-fuel generation operations (e.g., seasonal coal operations) • Establish and begin to pursue SRP's net-zero strategy and principles
Resources Required to Achieve Milestone	To help meet SRP's 2035 Sustainability Goals, SRP is planning to spend a total of $4B between FY26 and FY30 on new resources to make progress on the carbon reduction goal. This includes spending an anticipated $3B on new SRP-owned resources and $1B in new purchased power contracts. SRP will also need to make additional investments in transmission system upgrades to enable the interconnection of new generation resources.
FY26 Action Plan Updates	• Execution of agreements for projects selected from the 2024 All-Source RFP • Issuance of the 2025 All-Source RFP • Completion of process to finalize a short list of strategic utility-scale solar development partners • Completion of the coal transition action plan • Continuation of pumped storage hydropower development • Continuation of LDES pilot development and evaluation • Initiation of early assessment activities for new nuclear generation

FACILITIES CARBON

Goal Language	Reduce carbon emissions from facilities by 45% on a mass basis from 2016 baseline.
Baseline Value and Year	46,320,000 lbs. CO_2 equivalent (CO_2e) in FY16. **Revision History:** • FY23 — Updated to 46,320,000 lbs. CO_2e after the following data improvements were made: Refrigerants and other gases consumed in relevant facilities were added, with future reporting in CO_2e vs. CO_2 to account for the added non-CO_2 gases; emission factors used to calculate purchased electricity emissions were updated to reflect the most recent EPA factors; and PERA Valley facility was added to the asset list. • Original baseline — 53,120,000 lbs. CO_2.
Scope of Goal	"SRP Facilities" represents all SRP-owned non-generating sites in the Valley.
5-year Milestone Value	33% (15.3M pounds of CO_2e) reduction in carbon emissions from facilities by FY30 from the 2016 baseline.
5-year Milestone Value – Explanation for Value Above	Based on the FY16 baseline value of 46,320,000 lbs. CO_2e, each five-year milestone should decrease by ~5.2M lbs. of CO_2e, putting the FY26–FY30 milestone at 31,000,000 lbs. of CO_2e, or a 33% reduction compared to the baseline.
Pace of Progress	Facilities Services continues to implement carbon reduction projects, steadily decreasing overall carbon emissions. Certain projects may contribute larger year-to-year swings in reduction, but overall, the department anticipates reaching the 45% reduction by 2035. • FY26: 25% • FY27: 27% • FY28: 29% • FY29: 32% • FY30: 33%
Key Initiatives	**Building Portfolio Reduction:** Facilities Services will continue efforts to decommission and sell several properties across the Valley due to aging infrastructure. This includes 16th Street Groundwater (16ST), 27th Street (27ST), Foothills Training Facility (FTF) and the Information Systems Building (ISB). **Photovoltaic System Implementations:** Facilities Services has successfully conducted a comprehensive photovoltaic (PV) audit across the sites we manage, paving the way for implementing increased sustainable energy solutions. While the current output of our owned installations is modest, they contribute significantly to load management as well as offset our overall usage. Over the next five years, Facilities Services is committed to exploring and capitalizing on numerous opportunities to enhance these renewable initiatives. **Comprehensive Building Renovations:** Facilities Services has identified short-, mid- and long-term Facilities requirements addressing comprehensive building renovations, building infrastructure and sustainability needs. The department will focus efforts on renovations that incorporate holistic building upgrades while incorporating sustainability guidelines, landscaping standards and more efficient building systems. **Tridium-Niagara Implementation:** Facilities Services will continue to upgrade building automation controls to Tridium-Niagara for a comprehensive visualization of building performance across all Valley facilities. The platform provides the opportunity to identify and correct alarms quickly as well as adjust building systems to create usage savings.

Key Assumptions	**Real Estate Portfolio Adjustments:** Facilities Services assumes that the planned decommissioning of sites (ISB, 16ST, 27ST and FTF) as well as the modernization of older sites (East Valley Service Center [EVSC] and West Valley Service Center [WVSC]) will proceed as planned. **Technological Advancement:** Facilities Services assumes that the technology for PV systems and other sustainability-related devices and systems will continue to improve, driving more efficient and cost-effective implementations. **Regulatory Support:** Facilities Services assumes that there will be a favorable regulatory environment that will support the expansion and implementation of additional sustainable energy solutions. **Organizational Commitment and Stakeholder Support:** Facilities Services is presuming a sustained commitment to pursue and invest in our initiatives and to support behavioral changes with regards to employee responses to energy conservation over the next five years. **Market Availability:** There is an underlying assumption and aspiration that the necessary components and services for energy systems will be readily available in the market.
Key Risks in Achieving the Target	**Real Estate Portfolio Adjustments:** Delays or deviations in the planned decommissioning of sites (ISB, 16ST, 27ST and FTF) as well as the modernization of older sites (EVSC and WVSC) could lead to challenges in achieving the target goals. **Technological Advancement:** The return on investment could be negatively impacted if technology for PV systems and other sustainability-related devices and systems does not continue to improve. The department will need to weigh the pros and cons before implementation, potentially reducing usage offset opportunities. **Organizational Commitment and Stakeholder and Regulatory Support:** A change in organizational, stakeholder or regulatory support could pose a risk to the growth and implementation of further energy-saving initiatives. **Market Availability:** The unavailability of essential components and services for energy systems in the market could postpone implementation and usage reduction timelines.
Key Changes Necessary to Meet New Goal (if applicable)	Facilities Services will place an increased emphasis on identifying potential carbon reduction projects. **Solar Adaptation:** Facilities Services will plan for regular updates to the PV systems to incorporate new technologies that enhance efficiency of the systems. **Additional Sustainability Commitment:** Facilities Services will ensure integration of sustainability projects and programs into Facilities' core efforts by increasing budgets to support additional efforts (building materials and envelopes like roofing, glass, insulation, natural shading, etc.) that will help us reduce our energy consumption.
Resources Required to Achieve Milestone	Facilities Services will need additional support to help achieve the carbon reduction goal; this could include additional full-time employees, interns, contractors, or vendors and consultants to help take a deeper dive into solutions. Facilities Services has a $2.5M annual capital program budget, which is used to support sustainability-driven projects such as lighting upgrades, solar unit implementations and electric vehicle charging infrastructure. Facilities Services will need to invest significant capital funding into upgrading aging infrastructure and building renovations, which will vary based on the nature of the project.
FY26 Action Plan Updates	**Building Portfolio Reduction:** Facilities Services will continue efforts to decommission and sell several properties across the Valley due to aging infrastructure (16ST, 27ST, FTF and ISB). **Community Engagement:** Facilities Services has partnered with Arizona State University on a project titled "Automating Facility-Object Recognition with Advanced Sensing & Artificial Intelligence." This project will help quickly identify Facilities-relevant objects (i.e., furniture) to verify quantities and locations, reducing the amount of time and travel required to perform physical inventories. Facilities Services will also continue to seek partnership opportunities to introduce innovative ways to achieve the 2035 Sustainability Goals. **Photovoltaic System Implementations:** Facilities Services will evaluate all existing photovoltaic systems across Valley sites to determine condition and production output. The department will also develop a plan for future installations at various sites to help offset energy usage. **Comprehensive Building Renovations:** Facilities Services will complete a comprehensive renovation of the East Valley Warehouse building addressing building infrastructure, business needs and an air-cooled chiller system. The department will also focus design efforts on comprehensive renovations at the Power Operations Building and WVSC locations.

TRANSPORTATION FLEET CARBON

Goal Language	Reduce carbon emissions from fleet by 30% on a mass basis from 2016 baseline.
Baseline Value and Year	34.2M pounds of CO_2e in FY16. **Revision History:** • FY23 — Updated to 34.2M lbs. CO_2e to account for non-CO_2 gases. Initial calculations for the baseline also did not account for fuel use in fleet vehicles purchased on the Voyager card (fleet fuel card). This was corrected in internal data tracking in FY19 but was not formally published. • Original baseline — 33M lbs. CO_2.
Scope of Goal	Fleet includes all vehicles and equipment assets owned by SRP that are managed by Transportation Services. This includes all on-road vehicles, off-road equipment and construction equipment. The goal does not include auxiliary onboard equipment or tools, equipment procured by other departments, rental assets, site generators or participation-owned assets.
5-year Milestone Value	15% (5.1M pounds of CO_2e) reduction in carbon emissions from the transportation fleet by FY30 from the 2016 baseline.
5-year Milestone Value – Explanation for Value Above	The 2030 milestone represents 15% reduction of the fleet CO_2e emissions. This is an achievable interim step for 2030 with the remaining 15% reduction occurring in FY31–35. As SRP continues to electrify the fleet, this timeline provides a realistic CO_2e reduction goal as market availability of fleet-suitable vehicles continues to develop. This approach aligns with the existing lifecycle replacement of the fleet. In addition, CO_2e reduction benefits are compounded over time with fleet electrification as grid decarbonization efforts continue.
Pace of Progress	Transportation fleet electrification is expected to provide 75% of the carbon emissions reductions, with the other 25% from idle reduction and vehicle efficiency improvements. Progress is anticipated as follows: • FY26: 3% • FY27: 6% • FY28: 9% • FY29: 12% • FY30: 15%
Key Initiatives	• Electrify the fleet with a focus on light-duty vehicles (up to 1 ton class) and equipment such as forklifts and utility carts. The target is for 90% electrification of the light-duty fleet by 2035. • Expand fleet electric vehicle (EV) charging infrastructure by deploying additional chargers with higher charge rates in strategic locations to support fleet operations. • Pilot zero-emissions vehicles in the medium- and heavy-duty classes to assess feasibility to meet SRP fleet requirements. • Continue to assess the feasibility of alternative fuel types and sources as options for carbon reduction, primarily in the medium- and heavy-duty vehicle classes. • Pilot other technologies in the fleet, like electrified power takeoff and climate control. • Improve overall fleet efficiency from capital lifecycle replacement, fleet optimization (quantity and types of vehicles) and implementation of operational best practices. • Provide employee development opportunities to support the expanded use and maintenance of electric vehicles and charging infrastructure. • Introduce communications about the impacts of nonproductive engine idle in the fleet on the environment, vehicle downtime and operational costs with the development of corporate idle reduction initiatives.

Key Assumptions	• Electrified vehicles suitable for fleet operations will become available in the Arizona marketplace from major vehicle original equipment manufacturers (OEMs), including 3/4-ton and 1-ton vehicles, within the next three years. • SRP continues to support expansion of electric vehicles in the fleet along with charging infrastructure at SRP sites. • Success assumes support for the adoption of fleet and business operational best practices across SRP departments.
Key Risks in Achieving the Target	• Supply chain challenges or regulatory changes that impact zero-emissions vehicle availability. • Continued growth in SRP service territory or changes in contractor support requiring significant increases in personnel or fleet vehicle count. • Political factors causing significant impacts to the regulatory requirements or market, which may limit ability to achieve goal.
Key Changes Necessary to Meet New Goal (if applicable)	Goal not changed; however, accelerating the electrification of the light-duty fleet is required to meet the established goal.
Resources Required to Achieve Milestone	Continued capital funding to offset the initial cost premium of zero-emissions vehicles as compared to traditional vehicles. Funding of Facilities' efforts to increase fleet vehicle charging infrastructure across SRP sites. OCM support for efforts to increase employee awareness, provide training and adopt industry best practices.
FY26 Action Plan Updates	• Accelerate the electrification of SRP's light-duty fleet, with at least 40 electrified vehicles entering service as replacement vehicles in FY26. • Introduce idle reduction awareness and communications, including data reporting of user group fuel usage and idle data reporting. • Collaborate with Facilities on site evaluations and charger infrastructure development to enable further fleet electrification. • Develop training plan for Transportation Services employees for EV maintenance and support. • Evaluate the EPA's Heavy-Duty Phase 3 GHG regulation and develop a strategic plan to accommodate impacts to fleet replacement and operations starting in 2027 and beyond.

FACILITIES WATER

Goal Language	Reduce water use at SRP facilities by 45% on a mass basis from 2016 baseline.
Baseline Value and Year	73,866,000 gallons of water in FY16 **Revision History:** • FY23 — Updated to 73,866,000 gallons of water to include the PERA Valley facility. • Original baseline — 70,000,000 gallons of water.
Scope of Goal	"SRP Facilities" represents all SRP-owned non-generating sites in the Valley.
5-year Milestone Value	34% (24.9M gallons) reduction in water use at SRP facilities by FY30 from the 2016 baseline.
5-year Milestone Value – Explanation for Value Above	Based on the FY16 baseline value of 73,866,000 gallons, each five-year milestone should decrease by ~8.3M gallons, putting the FY26-FY30 milestone at 49M gallons, or 34% (24.9M gallons) reduction compared to the baseline.
Key Initiatives	**Building Portfolio Reduction:** Facilities Services will continue efforts to decommission and sell several properties across the Valley due to aging infrastructure. This includes 16th Street Groundwater (16ST), 27th Street (27ST), Foothills Training Facility (FTF) and the Information Systems Building (ISB). **Chiller Plant and EVAP Cooling Upgrades:** Facilities Services identified a significant water savings opportunity which includes implementing strategic conversions of water-cooled chiller systems to air-cooled chiller systems (where feasible). Facilities Services will develop a replacement/upgrade plan and implement it throughout the next five years. **Landscape Design Standards Implementation:** Facilities Services will complete landscaping standards implementations across the Valley, including upgraded irrigation systems. The focus of these projects is to reduce water usage by upgrading to more efficient irrigation lines and using drought-tolerant plants and xeriscaping when appropriate. **Tridium-Niagara Implementation:** Facilities Services will continue to upgrade building automation controls to Tridium-Niagara for a comprehensive visualization of building performance across all Valley facilities. The platform provides the opportunity to identify and correct alarms quickly as well as adjust building systems to create usage savings.
Key Assumptions	**Real Estate Portfolio Adjustments:** Facilities Services assumes that the planned decommissioning of sites (ISB, 16ST, 27ST and FTF) as well as the modernization of older sites (East Valley Service Center [EVSC] and West Valley Service Center [WVSC]) will proceed as planned. **Technological Advancement:** Facilities Services assumes that the technology for water metering systems and other sustainability-related devices and systems will continue to improve, driving more efficient and cost-effective implementations. **Regulatory Support:** Facilities Services assumes that there will be a favorable regulatory environment that will support the expansion and implementation of additional sustainable energy solutions. **Organizational Commitment and Stakeholder Support:** Facilities Services is presuming a sustained commitment to pursue and invest in our initiatives and to support behavioral changes with regards to employee responses to water conservation over the next five years. **Market Availability:** There is an underlying assumption and aspiration that the necessary components and services for water systems will be readily available in the market.

Key Risks in Achieving the Target	**Real Estate Portfolio Adjustments:** Delays or deviations in the planned decommissioning of sites (ISB, 16ST, 27ST and FTF) as well as the modernization of older sites (EVSC and WVSC) could lead to challenges in achieving the target goals. **Technological Advancement:** The return on investment could be negatively impacted if technology for water metering systems and other sustainability-related devices and systems does not continue to improve. The department will need to weigh the pros and cons before implementation, potentially reducing usage-saving opportunities. **Organizational Commitment and Stakeholder and Regulatory Support:** A change in organizational, stakeholder or regulatory support could pose a risk to the growth and implementation of further water-saving initiatives. **Market Availability:** The unavailability of essential components and services for water systems in the market could postpone implementation and usage reduction timelines.
Key Changes Necessary to Meet New Goal (if applicable)	Facilities Services will place an increased emphasis on identifying potential water reduction projects. **Additional Sustainability Commitment:** Facilities Services will ensure the integration of sustainability projects and programs into Facilities' core efforts by increasing budgets to support additional efforts (irrigation replacements and meter installations) that will help reduce water consumption.
Resources Required to Achieve Milestone	Facilities Services will need additional support to help achieve the water reduction goal; this could include additional full-time employees, students, contractors, or vendors and consultants to help take a deeper dive into solutions. Facilities Services has a $2.5M annual capital program budget, which is used to support sustainability-driven projects such as water metering systems and landscape upgrades. This financial investment will vary based on the nature of the project.
FY26 Action Plan Updates	**Building Portfolio Reduction:** Facilities Services will continue efforts to decommission and sell several properties across the Valley due to aging infrastructure (16ST, 27ST, FTF and ISB). **Chiller Plant and EVAP Cooling Upgrades:** Facilities Services will begin construction on the first chiller-plant upgrade at the Power Operations Building. Construction is anticipated to go into FY27, but once complete, the updated air-cooled chiller system is estimated to save nearly 2M gallons of water per year. **Landscape Design Standards Implementation:** Facilities Services will begin implementing irrigation system upgrades at the few remaining sites. The focus of these projects is to reduce water usage by upgrading to more efficient irrigation lines and using drought-tolerant plants and xeriscaping when appropriate. **Water-Saving Opportunities:** Facilities Services will investigate additional water-saving initiatives, such as water reuse, rainwater harvesting and other concepts. **Community Engagement:** Facilities Services will continue to seek partnership opportunities to introduce innovative ways to achieve the 2035 Sustainability Goals.

GENERATION ACTIVE MANAGEMENT AREA GROUNDWATER

Goal Language	Eliminate or offset power generation groundwater use in Active Management Areas (AMAs).
Baseline Value and Year	Groundwater represented 43% of total pumping at power generation facilities within AMAs in calendar year (CY) 2017. The remaining 57% of total pumping is water classified as annual storage and recovery credits and long-term storage credits (LTSC).
Scope of Goal	Eliminate or offset power generation groundwater use in AMAs. This only pertains to groundwater and only affects the water used in two AMAs: Phoenix and Pinal. The impacted power generation facilities are Mesquite, Agua Fria, Kyrene, Santan, Desert Basin, Copper Crossing and Coolidge. The goal is based on the aggregate groundwater use of the AMA plants listed.
5-year Milestone Value	The FY30 milestone for this goal is 25% or less pumping from groundwater (as measured by a rolling three-year average of groundwater pumping) as a percentage of total pumping required to meet the aggregated generation requirements with AMAs.
5-year Milestone Value – Explanation for Value Above	The FY30 milestone assumes a gradual reduction from 43% in CY17 to 0% in FY35.
Pace of Progress	Projected values have been calculated based on the resource plan and are as follows: • FY26: 38% • FY27: 29% • FY28: 29% • FY29: 29% • FY30: 25%
Key Initiatives	• Colorado River water will be stored at New Magma Irrigation District in CY25 in order to generate long-term storage credits. These LTSC will be used to offset all groundwater use at Copper Crossing Energy Research Center starting in CY26. • Starting in CY26, groundwater use at all generating stations within AMAs, where LTSC are available, will be offset or eliminated using surface water or effluent that has been stored underground (LTSC). • SRP will identify generating stations where there are challenges with alternative water sources, develop a strategy for these sites, and begin implementation efforts to continue to incrementally make progress toward the goal. • SRP will continue to utilize our Integrated System Plan and Resource Plan to estimate power generation requirements within AMAs to determine the LTSC utilization rate and develop a strategy for LTSC acquisition and accrual as necessary.
Key Assumptions	• There is an alternative source(s) of water available (e.g., surface water, effluent and LTSC). • The additional infrastructure for alternative source(s) of water is not cost-prohibitive. This will include additional treatment systems within each power facility being addressed. • Alternative source(s) of water are not cost-prohibitive.
Key Risks in Achieving the Target	• Lack of infrastructure options and alternative, reliable water source availability. • Evolving state regulations could create an AMA at existing generating stations that are currently outside of an AMA. • Water shortage on the Colorado River has impacted the ability to create new volumes of LTSC which may continue as the interim guidelines are revised post-2026.
Key Changes Necessary to Meet New Goal (if applicable)	• N/A, goal did not change

Resources Required to Achieve Milestone	• Financial and staff resources are required to identify and implement a strategy for SRP's generating stations located in areas where surface water and effluent are not readily available. • Financial and staff resources are required to identify and implement a resource strategy for LTSC acquisition and utilization.
FY26 Action Plan Updates	· Copper Crossing Energy Research Center will begin to offset all groundwater use. · Initiate a working group to identify generating stations without a transition plan to eliminate or offset groundwater pumping and develop a strategy for these sites.

GENERATION FLEET-WIDE WATER REDUCTION

Goal Language	Achieve 30% reduction in generation-related water use intensity across all water types from 2005 baseline by 2035 (~325 gal/MWh).
Baseline Value and Year	465 gallons/MWh in FY05.
Scope of Goal	Water intensity includes all consumed water and energy sales to serve system load.
5-year Milestone Value	20% reduction from 2005 levels by FY30 (372 gal/MWh). SRP's latest resource plan identified an expected water intensity of 350-370 gal/MWh in FY30 and is on track to meet the goal.
5-year Milestone Value – Explanation for Value Above	The above range is a modeled result through production cost modeling. It represents a potential forecast of SRP resource operations given a set of forecasted external conditions (online dates of new renewable resources, market prices, gas prices and load).
Pace of Progress	Projected values have been calculated based on the FP25 final resource plan* and show progress toward the 2035 water intensity reduction goal and meeting the interim goal of 20% reduction by FY30: • FY26: 10% • FY27: 12% • FY28: 15% • FY29: 18% • FY30: 20% The actual water intensity from SRP's generation portfolio achieved in these years may vary from projections due to changes in fuel prices, technology costs and resource implementation timelines. SRP has experienced generation resource development delays due to global supply chain constraints, permitting delays and other factors. SRP will strive to continue to make meaningful progress toward our water intensity goals while providing reliable and affordable electricity to our customers. **Note: All values are from FP25 final resource plan and are in terms of systemwide generation water demand. These values are slightly lower than retail-only generation; however, retail-only water intensity is expected to meet the 2030 and 2035 water intensity thresholds as currently defined.*
Key Initiatives	As SRP's generation fleet transitions away from coal to resources like natural gas, battery storage, solar and wind, there will be water use reductions since all of these resources use less water than coal. The following are the key initiatives that SRP is pursuing to advance this resource transition from FY26-FY30: • Implement 2,600 MW of solar projects selected from the 2021, 2023 and 2024 All-Source Request for Proposals (RFP), including SRP's first self-built solar resource at Copper Crossing. • Negotiate agreements for up to 1,200 MW of additional carbon-free, low-water-use resources from the 2024 All-Source RFP. • Select and negotiate an agreement with a solar partner to develop up to 3,000 MW of solar generation by 2035. • Continue to issue annual All-Source RFPs with a target to procure additional low-water-use, carbon-free resources and meet system needs defined by the annual resource plan. • Retire over 370 MW of coal resources and replace retired capacity with lower water intensity energy sources. • Explore opportunities to install additional solar and/or storage on the 12 kV distribution system in front of the meter.

Key Initiatives continued	• Continue to develop options for up to 2,000 MW of new pumped storage hydropower by advancing design and progressing through the federal environmental compliance process, with a target for completion of this compliance process in FY27. • Explore the performance of emerging long-duration energy storage (LDES) technologies through demonstration pilots to create options for a more diverse energy storage portfolio. Pilots include the 5 MW/10-hour flow battery project with CMBlu and potentially two more technologies from two LDES requests for proposals issued in 2024. • ISP Action 8 - Develop coal transition action plan: – Coordinate with co-owners to develop a transition plan for the Springerville Generating Station. – Prepare a plan or plans for repurposing the Coronado Generating Station site after shutdown of units 1 and 2. – Develop solutions that preserve transmission following the retirement of SRP coal generation resources. – Test strategies for minimizing emissions from coal generation resources during remaining operating years. • ISP Action 9 - Develop and initiate a collaborative community engagement, land, resources and transmission siting research process to proactively identify, prepare and preserve options for feasible sites for future system infrastructure. – Pursue site control of public and private land to support development of new renewable generation. – Identify and initiate development of required upgrades for transmission infrastructure. – Develop plan to engage with communities located near potential generation and infrastructure sites. • ISP Action 10 - Pursue transmission projects that would enable SRP to access diverse renewable resource options beyond solar, such as wind and geothermal, and engage with project developers as appropriate. In addition, SRP will continuously seek water use reduction methods at existing SRP generation facilities, including chemistry management, alternatives to groundwater use, preventive maintenance and participation in Electric Power Research Institute (EPRI) research.
Key Assumptions	• Costs for solar, wind and storage do not increase significantly. • Supply chain constraints can be managed and do not preclude new project implementation. • Resource developers can keep up with regional and national demand for renewable energy resources. • New transmission can be developed and implemented to support additional generation resources, including regional transmission to incorporate out-of-state wind resources.
Key Risks in Achieving the Target	• Deep decarbonization technology (geothermal, nuclear) using a thermal cooling cycle. Rapid acceleration to goal 1.1 could have a tradeoff to water reductions. • Load growth forecast; customer load volatility/acceleration • Continued supply chain constraints • Pumped storage environmental compliance timeline • Commercial maturity risks for emerging energy storage technologies • Regional labor availability and lack of skilled and professional labor resources • Community resistance to any new generation • Transmission access and availability • Contiguous land availability • High gas prices leading to additional coal generation • Equipment failure — loss of a primary unit and having to rely on a carbon-producing asset • Drought conditions; water availability/water shortage • Regulatory restrictions limiting development and impacting cost of resources, utilization of existing resources and development of infrastructure • Required transmission system upgrades cannot keep pace with the rate of planned renewable projects
Key Changes Necessary to Meet New Goal (if applicable)	• Increased procurement of low-water-use combustion resources • Potential changes to fossil-fuel generation operations (e.g., seasonal coal operations)

Resources Required to Achieve Milestone	To help meet SRP's 2035 Sustainability Goals, SRP is planning to spend a total of $4B between FY26 and FY30 on new resources to make progress on the carbon reduction goal. This includes spending an anticipated $3B on new SRP-owned resources and $1B in new purchased power contracts. SRP will also need to make additional investments in transmission system upgrades to enable the interconnection of new generation resources.
FY26 Action Plan Updates	• Execution of agreements for projects selected from the 2024 All-Source RFP • Issuance of the 2025 All-Source RFP • Completion of process to finalize a short list of strategic utility-scale solar development partners • Completion of the coal transition action plan • Continuation of pumped storage hydropower development • Continuation of LDES pilot development and evaluation • Development of a 10-year water plan at all SRP-operated facilities • Collaboration with EPRI to conduct site water systems audit to better understand water use

WATER STORAGE

Goal Language	Lead efforts in water storage and drought resiliency by storing at least 1 million acre-feet (AF) of water supplies underground and pursuing the long-term viability of increasing beneficial use during flood events by up to 100,000 AF.
Baseline Value and Year	0 AF of water stored underground as of the start of calendar year (CY) 2015 (this goal measures water stored underground since 2015 and does not include water stored in prior years).
Scope of Goal	Continue to be an active partner in the Gila River Water Storage LLC (GRWS) with the Gila River Indian Community (GRIC) to store GRIC's Central Arizona Project (CAP) water supply underground. In addition, utilize the approved Flood Control Space (FCS) Deviation pilot project from the U.S. Army Corps of Engineers to put to beneficial use the water that enters flood control space in Roosevelt Dam in lieu of unscheduled releases.
5-year Milestone Value	Storing 1 million AF of water underground is achievable by FY30, assuming there are no restricted future uses of Colorado River water. Achieving at least one and up to three flood storage events consisting of up to 100,000 AF each under the FCS Deviation pilot project at Roosevelt Dam and utilizing that water for beneficial use via direct water delivery to customers or creating water credits for pilot project partners.
5-year Milestone Value – Explanation for Value Above	SRP is approximately 99% complete in reaching the 1 million AF water storage goal to date. This is an achievable target. The flood control space allows for the capture and beneficial use of approximately 100,000 AF of water. Weather on the watershed and inflows into Roosevelt Dam will be the key factor regarding water supplies reaching the flood control space. The ability to reach the goal will be mainly driven by highly variable weather conditions on our watershed.
Pace of Progress	Projected progress is outlined below: • FY25: 992.9K AF • FY26: 998.5K AF • FY27: 1M+ AF • FY28: 1M+ AF • FY29: 1M+ AF • FY30: 1M+ AF
Key Initiatives	· Continue to work with the GRIC to plan and manage recharge deliveries of GRIC's CAP water supplies. · Develop Roosevelt Dam flood control space storage strategy in support of maximizing storage opportunities during the pilot phase. · Implement a beneficial use strategy of SRP shareholder water made available from the Roosevelt Dam flood control space.
Key Assumptions	· The GRIC will have an allocation of CAP water that can be used for underground storage for GRWS. · Weather on SRP's watershed will support additional inflows into the flood control space within the next five years.
Key Risks in Achieving the Target	• Shortages on the Colorado River may reduce the amount of CAP water available for GRWS storage by the GRIC. • The GRIC may modify its water plan which could reduce how much of its CAP water is available for storage. • Variability and location of weather events and resulting hydrology in support of Roosevelt inflows.
Key Changes Necessary to Meet New Goal (if applicable)	• With the recent approval to use flood control space for water delivery, a strategy for capturing, accounting for and releasing FCS water will need to be developed.

Resources Required to Achieve Milestone	• No additional resources or financing are needed to achieve this goal.
FY26 Action Plan Updates	• Continue discussions with GRIC staff on the Colorado River situation and gather any insights to its water plan for the community as it relates to storage for GRWS. • Effectively manage the SRP shareholder water that is available from the FCS pilot project, pending future weather and reservoir conditions.

COMMUNITY WATER CONSERVATION

Goal Language	Achieve 5 billion gallons (~15,300 acre-feet) of water conservation by 2035 through partnership.
Baseline Value and Year	Baseline value is 0 gallons of water as of calendar year (CY) 2019.
Scope of Goal	The updated goal language allows SRP water conservation initiatives to expand beyond municipalities to include water efficiency partnerships with other organizations, such as projects with nonprofits, universities and directly with water users. However, many programs will continue to be focused on the goals of our 10 municipal water partners. Municipal water providers have state water conservation requirements, including the following: 1. gallons per capita per day (GPCD) reduction and/or adoption of best management practices (BMPs) and 2. limit lost and unaccounted for water to 10% or less. SRP water conservation programs must be consistent with municipal goals for water conservation, water resource management, sustainability, economic development, quality of life and financial impacts to municipal water utilities.
5-year Milestone Value	3 billion gallons of water conserved through partnership by FY30.
5-year Milestone Value – Explanation for Value Above	The milestone value is based on FY30 projections of potential water savings from planned or existing programs, including but not limited to: • SRP Water Conservation Expo™ water-efficient products • Waterfluence software partnership sites • Municipal grass conversion and cooling tower rebates • Landscape water efficiency assessments and implementation of improvements • Commercial, Industrial and Institutional (CII) partnerships • SRP water conservation customer programs • Private flood irrigation assessments • Water conservation kits
Pace of Progress	Actual water savings of current and developing water conservation programs can vary significantly based on external factors; however, high-level projections/estimates suggest the pace of progress toward the FY30 milestone may follow the below annual benchmark trajectory: • FY26: 850,000,000 gallons • FY27: 1,250,000,000 gallons • FY28: 1,800,000,000 gallons • FY29: 2,400,000,000 gallons • FY30: 3,000,000,000 gallons
Key Initiatives	• Fund Waterfluence (an interactive water budgeting software) for commercial and public landscapes in the cities of Avondale, Chandler, Goodyear and Tempe with the potential to expand the program to additional municipalities. • Conduct landscape water efficiency assessments for high-water-use homeowners associations as well as commercial and public sites. • Partner and enable distribution of water conservation kits. • Partner with CII water users to provide water efficiency assessment trainings for conservation professionals and implement water-saving improvement projects. • Strengthen municipal water conservation incentives by providing matching funds for grass-to-xeriscaping (low-water-use landscaping) conversion rebates.

Key Assumptions	• We assume that planned and existing projects will move forward as expected; however, all programs are highly dependent on external partner engagement and follow-through for success. • We assume that water-savings projections are as accurate as possible given the background information available; however, actual water savings may vary significantly because the specific scope and scale of future projects is unknown. • We assume that data collection will align with the five-year action plan timeline; however, data collection is highly reliant on external partners and may result in longer reporting timeframes.
Key Risks in Achieving the Target	• Significant disruptions to external partner capacity, such as unexpected policy changes or program terminations outside of SRP's control, may prevent the achievement of both short-term and long-term benchmarks for this goal. • Water conservation potential is extremely difficult to accurately quantify or predict for some programs, such as CII water efficiency partnerships. Water-savings projections utilized to plan programs may present a risk for goal achievement because they may not accurately reflect the actual potential for gallons saved by unknown future projects without predefined scope and scale.
Key Changes Necessary to Meet New Goal (if applicable)	• Increased emphasis on expanding partnerships to include additional entities beyond municipalities, such as community organizations, universities and individual water users. • Increased budget support for water conservation programs through FY35 will be necessary to achieve the goal.
Resources Required to Achieve Milestone	A full-time Water Planning Analyst was hired in FY25 to assist with water conservation programs. There are now two full-time SRP employees dedicated to the achievement of this goal, including program planning, implementation and management duties. Additional full-time employees focused on field-based elements of irrigation and CII projects could increase program scope to accelerate goal progress and decrease reliance on contractors. An estimated $5M in financial support is required to achieve the Five-Year Milestone, based on an estimated $1M/year. $1M/year will allow SRP to scale and expand the water conservation partnerships that are needed to achieve the milestone.
FY26 Action Plan Updates	• Onboard additional customer accounts in the Waterfluence Program for Avondale, Chandler, Goodyear and Tempe. • Complete landscape water efficiency assessments for high-water-use sites to identify opportunities to replace in-ground and aboveground irrigation components, convert grass to xeriscape and install advanced water conservation technologies. • Expand SRP's reach to CII customers for water efficiency partnerships, including the addition of cooling tower training tours for water conservation professionals. • Report and analyze data through the 2035 SRP Water Conservation Goal Database.

SUPPLY CHAIN

Goal Language	Incorporate sustainability criteria into sourcing decisions for 100% of SRP's managed spend and integrate sustainability criteria into the supplier prequalification requirements for 100% of SRP suppliers.
Baseline Value and Year	Baseline year of FY19 — baseline value of 0%.
Scope of Goal	Incorporate sustainability criteria into sourcing decisions for 100% of SRP's managed spend: • In Scope — Managed spend includes the expenses managed through SRP's purchase order process and Purchasing organization • Out of Scope — Corporate card spend, non-purchase order (PO) spend Integrate sustainability criteria into the supplier prequalification requirements for 100% of SRP suppliers: • In Scope — All PO suppliers • Out of Scope — Non-PO suppliers, corporate card suppliers
5-year Milestone Value	Sustainability criteria is incorporated into sourcing decisions for 75% of managed spend by FY30.
5-year Milestone Value – Explanation for Value Above	Supply Chain has standardized all formal requests for proposal (RFP) templates and proposal evaluation tools/processes to facilitate the evaluation of sustainability criteria for all formal RFPs. These efforts have enabled progress to climb to 60%. The next key initiative is to establish a process and technology to facilitate the prequalification of 100% of SRP suppliers based on sustainability criteria. Supply Chain is issuing an RFP to engage third-party service providers to establish a process and technology that will facilitate the prequalification of 100% of SRP's suppliers on sustainability criteria. Once established, all new suppliers will be prequalified during the supplier onboarding process and an initiative will begin to prequalify all existing suppliers. The prequalification process will establish sustainability-related expectations for all suppliers. Suppliers evaluated at or above the established benchmark will be considered approved for purchase agreements. For suppliers evaluated below benchmark, SRP will either pursue purchase agreements with alternative suppliers who are above benchmark or incorporate sustainability-related requirements into the purchase agreement with the below-benchmark supplier. This prequalification requirement and process will ensure that 100% of SRP's suppliers are both prequalified on sustainability-related criteria and ensure that sustainability criteria are factored into 100% of sourcing decisions for SRP's managed spend.
Pace of Progress	Significant progress will occur when we have a process and technology in place to begin prequalifying suppliers on sustainability criteria. Through the RFP process, a solution is being sought with implementation no earlier than next fiscal year depending on the responses and solution. The percentage of spend criteria metric will accelerate after that. This will effectively be a backloaded success on this goal.
Key Initiatives	• An RFP will be issued to identify a third-party service provider or technology that will facilitate the prequalification of SRP suppliers on sustainability criteria. • Purchasing will coordinate with Enterprise Applications Support (EAS) to evaluate and implement the optimal solution. • Purchasing Services will implement supplier prequalification requirements for all new suppliers and will initiate a program to systematically evaluate all existing suppliers.
Key Assumptions	• Technology can be identified and implemented in a timely manner to assist with the prequalification of suppliers. • Suppliers will be willing to disclose the requested information. • Prequalification requirements included in competitive bidding will be consistently weighed into the final business decisions of the hosting department.

Key Risks in Achieving the Target	• If any of the preceding assumptions are incorrect, adjustments will need to be made to ensure the goal can be achieved.
Key Changes Necessary to Meet New Goal (if applicable)	• Increased emphasis on the supplier prequalification tool and process is necessary. The prequalification of all suppliers on sustainability criteria is the key to meeting both requirements in the goal.
Resources Required to Achieve Milestone	• Technology to facilitate prequalification of suppliers. This technology will be required to integrate with SRP's vendor management system and will be required in order to be supported by SRP Enterprise Applications Support (EAS). The cost of this technology has yet to be determined and will be identified during FY25. • Although it is not anticipated that additional staff will be needed for direct support of this process, this additional requirement will increase the administrative workload for all purchasing agents, for EAS and for the Vendor Master Team, which, combined with other regulatory, market-related and/or company initiatives, may result in a need for additional staff resources. These staffing needs can more accurately be quantified after a technology solution and process is selected.
FY26 Action Plan Updates	· A request for proposal (RFP) will be drafted and issued to identify a third-party service provider and/or technology that will facilitate the prequalification of SRP suppliers on sustainability criteria. · Purchasing will complete an evaluation of all RFP responses and finalize a recommendation. · Purchasing Services will coordinate with internal stakeholders to develop a plan and roadmap to implement the recommended solution and integrate it with existing tools and processes.

MUNICIPAL WASTE

Goal Language	Divert 75% of municipal solid waste (MSW) by 2035; 100% diversion by 2050.
Baseline Value and Year	2016: 25% diverted (measured in tons).
Scope of Goal	MSW consists of waste items normally generated at SRP office facilities. Examples include general office waste, bathroom waste, food packaging, paper, cardboard, plastics, etc.
5-year Milestone Value	Achieve a diversion rate of 70% of MSW sent to Investment Recovery by FY30.
5-year Milestone Value – Explanation for Value Above	By utilizing current processes, embracing innovative technologies and implementing programs that correspond with recycling industry standards, SRP aims to divert 70% of MSW by 2030. This commitment aligns with the broader goal of transitioning toward a circular supply chain where waste is minimized, materials are kept in use and natural systems are regenerated.
Pace of Progress	Progress benchmarks are as follows: • FY26: 54% diverted • FY27: 60% diverted • FY28: 65% diverted • FY29: 68% diverted • FY30: 70% diverted
Key Initiatives	• Adjusting waste services based on business needs. • Implementing processes to promote waste reduction. • Providing guidance on the implementation of design-to-recycle goods and materials. • Promoting employee education, engagement and participation. • Proactively seeking alternative disposal methods that minimize environmental impact for "hard to recycle" materials.
Key Assumptions	• SRP embraces waste reduction efforts with an emphasis on reuse and durability. • Recycling and composting markets will continue to expand. • Approval of policy changes and leadership support that move the organization toward zero-waste practices. • Technology and innovation will continue to advance and make diversion efforts more efficient and cost-effective (e.g., finding new uses for plastics, implementing self-sorting waste bins). • Increased vendor relationships to support increased diversion efforts.
Key Risks in Achieving the Target	• Changes in the recycling market that affect the downstream value and recyclability of materials. • Necessary expansion of current programs poses cost barriers and requires increased participation. • Federal, state or municipal regulations may require increased diversion efforts prior to the establishment of the necessary infrastructure. • More employees working on-site at SRP facilities.
Key Changes Necessary to Meet New Goal (if applicable)	• Furthering on-site education and employee participation. • Implementing robust reporting methods and data repositories for more reliable data that is readily accessible. • Shared accountability for proper material disposal across the enterprise.

Resources Required to Achieve Milestone	To achieve the milestone of diverting 70% of MSW from landfills, SRP needs broad support and active participation across the enterprise. This involves engaging the community, implementing effective diversion strategies, and promoting sustainable waste management practices.
FY26 Action Plan Updates	• Continuing education and collaboration efforts in composting of organics and paper towels at SRP sites. • Continued changes to service schedules and bin sizes of external waste containers to reflect accurate waste volumes. • Promoting reusable items in SRP spaces whenever possible.

INDUSTRIAL WASTE

Goal Language	Divert 95% of non-hazardous industrial solid waste (NHISW) sent to Investment Recovery (IR); 100% by 2050.
Baseline Value and Year	2016: 65% diversion rate of NHISW sent to Investment Recovery (measured in tons).
Scope of Goal	The scope includes all NHISW that is managed by SRP's Investment Recovery group.
5-year Milestone Value	Achieve a diversion rate of 90% of NHISW sent to Investment Recovery by FY30.
5-year Milestone Value – Explanation for Value Above	By leveraging cutting-edge recycling technologies and emphasizing circular practices within the local economy, SRP aims to divert 90% of NHISW sent to Investment Recovery by 2030. This commitment aligns with the broader goal of transitioning toward a circular supply chain where waste is minimized, materials are kept in use and natural systems are regenerated.
Pace of Progress	Progress benchmarks are as follows: • FY26: 77% diverted • FY27: 81% diverted • FY28: 85% diverted • FY29: 88% diverted • FY30: 90% diverted
Key Initiatives	• Adjusting waste services based on business needs. • Implementing processes to promote waste reduction. • Providing guidance on the implementation of design-to-recycle goods and materials. • Promoting employee education, engagement and participation. • Proactively seeking alternative disposal methods that minimize environmental impact for "hard to recycle" materials.
Key Assumptions	• Recycling and commodity markets will continue to expand. • Approval of policy changes and leadership support that move the organization toward zero-waste practices. • Technology and innovation will continue to advance and make diversion efforts more efficient and cost-effective. • Increased vendor relationships and offerings of negotiated diversion opportunities.
Key Risks in Achieving the Target	• Current end-of-life technology and innovative technologies bring about new types of waste that have no apparent method of landfill diversion. • Slowing advancement of current and new recycling technologies that are key to diverting these nonrecyclable materials due to economic and market factors. • Inconsistency with specialized recycling vendors.
Key Changes Necessary to Meet New Goal (if applicable)	• Furthering collaboration efforts among SRP departments in sharing waste generation types and totals. • Implementing robust reporting methods and data repositories for more reliable data that is readily accessible. • Having shared accountability for proper material disposal across the enterprise. • Supporting and advancing new programs to divert NHISW.

Resources Required to Achieve Milestone	The resources required to achieve the milestone of diverting 90% of NHISW sent to Investment Recovery include involvement in expanded recycling and commodity markets and SRP-wide support and participation in diversion efforts.
FY26 Action Plan Updates	• Continued efforts in reuse of wooden cable reels (through Sonoco reuse program) that total over 95% diversion. • More than half of SRP's retired treated wooden utility pole supply will be recycled beginning in FY25. • IR cable and wire chop operation is on track to double its throughput capacity in FY26.

ENERGY EFFICIENCY

Goal Language	Deliver over 4 million MWh of annual aggregate energy savings.
Baseline Value and Year	Baseline value of 0 MWh of annual aggregate energy savings as of the beginning of FY16.
Scope of Goal	The 2035 Energy Efficiency (EE) goal is to deliver over 4 million MWh of annual aggregate energy savings through a portfolio of programs offered to SRP customers.
5-year Milestone Value	At the conclusion of FY30, the EE program plan is estimated to bring SRP to more than 3.7 million MWh of annual aggregate energy savings by FY30.* **Based on SRP's 2023 Integrated System Plan and resource planning needs.*
5-year Milestone Value – Explanation for Value Above	The five-year milestone of more than 3.7 million MWh of annual aggregate energy savings by FY30 is appropriate as SRP's long-term EE plans will continue to build and evolve over the next five years to deliver on this target. This milestone balances program costs with energy savings from a maturing portfolio of EE offerings. The 2035 EE goal and associated five-year milestone refer to aggregate energy savings, i.e., it considers the lifetime impact of EE programs. As we get into the 2030s, energy savings contribution from future planned EE programs is tempered by expiring energy savings from prior year or historic EE programs.
Pace of Progress	To reach this five-year milestone, SRP has set annual incremental savings targets for each year as outlined below: • FY26: 647,000 MWh • FY27: 663,000 MWh • FY28: 677,000 MWh • FY29: 683,000 MWh • FY30: 690,000 MWh
Key Initiatives	· Build and offer an increasingly diverse portfolio of EE programs and services to meet the unique needs of SRP customers. · Evolve programs to align with 2023 Integrated System Plan findings and SRP's overall system needs by targeting peak reduction during periods of low or no renewable generation. · Enhance engagement with underserved customers by offering them ways to participate in EE programs. · Align programs to leverage state and federal (Inflation Reduction Act) rebates and tax incentives.
Key Assumptions	· Moving beyond early adopters of programs will require more sophisticated engagement strategies and targeted value propositions. · Technology changes and AI will fundamentally transform customer expectations and behavior and expand the market and set of devices that need to be integrated. · With the growth in renewable energy supplies, our approach to customer programs will expand to help customers take advantage of periods of plentiful renewable energy and reduce energy usage during periods of low renewable energy. · State and federal agencies will effectively align and implement EE rebates and incentives programs that are available as part of the Inflation Reduction Act and other packages.
Key Risks in Achieving the Target	• Macroeconomic pressures, rising inflation and interest rates may put SRP's 2035 EE goal and annual incremental energy savings targets at risk and result in additional pressure on SRP to offer customers ways to manage their bills. • Advancements in building energy codes and equipment standards could result in higher baselines and lower realized energy savings. • Transitioning from SRP M-Power® to the new Central PrePay system could prevent SRP from meeting annual incremental energy savings targets.

Key Changes Necessary to Meet New Goal (if applicable)	Understanding our customers and educating them about the programs and solutions we offer is critical to the success of SRP's five-year EE initiatives. At the same time, EE programs allow us to defer investments in generation assets, create local jobs, support workforce and economic development and lower emissions. Customers and stakeholders need to be engaged with these larger community benefits so they can foster a connection with our goals.
Resources Required to Achieve Milestone	• Over the FY26-FY30 planning timeframe, the EE program portfolio will provide a diverse and growing range of program offerings to address our customers' expectations and SRP's capacity needs. This will require resources in terms of a program budget to fund the initiatives. • During this time, the proposed annual EE budget will grow from $52M in FY26 to $59M in FY30, totaling roughly $279M over the five-year planning horizon.* This represents SRP's overall budget for its EE initiatives and comprises rebates, program administration, marketing costs, program evaluation and labor costs. • Securing and maintaining the resources of multiple third-party implementation partners and consultants is also a key resource requirement, as is retaining and expanding the internal SRP staff with relevant experience and skill sets. **Based on FP25 budget and subject to SRP Board approval of budget each year.*
FY26 Action Plan Updates	· Deliver a portfolio of EE programs to provide 647,000 MWh of annual incremental energy savings by FY26 year-end. · Refine and optimize impact of select EE programs in line with future system needs and price process outcomes. · Enhance engagement with SRP's non-English speaking customers through targeted marketing campaigns and initiatives. · Expand the SRP Home Energy Report™ program to 250,000 customers in FY26 by providing updated reports to SRP solar customers. · Complete transition of the existing SRP M-Power system to a new Central PrePay system and continue to scale the program to future levels. · Collaborate with Arizona Governor's Office of Resiliency to align federal tax credit and state incentives and promote those additional funding opportunities to SRP customers.

DEMAND RESPONSE

Goal Language	Deliver at least 300 MW of dispatchable demand response (DR) and load management programs.
Baseline Value and Year	Baseline value of 0 MW of DR capacity in FY16 as SRP had no active DR programs at that time.
Scope of Goal	The 2035 DR goal is to deliver at least 300 MW of dispatchable DR and load management programs offered through a portfolio of programs to SRP customers.
5-year Milestone Value	At the conclusion of FY30, the DR program plan is estimated to provide 230 MW of cumulative subscribed DR capacity.* **Based on SRP's 2023 Integrated System Plan and resource planning needs.*
5-year Milestone Value – Explanation for Value Above	The five-year milestone of 230 MW of dispatchable DR capacity by FY30 is appropriate as SRP's long-term DR plans will continue to build and evolve over the next five years to deliver on this target. This milestone balances growing DR capacity against the risk of customer churn and attrition and incorporates assumptions for growth of viable and cost-effective technologies supporting the achievement of the goal.
Pace of Progress	To reach this five-year milestone, SRP also sets annual year-end cumulative DR capacity targets as outlined below: • FY26: 180 MW • FY27: 193 MW • FY28: 205 MW • FY29: 218 MW • FY30: 230 MW
Key Initiatives	• Continue to grow and expand the residential and commercial DR programs to serve multiple customer segments and increase capacity nominations in the programs. • Evolve the capabilities of the DR portfolio to provide greater dispatch flexibility and enhanced value to SRP's grid and overall system. • Focus on attracting and retaining customers in DR programs by meeting their varied and evolving needs to provide an equal distribution of future program capacity. • Research, test and expand pilots around additional DR technologies to develop new and innovative programs and solutions. • Integrate current and future DR aggregators into SRP's Distributed Energy Resources Management System (DERMS) platform to expand scalable virtual power plant (VPP) solutions.
Key Assumptions	• Device and vehicle original equipment manufacturers, including smart thermostat, distributed energy resources and electric vehicle manufacturers, will continue to work with DR aggregators and utilities to enable control functionality and coordination. • Continued improvements in technological maturity as well as increased scale due to market commercialization. • SRP's DERMS platform will enable integration of existing and future DR aggregators (e.g., EnergyHub and Enel X). • SRP will be able to attract large commercial DR customers with an evolving standard-offer DR program.
Key Risks in Achieving the Target	• Changing resource and system capacity needs over time accompanied with weak price signals could limit SRP's ability to grow and scale DR programs and optimize customer and organizational value. • Lack of DR event performance or program attrition from large commercial customers could result in SRP not meeting its DR goal. • The scale of the SRP Bring Your Own Thermostat Program™ (BYOT), with more than 90,000 smart thermostats currently subscribed, carries with it the risk of significant customer churn. • At some point, the BYOT program reaches customer saturation and significant additional growth requires deeper and broader customer engagement or may no longer be possible.

Key Changes Necessary to Meet New Goal (if applicable)	Understanding our customers and educating them about the programs and solutions we offer is critical to the success of SRP's five-year DR initiatives. At the same time, DR programs allow us to enhance reliability, improve grid operations and lower emissions. Customers and stakeholders need to be engaged with these larger community benefits so they can foster a connection with our goals.
Resources Required to Achieve Milestone	• Over the FY26–FY30 planning timeframe, the DR program portfolio will provide a diverse and growing range of program offerings to address our customers' expectations and SRP's capacity needs. This will require resources in terms of a program budget to fund the initiatives. • During this time, the proposed annual DR budget will grow from $11M in FY26 to $13M in FY30, totaling roughly $60M over the five-year planning horizon.* This represents SRP's overall budget for its DR initiatives and comprises program administration, rebates, marketing costs, program evaluation and internal labor costs. • Securing and maintaining the resources of multiple third-party aggregators and consultants is also a key resource requirement, as is retaining and expanding the internal SRP staff with relevant experience and skill sets. **Based on FP25 budget and subject to SRP Board approval of budget each year.*
FY26 Action Plan Updates	• Subscribe a combined 180 MW of dispatchable DR capacity by the end of FY26. • Develop and implement DR program options for large business customers that desire greater operational flexibility and predictability. • Continue to evaluate and refine residential BYOT dispatch strategies to optimize performance, improve customer experience and limit customer impact. • Test DR concepts and strategies for deploying targeted locational load management as part of a future VPP.

TRANSPORTATION ELECTRIFICATION

Goal Language	Support adoption of 1 million* electric vehicles (EVs) in SRP's service territory and manage 90% of EV charging. **As forecasted by third-party industry consultants.*
Baseline Value and Year	The Transportation Electrification (TE) baseline was established as the number of EVs in SRP service territory as of the beginning of FY16. This baseline value as of the beginning of FY16 was approximately 2,300 EVs.
Scope of Goal	The TE goal is focused on SRP enabling EV adoption within its service territory and preparing the grid for growing EV loads. The level of EV adoption is dependent upon several external factors, including EV technology, pricing, policy and customer acceptance. Managed charging includes both passive and active managed charging through price plans, dispatchable load management, OEM integration, connected smart homes, and behavioral and other emerging programs.
5-year Milestone Value	At the conclusion of FY30, SRP's TE initiatives are estimated to bring the total number of EVs supported in SRP's service territory to 460,000 with SRP managing 84% of EV charging.
5-year Milestone Value – Explanation for Value Above	The five-year milestone of 460,000 EVs in SRP service territory by FY30 is appropriate as SRP's long-term TE plans will continue to build and evolve over the next five years to support EV adoption. The 2035 TE goal was doubled based on forecasts from industry consultants* and a desire from stakeholders that SRP should commit to a specific aspirational EVs-in-operation target to demonstrate leadership and commitment to EV enablement. As outlined in the key assumptions section, several factors, including enabling federal policy and funding support, EV manufacturers' commitment and pricing, technological improvements and customer education and acceptance, influence this metric. SRP is committed to tracking and reporting on this metric to better understand and influence the impact this transition to EVs will have on its system. Relative to the five-year milestone of 84% of managed EV charging, this milestone anticipates further maturity and scaling of both passive and active managed charging techniques through a combination of programs, price plans, education and partnerships. **EPRI (2023 Updated EV Forecast) and Guidehouse (2024 Managed Charging Roadmap)*
Pace of Progress	To reach this five-year milestone, SRP also sets annual cumulative EV targets as outlined below: • FY26: 100,000 • FY27: 160,000 • FY28: 240,000 • FY29: 340,000 • FY30: 460,000 Managed charging is currently at 79% with EV customers participating predominantly in TOU price plans. This will continue as we transition to our future pricing structures, and over the longer term, we will begin seeing more active managed charging opportunities as the industry, communications and devices advance. To reach the five-year milestone, SRP anticipates managed charging will progress as follows: • FY26: 80% • FY27: 81% • FY28: 82% • FY29: 83% • FY30: 84%

Key Initiatives	• Offer a portfolio of residential and commercial TE programs and initiatives that serve various customer segments. • Evolve programs to align with overall SRP system needs by shifting EV charging to periods of high renewable generation. • Evaluate and implement pricing and charging strategies identified in the SRP Managed Charging Roadmap. • Leverage the TE Activator initiative to engage an ecosystem of TE community partners and stakeholders to further spur EV adoption. • Align programs to leverage state and federal (Inflation Reduction Act and Infrastructure Investment and Jobs Act) rebates and tax incentives.
Key Assumptions	• Federal policy remains positive and in place to support the transition to EVs, and federal incentives and tax credits continue to enable adoption. • EVs continue to improve in price competitiveness versus internal combustion engines for all transportation segments. Battery technology continues to improve, enabling EV price competitiveness. • EV manufacturers remain committed to announced EV manufacturing goals and plans, including investments in EV production plants and targets. • Public charging infrastructure buildout occurs at a rate that enables the EV marketplace by reducing customer range anxiety. Rapid expansion of fast charging occurs at a pace that does not create challenges to SRP's distribution system. • Due to technological improvements, price competitiveness, charging infrastructure growth and vehicle availability, commercial sector EV adoption will accelerate in the future. • With the growth in renewable energy supplies, our approach to TE will revolve around helping customers charge their EVs during periods that are more advantageous for the overall system. • State agencies will effectively align and implement TE rebates and incentives programs that are available as part of the Inflation Reduction Act and Infrastructure Investment and Jobs Act packages.
Key Risks in Achieving the Target	• Macroeconomic pressures and rising inflation may put SRP's 2035 TE goal and annual commitments at risk and could deter or delay EV adoption. • Changing resource and system capacity needs over time, accompanied with weak price signals, could limit SRP's ability to grow TE programs, meet the 90% managed charging goal, and optimize customer and organizational value. • Lack of technological maturity, price competitiveness and scale in EV market and managed charging solutions, including lack of data on where EV charging is taking place, may limit SRP's ability to plan for and manage growing electrification load in line with the 90% managed charging commitment.
Key Changes Necessary to Meet New Goal (if applicable)	Understanding our customers and educating them about the benefits our programs and solutions offer is critical to the success of SRP's five-year and 2035 TE initiatives. Increased EV adoption leads to lower economy-wide emissions, creates local jobs, and supports workforce and economic development. Customers and stakeholders need to better understand these larger community benefits so they can foster a connection with our goals.
Resources Required to Achieve Milestone	• Over the FY26–FY30 planning period, the TE program portfolio will provide a diverse and growing range of program offerings to address our customers' expectations and SRP's needs. This will require resources in terms of a program budget to fund the initiatives. • During this time, the proposed annual TE budget is $11M to $12M each year and totals approximately $57M over the five-year planning horizon.* This represents SRP's overall budget for TE initiatives and comprises planning and strategy, program administration, rebates, marketing, program evaluation, and research and testing costs. • Securing and maintaining the resources of multiple third-party implementation partners and consultants is also a key resource requirement, as is retaining and expanding internal SRP staff with relevant experience and skill sets. **Based on FP25 budget and subject to SRP Board approval of budget each year.*

FY26 Action Plan Updates	• Continue to refine SRP's portfolio of residential and commercial EV enablement programs that support a total of 100,000 EVs within SRP's service territory by FY26 year-end. • Leverage the new SRP Home Energy Report™ program capabilities to help identify residential EV chargers and educate EV owners within SRP service territory on shifting their EV charging load to midday, low-cost, low-emission hours. • Pilot and test workplace and other commercial managed charging options to gain additional insights. • Collaborate with internal SRP teams and external TE program administrator to offer site advisory services to further support the growth in business charging infrastructure. • Coordinate with Arizona Governor's Office of Resiliency on EV-related funding and incentives and promote those additional funding opportunities to SRP customers. • Engage with the TE Activator group to continue to collaborate and find partner opportunities to help advance EV adoption in the state of Arizona.

ELECTRIC TECHNOLOGIES

Goal Language	Expand portfolio of Electric Technology (non-EV) programs to deliver 320,000 MWh of annual aggregate energy impact.
Baseline Value and Year	Baseline value of 0 MWh of annual aggregate energy impact as of the beginning of FY16.
Scope of Goal	The E-Tech goal will include a portfolio of programs and measures that focus on displacing and/or converting fossil-fuel-powered (non-EV) systems and devices to electric within SRP service territory.
5-year Milestone Value	At the conclusion of FY30, the E-Tech program plan is estimated to bring SRP to 248,000 MWh of annual aggregate energy impact.* **Based on SRP's 2023 Integrated System Plan and resource planning needs.*
5-year Milestone Value – Explanation for Value Above	The five-year milestone of 248,000 MWh of annual aggregate energy impact by FY30 is appropriate as SRP's long-term E-Tech plans will continue to build and evolve over the next five years to deliver on this target. This milestone balances program costs and incremental energy impacts with assumptions for additional viable technologies and Inflation Reduction Act funding to support achievement of the goal.
Pace of Progress	To reach this five-year milestone, SRP also sets annual incremental energy impact targets for each year as outlined below: • FY26: 24,000 MWh • FY27: 27,000 MWh • FY28: 30,000 MWh • FY29: 32,000 MWh • FY30: 34,000 MWh
Key Initiatives	· Diversify portfolio by offering a variety of E-Tech measures that meet customers' unique needs. · Evolve E-Tech programs to target load growth during midday hours with abundant renewable generation. · Continue to provide technical guidance and solutions to business customers to help evaluate and understand electrification opportunities and market needs. · Provide options to support adoption of residential heat pumps, heat pump water heaters and other electric measures through our existing residential rebate and new construction programs. · Align programs to leverage state and federal (Inflation Reduction Act) rebates and tax incentives.
Key Assumptions	· Policy regarding displacement and conversion of fossil fuels will support electrification. · Limited impacts from competition for additional load growth. · Customers continue to grow their knowledge and understanding that electrification is a tool to manage their operating costs and meet their established sustainability and decarbonization goals. · Electric supply costs remain on par with other fossil fuel costs.
Key Risks in Achieving the Target	• Macroeconomic pressures, low fossil fuel costs, high interest rates and continued inflation may put SRP's 2035 E-Tech goals and commitments at risk and could deter or delay electrification. • Changing resource and system capacity needs over time accompanied with weak price signals could limit SRP's ability to grow and scale programs and optimize customer and organizational value.
Key Changes Necessary to Meet New Goal (if applicable)	Understanding our customers and educating them about the programs and solutions we offer is critical to the success of SRP's five-year E-Tech initiatives. At the same time, E-Tech programs allow us to lower economy-wide emissions, create local jobs, and support workforce and economic development. Customers and stakeholders need to be engaged with these larger community benefits so they can foster a connection with our goals.

Resources Required to Achieve Milestone	• Over the FY26–FY30 planning period, the E-Tech program portfolio will provide a diverse and growing range of program offerings to address our customers' expectations and SRP's needs. This will require resources in terms of a program budget to fund the initiatives. • During this time, the annual E-Tech budget is $3M to $4M each year and totals $17M over the five-year planning horizon.* This represents SRP's overall budget for E-Tech initiatives and comprises program administration, rebates, marketing costs and program evaluation costs. • Securing and maintaining the resources of multiple third-party implementation partners and consultants is also a key resource requirement, as is retaining and expanding the internal SRP staff with relevant experience and skill sets. **Based on FP25 budget and subject to SRP Board approval of budget each year.*
FY26 Action Plan Updates	· Expand the portfolio of Electric Technology programs to deliver 24,000 MWh of annual incremental energy impact by FY26 year-end. · Educate E-Tech program participants on the benefits of load shifting from a cost-savings and decarbonization perspective. · Continue to provide technical assessments to identify electrification opportunities and build a pipeline of custom electrification projects with large business customers. · Coordinate with Arizona Governor's Office of Resiliency on federal funding and incentives and promote those additional opportunities to SRP customers. · Continue to partner with Arizona State University, Electric Power Research Institute and the Department of Energy's EPIXC (Electrified Processes for Industry without Carbon) institute to identify new electrification technologies and projects and best practices for industrial electrification.

GRID ENABLEMENT

Goal Language	Enable the interconnection of all customer-sided resources, including solar photovoltaic (PV) and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction.
Baseline Value and Year	The Grid Enablement goal is the percentage of customer distributed energy resource (DER) interconnection applications approved (e.g., solar PV and battery storage) and grid integrity assessed by existing indicators for reliability and power quality (System Average Interruption Duration Index, SAIDI; System Average Interruption Frequency Index, SAIFI; and Sag Count Index, SCI) as of the beginning of FY22. The baseline value is an annual rolling target representing 100% of customer interconnection agreements approved.
Scope of Goal	The goal includes the interconnection of all customer-sided resources, including solar PV, battery storage and electric vehicle (EV) charging infrastructure, and the ability to integrate these resources into the real-time operation of SRP's electrical system.
5-year Milestone Value	SRP will enable the interconnection of all customer-sided resources, including solar PV and battery storage, without technical constraints while ensuring current levels of grid integrity and customer satisfaction. The milestone is an annual rolling target representing 100% of customer interconnection agreements approved.
5-year Milestone Value – Explanation for Value Above	This milestone is appropriate as SRP's long-term DER plans and resources will continue to build over the next 10 years to interconnect additional customer-sided resources onto the grid.
Pace of Progress	Progress is achieved by maintaining the annual rolling target representing 100% of customer interconnection agreements approved.
Key Initiatives	• Continue to assist SRP's residential and business customers with the interconnection of solar PV and battery storage systems in SRP's service territory. • Collaborate among SRP's internal organizations to plan and coordinate activities to further refine the customer interconnection processes to ensure grid integrity and customer satisfaction. • Continue to refine and execute the Distribution Enablement Roadmap to optimize the value of DER on the grid and advance design standards and operational capabilities needed to ensure grid integrity and customer satisfaction.
Key Assumptions	• Solar penetration and the advancement of battery storage technologies will continue to accelerate. • The federal investment tax credit (ITC) will remain in place at 30% for solar and battery systems through December 2032 due to the passing of the new federal legislation. • SRP's resource requirements to staff the DER application and interconnection processes will grow over the next five years and will continue to require optimization. • There will be a diversity of DERs connected to transmission, distribution and customers. • There will be bidirectional power flow with dynamic variability of energy and demand that will require advanced system planning and operations capabilities beyond what exists today.
Key Risks in Achieving the Target	**Customer-Sided Technology Development:** Enabling new customer-sided resources and new business models could quickly shift customer demands and expectations thus resulting in risks to customers' satisfaction if SRP is unable to incorporate new technologies. **Internal Resource Constraints:** Load growth and associated capital requirements could narrow the focus of the organization to the execution of large bulk-scale resources and just-in-time power delivery expansion to ensure delivery of energy and capacity thus creating constraints in Distribution & Technology Operations and Distribution Maintenance. This could lead to pressures on the resources required to support grid enablement.

Key Changes Necessary to Meet New Goal (if applicable)	Not applicable
Resources Required to Achieve Milestone	The current FY26 DE Roadmap update which covers FY26–FY31 is estimated to require the following to support Distribution Grid Enablement: • Total Number of Projects: 51 • Total Capital Budget Requirement: $16.1M • Total O&M Budget Requirement: $13M • Total Resource Hour Requirement: 177K
FY26 Action Plan Updates	• Stabilize the foundational deployment of the Advanced Distribution Management System (ADMS), including the Distributed Energy Resources Management System (DERMS), and begin working on feature enhancements. • Establish the capability for real-time distribution system modeling to enhance the system planning process. • Study the impacts of widespread EV charging, including fast-charging technology (DCFC), on the distribution grid and incorporate findings into the system planning process. • Deploy 45 new remote fault indicators on underperforming circuits and integrate with the ADMS. • Evaluate and update interconnection standards and processes for customer-owned microgrid deployments based on a field demonstration. • Study the technical feasibility of virtual power plant (VPP) deployments and establish formal interconnection standards, processes and tools, including customer incentives and operational and communication requirements.

CUSTOMER SUSTAINABILITY SENTIMENT RATING

Goal Language	Maintain above industry average in performance in the J.D. Power Sustainability Index.
Baseline Value and Year	Maintain above industry average in performance in the J.D. Power Sustainability Index each reporting year. This is an annual rolling target.
Scope of Goal	The Sustainability Index evaluates electric utility residential and business customer awareness, support, engagement and advocacy for their local utility's sustainability programs and goals. SRP is leveraging this index to monitor our scores as compared to peer utilities and the study average.
5-year Milestone Value	Maintain above industry average in performance in the J.D. Power Sustainability Index each reporting year through FY30.
5-year Milestone Value – Explanation for Value Above	The industry average will likely increase each year. To maintain above average performance, the SRP score will also need to increase.
Pace of Progress	Progress is achieved by maintaining above industry average performance in the J.D. Power Sustainability Index each year.
Key Initiatives	· Provide exceptional customer experiences by delivering more integrated sustainability-related solutions, services and interactions. · Create need-based campaign journeys and personalized sustainability content to meet customers where they are, with information they're looking for in ways they want to consume it. · Leverage data-backed communication and research to strategically impact progress. · Optimize our sustainability web experience. · Collaborate with internal communications and public relations teams to leverage improved crisis communications plans and execution. · Continue to support customer community engagement teams with sustainability-related educational materials.
Key Assumptions	· Integrated customer experience solution and srpnet.com updates will hit target launch and implementation dates. · Providing more personalized customer experiences will positively impact customers' awareness of our sustainability efforts. · Customer interest in sustainability will remain consistent with the current state. · J.D. Power rankings will stay consistent in measurement and weight. · Dedicated investment will continue to exist for sustainability campaigns to increase customer awareness of our goals, progress toward those goals and enrollment in energy-, water- and money-saving programs.
Key Risks in Achieving the Target	This goal is comparative so risks can either be obstacles to SRP's progress or changes that allow other utilities to advance more quickly than SRP. • Policy and regulatory changes that encourage or require peer utilities to more quickly take actions that positively impact their customers' perceptions of their sustainability efforts. • Relative increase in sustainability messaging or offerings by peer utilities. • Balancing SRP customers' priorities on affordability and reliability needs relative to sustainability messaging in the brand campaign. • Increased expectations from SRP customers regarding the pace that SRP progresses toward goals and addresses their sustainability concerns.
Key Changes Necessary to Meet New Goal (if applicable)	• Annual monitoring and analysis of peer utility performance in the J.D. Power Sustainability Index to ensure deep understanding of key drivers that are impacting scores and subsequent rank. • Increased emphasis on business customer support, engagement and advocacy for sustainability programs and goals may be required.

Resources Required to Achieve Milestone	• Full-time employees for communications, customer research and design support. • Dedicated investment for sustainability campaigns to increase customer awareness of our goals, progress toward those goals and enrollment in energy-, water- and money-saving programs.
FY26 Action Plan Updates	· Launch a new brand campaign to generate awareness of our efforts to provide affordable, reliable water and power to our customers across a diversified and increasingly lower-carbon energy portfolio. · Share 2025 progress toward the 2035 Sustainability Goals broadly through an engaging marketing and communications campaign. · Launch the solar customer journey to help more customers find solar programs that align with their lifestyle and budget. · Continued support of energy efficiency, demand response, water conservation and solar programs to increase customer awareness and enrollment in energy-, water- and money-saving programs. · Continued support and communication of the Integrated System Plan, including campaigns that launch our new lower-carbon energy resources and additional energy infrastructure to the Valley.

FOREST RESTORATION

Goal Language	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.
Baseline Value and Year	**Baseline Value = 0 acres** **Baseline Year = 2019** For measurement toward the 800,000-acre goal, we count all acres accomplished for each year over the course of the reporting timeframe (2019–2035). **Historical Average Four Forest Restoration Initiative (4FRI) Commercial Thinning Acres (2010 to 2018 average):** 12,681 acres **Historical Average 4FRI Non-Commercial Acres (2010 to 2018 average):** 24,660 acres **Historical Average Annual Acres:** 37,341 acres (2010 to 2018 average) We use the Historical Average Annual Acres number to determine how much progress is above and beyond the Historical Average Annual Acres value. **Revision History:** SRP developed and began tracking this goal in 2019. At that time, to establish a representative baseline, we used the complete data set offered by the U.S. Forest Service (2010–2018) and averaged the acres completed. Acres completed in 2019 and beyond are now tracked year by year. We added to the Historical Average Annual Acres the 4FRI non-commercial acres treated to capture all acres treated.
Scope of Goal	Our updated goal of 800,000 acres by 2035 includes the original metric of 4FRI commercially thinned 4FRI acres and adds the metrics of non-commercially thinned 4FRI annual acres and non-4FRI thinning acres, both commercial and non-commercial. Commercial thinning is the thinning and removal of merchantable-sized trees (typically ≥5″ DBH*) typically using conventional ground-based machinery to meet resource objectives. Commercial thinning is accomplished using commercial timber sales, stewardship contracts or agreements. *Diameter breast height, or DBH, is the standard for measuring trees and refers to the tree diameter measured at 4.5 feet above the ground. Non-commercial thinning or mastication is the thinning of non-merchantable-sized trees (typically <5″ DBH) or shrubs. This work is often completed with chainsaw crews or with masticators. Non-commercial hazardous fuels reduction is typically accomplished with service contracts or with Forest Service crews. 4FRI is a landscape-level effort to restore 2.4 million acres of ponderosa pine and mixed conifer forests on portions of the Apache-Sitgreaves, Coconino, Kaibab and Tonto national forests in northern Arizona. Non-4FRI acres are located outside of the 4FRI footprint but within SRP's Salt and Verde river watersheds.
5-year Milestone Value	500,000 acres of forest thinned by FY30.
5-year Milestone Value – Explanation for Value Above	Based on the baseline, we anticipate reaching 500,000 acres by 2030. The 2024 cumulative annual acres was 194,564 acres + Historical Average for years 2025–2030 (224,046 acres) + additional investment acres (92,500). This would result in 511,110 acres by 2030. We rounded down to 500,000 acres for a buffer of uncertainty (wildfires, forest closures, wet winters, industry capacity, etc.).
Pace of Progress	Actual thinned acres can vary based on external factors; however, high-level projections/estimates suggest the pace of progress toward the FY30 milestone may follow the below annual benchmark trajectory: • FY26: 286,000 acres • FY27: 339,000 acres • FY28: 396,000 acres • FY29: 453,000 acres • FY30: 500,000 acres

Key Initiatives	1. Execute new implementation partnerships: Red Rock Ranger District (Coconino National Forest), Apache-Sitgreaves National Forests, The Nature Conservancy, AZ Elk Society and Prescott National Forest. Pursue additional potential partnerships with organizations such as the White Mountain Apache Tribe, San Carlos Apache Tribe and Kaibab National Forest. Through these valuable implementation partnerships, we strive to collectively implement 200,000 to 250,000 acres of forest restoration over the next 10 years. 2. Implementation of the Forest Health Investment Strategy to attract investment partners to increase the pace and scale of forest restoration in northern Arizona. Grow the SRP Healthy Forest Initiative™ and the SRP Resilient Water and Forest Initiative™. Pursue other innovative financing mechanisms. 3. Pursue and execute biomass utilization partnerships, including issuing contracts for biochar creation. Release a biochar request for proposal to diversify and strengthen the forest product industry.
Key Assumptions	1. Funding committed by the USFS will be available from the federal budget on the agreed upon timing and amount of funding. 2. USFS policy changes will not adversely impact planned forest operations. 3. Implementation operations will not be significantly impacted by weather or wildfire disruptions. 4. The forest product industry will increase their in-woods capacity and their processing capacity.
Key Risks in Achieving the Target	Federal budget disruptions and reductions are possible given upcoming elections and those could impact near-term projects and associated USFS staff availability. Heritage survey work is required for every project. There is a shortage of heritage contractors that is causing survey work to take up to 18 months. Additionally, the State Historic Preservation Office approval is required which can add additional time. Wildfire risk is constant and has the potential to significantly impact planned project areas. The loss of forest product industry partners would negatively affect the ability to process biomass and slow down forest operations and impacts.
Key Changes Necessary to Meet New Goal (if applicable)	Incorporation of acres completed with a broader set of implementation types (commercial, non-commercial, prescribed fire) will provide a more representative number of completed acres to reach the new 2035 goal of 800,000 acres. Securing additional long-term partnerships will assist in increasing completed acres. Additionally, there is a need for more biomass outlets in the forest product industry. Federal funding is beginning to dwindle which could lead to an increased need for SRP to provide additional project funding. This will require innovation in funding mechanisms and growing our current funding programs.
Resources Required to Achieve Milestone	$12.5M to $15M over the next five years to achieve the milestone. As we ramp up forest project implementation, an increase in operations and maintenance budget allocations for SRP's forest health contributions will be necessary. Based on projected implementation timelines and project estimates, the amount is an additional $2M in our budget per year. Additionally, we will need another $500K-$1M to scale up our biomass utilization efforts. Additional full-time employees will be required to support the anticipated growth (project and partner portfolio expansion and management, data analysis and management, etc.) in the SRP Healthy Forest Initiative.
FY26 Action Plan Updates	1. Begin implementing partnership with Apache-Sitgreaves National Forest and Coconino National Forest Red Rock Ranger District to increase the amount of partnership acres. 2. Extend SRP Resilient Water and Forest Initiative offerings to mid-sized commercial customers to attract additional investment. 3. Issue biochar request for proposal with the potential of awarding one or more contracts to begin scaling our biomass utilization efforts.

GOAL SETTING PROCESS SUMMARY

SRP's Board approved an original set of 14 Sustainability Goals in 2017. In recognition of the need to pursue meaningful goals and transparently report progress in achieving them, SRP engaged in a robust stakeholder and Board engagement process in FY19 in order to refine the SRP 2035 Sustainability Goals framework before developing the first five-year action plans (FY21–FY25).

In November 2018, SRP initiated a community engagement stakeholder process to review and revise the SRP 2035 Sustainability Goals. The process involved two phases of engagement with external stakeholders and customers and a third phase of engagement with SRP's Board and Council. During the first phase, SRP met with a broad group of stakeholders representing a wide range of customer, community and advocacy groups to hear feedback about the goals and their direction. During the second phase, SRP convened a smaller representative group of stakeholders to engage in deeper dialogue about the goals. This group, the SRP 2035 Sustainability Advisory Group, is made up of customers, municipal and academic partners, nonprofits and advocacy groups, and representatives from SRP's Customer Utility Panel. At the same time, SRP also opened a public comment process to solicit feedback from customers and other members of the public. The purpose of these activities was to gain community input, recommendations and support for revised SRP 2035 Sustainability Goals.

SRP also engaged the Board and Council to educate them on the goal context, get their feedback and ultimately gain approval for an updated set of SRP 2035 Sustainability Goals. In order to provide an informative and engaging dialogue with the Board and Council, SRP held a study session in April 2019 where SRP Management and staff presented the outcomes from the stakeholder engagement process.

As a result of the stakeholder and customer input during the engagement process, SRP proposed an updated, more comprehensive set of goals that represent issues important to both our operations and the community. The SRP Board formally approved these SRP 2035 Sustainability Goals at the beginning of FY20 on June 3, 2019.

FY24 SUSTAINABILITY GOALS UPDATE PROCESS

SRP Management committed to reviewing the suite of 2035 Sustainability Goals every five years to ensure that they continue to meet the needs of SRP's customers and communities. In June 2023, SRP initiated a goal update process by meeting with 2035 Sustainability Advisory Group members individually to provide an overview of the process, answer questions, and collect input on the process and priorities for discussion. SRP designed an engagement process based on the goals and topics prioritized by the Advisory Group. Between September 2023 and January 2024, the Advisory Group met six times to review and discuss the 2035 Sustainability Goals and the proposed updates recommended by SRP, including a special session to discuss the Generation Carbon goal in greater detail at the request of the Advisory Group. The recommendations presented in initial meetings were maintained or revised based on feedback received from the Advisory Group. Meetings were facilitated by a third-party consultant, Dr. Kim Hartmann.

During the week of Jan. 8, SRP hosted three open house events across the Valley (Glendale, east Mesa and south Phoenix) to gather broader public input. In total, approximately 150 customers and community members attended the three events. SRP subject matter experts attended to discuss and answer questions related to the recommended goal updates.

During the same week, a comment form was available on SRP's website to solicit feedback on the proposed goals. SRP received 351 online comment form submissions in addition to email submissions. The public comment form and open house events were advertised by SRP through a press release, social media and direct customer email invitations.

SRP's Board and Council were engaged in this update process via the participation of observers in the Advisory Group meetings and sharing feedback and recommendations throughout the process.

Stakeholder and public engagement allowed SRP to consider feedback in proposed goal revisions. This input resulted in making certain goals more ambitious, explicitly stating baseline years in several goals for greater transparency, modifying the titles of some goals for improved clarity and affirming that several goals should remain standalone targets (versus proposals to combine them). In March of 2024, SRP's Board approved a revised suite of Sustainability Goals.

The materials from the Goal Update Process Advisory Group meetings are available **here**.[1]

SRP 2035 SUSTAINABILITY MANAGEMENT SYSTEMS

A crucial success factor for the 2035 Sustainability Goals is the implementation of effective management systems to guide and embed sustainability into the culture, priorities and operations of SRP. These systems include a governance structure; integration with the company's strategic and financial plans; communications and engagement plans; and effective data governance. Each of these elements are summarized below.

GOVERNANCE STRUCTURE

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

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

STRATEGIC AND FINANCIAL PLANNING

There is a growing recognition that sustainability has tangible value as a core business function, including cost savings and organizational resilience. Therefore, sustainability spending in SRP's financial planning is not treated as distinct line items, but as part of the total cost of doing business and providing customer value.

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

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

DATA GOVERNANCE

A critical part of the 2035 Sustainability Goals process is the implementation of effective data governance to support reporting progress toward each goal. To ensure accurate and timely reporting, we must manage sustainability data collection, transformation and communication of key performance indicators (KPIs)* in a way that provides value to the business and advances transparency by capturing available, consistent and auditable data.

DATA GOVERNANCE PURPOSE AND STRUCTURE

SRP has developed a structure for data governance that ensures pertinent data is available, consistent and auditable:

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

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

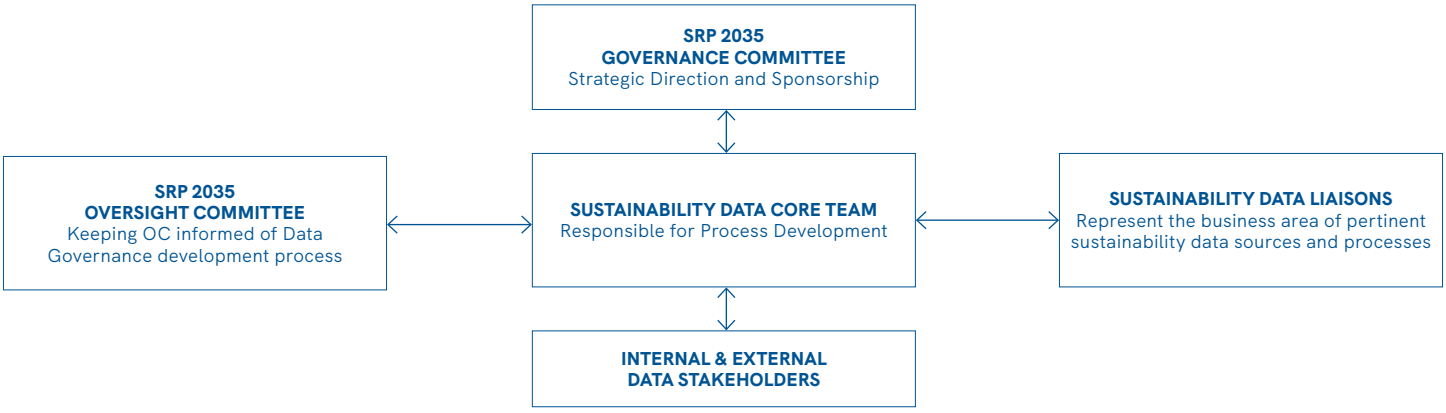
Auditable: Maintain quality data, ensure accountability and confidence in the information reported.

SRP's plan is built upon ongoing sustainability reporting efforts that consider the existing SRP IT efforts around data management practices currently in place within each department. In order to do this, we have implemented a methodology and team structure for data governance. This structure includes two teams to support the Governance Committee: the data governance process core team and the sustainability data liaisons (see Figure 5).

The core team manages collective process improvements and interfaces with the sustainability data liaisons during the reporting process. The sustainability data liaisons, a group of approximately 20 employees, serve as the data experts for each of the SRP 2035 Sustainability Goals. The Information Management and Environmental Systems departments provide support as needed and inform decision-making where corporate solutions are necessary for larger, more complex data sources. The sustainability data core team and sustainability data liaisons evaluate and refine the data sources.

SRP also engages a third-party auditor to verify its Carbon Intensity metric and Scope 1 and 2 Greenhouse Gas Inventory on an annual basis to a reasonable level of assurance. The information is then published to The Climate Registry's online database.

FIGURE 5 | SRP 2035 Data Governance Team Structure



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

DATA GOVERNANCE PROGRESS FROM FY20

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

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

Requirements within this structure are built from a combination of existing and anticipated SRP standards as well as data management best practice. We completed an initial implementation of the data governance framework in FY21, followed by the establishment of Data Governance Management Plans for all 2035 Sustainability Goals to detail internal processes for KPI calculation, documentation and process improvements. The Plans are regularly reviewed by the sustainability data liaisons during the annual reporting cycle to ensure continued accuracy.

ENGAGEMENT AND COMMUNICATIONS

ENGAGEMENT

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

COMMUNICATIONS

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