

**TO:** Salt River Project (SRP) Board and Management

**FROM:** The Alliance for Industrial Efficiency; Ameresco, Inc.; Arizona State University; Employers for Renewable Energy; National Association of Energy Service Companies; Salesforce; and Symantec

**DATE:** May 6, 2019

**SUBJECT:** SRP's establishment of new sustainability goals as part of its 2035 Sustainability Process

Dear Salt River Project (SRP) Board and Management:

As major businesses, institutions, and employers in Arizona; large energy consumers of SRP; and companies with significant business interests and investments in SRP's service territory, we are committed to increasing the use of renewable energy and energy efficiency in Arizona. Given our preferences for clean and affordable energy resources, we urge SRP to pursue a resource portfolio that aligns with these objectives and to adopt a robust 2035 carbon emissions reduction target that is science-based to reduce absolute carbon emissions by at least 53 percent below 2005 levels by 2035.<sup>1</sup> We further recommend that SRP adopt interim targets to ensure accountability and adopt a stretch goal to reduce emissions by 63 percent below 2005 levels by 2035. We also support the adoption of strong companion policies for renewable energy, energy efficiency, demand response, and electric vehicles that will help SRP to deliver on its carbon commitments.

We understand the importance of reducing carbon pollution and the opportunities provided by clean energy adoption. Nearly half of the Fortune 500 have set goals to reduce greenhouse gas emissions and/or increase their use of clean energy because it makes business sense.<sup>2</sup> Clean energy helps large energy users save money, lock-in predictable energy prices, and stay competitive. In fact, a 2017 analysis shows that renewable energy and energy efficiency investments have saved U.S. companies \$3.7 billion a year, freeing up significant capital that can be reinvested into our facilities, operations, employees, students, and the communities that we serve and in which we operate.<sup>3</sup> Clean energy not only makes economic sense, our customers, employees, faculty, student bodies, and investors also expect us to invest in it.

Utilities around the Southwest are also adopting ambitious goals to reduce carbon emissions. For example:

- In 2018, Xcel Energy announced it will reduce its emissions by 80% and will rely on 100% carbon-free energy by 2050.<sup>4</sup>

---

<sup>1</sup> The carbon emissions reduction targets we recommend are based on SRP's 2005 electrical generation emissions. However, we recommend that SRP also account for carbon emissions reductions from transportation electrification to ensure that SRP receives credit for any future net reductions in carbon emissions that exceed the increase in carbon emissions resulting from additional generation needed to charge electric vehicles.

<sup>2</sup> Ceres, "Power Forward 3.0: How the largest U.S. companies are capturing business value while addressing climate change," April 15, 2017, <https://www.ceres.org/resources/reports/power-forward-3>. Overall, 48% of the companies in the 2016 Fortune 500 (240 companies) have set targets to reduce greenhouse gases, improve energy efficiency, and/or increase renewable energy sourcing.

<sup>3</sup> Ibid. This figure represents the collective reporting of 190 companies.

<sup>4</sup> Xcel Energy, "Building a Carbon-Free Future: Our bold vision for 2030 and 2050," [https://www.xcelenergy.com/environment/carbon\\_reduction\\_plan](https://www.xcelenergy.com/environment/carbon_reduction_plan)

- The Public Service Company of New Mexico has proposed to reduce its emissions ~75% below 2005 levels by 2035.<sup>5</sup> In addition, New Mexico Governor Michelle Lujan Grisham recently signed the *Energy Transition Act* (Senate Bill 489) into law.<sup>6</sup> The law establishes a target of 100% carbon-free electricity from New Mexico's investor-owned utilities by 2045 and from rural cooperatives by 2050.<sup>7</sup>
- In 2018, NV Energy announced a goal of 100% renewable energy.<sup>8</sup>

Additionally, 21 international electric utilities and energy-related companies have committed to a science-based target or are in the process of setting one.<sup>9</sup>

Strong carbon reduction goals will benefit Arizona's economy. Carbon reduction targets combined with SRP commitments to meet the targets through increased use of renewable energy and energy efficiency will provide the necessary market signals for businesses to make additional investments in Arizona and ensure job growth continues in the state's clean energy economy. Additionally, it will help the state stay competitive, reduce overall energy costs, and improve the resiliency of our electric grid.

As customers pursuing our own sustainability and renewable energy goals, we also want to play a role in SRP's transition to a cleaner electricity system. We are encouraged by the progress made through SRP's Sustainable Energy Offering program, which will bring 200 MW of renewable energy to nearly a dozen large customers while also supporting SRP's 2035 goals.<sup>10</sup> We encourage additional opportunities to allow SRP customers to choose renewable energy. We also applaud SRP for continuing to exceed its energy-savings goals each year.

We value an affordable, reliable, and clean electricity supply, and we commend SRP for the progress it has made to-date to increase energy efficiency and renewable energy deployment. We applaud SRP Management and Staff for their efforts in fostering an open and transparent process to establish new 2035 Sustainability Goals as well as their willingness to consider input from the business community and other stakeholders.

In closing, our companies and organizations stand ready to work with you to support a sound, environmentally-responsible, and affordable energy policy for SRP. We urge SRP to adopt a robust and ambitious 2035 carbon emissions reduction target that is science-based, and to pursue an energy resource portfolio that will achieve the carbon reduction target. We see adopting a robust, science-

<sup>5</sup> Public Service Company of New Mexico, Figure 44. Tons of CO2 With and Without PVNGS, PNM 2017-2036 Integrated Resource Plan, July 3, 2017; and Public Service Company of New Mexico, "Annual Carbon Emissions (metric tons), PNM 2014 IRP, <https://www.pnm.com/documents/396023/428017/092613-carbon-emissions.pdf/0361224b-8e12-4765-9c82-a2149252d964>. In its latest integrated resource plan, PNM's preferred portfolio (its "Most Cost Effective Portfolio") anticipates carbon emissions of ~1.7 million tons by 2035. This represents an ~75% reduction from its 2005 baseline of 6,982,356 million tons. See also: PNM Resources, "Climate Change Report," <http://www.pnmresources.com/about-us/sustainability-portal/climate-change-report.aspx>, in which PNM states that it has set goals for its electricity generation to be 70% carbon-free by 2032 and to achieve an 87% reduction in carbon emissions below 2005 levels by 2040.

<sup>6</sup> Office of the Governor of Michelle Lujan Grisham, "Governor signs landmark energy legislation, establishing New Mexico as a national leader in renewable transition efforts," March 22, 2019, <https://www.governor.state.nm.us/2019/03/22/governor-signs-landmark-energy-legislation-establishing-new-mexico-as-a-national-leader-in-renewable-transition-efforts/>

<sup>7</sup> Senate Bill 489, The Energy Transition Act, <https://www.nmlegis.gov/Legislation/Legislation?Chamber=S&LegType=B&LegNo=489&year=19>

<sup>8</sup> NV Energy, "NV Energy Announces Largest Clean Energy Investment in Nevada's History," May 31, 2018, <https://www.nvenergy.com/about-nvenergy/news/news-releases/nv-energy-announces-largest-clean-energy-investment-in-nevadas-history>

<sup>9</sup> Science Based Targets, "Surge in global business embracing climate science to navigate low-carbon transition," September 13, 2018, <https://sciencebasedtargets.org/2018/09/13/surge-in-global-business-embracing-climate-science-to-navigate-low-carbon-transition/>. To search for companies in the database see: [Science Based Targets. "Companies Taking Action."](https://sciencebasedtargets.org/companies-taking-action/) <https://sciencebasedtargets.org/companies-taking-action/>

<sup>10</sup> Salt River Project, "Commercial and Municipal Customers Sign up for Solar Energy from SRP," December 17, 2018, <https://media.srpnet.com/commercial-and-municipal-customers-sign-up-for-solar-energy-from-srp>

based absolute emissions target as a key tool to achieve our own sustainability goals and ensure a clean energy future in Arizona.

Sincerely,

Alliance for Industrial Efficiency  
Ameresco, Inc.  
Arizona State University  
Employers for Renewable Energy  
National Association of Energy Service Companies  
Salesforce  
Symantec

*For questions or to contact the signatories directly, please contact Emily Duff ([duff@ceres.org](mailto:duff@ceres.org)).*

*Additional Information About Select Signatories:*

The Alliance for Industrial Efficiency is a diverse coalition that includes representatives from the business, contractor, labor and academic communities. We represent trade associations with a strong presence in Arizona, such as the Sheet Metal and Air Conditioning Contractors' Association (SMACNA).

Employers for Renewable Energy (ERE) is a coalition of job creators who support state policies that enable greater customer choice for renewable energy. Our members include: Best Buy, Gap, Inc., IKEA, Target, VF Corporation, and Walmart.

The National Association of Energy Service Companies (NAESCO) is a national trade association promoting the benefits of the widespread use of energy efficiency for more than 30 years. NAESCO's current membership of ~90 organizations includes firms involved in the design, manufacture, financing and installation of energy efficiency and renewable energy equipment and the provision of energy efficiency and renewable energy services in the private and public sectors. Since 1990, ESCOs have delivered: \$45 billion in projects; \$50 billion in savings, and \$30 billion in infrastructure improvements.