

Re-Shored Manufacturing and Electricity Demand Growth

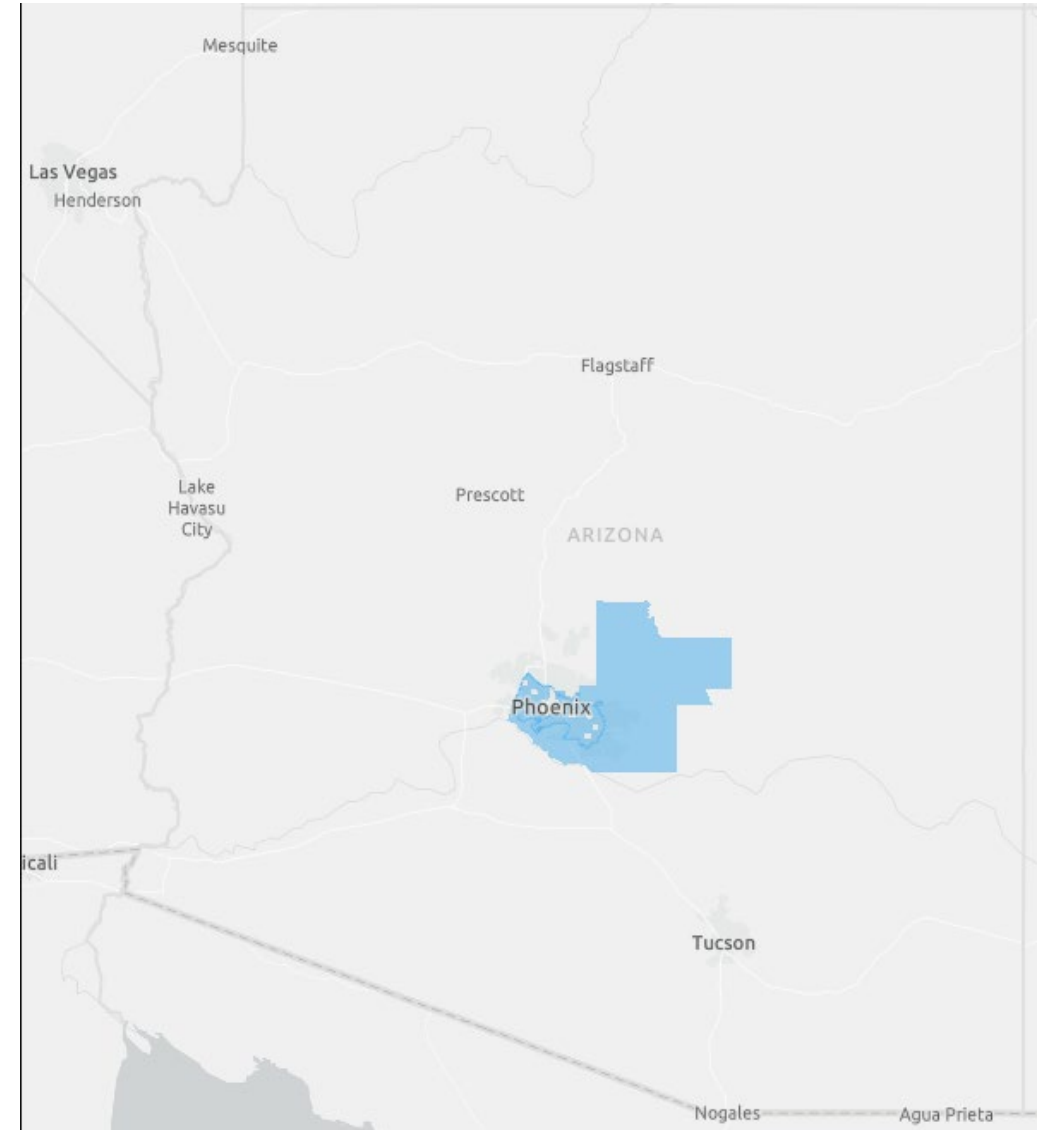
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SRP Forecasting and Load Research

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SRP Service Territory

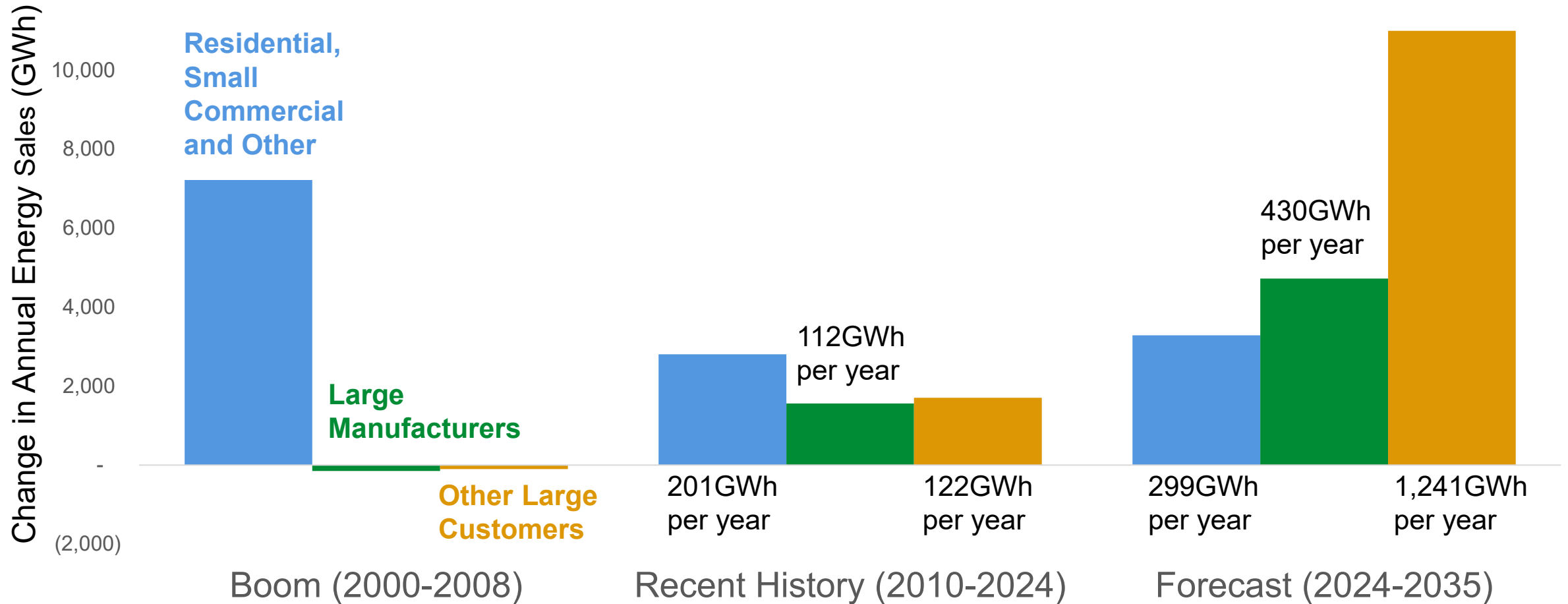
- 1.1 Million total customers
 - 1.03 million residential
 - 111k commercial, small industrial and other
- 31,385 GWh annual retail energy sales
- Peak load of 8,163 MW in July of 2023



SRP Large Customers Summary

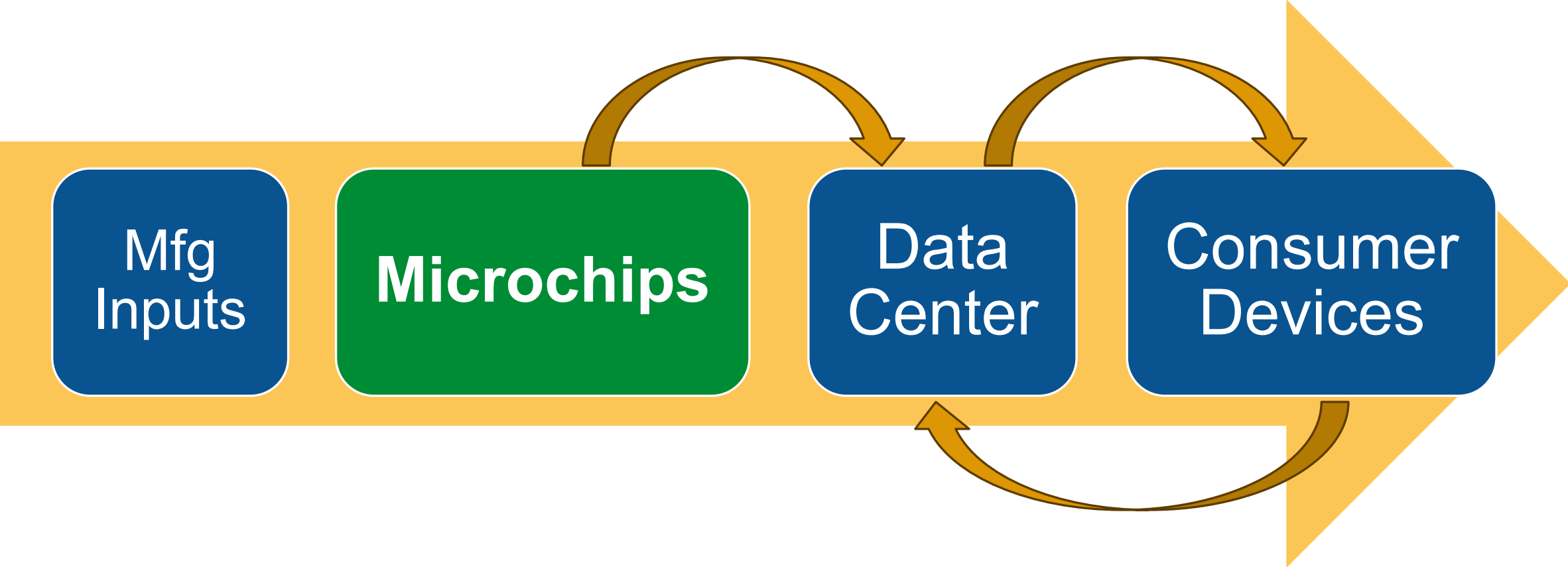
- Electric Service at the Primary Level: “Dedicated Substation Customers”
- Types of Manufacturing large customers:
 - **Semiconductor (Chips) manufacturing**
 - **Chips supply chain**
 - **Battery manufacturing**
 - Other Manufacturing

Future Energy Growth



**Why is manufacturing
load increasing?**

Manufacturing and the Data Center Supply Chain



Domestic Incentives and “Reshoring”

CHIPs and Science Act:

- \$54 Billion in total subsidies and \$39 Billion for “fab” construction
- \$11 Billion for research and development
- 25% investment tax credit
- Some funds already allocated to Arizona

Inflation Reduction Act:

- Advanced Manufacturing Production Credit (AMPC)

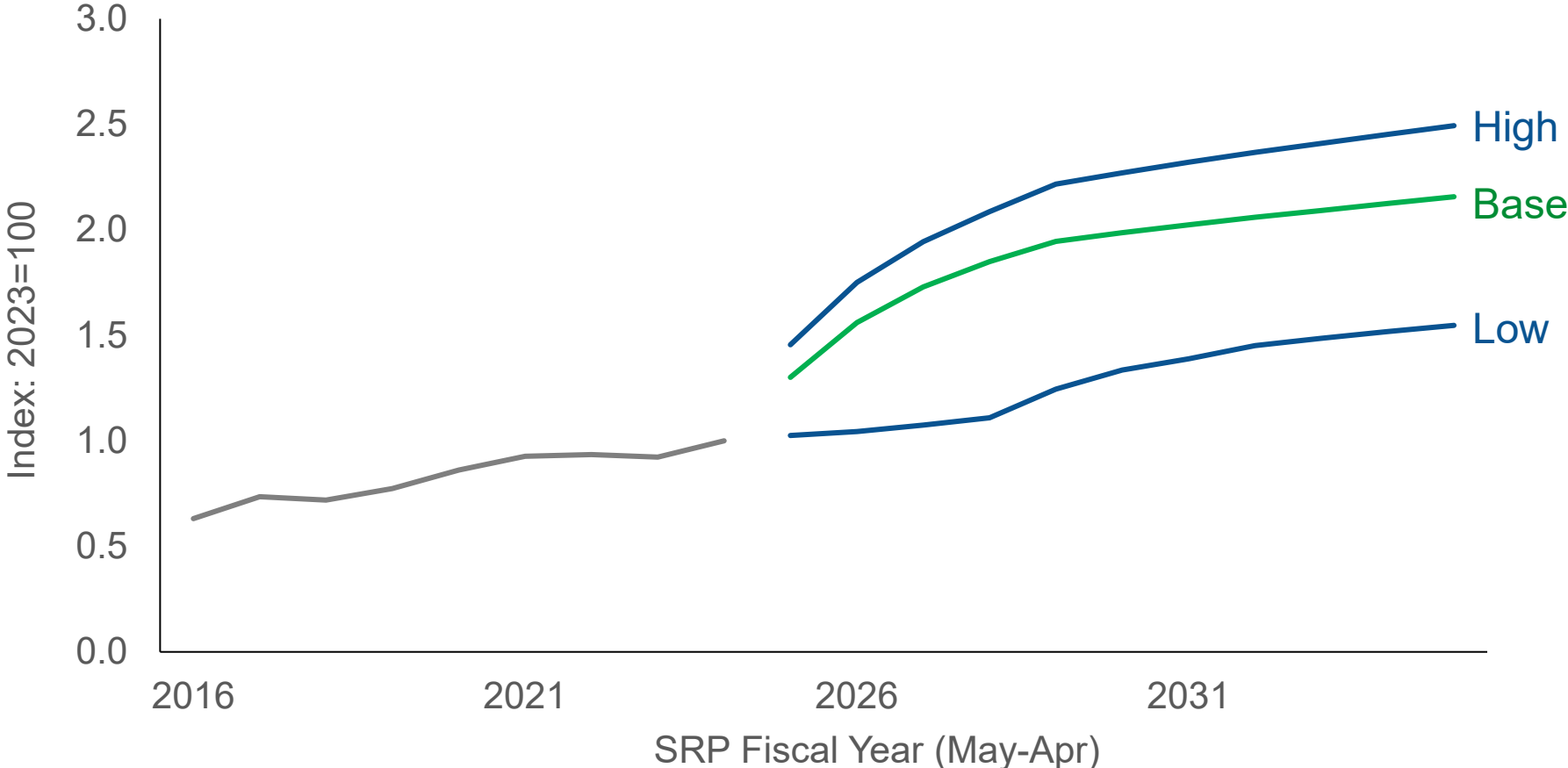
Sources: 1. Senate Committee on Commerce, Science and Transportation
2. U.S. Department of the Treasury



Methodology

Matrix Category	Project 1	Project 2	Project 3
Energy Infrastructure	30	40	40
Client Construction	5	10	10
Development Permits	10	10	10
Land Acquisition	10	10	10
Other Intelligence	10	20	-35*
Maturity Score (%)	75	90	35
Customer Provided (MW)	240	400	300
Final Load Forecast (MW)	180	360	105

SRP Total Manufacturing Load Forecast



Key Takeaways

- Increased chip manufacturing will support growth in peripheral and related manufacturing
- Data centers and manufacturing growth are intertwined
- Scenarios are a great way to illustrate risk

thank you!