

Verification Opinion Arizona Public Service Company CY2022 GHG and Water Inventories

Background

Cameron-Cole, LLC (Cameron-Cole) was retained by Arizona Public Service Company (APS) to perform an independent verification of its Greenhouse Gas (GHG) emissions and water withdraw and discharge Inventories for Calendar Year (CY) 2022. The Scope 1 and 2 GHG Inventory was developed according to the World Resources Institute (WRI)/World Business Council for Sustainable Development (WBCSD) Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004 revised edition) along with its associated amendments. The Scope 3 GHG Inventory was prepared using the WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard dated September 2011 and associated amendments. Our opinion on the results of the inventory, with respect to the verification objectives and criteria, is provided in this opinion.

Responsibility of APS & Independence of Verification Provider

APS has sole responsibility for the content of its GHG Statement. Cameron-Cole accepts no responsibility for any changes that may have occurred to the GHG emissions results since they were submitted to us for review. Based on internationally accepted norms for impartiality, we believe our review represents an independent assessment of APS's CY2022 GHG Emissions Inventory. Finally, the opinion expressed in this verification statement should not be relied upon as the basis for any financial or investment decisions.

Level of Assurance

The level of assurance is used to determine the depth of detail that a Verification Body designs into the Verification Plan to determine if there are material errors, omissions, or misstatements in a company's GHG assertions. Two levels of assurance are generally recognized—reasonable and limited. Reasonable Assurance generates the highest level of confidence that an emissions report is materially correct (with the exception of Absolute Assurance which is generally impractical for companies to achieve). Limited Assurance provides less confidence and involves a less-detailed examination of GHG data and supporting documentation. Limited Assurance statements assert that there is no evidence that an emissions report is not materially correct. Cameron-Cole's verification of APS's GHG Emissions Inventory for CY2022 was constructed to provide a reasonable Level of Assurance.

Objectives

The primary objectives of this verification assignment were as follows:

- Verify whether APS's CY2022 GHG Emissions and Water Inventories meet the generally accepted GHG emissions accounting principles of accuracy, completeness, transparency, relevance, and consistency;
- Verify APS's water withdrawal and discharge data in accordance with International Standard on Assurance Engagements (ISAE) 3000
- Determine if APS has reported all emissions in conformance with the WRI/WBCSD GHG Protocol; and
- Determine whether or not APS's 2022 GHG Emissions and Water Inventories meet/exceed the 95 percent threshold for accuracy for scope 1 and 2 emissions and water withdrawal and discharge, and 90 percent threshold for scope 3

Verification Criteria

Cameron-Cole conducted verification activities in alignment with the principles of ISO-14064-3:2019(E) Specification with guidance for the verification and validation of greenhouse gas statements. The APS's GHG statement was prepared to, and verified against, the WRI/WBCSD GHG Protocol and WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Verification Scope & GHG Statement

The scope of the verification covers APS's CY2022 GHG Emissions Inventory with the following boundaries:

- **Geographical:** United States
- **Chemical:** carbon dioxide (CO₂), nitrous oxide (N₂O), methane (CH₄), and sulfur hexafluoride (SF₆)
- **Organizational Boundary:** APS is using the operational control approach for accounting, as defined in the WRI/WBCSD GHG Protocol.
- **Operational Boundary:** The following sources/emissions were identified in APS's organizational boundary:
 - Scope 1
 - Direct emissions from stationary combustion sources: from electricity generating facilities- Yucca Ocotillo, Saguaro, Sundance, Douglas, Four Corners, Cholla, Redhawk, and West Phoenix
 - Direct Fugitive Emissions: SF₆ related to the operation of electricity distribution network

- Direct emissions from mobile sources
- Scope 2
 - Indirect emissions from purchased electricity-SPS line losses
- Scope 3
 - Business travel

In addition to the GHG verification scope described above, Cameron-Cole has verified APS's water withdrawal and discharge data.

APS's GHG assertions are as follows: For CY2022, APS reported 12,665,061.08 metric tons (MT) of carbon dioxide equivalents (CO₂-e) from direct emission sources (Scope 1), 3,946.76 direct biogenic CO₂ emissions, 123,121.47 MT CO₂e from Scope 2 location-based emission sources, 91,738.65 MT CO₂e Scope 2 market-based emission sources, and 1,125.49 MT CO₂e from Scope 3 emissions sources.

APS's Water withdraw and discharge assertion is as follows: 106,744.73 acre feet.

Verification Opinion

Based on the method employed and the results of our verification activities, it has been determined that APS's GHG and Water inventories for CY2022 are free of material errors, omissions, or misstatements. Cameron-Cole also found that APS's GHG accounting and calculation methodologies, processes, and systems for this inventory conform to the WRI/WBCSD GHG Protocol and WRI/WBCSD Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Cameron-Cole, LLC

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