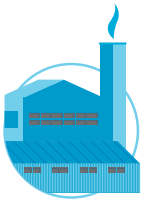
Converting Coal-Fired Units to Natural Gas

Tucson Electric Power plans to convert Units 1 and 2 at the coal-fired Springerville Generating Station (SGS) to operate on natural gas by 2030 to maintain reliable, affordable service and support local employment. The project also will reduce the carbon intensity of TEP's energy portfolio, helping us make progress toward our goal of net zero greenhouse gas emissions by 2050.

Saving Costs

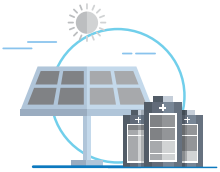
The conversion will cost much less than building new resources to provide comparable capacity to the coal-fired units. A natural gas conversion also will provide greater cost certainty compared to the continued use of coal.



Natural Gas Conversion
$170 million

Combined Cycle Gas Plant
$1.5 billion

Continuing Coal with Upgrades
$450 million

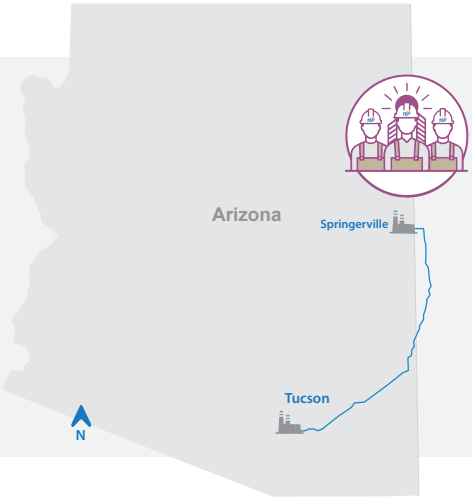


Solar Plus 4-Hour Storage
$4.5 billion

** Cost comparison, 750 MW equivalent capacity*

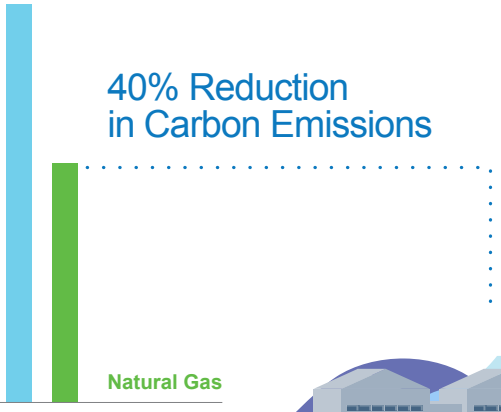
Saving Jobs

TEP has been operating the Springerville Generating Station since 1985 about 175 miles northeast of Tucson, near the Arizona-New Mexico border and about 15 miles outside of Springerville, Ariz. Converting the plant will maintain jobs and tax revenues for Springerville, Eagar, St. John's and other White Mountains communities that our employees call home.



Saving Emissions

Natural gas produces less carbon dioxide than coal generation. The conversion will support TEP's plan to achieve net zero direct greenhouse gas emissions by 2050 without compromising on reliability or affordability. TEP is committed to eliminating coal from our resource portfolio by 2032. Natural gas generation can serve as a "bridge" to a cleaner energy future, providing ready, reliable power while newer technologies mature.



**Reduction based on a 20-year project lifetime*