

# Exhibit to Agenda Item #3

Authorize the Chief Executive Officer and General Manager to finalize and execute two contracts with **Vestas American Wind Technology, Inc.** as follows:

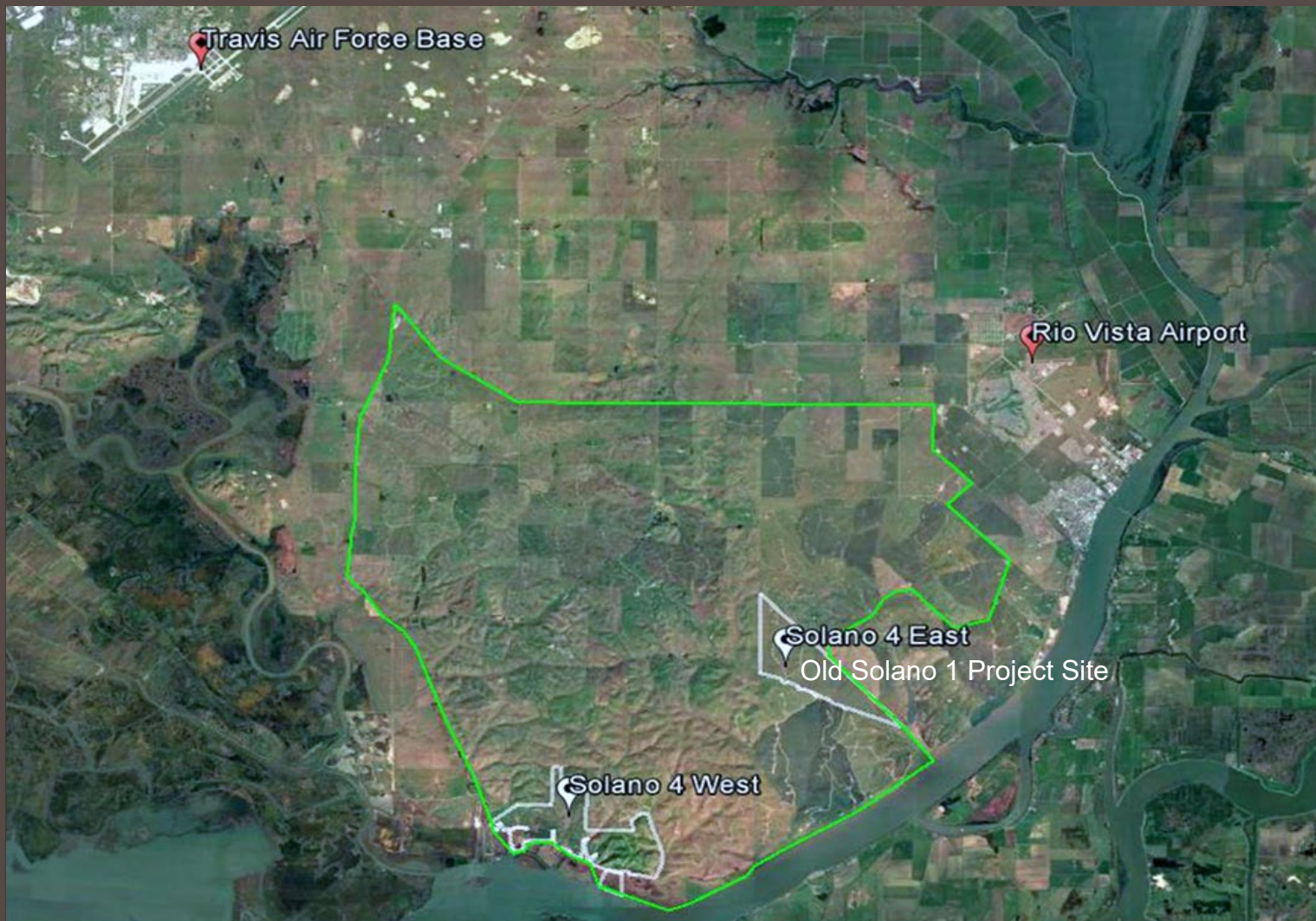
- a. Engineering, Procurement & Construction Services in connection with development of the 85.5 MW **Solano 4 Wind Project**, with substantial completion scheduled for May 2024, in an amount not to exceed \$215,458,407; and
- b. Operations and Maintenance (O&M) Services in connection with the **Solano 2, Solano 3, and Solano 4** wind assets for a period of 15 years, with one optional five-year extension, in an amount not to exceed \$189,965,811.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting

Tuesday, April 19, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# Project Background



Solano 1 includes 23 wind turbines (0.66 MW each) that will be removed (15 MW total)

Solano 4 Project will include 19 wind turbines (4.5 MW each)

- 9 turbines on Solano 4 East
- 10 turbines on Solano 4 West
- 85.5 MW total

Solano 2, 3, & 4 will have a total installed capacity of 300 MW

# Scope of proposed contract

1. The Solano 4 Engineering, Procurement and Construction contract will provide the following:
  - a) Project and construction management
  - b) Remove 23 Solano 1 project wind turbines.
  - c) Deliver and construct 19 V150-4.5MW wind turbines
  - d) Construction of Balance of Plant: such as roads, foundations, electrical collection system, fiberoptic network and a new equipment storage housing.
  - e) Commercial Operational Date by May 31, 2024

# Project Schedule

1. Notice To Proceed (NTP) 30 days after Board approval, mid-May 2022
2. Solano 1 project removal - Fall 2022
3. Construction - Early 2023 – May 2024
4. Commercial Operation Date by May 31, 2024

# Interconnection

1. Large Generator Interconnection Agreement Executed with CAISO and PG&E is complete
  - PG&E is currently upgrading their transmission system and the work will be complete in May 2025

# Procurement strategy

## Procurement process

- EPC for construction and services in one solicitation
- RFP process used for competition
- Pre-bid meeting participation from 13 potential partners
- Vestas, Siemens, GE – three of the largest wind turbine manufacturers in the world included initially
- Only 1 proposal received from Vestas

## Evaluation and negotiations

- Vestas's proposal was evaluated and scored exceeding minimum requirements
- SMUD performed a net present value (NPV) and levelized cost of energy (LCOE) analysis based on Vestas's bid
- Vestas's proposal was \$3M less than the original SMUD engineering estimate
- Negotiations completed in April 2022 for \$215,458,406

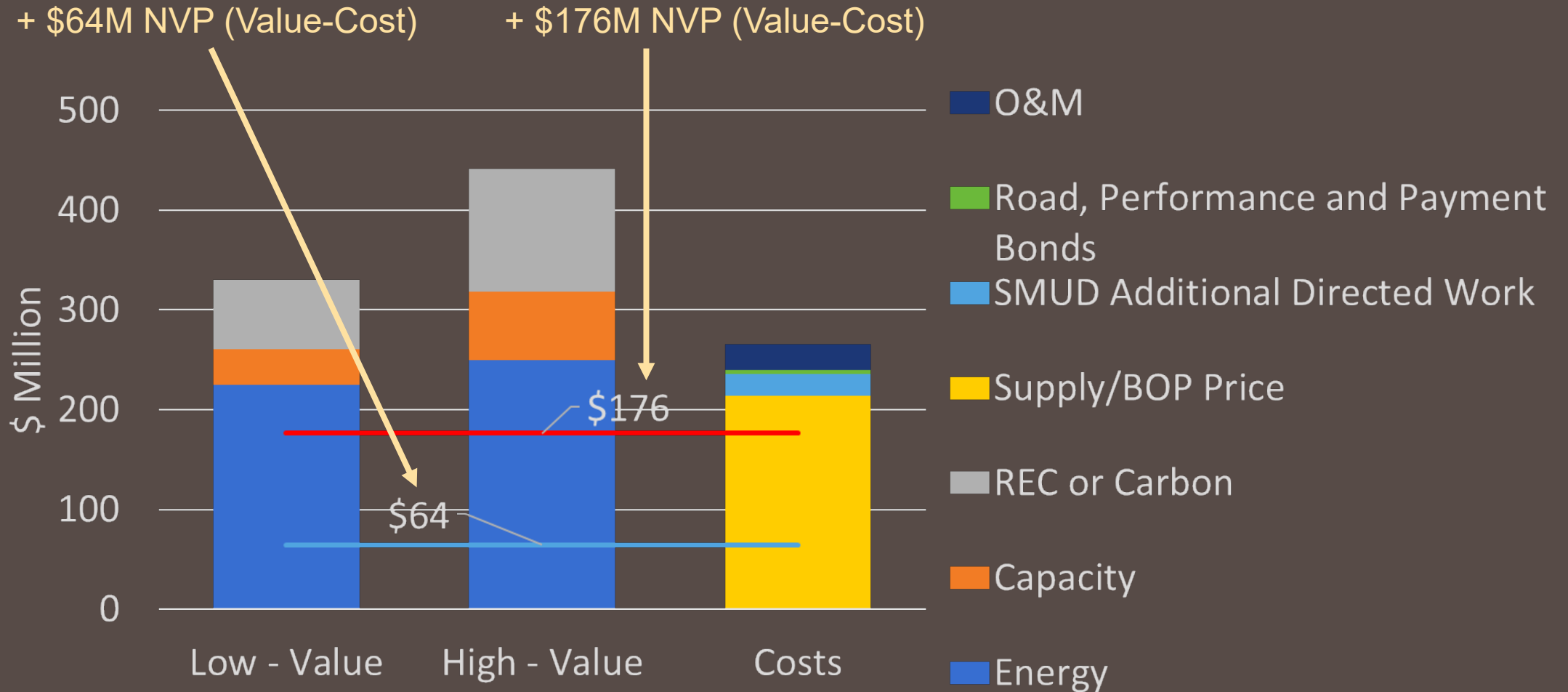
# Procurement strategy

## Vestas, Company Profile

- Ranked the most sustainable company in the world in 2022, by Corporate Knights
- SMUD was originally one of Vestas first customers in the United States in 2003, we have more than 20 years of experience working with Vestas
- Vestas, with 40 years, has more experience worldwide than any other organization in the wind industry
- Due to community workforce agreement (CWA), there is no SEED subcontracting, however Vestas will exceed all expectations of the CWA



# Project Economics



# Scope of proposed Operations & Maintenance Services contract

1. Full-service Operations and Maintenance of the SMUD wind turbines
  - Solano 2,3,4 - 103 turbines
2. Initial Term
  - 5 years Solano 2
  - 15 years Solano 3 & 4
  - \$120,038,219
3. Extended Term
  - Additional 5 years, \$69,927,592
4. Combined project production-based availability
  - 97%, Solano 2 & 3 while Solano 4 under construction
  - 97.5% post construction
  - Liquidated damages & bonus structure with a 1% dead band