

Exhibit to Agenda Item #1

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute the **Dry Creek Energy Storage, LLC (Dry Creek) Power Purchase Agreement (PPA)** for a 20-year term, with one optional five-year extension for a total of 25 years, for 160 MW of battery storage, substantially in form attached, and all other agreements necessary to facilitate the **Dry Creek Project**.

Board Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting

Wednesday, May 14, 2025, scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

Dry Creek Battery Storage Power Purchase Agreement (PPA)

Background

- In 2024, SMUD received a competitive offer from DESRI, the parent company of Dry Creek Energy Storage, LLC, to construct and operate a battery storage project at SMUD's Rancho Seco property (Dry Creek Project).

Dry Creek Storage Power Purchase Agreement (PPA) continued

Context

- SMUD will purchase the capacity and ancillary services.
- The Dry Creek Project will be co-located with Rancho Seco Solar II and share the existing Point of Interconnection to SMUD's transmission system.
- The Project will be owned and operated by DESRI with SMUD having full controllability and acting as the scheduling coordinator.
- SMUD will be the Lead Agency responsible for the CEQA Addendum.

Dry Creek Storage Power Purchase Agreement (PPA) continued



- Located at Rancho Seco
- Remote location ideal for battery storage
- Fire safety mitigation is included in the design
- Utilizing existing California Environmental Quality Act (CEQA) permit for Rancho Seco Solar II
- Competitively priced, dispatchable capacity

Dry Creek Storage Power Purchase Agreement (PPA) continued

Key Contract Terms

- Volume: 160 MW, 640MWh
- Annual cost: ~\$25 million
- Scheduled Commercial Operation Date: September 30, 2027
- Term: 20 years with an option to extend for an additional 5 years