

Exhibit to Agenda Item #1

Authorize the Chief Executive Officer and General Manager to negotiate and execute the **Grace Orchard Energy Center Solar Project (Grace Solar Project) Power Purchase Agreement (PPA)** with a 20-year term for 70 MW of solar photovoltaic power at an annual approximate cost of \$11 million, substantially in the form attached, and all other agreements necessary to facilitate the **Grace Solar Project**.

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

Tuesday, June 18, 2024, immediately following the Finance & Audit Committee and SMUD Special Board of Directors meeting scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

Grace Solar PV PPA

Board Policy

- Strategic Direction SD-2, Competitive Rates; Strategic Direction SD-7, Environmental Leadership; Strategic Direction SD-9, Resource Planning
- Provides renewable generation that supports the Renewable Portfolio Standards and 2030 Zero Carbon Plan.

Background

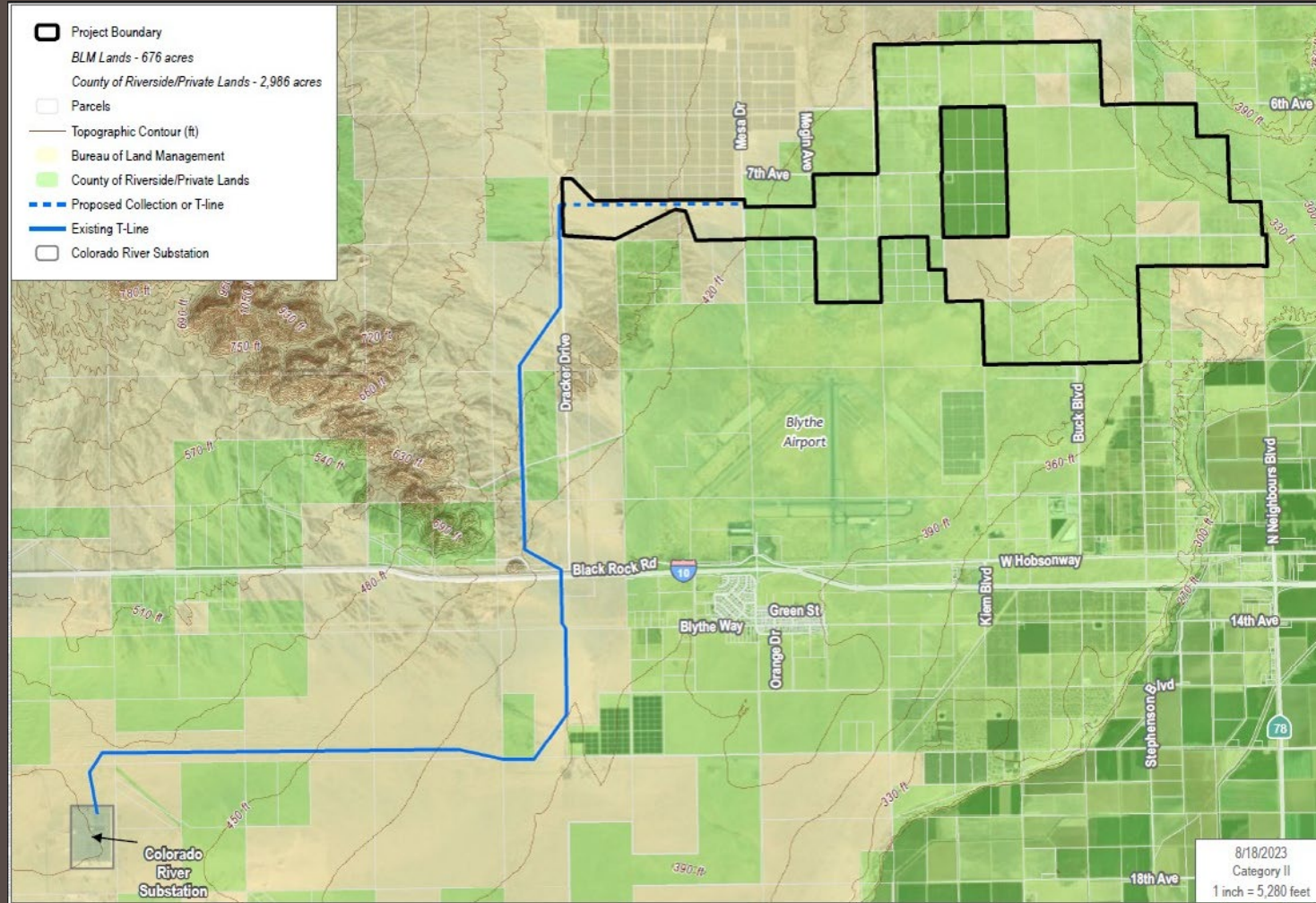
- In August 2023, SMUD received a competitive offer from NextEra Energy Resources, LLC, a leading national independent power producer.
- SMUD conducted an evaluation of the market and determined that the Grace Solar Project offer provided superior value versus the available alternatives.

Grace Solar PV PPA

Context

- SMUD will purchase the energy and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs).
- Approximately 206,000 MWh/year of carbon free generation.
- The 70 MW Grace Solar PPA is for SMUD's portion of the 500 MW Grace Orchard Complex.
- The project is located in Riverside County, California.
- NextEra is committed through the PPA to SMUD's Principles for Renewable Energy Development.

Grace Solar PV PPA



- The 500 MW Grace Orchard Complex is located on approximately 3,662 acres of privately held and BLM land.
- Interconnects to the CAISO grid at Southern California Edison’s (SCE) Colorado River 230 kV substation via a 10-mile gen-tie.
- The project embraces sustainability in construction, operation, and decommissioning, including minimizing impacts on environmental, cultural, and tribal resources.
- The developer also works with local labor to follow prevailing standards and practices and promote training in renewable energy.

Grace Solar PV PPA

Key Contract Terms

- Volume: 70 MW Solar PV
- Expected annual cost to be \$11 million including projected curtailment
- Scheduled Commercial Operation Date is December 1, 2027
- Term: 20 years

Grace Solar PV PPA

Requested Action

Authorize the Chief Executive Officer and General Manager to negotiate and execute the **Grace Orchard Energy Center Solar Project (Grace Solar Project) Power Purchase Agreement (PPA)** with a 20-year term for 70 MW of solar photovoltaic power at an annual approximate cost of \$11 million, substantially in the form attached, and all other agreements necessary to facilitate the Grace Solar Project.