

Exhibit to Agenda Item #2

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute a three-year **Customer-Tailored Electric Services Agreement** with **NTT Global Data Centers Americas, Inc. (NTT)**, substantially in form attached.

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

Wednesday, February 19, 2025, scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

NTT Global Data Centers Americas, Inc. (NTT)

- NTT is part of Nippon Telephone & Telegraph, founded by the Government of Japan in 1985.
- NTT has over 150 Data Centers in over 20 countries
- NTT Sustainability Goal is net zero emissions across data centers by 2030, & offices by 2035 & value chain by 2040
- Historical SMUD Agreements:
 - Raging Wire 2014 – 2017
 - NTT Global 2017 – 2021
 - NTT Global 2021 – 2025 (Current)
- Annual revenue to SMUD is currently approximately \$33M

Tailored Retail Agreement with NTT

- SMUD has supported NTT's load growth with tailored agreements that offered a rate discount from standard rates
 - NTT is served at 69 Kilovolt service
 - Current NTT load is approximately 35 MW
- The new Agreement provides NTT a reduced price at the existing locations while transiting NTT to standard rates
 - SMUD has exclusive rights to supply electricity to NTT accounts
 - The agreement complies with Board Resolution No. 97-04-13
 - The agreement balances SD-2 rate objectives while gradually transitioning NTT back to standard rates over three years.
 - The pricing recovers SMUD's marginal cost of service.
- The agreement supports NTT load growth

Pricing, Terms and Conditions

- The agreement reduces the rate discount over three-years
 - Current pricing effective since Mar 2024 expiring Mar 2025
- New contract has rate increases of 8.6% per year
- Customer tailored pricing reaches the standard rate by year three
- Negotiated pricing in \$/kWh as follows:
 - 2025 - \$0.11064/kWh
 - 2026 - \$0.12016/kWh
 - 2027 - \$0.13049/kWh
 - Estimated standard SMUD rate 2027 - \$0.1308/kWh
- Customer's average annual bill approximately \$33 million per year at current load
- This pricing provides a cumulative rate discount of \$5.3 million over the three years
- The new contract brings cumulative new revenue of approx. \$15 million