

Exhibit to Agenda Item #1

Discuss authorization of the Chief Executive Officer and General Manager to negotiate and execute the following:

- a. A power purchase agreement with **Hatchet Ridge Wind, LLC**, for a 7-year term for 101.2 MW of renewable wind power at an annual approximate cost of \$24 million, substantially in the form attached.
- b. A power purchase agreement with **SunZia Wind PowerCo, LLC (SunZia)** for a 15-year term for 150 MW of renewable wind power at an annual approximate cost of \$41 million, substantially in the form attached; and subsequent replacement power purchase agreement(s) with a **Pattern Energy, LLC**, subsidiary to address project investment capital needs, under substantially the same terms and conditions as the **SunZia** original power purchase agreement.

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

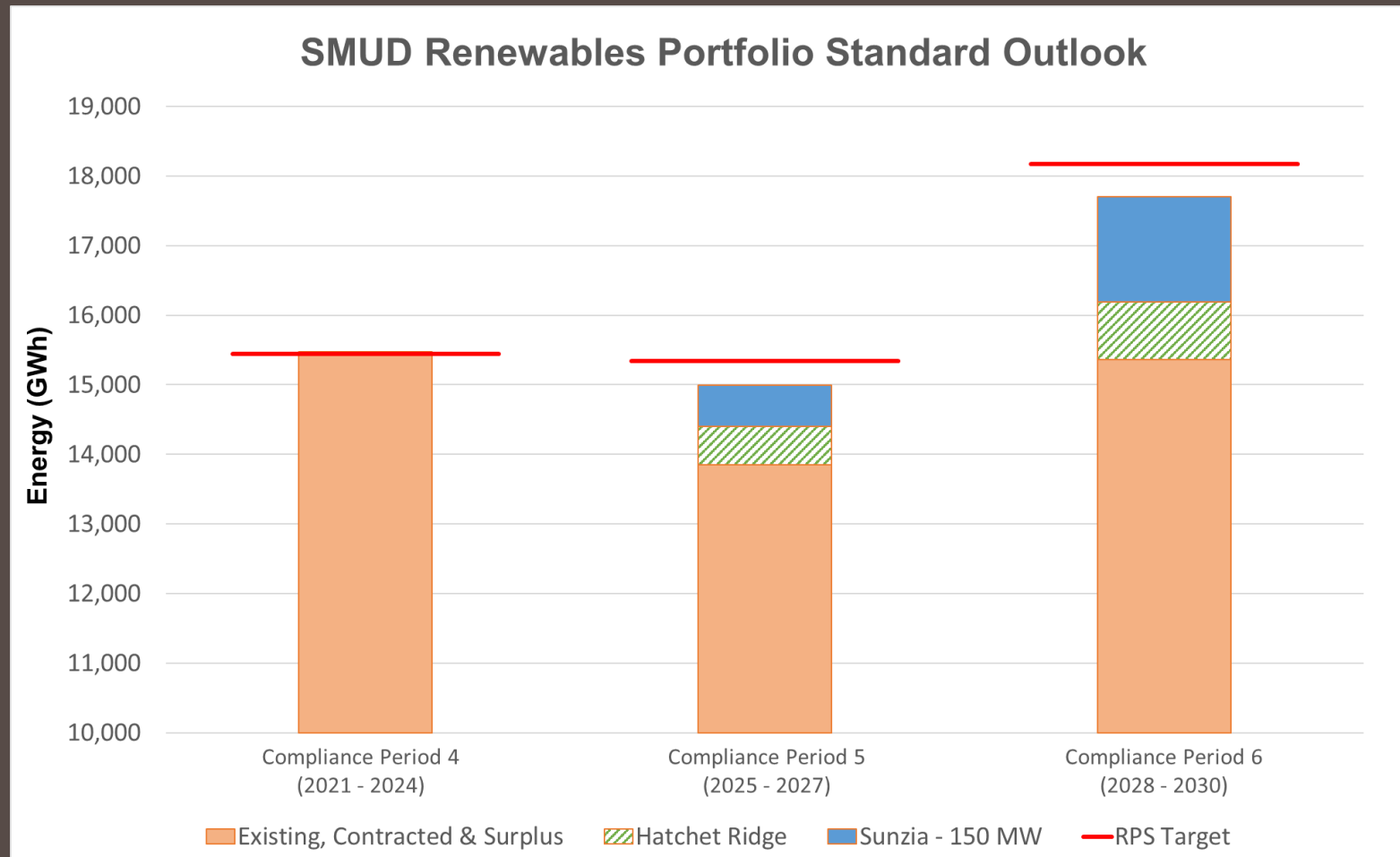
Wednesday, November 20, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

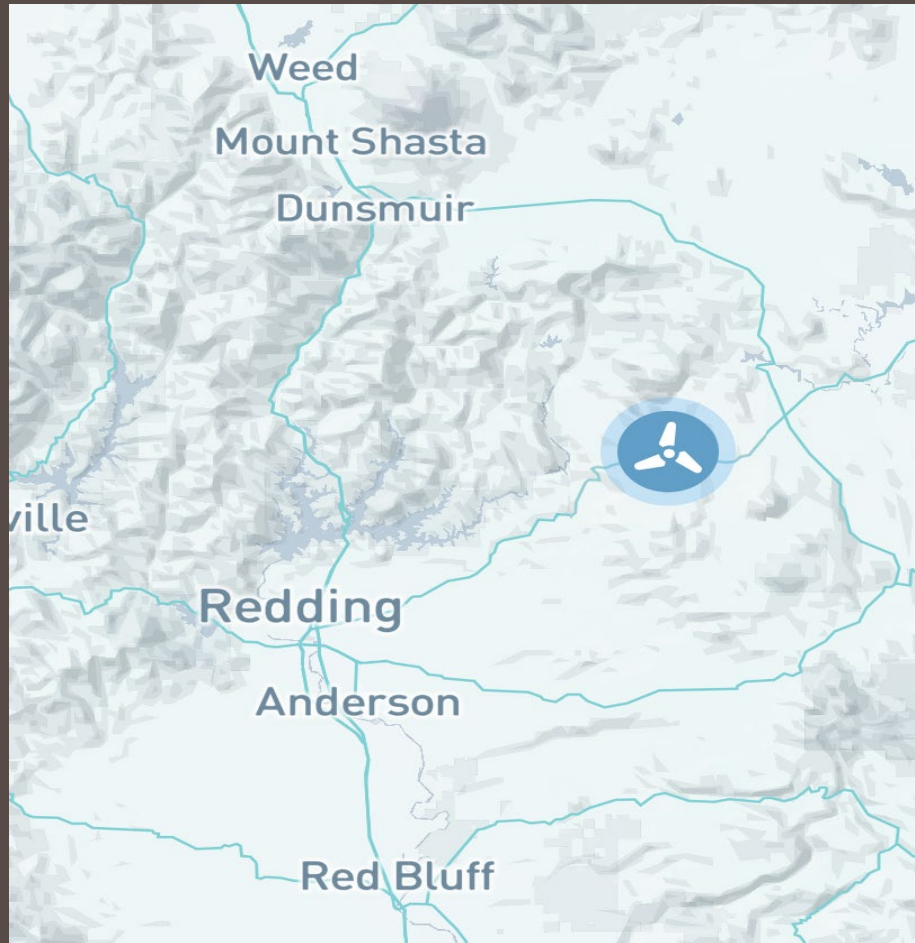
Hatchet Ridge and SunZia Wind Power Purchase Agreements (PPAs) Background

- The California Renewables Portfolio Standard (RPS) mandates and 2030 Zero Carbon goals continues to drive the need for more carbon-free resources.
- In early 2023, SMUD received a competitive offer for the offtake from two wind projects from Pattern Energy, LLC, a leading national independent power producer.
- The offer stipulated that the two PPAs must be approved as a package deal.
- Staff conducted an evaluation of the market and determined these projects provided superior value and solutions compared to available alternatives for meeting RPS mandates and 2030 Zero Carbon goals.

Hatchet Ridge and SunZia Wind PPAs RPS Impact



Hatchet Ridge Wind Project Location Information



- Located near Burney in Shasta County, California
- Developer supported site reforestation following project construction by planting 62,000 trees.
- Expected to generate over \$30 million in tax payments benefiting the local region and schools.
- Additional \$5 million investment in the local region through various education and community benefit funds.

Hatchet Ridge Wind PPA Context

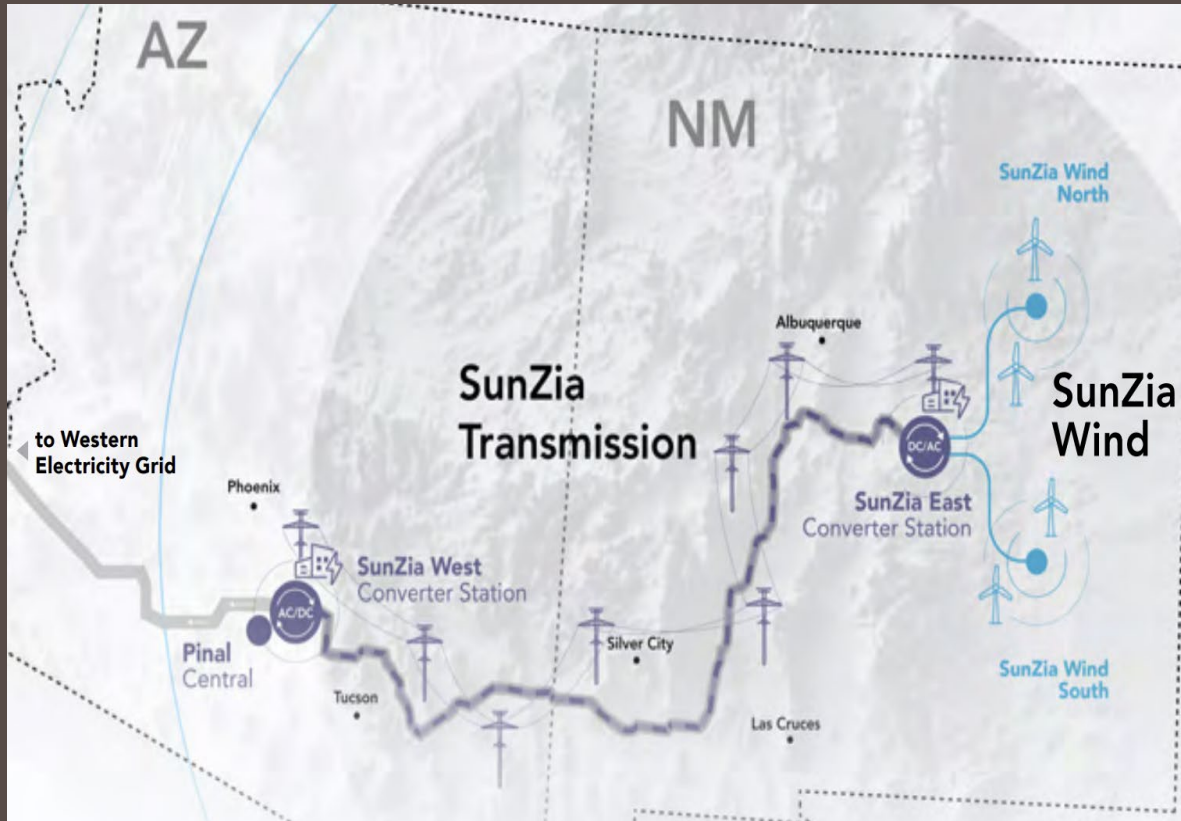
- This 101.2 MW wind project in Northern California achieved commercial operations in 2010 and has reached the end of its existing 15-year PPA.
- SMUD will purchase the capacity, energy, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs).
- The project produces approximately 270,000 MWh/year of carbon free generation.

Hatchet Ridge Wind PPA Key Terms

- Volume: 101.2 MW (Full project output)
- Cost: Expected annual cost is \$24 million
- Contract Start Date: Target date is December 14, 2025
- Term: 7 years

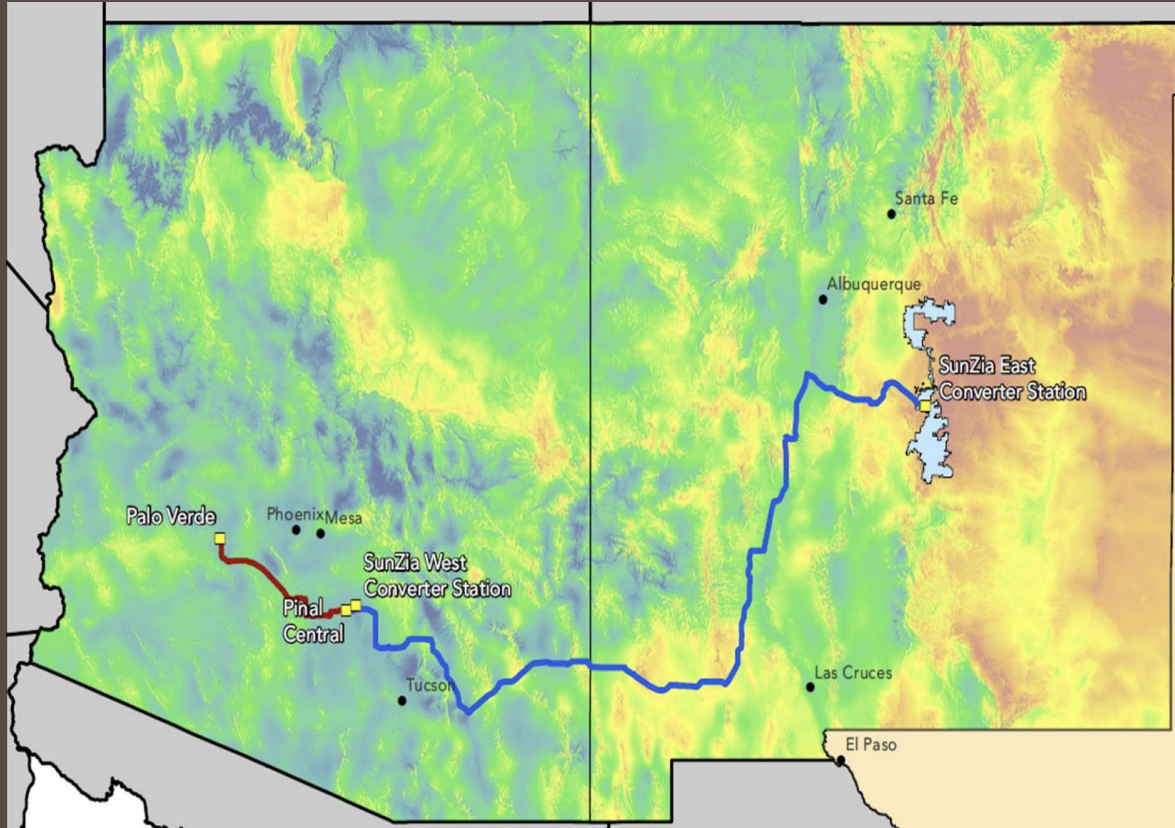


SunZia Project Location Information



- The wind projects are located in Lincoln, Torrance, and San Miguel Counties, New Mexico.
- A 550-mile, 525 kV high-voltage direct current (HVDC) transmission line runs between central New Mexico and south-central Arizona and crosses 10 Counties.
- Both projects combine to create the largest clean energy infrastructure project in United States History.

SunZia Project Location Information



- From SunZia Transmission, the developer holds firm transmission rights to deliver to the California Independent System Operator (CAISO) intertie where SMUD takes delivery.
- Delivery into the CAISO Balancing Authority makes the project generation eligible as CA RPS PCC1 RECs.
- SMUD utilizes CAISO import capacity as generation is needed to serve load.

SunZia Wind PPA Context

- SMUD's negotiated share equates to approximately 4% of the 3,500 MW SunZia Wind project in New Mexico.
- SMUD will purchase the capacity, energy, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs).
- SMUD's share will produce approximately 490,000 MWh/year of carbon free generation.

SunZia Wind Project Environmental Review

- Innovative technologies were used to minimize environmental impacts, such as bird flight diverters and near-ultraviolet illumination devices. The National Audubon Society has praised the project's environmental mitigation efforts.
- Working with Bat Conservation International and a local saguaro cactus grower to plant over 15,000 agave and saguaros to benefit bats, birds, and other wildlife.
- Purchasing and restoring habitat on a 1,100-acre property along the Rio Grande River that will be donated to become part of the National Wildlife Refuge System.



SunZia Wind Project Environmental Review



- Partnering with the Arizona Department of Game and Fish on several thousand acres of habitat restoration.
- Avoided direct impacts on Tribal cultural sites and avoided and minimized indirect impacts on cultural resources by redesigning the project's layout and infrastructure. Cultural specialists worked with project engineers to reroute and relocate access roads, wind turbines, and powerlines.
- The project received unanimous approval from the Arizona Corporation Commission (ACC) on its Certificate of Environmental Compatibility application, representing the completion of the AZ state permitting process. It also received unanimous approval from the New Mexico Public Regulation Commission.

SunZia Wind PPA Key Terms

- Volume: 150 MW
- Cost: Expected annual cost is \$41 million
- Commercial Operation Date: Target date is April 30, 2026
- Term: 15 years

Staff Recommendation

Authorize the Chief Executive Officer and General Manager, or his delegate, to negotiate and execute the following:

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