

Exhibit to Agenda Item #2

Discuss authorization of the Chief Executive Officer and General Manager to negotiate and execute the **Transaction Confirmation** agreement with **Sanborn 2 PV I, LLC** for an 8-year term for 46 MW of renewable solar photovoltaic power from the **Sanborn 2 PV I, LLC project (S2PVI Project)** at an annual approximate cost of \$4.4 million, substantially in the form attached, and all other agreements necessary to facilitate the **S2PVI Project**.

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

Tuesday, October 15, 2024, Immediately following the Finance & Audit Committee and Special SMUD Board of Directors Meeting scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Background and Context

- The California Energy Commission (CEC) mandates continuously escalating procurement of renewable energy by load-serving entities in California under the Renewables Portfolio Standard (RPS). Compliance is verified on a periodic basis
- This contract will provide renewable generation that supports the RPS and the 2030 Zero Carbon Plan
- The renewable generation from this contract will support RPS Compliance Periods 5 (2025-2027), 6 (2028-2030), and beyond

Evaluation Process

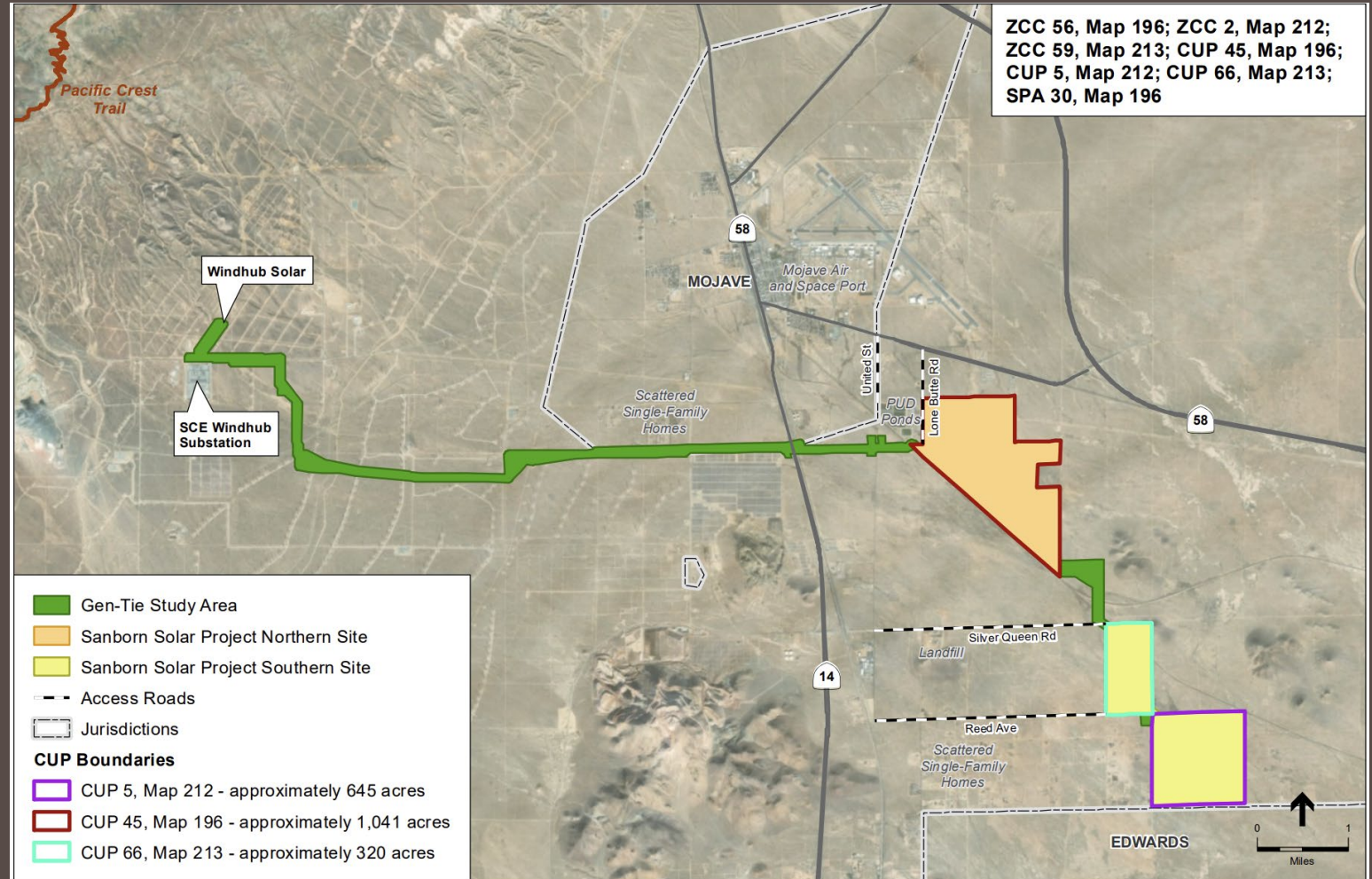
- In July, staff conducted an evaluation of the market and determined that this offer provided superior value and diversity in the portfolio versus available alternatives
- The Sanborn 2 PV I phase is part of a larger 300 MW solar photovoltaic project located near Mojave in Kern County, California
- Environmental Services has reviewed the project and CEQA shows impacts from the projected have been mitigated to less than significant for most resource areas
- A Statement of Overriding Considerations was prepared with adoption of the EIR for the significant and unavoidable impacts

Environmental Review

- Significant and unavoidable impacts for aesthetics and noise
- Significant and unavoidable cumulative impacts for aesthetics, air quality, biological resources, and wildfire
- A Statement of Overriding Considerations was prepared with adoption of the EIR for the significant and unavoidable impacts
- Sensitive species potentially impacted include: alkali mariposa lily, Joshua tree, desert tortoise, burrowing owl, Swainson's hawk, loggerhead shrike, LaConte's thrasher, desert (San Joaquin) kit fox, pallid bat, Townsend's big ear bat, American badger, golden eagle, ferruginous hawk, prairie falcon and Lawrence's goldfinch

Project Location

- The Sanborn 2 PV I is located near the city of Mojave in Kern County California
- Interconnects into the Southern California Edison Windhub 230kV Substation
- An earlier phase was awarded the Presidential Federal Sustainability Award for its advancement of Carbon-Free Electricity



Key Contract Terms

- SMUD's contracted share is 46 MW
- Annual volumes are unit contingent with minimum deliveries of 75 GWh, maximum deliveries of 155 GWh, and average deliveries of 116 GWh
- Pricing is index+ structure with a fixed-price ceiling
- Annual cost is expected to average \$4.4 million
- Term of the contract is 8 years (2027-2034)

Requested Action

Authorize the Chief Executive Officer and General Manager to negotiate and execute the Transaction Confirmation agreement with Sanborn 2 PV I, LLC for an 8-year term for 46 MW of renewable solar photovoltaic power from the Sanborn 2 PV I, LLC project (S2PVI Project) at an annual approximate cost of \$4.4 million, substantially in the form attached, and all other agreements necessary to facilitate the S2PVI Project.