Exhibit to Agenda Item #1

Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting
Tuesday, March 19, 2019 scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room
Rancho Seco Solar II - Project Overview

| Size          | 160 MW\textsubscript{ac} / 198 MW\textsubscript{dc}  
|              | 552 acres                                               |
| Timing        | CEQA complete                                          |
|              | Permitting: August 2019                                 |
|              | Construction: 2019-2020                                 |
|              | Operation: December 2020                                |
| Interconnect | Expands 230 kV switchyard                               |
|              | 34.5kV to 230kV Substation                              |
|              | 300 ft tie in line                                      |
| System Info  | 300 to 335 GWh/yr (Year 1, P50)                         |
|              | Azimuth - 210°                                         |
|              | 20° tilt                                                |
|              | 537,000 bifacial modules                               |
|              | 64 (2.5MW) central inverters                           |
Execute Agreements for Power Purchase and Interconnection with Rancho Seco Solar II LLC

Board Policy

• Supports SD-7 Environmental Leadership and SD-9 Resource Planning

Background

• Renewable energy credits planned to primarily supply the SolarShares program and may supply other SMUD Voluntary and Regulatory programs as required.
• Located on SMUD’s Rancho Seco project site and interconnects directly to SMUDs 230kV System
• The LLC’s parent company is Lendlease, a global company with $3.6 Billion in 2018 U.S. revenues. Their team has 300 MW of solar completed and with 2.5 GW under development.
Execute Agreements for Power Purchase and Interconnection with Rancho Seco Solar II LLC

Key Terms
• Volume: 160 MW capacity, with the final capacity adjusted based on permitting
  – 1st year production of 300,000 to 334,974 MWh
• Price:
  – Fixed price not to exceed $34.24/MWh
    Includes adjustments for 1st year production, mitigation/permitting and substation upgrades
  – Annual 1st year cost ~$10 million
  – Economic curtailment capability
    Contract allows for participation in energy imbalance markets, including economic curtailment with compensation to Seller for energy curtailed.
Execute Agreements for Power Purchase and Interconnection with Rancho Seco Solar II LLC

Key Terms (continued)

• Term:
  – Power Purchase Agreement 30 Years, with option to extend (shorter term than 35 year project life)
  – Interconnection Agreement 35 Years
  – Expected Commercial Operation Date (COD) is December 31\textsuperscript{st} 2020
  – Option for SMUD to purchase project after year 8
Execute Agreements for Power Purchase and Interconnection with Rancho Seco Solar II LLC

Benefits

• Supports SMUD’s renewable energy and carbon reduction goals

• Supplies SMUD SolarShares and other SMUD Customers with utility scale solar generation. Local solar generation resources are effective in marketing SolarShares.

• Expected COD of December 2020 supports SolarShares needs
Benefits (continued)

- Provides voltage support and energy capacity benefits to all customers

- Economic and firm priced renewable energy is directly interconnected to SMUD grid and avoids wheeling charges and congestion pricing
Execute Agreements for Power Purchase and Interconnection with Rancho Seco Solar II LLC

Levelized Cost of Energy ($/MWh)
Current SMUD Renewable Power Purchase Agreements

- Trend

RSII $39.60/MWh
Includes SMUD Development Costs $5.36/MWh

March 19, 2019
Execute Agreements for Power Purchase and Interconnection with Rancho Seco Solar II LLC

Requested Action

Authorize the Chief Executive Officer and General Manager, to execute a 30-year Renewable Power Purchase Agreement (PPA) and a 35-year Large Generator Interconnection Agreement (LGIA), between SMUD and Rancho Seco Solar II LLC (Seller), for an approximately 160 MWac solar photovoltaic project located at SMUD’s Rancho Seco property, with a Commercial Operation Date (COD) of December 31, 2020, and price of $34.24/MWh flat over the delivery term.
PPA term = 30 years vs. LGIA term = 35 years:

- For Seller to qualify for the investment tax credit, the term of the PPA must be less than the useful life of the PV generating facility; otherwise SMUD would be classified as the true owner of the project and Seller would not qualify for the credit, which is assumed in the PPA price.

- The useful life of a PV project ranges from 35-45 years.

- Therefore, the PPA has been structured to have a 30 year term and the LGIA a 35 year term. The LGIA allows the project owner/power seller to deliver energy to SMUD or a 3rd party after the PPA expires.
Back-up Slide

For Comparison Only - SMUD’s RPS Goals & Supply
(Existing & Committed Resources, RPS Target: 60% by 2030)
Back-up Slide
Lendlease Team Energy Project Experience

AN EXPERIENCED DEVELOPMENT TEAM

300 MEGAWATTS
4,075 MEGAWATTS
10,264 MEGAWATTS
26 MEGAWATTS