Exhibit to Agenda Item #3

Authorize the Chief Executive Officer and General Manager to finalize and execute two contracts with Vestas American Wind Technology, Inc. as follows:

a. Engineering, Procurement & Construction Services in connection with development of the 85.5 MW Solano 4 Wind Project, with substantial completion scheduled for May 2024, in an amount not to exceed $215,458,407; and

b. Operations and Maintenance (O&M) Services in connection with the Solano 2, Solano 3, and Solano 4 wind assets for a period of 15 years, with one optional five-year extension, in an amount not to exceed $189,965,811.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting

Tuesday, April 19, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)
Solano 1 includes 23 wind turbines (0.66 MW each) that will be removed (15 MW total)

Solano 4 Project will include 19 wind turbines (4.5 MW each)
- 9 turbines on Solano 4 East
- 10 turbines on Solano 4 West
- 85.5 MW total

Solano 2, 3, & 4 will have a total installed capacity of 300 MW
Scope of proposed contract

1. The Solano 4 Engineering, Procurement and Construction contract will provide the following:
   a) Project and construction management
   b) Remove 23 Solano 1 project wind turbines.
   c) Deliver and construct 19 V150-4.5MW wind turbines
   d) Construction of Balance of Plant: such as roads, foundations, electrical collection system, fiberoptic network and a new equipment storage housing.
   e) Commercial Operational Date by May 31, 2024
Project Schedule

1. Notice To Proceed (NTP) 30 days after Board approval, mid-May 2022
2. Solano 1 project removal - Fall 2022
3. Construction - Early 2023 – May 2024
4. Commercial Operation Date by May 31, 2024

Interconnection

1. Large Generator Interconnection Agreement Executed with CAISO and PG&E is complete
   • PG&E is currently upgrading their transmission system and the work will be complete in May 2025
Procurement strategy

Procurement process

• EPC for construction and services in one solicitation
• RFP process used for competition
• Pre-bid meeting participation from 13 potential partners
• Vestas, Siemens, GE – three of the largest wind turbine manufacturers in the world included initially
• Only 1 proposal received from Vestas

Evaluation and negotiations

• Vesta’s proposal was evaluated and scored exceeding minimum requirements
• SMUD performed a net present value (NPV) and levelized cost of energy (LCOE) analysis based on Vesta’s bid
• Vesta’s proposal was $3M less than the original SMUD engineering estimate
• Negotiations completed in April 2022 for $215,458,406
Procurement strategy

Vestas, Company Profile

• Ranked the most sustainable company in the world in 2022, by Corporate Knights

• SMUD was originally one of Vestas first customers in the United States in 2003, we have more than 20 years of experience working with Vestas

• Vestas, with 40 years, has more experience worldwide than any other organization in the wind industry

• Due to community workforce agreement (CWA), there is no SEED subcontracting, however Vestas will exceed all expectations of the CWA
Project Economics

+ $64M NVP (Value-Cost)  + $176M NVP (Value-Cost)

$ Million

Low - Value  High - Value  Costs

O&M
Road, Performance and Payment Bonds
SMUD Additional Directed Work
Supply/BOP Price
REC or Carbon
Capacity
Energy

April 19, 2022
Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Scope of proposed Operations & Maintenance Services contract

1. Full-service Operations and Maintenance of the SMUD wind turbines
   • Solano 2,3,4 - 103 turbines

2. Initial Term
   • 5 years Solano 2
   • 15 years Solano 3 & 4
   • $120,038,219

3. Extended Term
   • Additional 5 years, $69,927,592

4. Combined project production-based availability
   • 97%, Solano 2 & 3 while Solano 4 under construction
   • 97.5% post construction
   • Liquidated damages & bonus structure with a 1% dead band