



UAMPS

Utah Associated Municipal Power Systems



SMARTENERGY

DEVELOPMENT APPROACH TO THE CARBON FREE POWER PROJECT

JULY 21, 2020

DISCUSSION ITEMS

- Discuss CFPP Development Approach through Four Contracts
 - Provide an understanding of why all four agreement are necessary before further CFPP Development Work proceeds through the Revised Budget and Plan of Finance

DEVELOPMENT APPROACH BULLETS NOT CANNONBALLS

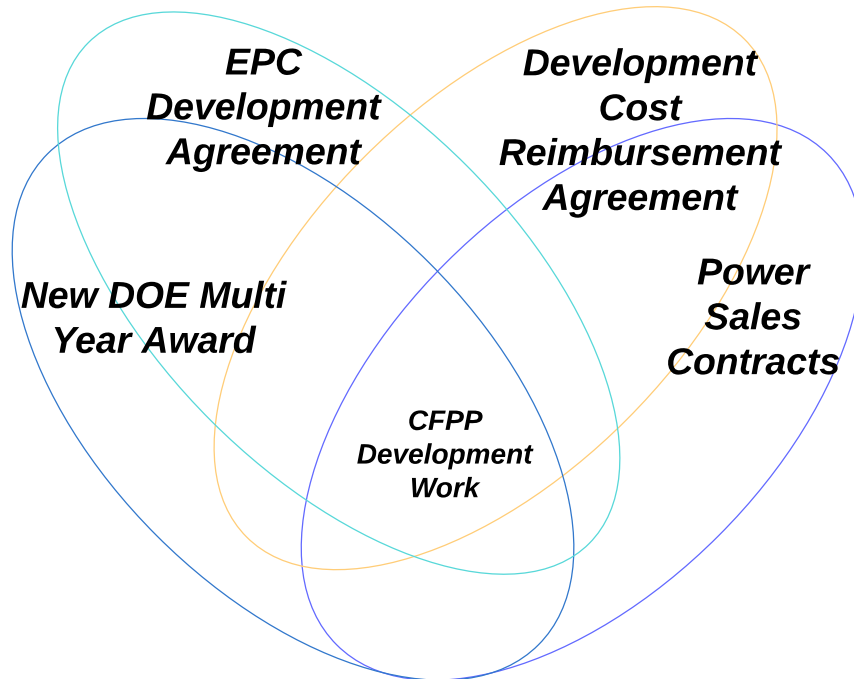
- Reality= CFPP is a first of kind nuclear project that will require a very disciplined development approach by all the project partners (UAMPS, NuScale, Fluor, and DOE) to be successful
- Work to Date=Identification of Key Risk Items Standing in the way of Success
- Success=the ability to deploy the CFPP at \$55/MWh
 - Primary Economic Development Metric=Levelized Cost Of Electricity (LCOE) estimate for CFPP based on Project Cost Estimates
- Incorporate Lessons Learned from recent nuclear reactor projects and other megaprojects
 - Engineering design complete before construction
 - Mutually beneficial contractual structure
 - Integrated team
 - Owner's engineer
 - Early and often Nuclear Regulatory Commission engagement

DEVELOPMENT PHILOSOPHY DURING LICENSING PERIOD

- #1 Objective=Derisk the CFPP by targeting identified risks to reach an informed decision on UAMPS ability to deploy the CFPP at the Price Target \$55/MWh (2018\$) via a Definitive Budget and Plan of Finance that will be considered by each Participant's governing body
- Two Primary Areas of Risk:
 - NRC Licensing
 - Project Cost Estimates

CFPP Development Contracts

Mason Baker | July 16, 2020



1. Power Sales Contract (Effective July 2019)
 2. EPC Development Agreement & Development Cost Reimbursement Agreement to be executed in August 2020
 3. New DOE Multi Year Award Anticipated to be Finalized early September 2020
- ❖ Items # 2 & # 3 Must be Finalized Before Revised Budget and Plan of Finance can become effective

POWER SALES CONTRACTS OVERVIEW

- Tried and True Contractual Relationship between UAMPS and Participating Members in any given Project
 - Allows for UAMPS to conduct financings for development, construction, operations, and decommissioning
- CFPP Power Sales Contract is novel due to the phased development structure that provides for contractual off-ramps at predetermined points during the CFPP Development
 - Reviewed by the Legal Committee, including PMC Representatives, city attorneys and outside counsel
 - Flexibility to address certain development unknowns
 - Lay-off Contracts
 - Cost Transparency to the Participants through Licensing Period Phases by setting Maximum Development Costs that can be expended during a Phase

PROJECT MANAGEMENT COMMITTEE (PMC)

- PMC has complete decision-making authority, including:
 - approve each Budget and Plan of Finance and all Project Agreements,
 - Manage Development Work Consistent with Maximum Development Cost for a Phase
 - review of the results of each run of the Economic Competitiveness Test,
 - review and authorize all financings,
 - review and determine whether to submit the CFPP's NRC License Application (aka COLA), and
 - determine whether the Project is feasible or whether it should be terminated or suspended
- Certain decisions are required to be made by a Super-Majority Vote (75% by number and Entitlement Share)

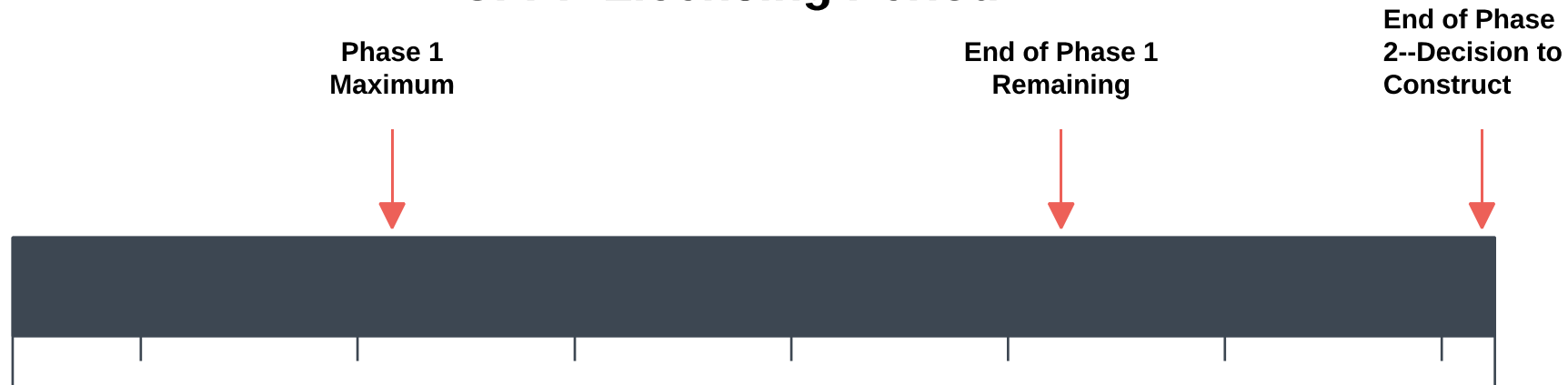
PARTICIPANT WITHDRAWAL/REDUCTION TERMS

- Withdrawals/reductions are effective on the last day of then-current phase of the Licensing Period.
- A withdrawing Participant has no liability for the repayment of its Entitlement Share of Development Costs incurred or financings undertaken after the effective date of its withdrawal

PARTICIPANT WITHDRAWAL TERMS (CONT.)

- A withdrawing Participant remains liable for the repayment of its Entitlement Share of Development Costs incurred or financings undertaken before the effective date of its withdrawal:
 - Repayment must be made within 12 months after the effective date of a Participant's withdrawal

CFPP Licensing Period



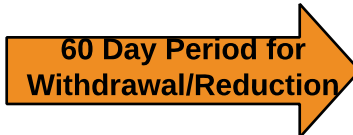
Amended Phase 1 Maximum

Phase 1 Remaining--COLA Development/Further Revisions to Cost Estimate

Phase 2--NRC Review of COLA/Further Revisions to Cost Estimate



Conditional BPF Approval--July 15



} Denotes a Participant Off Ramp

- 3 Individual Participant Withdrawal/Reduction Options
- PMC Management of Development Work Between 3 Participant Withdrawal/Reduction Options

NEW DOE MULTI YEAR AWARD

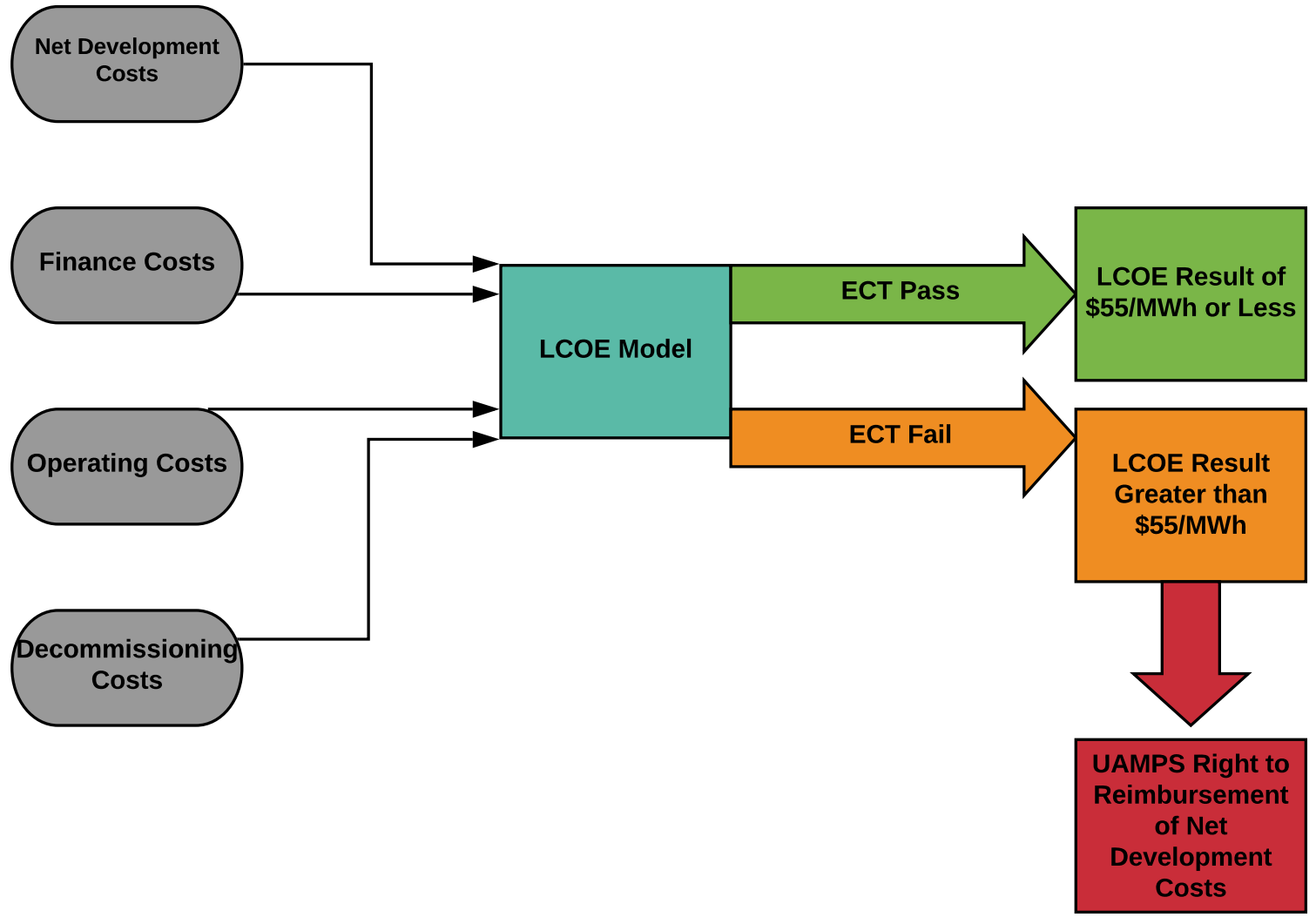
- In process with DOE, anticipated to be finalized in Early September 2020
- Through CFPP Commercial Operation Date (COD)
- Total DOE Support=~\$1.4 Billion
 - Massive increase from current award that has total DOE support at \$60M
 - This level of cost sharing necessary to achieve \$55/MWh Price Target—will be illustrated when we discuss the LCOE model inputs
 - DOE support for JUMP has been reallocated into \$1.4 Billion of cost sharing—better approach to derisking the CFPP
- DOE Cost Share % varies from year to year through commercial operation date
 - DOE cost share=~23% of Total Project Costs
 - Higher DOE % through FNTF to construction
 - DOE % decreases post FNTF to construction through COD
 - The decrease of these percentages of DOE support coincide with achieving derisking milestones
- Will be subject to annual appropriations
 - Strong Bi-Partisan & Bicameral Support for Nuclear

ENGINEERING, PROCUREMENT, AND CONSTRUCTION (EPC) DEVELOPMENT AGREEMENT

- Parties=Fluor & UAMPS
- Scope of Work: Fluor to revise the Project Cost Estimate for the CFPP through site specific engineering
 - Currently the CFPP is at a Class 4 engineering estimate (Class I before decision to construct)
- EPC Development Agreement is envisioned to serve as the initial agreement between the Fluor and UAMPS
 - Subsequent contracts → EPC Term Sheet → Final EPC Contract that will govern construction of the CFPP

DEVELOPMENT COST REIMBURSEMENT AGREEMENT

- Parties=UAMPS & NuScale
 - Related Agreement= EPC Development Agreement (Parties=UAMPS & Fluor)
- Purpose= Reimbursement Agreement serves as insurance policy should the Project Cost Estimate (PCE) for the CFPP exceed Price Target (\$55/MWh) by running the Economic Competitiveness Test
 - Benefit to the Participants= Reimbursement from NuScale Reduces Out of Pocket Exposure—Maximizes the Value Proposition of Developing the CFPP as Option—> Reimbursement Agreement reduces the Risk of Developing this Option
 - First & Most Significant Layer of Risk Reduction is the DOE Support through the New Multi Year Award
- Scope/Term: Covers the entire Development Phase of the CFPP—Reimbursement Agreement ends at UAMPS decision to construct



CFPP Summer of 2020 Schedule

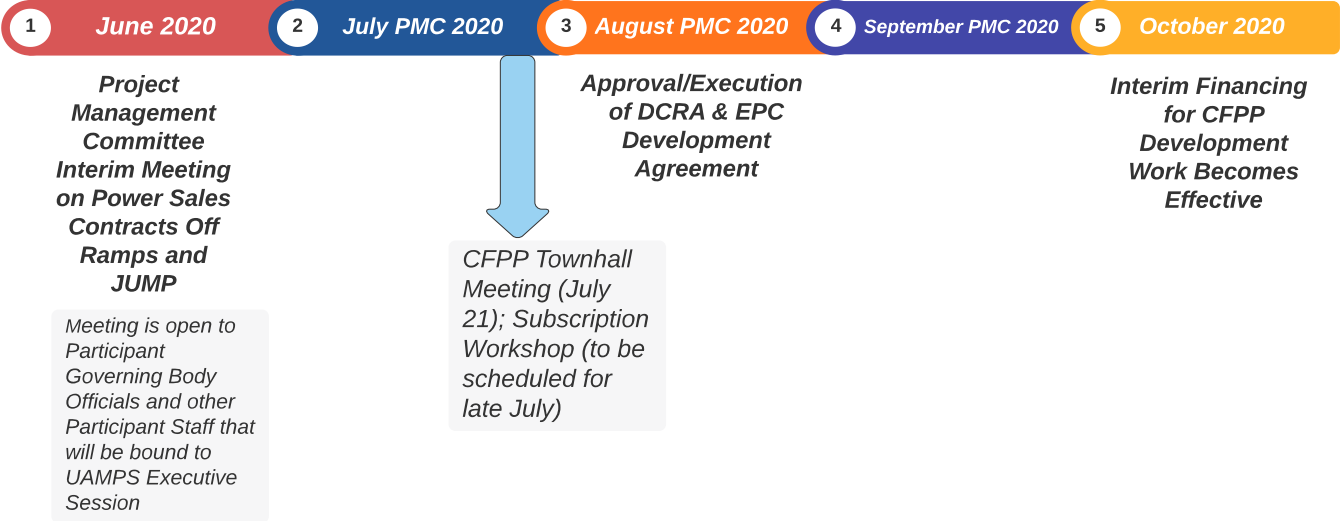
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Conditional Approval of New Budget and Plan of Finance

Approved by PMC on July 14 & Board on July 15th; 60 day withdrawal/reduction period commences on July 16th

New Budget and Plan of Finance Becomes Effective Upon PMC Determination that Four Conditions Subsequent Satisfied

Participant withdrawal/reduction period ends September 15, 2020; DOE Award to be made Sept. 6, 2020



TAKEAWAYS

- Four Development Contracts Enable the CFPP to be developed a way that minimizes Participant cost exposure while more cost certainty is achieved through Development Work
- Parties (DOE, UAMPS, NuScale, and Fluor) have spent the last five years developing this framework in a manner that recognizes each Parties respective limitations while still enabling a development approach that can allow for the successful deployment of the CFPP