



**Steel Solar Resource Talking Points for  
UAMPS Participants' Governing Bodies  
August 30, 2023**

**What is the resource?** The Steel Solar Resource will be an 80 MWac solar photovoltaic generation facility to be located in Box Elder County in northern Utah. UAMPS' members contracted for two 40 MW portions, Steel Solar 1(A) and Steel Solar 1(B). The Steel Solar 1(A) facility is scheduled to become operational in November 2023 and Steel Solar 1(B) facility is scheduled to become operational in December 2023.

**How is UAMPS contracting for the resource?** UAMPS has entered into power purchase agreements with Steel Solar, LLC on behalf of UAMPS' members electing to participate in these two 40 MW projects. UAMPS is utilizing the Master Firm Supply Agreement with specific transaction schedules for the Steel Solar 1(A) and Steel Solar 1(B) resources as the agreement with its members participating in these projects.

**What is the term of the arrangement?** The PPAs between Steel Solar, LLC and UAMPS provides for the delivery of solar energy for twenty-five year terms commencing on the commercial operation dates of Steel Solar 1(A) and Steel Solar 1(B).

**What is the developer's experience?** D. E. Shaw Renewable Investments (DESRI) and its affiliates develop, own, and operate long-term contracted renewable energy assets in the U.S. DESRI's portfolio of contracted, operating and in-construction renewable energy projects currently includes more than 65 solar and wind projects representing more than 8 GW of aggregate capacity. DESRI has more than 350 MW of solar under construction in Utah, as well as 360 MWac of operating solar assets. DESRI is currently the largest owner and constructor of solar projects in Utah.

**What is the purpose of the Second Amended PPA?**

DESRI requested the second amended PPA to allow it to take advantage of production tax credits ("PTCs") and associated financing based on PTCs. PTCs became available to solar resources through the Inflation Reduction Act and were not available to DESRI when the agreement was first entered.

**What changes were made to the Second Amended PPA relating to the tax benefits?**

The Second Amended PPA increases the penalty to UAMPS for default or economic curtailment by requiring UAMPS to pay both the contract price and the grossed-up value of the PTCs.

- The value of the PTCs is estimated to be approximately \$27.50/MWh and is approximately \$35/MWh when grossed up for federal, state, and local taxes. The grossed up PTCs are contractually capped at \$35/MWh.
- No grossed-up PTCs will be charged during the first year of project operations under either contract.

## **What additional benefits to UAMPS were provided in the Second Amended PPA?**

- UAMPS is permitted additional penalty-free economic curtailment than what was provided in the First Amended PPA (from 600 MW to 2000 MW for first ten years and from 600 MW to 1000 MW for years eleven through twenty). These amounts are per contract so total free economic curtailment is 4,000 MWh during the first ten years and 2,000 MWh during the second ten years. UAMPS will not receive penalty-free economic curtailment during the last five years of the contract term.
- DESRI will allow UAMPS to develop a battery project adjacent to the Steel Solar site and use commercially reasonable efforts to cooperate with UAMPS in obtaining governmental approvals for the project over the next three years. The Second Amended PPA does not require that DESRI be the developer of the battery project.
- UAMPS is explicitly permitted to assign the PPA to J. Aron under a prepay arrangement structured to provide UAMPS members the benefits of the difference between the public and private cost of financing.
- DESRI will split 50/50 with UAMPS any benefits it receives under the Powering Affordable Clean Energy program administered by the U.S. Rural Utilities Service.

## **Will the project meet its contractual scheduled commercial operation date?**

DESRI has represented that the 1(A) project is targeted to be operational by November 15, 2023 and the 1(B) project will be operational by December 31, 2023. The contractual Scheduled Commercial Operation Date for 1(A) is September 30, 2023 and for 1(B) is December 31, 2023.

**What happens if the project does not come online as expected?** Steel Solar, LLC has provided development security to protect UAMPS from the failure of the projects to ultimately become operational. The contract also provides for liquidated damages if DESRI fails to meet the Scheduled Commercial Operation Date.

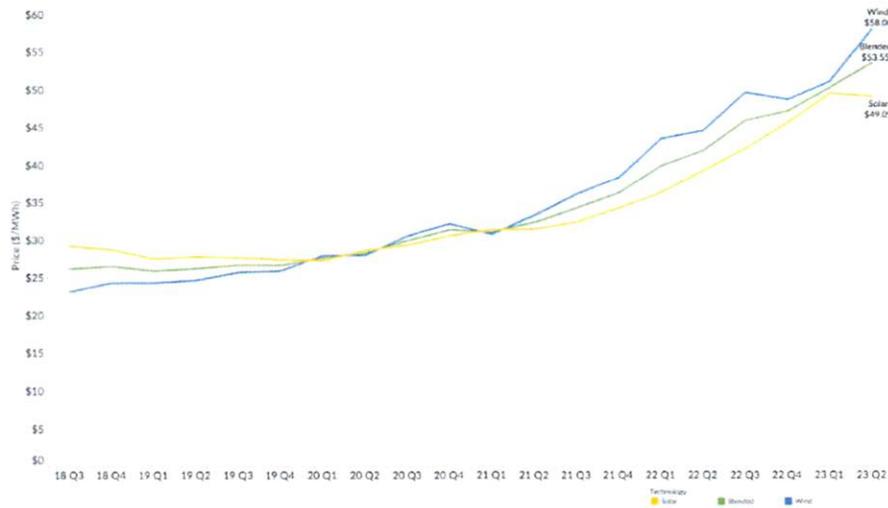
**What is the pricing?** The price is competitive (\$34.66/MWh) with other solar projects of the same size and includes both energy and renewable energy credits (RECs). The Second Amended PPA does not raise the Contract Price.

**What would happen if a participant does not approve the Second Amended and Restated Transaction Schedule?** If the Steel Solar 1(A) and 1(B) Participants do not approve the Transaction Schedule(s), the Firm Power Supply Project would convene a project management meeting to discuss whether any of those participating participants are willing to pick up the available output of a participant that elects not to approve the Second Amended and Restated Transaction Schedule(s).

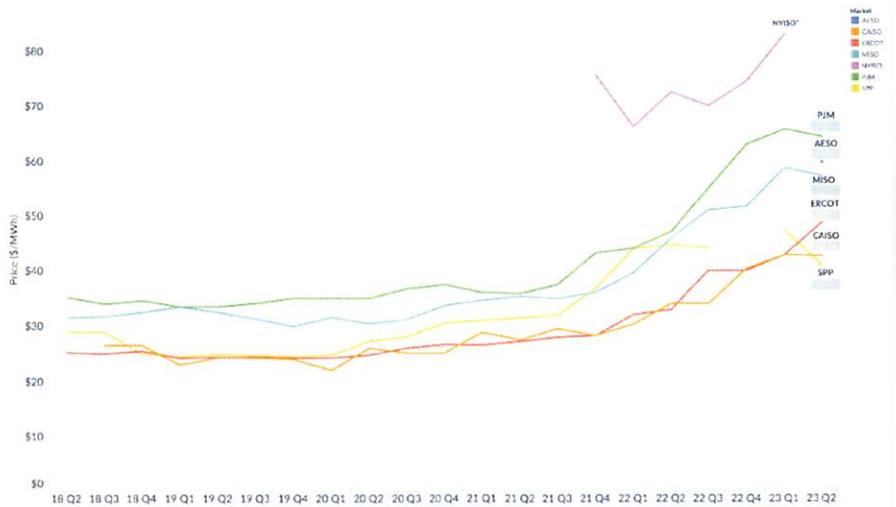
**Why should UAMPS agree to amend the power purchase agreement instead of insisting on compliance with the First Amended and Restated PPA?** DESRI has indicated that a failure to amend the PPA would compromise the availability of financing and their ability to complete the project. Any alternative solar PPA would be at an increased price with an online date of approximately five years due to transmission restrictions and equipment availability. The terms relating to PTCs are standard in contracts for new solar resources. (See the below graph showing PPA index value for North American Solar in Q2 2023 at \$49.09/MWh.) Additionally, DESRI agreed to provide UAMPS with the benefits described above to compensate for the increased penalty for economic curtailment or default.

LEVELTEN ENERGY  
 Q2 2023 PPA Price Index Executive Summary

Q3 2018 TO Q2 2023  
 Market-Averaged Continental Index



Q2 2018 TO Q2 2023  
 Solar P25 Price Indices by ISO



Price data is not available for this quarter. To protect data integrity, if a region has to hit a minimum threshold for the ISO, price is to be reported.

<sup>1</sup> LEVELTEN ENERGY  
 Q2 2023 PPA Price Index Executive Summary [https://go.leveltenenergy.com/l/816793/2023-07-17/37bhhy/816793/1689639546mVH9ljk/2023Q2\\_NA\\_ExecutiveSummary\\_PPAPriceIndex.pdf](https://go.leveltenenergy.com/l/816793/2023-07-17/37bhhy/816793/1689639546mVH9ljk/2023Q2_NA_ExecutiveSummary_PPAPriceIndex.pdf)  
 accessed August 21, 2023