

TALKING POINTS

Class 3 Project Cost Estimate
Economic Competitiveness Test
Revised Budget and Plan of Finance
Development Cost Reimbursement Agreement

A key milestone and decision point in the development of the Carbon Free Power Project has been reached with the receipt and acceptance of the Class 3 Project Cost Estimate (PCE), which further refines the total cost of the project.

Completion of the Class 3 PCE has triggered key activities.

- A run of the Economic Competitiveness Test (ECT), which resulted in a Levelized Cost of Energy (LCOE) has exceeded the target price of \$58/MWH 2020\$. This means UAMPS can withdraw from the project and be reimbursed for most of its out-of-pocket expenses.
- The new cost estimate also requires a revised Budget & Plan of Finance (BPF), effective March 1, 2023. The revised BPF provides each of the individual Participants with the option to withdraw from the project or to reduce its entitlement share in the project.
- An amended Development Cost Reimbursement Agreement (DCRA) has been negotiated to reduce risk and allow project termination in the event of a future ECT failure or if subscription targets are not achieved by the end of 2023.

The following information is provided to help members make decisions going forward.

Why did costs increase?

- The costs were primarily influenced by external impacts, not by the project's development.
- Price increases have occurred due to inflationary pressures on the energy supply chain that have not been seen for more than 40 years. In the past two years:
 - Producer Price Index for Fabricated Steel Plate increased 54%
 - Producer Price Index for Carbon Steel Piping increased 106%
 - Producer Price Index for Electrical Equipment increased 25%
 - Producer Price Index for Fabricated Structural Steel increased 70%
 - Producer Price Index for Copper Wire and Cable increased 32%
 - Producer Price Index for All Commodities increased 45%
- In addition, the referenced interest rate used for the project's cost modeling has increased approximately 200 basis points since July 2020.

The costs of other new non-carbon, non-intermittent generation have also increased commensurately. Does the CFPP remain cost-competitive despite the cost increases?

- CFPP remains cost-competitive and needed as a carbon-free, dispatchable resource, part of a diversified resource portfolio. The higher costs reflect the changing financial landscape for the development of energy projects nationwide. The CFPP has matured to face, understand and address these challenges that other technologies and generation options must also still face.

How does the Development Cost Reimbursement Agreement (DCRA) help de-risk the project?

- The amended DCRA establishes a new ECT target of \$89/MWH (2022\$). An ECT cost higher than that will provide for 100% reimbursement on CFPP termination at the Class 2 PCE or COLA submittal in January 2024.
- The DCRA also obligates NuScale to 100% reimbursement on CFPP termination for failure to achieve the subscription goal of 80% at Class 2 PCE. UAMPS will have the option to terminate the project and be reimbursed if subscription does not reach 370 MW (of 462 MW available) by the end of 2023.

Has the project schedule changed?

The project remains on schedule:

- Submittal of the Combined Operating License Application to the Nuclear Regulatory Commission in January 2024
- Construction to begin in 2026
- First module in service in December 2029
- All modules in service by November 2030

What are the Class 3 projected costs of the project?

- Total cost of acquisition and construction, including financing: \$9.3 billion
- Total value of DOE Cost Share Award and projected IRA benefits: \$4.2 billion
- Net cost of acquisition and construction: \$5.1 billion

What is the off-ramp schedule?

- January 4, 2023, off-ramp period begins
- February 17, 2023, off-ramp period ends

Summary

Given that UAMPS members need large amounts of clean, reliable and affordable energy early in the 2030s, the CFPP remains, by far, the most attractive option.