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CFPP Talking Points

Why the CFPP? UAMPS' members are developing the Carbon Free Power Project ("CFPP") as a zero carbon emitting resource option to meet the long term resource needs of UAMPS' member communities. The electric industry is quickly evolving due to revolutionary technology, and developing the CFPP will provide UAMPS members participating in this project with the optionality to meet the needs of a future new energy economy significantly penetrated by renewable resources.

Signing the Power Sales Contracts. The decision to proceed with signing the Power Sales Contracts for the CFPP is not a decision to construct the CFPP utilizing NuScale's small modular reactor technology; rather, the decision to sign the Power Sales Contracts gives the member the ability to preserve the option to participate in this project if further development demonstrates the prudence of doing so. In the immediate development term, the first $6 million of additional development costs will be subject to 100% reimbursement. These moneys will be spent only on additional development work on the project, and this work will help us evaluate whether further development of the project is in the best interest of UAMPS' participating members. UAMPS plans to continue to have development costs subject to 100% reimbursement up until UAMPS decides to submit its Nuclear Regulatory Commission license application in the summer of 2020. The decision to submit its NRC license application will be dependent upon the level of contractual cost certainty NuScale and Fluor are able to provide. If the level of contractual cost certainty is not sufficient in the eyes of a UAMPS member participating in the project, then that member will have the option to discontinue its participation in the project, with no obligation for further development costs, at the time that the NRC license application is submitted. The Power Sales Contracts provide contractual caps to a Participant's cost exposure during this development period.

CFPP Abridged FAQ

How will the CFPP not suffer the same cost overruns as experienced by the two AP1000 nuclear reactor projects in Georgia and South Carolina?

UAMPS is taking a phased development approach to developing the project that address cost overrun risk in two ways. First, the two AP1000 reactor projects were developed in a parallel fashion, where the utilities shouldered NRC licensing risk by making contractual and financial commitments to build these projects prior to the resolution of major design and licensing issues. UAMPS' decision on whether to submit its NRC license application will be made after the NRC has spent over three years evaluating NuScale's design application, which will allow UAMPS to assess any licensing issues that may have arisen prior to submitting its license application to the NRC. Second, UAMPS is requiring contractual cost certainty from Fluor and NuScale before UAMPS makes its decision to submit its NRC license application. To meet this demand, Fluor and NuScale will need to complete significantly more engineering work than what was completed for the two AP1000 projects.

What is the cost exposure to a member in signing the Power Sales Contracts?

Each member will be responsible for costs associated with its Entitlement Share for the developing the project. The Budget and Plan of Finance contains a cap on the amount of development costs that can be

incurred during the first phase of the development and licensing period, and will contain a cap on the amount of development costs that can be incurred during the second phase of the development and licensing period that will be set before the beginning of the second phase. Accordingly, a Participant's cost exposure for each phase will be in a fixed amount that is based on these caps and its Entitlement Share. UAMPS is happy to provide the specific cost exposure for a participant's desired Entitlement Share. It is important to keep in mind that for the near term development the UAMPS and the participants have the ability to terminate the project for any reason and seek 100% reimbursement from NuScale, subject to a cap of $3 million dollars.

What is the cost of the resource?

The projected cost of the resource is $45-65/MWh in current dollars. UAMPS and NuScale have agreed to a price ceiling of $65/MWh. The cost of resource will be continually evaluated as development proceeds in order to evaluate this resource option against other alternatives.

Who are the partners in the project outside of the UAMPS members?

The Department of Energy is a key partner in the developing the project. DOE is currently paying for 50% of the cost to develop the NRC license application for the project. In addition, the DOE is investigating leasing the first two modules out of the facility for research and development purposes. UAMPS and the DOE are also investigating other funding pathways to reduce UAMPS' participant cost exposure to further developing the resource. UAMPS is also working with Energy Northwest, a public power entity that operates the Columbia Generating Station—an 1100 MW nuclear generating station located in Washington that has been in operation since 1984—to be the operating agent for the CFPP. UAMPS is also working with the Tennessee Valley Authority, which is also pursuing a small modular reactor project, to assist UAMPS' development of the CFPP.