

LAMPS

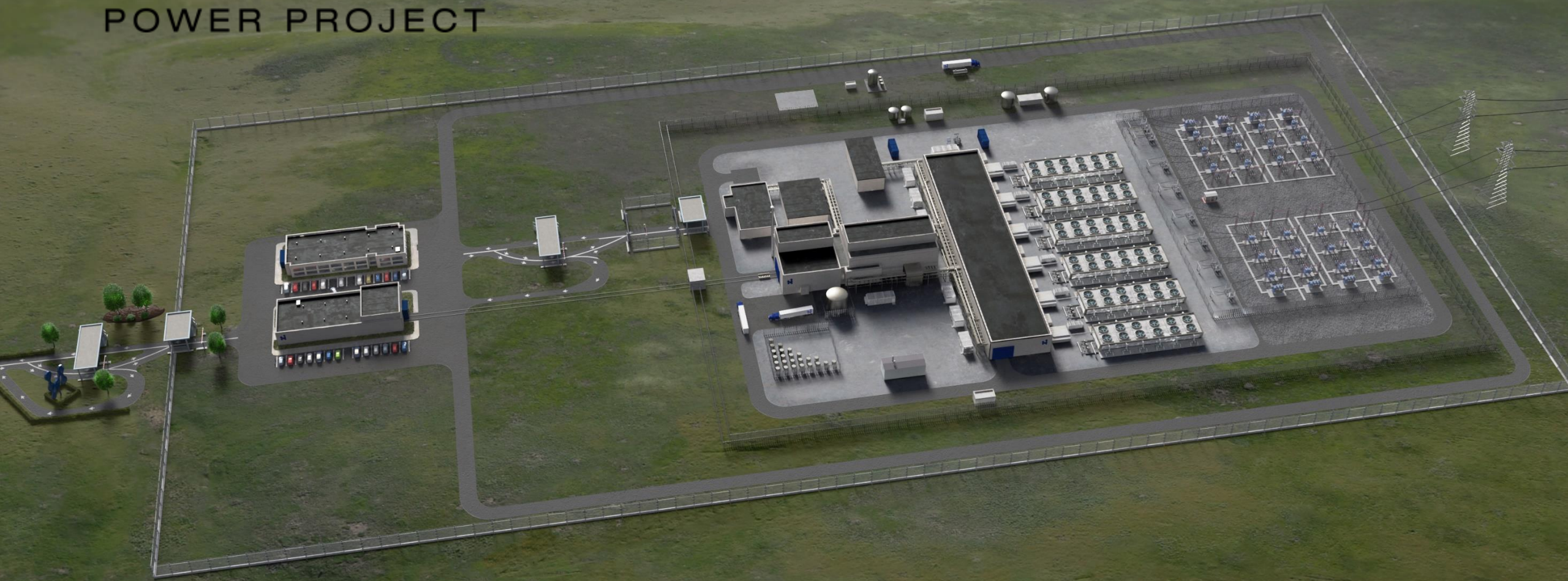


Carbon Free Power Project

**County of Los Alamos
January 11, 2023**



CARBON FREE POWER PROJECT



Class 3 Project Cost Estimate

- UAMPS received the Class 3 Project Cost Estimate (PCE)
- UAMPS and its owner's engineers evaluated the Class 3 PCE and updated the financial model
 - The updated costs from the Class 3 PCE (-20% / +30% accuracy range)
- Completion of the Class 3 PCE triggered a number of key activities
 - Run of the Economic Competitive Test (ECT)
 - Amend Development Cost Reimbursement Agreement (DCRA)
 - Revised Budget and Plan of Finance (BPF)

Class 3 PCE Increased - Why?

- The cost increase is primarily influenced by external impacts, not by the project's development
- There have been price increases 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

Economic Competitive Test

- ECT resulted in a Levelized Cost of Energy (LCOE) above the \$58/MWh target price
 - Class 3 PCE
 - 2022 interest rates
 - Includes benefits of Inflation Reduction Act (IRA)
- As a result, UAMPS may withdraw from the project and be reimbursed for most of its out-of-pocket expenses

DCRA Amendment

- Establishes a new ECT Target of \$89/MWh (2022\$) and retains obligation for 100% reimbursement on CFPP Termination for Failure of ECT at Class 2 PCE or COLA submittal (January 2024)
- Adds obligation to NuScale for 100% reimbursement on CFPP Termination for Insufficient Subscription (requirement of 80% subscription at COLA submit)

DCRA Amendment based on significant changes in past two years in:

- *Commodity markets (inflation)*
- *Financial markets (interest rates)*
- *Power markets (gas pricing)*

Revised Budget Plan of Finance

Key Assumptions:

- PCE3 Costs
- DOE Award profile as per 2022 Award Modification
- Includes transmission upgrades (w/return of escrow deposit funds)
- Inflation Reduction Act (IRA) benefit at best estimate of typical net benefit (35.7% of total debt)

Budget and Plan of Finance	Revised B&PF		
	Costs (\$M)	Start	Finish
1. Gross Total Project Costs (w/ CAPI & Fees):			
0. pre 2021 spending	\$ 13	Apr 2015	Dec 2020
a. Licensing Phase 1A – COLA Development & PCE3	\$ 112	Jan 2021	Feb 2023
b. Licensing Phase 1B – COLA Development & PCE2	\$ 255	Mar 2023	Jan 2024
c. Licensing Phase 2 – COLA Review	\$ 2,302	Feb 2024	July 2026
d. Post FNTF (Construction) Phase	\$ 6,654	Aug 2026	Dec 2030
Total a, b, c, and d which the PSC defines as Total Acquisition & Construction Costs	\$ 9,336		
2. Total Project Costs (above) net of Cost Sharing Funds:			
0. pre 2021 spending	\$ 3	Apr 2015	Dec 2020
a. Licensing Phase 1A – COLA Development & PCE3	\$ 26	Jan 2021	Feb 2023
b. Licensing Phase 1B – COLA Development & PCE2	\$ 60	Mar 2023	Jan 2024
c. Licensing Phase 2 – COLA Review	\$ 1,446	Feb 2024	July 2026
d. Post FNTF (Construction) Phase	\$ 6,437	Aug 2026	Dec 2030
Total a, b, c, and d which the PSC defines as Total Acquisition & Construction Costs	\$ 7,972		
Total Liability After Commercial Operation Date (COD), net of IRA Benefits	\$ 5,126		

Next Phase Budget (thru COLA Submit)

The budget for the next project phase fully funds execution of critical path activities including:

- COLA Development
- Site Specific Engineering
- PCE2
- Nuclear Power Module (NPM) Long Lead Material

B&PF | Exposure thru next Budget

- **Net Project Costs =**
Total Costs – DOE Cost Share
- **Exposure after ECT or Subscription Failure =**
Net Project Costs – NuScale Reimbursement (DCRA)

Exposure at the end of Feb 23 = \$4.7M

Exposure at the end of Jan 24 = \$5.4M

Exposure Increase over next budget phase = ~\$700k

CFPP Project Schedule

- The CFPP Project Schedule remains unchanged
 - January 2024 – Submittal of the Combined Operating License Application to the Nuclear Regulatory Commission
 - 2026 – Begin Construction
 - December 2029 – First module in service
 - November 2030 – All modules in service

QUESTIONS