BOARD RESOLUTION

(Cumberland Fossil Plant Continued Operation)

WHEREAS TVA requires firm, dispatchable power in order to meet system demands and planning reserve margin targets, and generating capacity is needed to meet increasing electricity demand;

WHEREAS increased reliance on market power purchases can adversely affect TVA's ability to meet year-round generation, maximum capacity system demands, and planning reserve margin targets if market capacity is limited or unavailable;

WHEREAS TVA's 2019 Integrated Resource Plan ("IRP") recommended the evaluation of coal plant retirements, if cost effective, and identified key evaluation factors such as anticipated electricity demand and operational costs;

WHEREAS after the IRP was issued, TVA conducted retirement evaluations of its operating coal-fired generating plants and in May 2021, the Aging Coal Fleet Evaluation recommended coal fleet retirement by 2035 to reduce economic, reliability, and environmental risks;

WHEREAS at the November 10, 2021 public Board meeting, the TVA Board of Directors ("Board") delegated to the Chief Executive Officer ("CEO"), subject to all required environmental reviews and the completion of an Environmental Impact Statement ("CUF Retirement EIS") pursuant to the National Environmental Policy Act, authority to retire the Cumberland Fossil Plant ("CUF") and construct replacement generation by the time of the planned CUF retirement dates;

WHEREAS in January 2023, after the completion of a CUF Retirement EIS, a Record of Decision ("2023 ROD") was issued to retire CUF in two stages, with one coal unit retiring by the end of 2026 and the second unit by the end of 2028 and to construct a new natural gas-fueled combined cycle plant at the Cumberland reservation to replace the generating capacity of the first retired unit;

WHEREAS the rationale for the decision to retire the CUF units and build replacement generation was set forth in TVA's evaluations and in the 2023 ROD, which was based in part on the Aging Coal Fleet Evaluation, and included: (1) anticipated replacement generation to allow TVA to provide adequate and reliable electrical power, (2) anticipated and potential operational challenges and costs, and (3) an expectation of "modest" load increases;

WHEREAS after a decade of flat electricity demand, the TVA region is experiencing rapidly increasing demand for electricity that exceeded expectations at the time of the retirement decision but remains under the maximum demand studied in the 2019 IRP, and TVA has been considering all resource options for meeting this increased demand;

WHEREAS CUF is an existing and viable generating asset that achieved top quartile performance in 2024 for its equivalent forced outage rate and that can therefore help serve increased load demands and lessen the need for market power purchases;

WHEREAS in accordance with least cost planning requirements under Section 113 of the Energy Policy Act of 1992, TVA conducted a new evaluation for CUF that concludes the continued operation of CUF is cost effective and recommends continued operation of the CUF units, subject to permitting and regulatory requirements, a summary of which has been reviewed by the Board and is attached to the Memorandum (as defined herein);

WHEREAS TVA prepared a supplemental EIS ("SEIS") to the CUF Retirement EIS which studied the environmental impacts of the continued operation of CUF along with the operation of a Cumberland combined cycle gas plant that is currently under construction ("CUG"), which has been reviewed and considered by the Board and a summary of which is attached to the Memorandum (as defined herein);

WHEREAS TVA currently has a construction permit that allows TVA to construct CUG that sets forth Prevention of Significant Deterioration ("PSD") avoidance limits and other requirements;

WHEREAS after construction of CUG is complete, Cumberland's Title V permit will be modified to incorporate applicable permit requirements from the construction permit;

WHEREAS TVA staff anticipates filing an application in 2026 for a PSD permit for Cumberland, and the resultant PSD permit emission limits are currently unknown;

WHEREAS, CUF and CUG must comply with applicable environmental laws and permitting requirements;

WHEREAS expenditures are necessary to support the safe and reliable operation of CUF and to meet applicable regulatory requirements;

WHEREAS expenditures related to the continued operation of CUF in FY 2026 will be managed within the total amount of expenditures authorized by the FY 2026 Expenditures and Related Items (FY 2026 Expenditures Approval) approved by the Board in July 2025, and expenditures after FY 2026 will be made only in accordance with future Board approved budgets and approvals which may include Board approval of capital projects that exceed $200 million, consistent with the TVA Board Practice, *Capital Project Approvals*;

WHEREAS a memorandum (the "Memorandum"), a copy of which is filed with the records of the Board as Exhibit 02/11/26I recommends the Board (1) authorize TVA, at the direction and discretion of the CEO, to operate CUF and CUG in accordance with all applicable laws and regulatory requirements, including all requirements imposed by any applicable permits; (2) direct TVA staff to apply for any permits that may be applicable to CUF and CUG for TVA to continue to operate CUF, along with CUG, beyond its currently planned retirement dates; (3) direct that FY 2026 funds needed to support the continued operation of CUF, consistent with any applicable permits, are authorized so long as the expenditures, when coupled with other FY 2026 expenditures, do not exceed the total amount of expenditures previously authorized in the FY 2026 Expenditures Approval, with approval of expenditures in later years subject to future Board-approved budgets; and (4) in accordance with the TVA Board Practices *Implementation and Contract Authority* and *Commercial Energy Agreements and Related Contracts,* approve TVA entering into those Procurement Contracts, as defined in the Board Practices, needed to support operation of CUF consistent with this resolution and delegates authority to the CEO to execute and administer those Procurement Contracts, with any such contracts being deemed to be in conformance with the Contracting Plan that was approved by the Board as part of the FY 2026 Expenditures Approval; and

BE IT RESOLVED, That the Board (1) authorizes TVA, at the direction and discretion of the CEO, to operate CUF and CUG in accordance with all applicable laws and regulatory requirements, including all requirements imposed by any applicable permits; (2) directs TVA staff to apply for any permits that may be applicable to CUF and CUG for TVA to continue to operate CUF, along with CUG, beyond its currently scheduled retirement dates; (3) directs that FY 2026 funds needed to support the continued operation of CUF, consistent with any applicable permits, are authorized so long as the expenditures, when coupled with other FY 2026 expenditures, do not exceed the total amount of expenditures previously authorized in the FY 2026 Expenditures Approval, with approval of expenditures in later years subject to future Board-approved budgets; and (4) in accordance with the TVA Board Practices *Implementation and Contract Authority* and *Commercial Energy Agreements and Related Contracts,* approves TVA entering into those Procurement Contracts, as defined in the Board Practices, needed to support operation of CUF consistent with this resolution and delegates authority to the CEO to execute and administer those Procurement Contracts, with any such contracts being deemed to be in conformance with the Contracting Plan that was approved by the Board as part of the FY 2026 Expenditures Approval.

Approved by TVA Board of Directors

February 11, 2026

ECM

Assistant Secretary

EXHIBIT 02/11/26I

January 22, 2026
Finance

TVA Board of Directors

SUBJECT

The Board is requested to: (1) authorize TVA, at the direction and discretion of the Chief Executive Officer ("CEO"), to operate the Cumberland Fossil Plant ("CUF") and Cumberland Gas Plant ("CUG") in accordance with all applicable laws and regulatory requirements, including all requirements imposed by any applicable permits; (2) direct TVA staff to apply for any permits that may be applicable to CUF and CUG for TVA to continue to operate CUF, along with CUG, beyond its currently scheduled retirement dates; (3) direct that FY 2026 funds needed to support the continued operation of CUF, consistent with any applicable permits, are authorized so long as the expenditures, when coupled with other FY 2026 expenditures, do not exceed the total amount of expenditures previously authorized in the FY 2026 Expenditures Approval, with approval of expenditures in later years subject to future Board-approved budgets; and (4) in accordance with the TVA Board Practices *Implementation and Contract Authority* and *Commercial Energy Agreements and Related Contracts,* approve TVA entering into those Procurement Contracts, as defined in the Board Practices, needed to support operation of CUF and delegates authority to the CEO to execute and administer those Procurement Contracts, with any such contracts being deemed to be in conformance with the Contracting Plan that was approved by the Board as part of the FY 2026 Expenditures Approval.

BACKGROUND

After a decade of flat electricity demand, the TVA region is experiencing rapidly increasing demand for electricity that is beyond the growth expected when the CUF retirement and replacement decision was made. Accelerated electricity demand growth is being driven by growing data center use, population, employment, and increasing electricity demand. In addition to load growth, TVA has experienced delays in planned resource additions that have increased pressure to meet demands with available assets.

TVA requires firm, dispatchable power to reliably meet system demands and planning reserve margin targets. Firm, dispatchable power ensures that TVA can call on the generating capacity year-round, particularly during peak load events. Continued investment in TVA's existing fleet helps TVA ensure the reliable supply of power and limits significant and continued reliance on market power purchases that may be inadequate or unavailable during peak loads.

TVA must meet the increasing demand in a manner that is consistent with TVA's 2019 Integrated Resource Plan (IRP) and applicable regulatory requirements. TVA's 2019 IRP studied the potential for higher operating costs for coal plants, meaning a higher trajectory for operations and associated maintenance, repair and replacement costs, and higher environmental spend. The results indicated the potential for about 2,200 MW of coal to be retired by 2028. As a result of the analysis, the 2019 IRP recommended the evaluation of coal plant retirements, if cost effective, and identified key evaluation

factors such as, but not limited to, electricity demand, operating costs, and regulatory requirements.

Following the publication of the 2019 IRP, TVA conducted end-of-life evaluations of its operating coal-fired generating plants. In May 2021, the Aging Coal Fleet Evaluation recommended coal fleet retirement by 2035 to reduce economic, reliability, and environmental risks. This evaluation confirmed that TVA's coal fleet would require increasing levels of maintenance, repair and replacement activity to maintain existing levels of safe and reliable operation. Additionally, it was determined at that time the coal fleet would contribute to environmental, economic, and reliability risks. This evaluation recommended the retirement of both CUF units, with the second unit retiring by the end of 2028.

TVA prepared an Environmental Impact Statement (EIS) for the retirement of CUF to assess the associated environmental impacts and the construction and operation of natural gas facilities to replace part of the retired generation. Based on the analysis in the Aging Coal Fleet Evaluation and EIS, in 2023 TVA made a final agency decision to retire CUF in two stages, with one unit retiring by the end of 2026 and the second unit by the end of 2028 and to construct a new natural gas-fueled combined cycle plant at the Cumberland reservation to replace the retiring generation of one unit at CUF and account for modest anticipated load increase.

TVA's CUF retirement decision assumed TVA would have necessary replacement generation by 2028 to allow TVA to provide adequate and reliable electrical power and there was only an expectation of "modest" increases in electricity demand. TVA has experienced delays in planned resource additions on its system and TVA's load growth is rapidly increasing. Accordingly, TVA needs to maintain its existing assets, including CUF, to ensure an adequate and reliable supply of electricity, not just to replace retiring generation but to meet additional demand based on growth that was greater than expected at the time of the initial retirement decision. CUF continued operation reduces capacity constraints and the need to rely on market purchases. Further, it is not feasible for TVA to build replacement generation that will timely meet the increasing demand. TVA completed a system value analysis and concluded that the continued operation of CUF is aligned with least-cost planning requirements due to both lower total system cost and reduced reliability risk. A summary of the system value analysis is included in Attachment A. Since TVA's decision to retire CUF, the regulatory framework has changed and as the current Administration has recognized, there is an energy emergency. See Executive Orders 14154 (Unleashing American Energy) and 14156 (Declaring a National Energy Emergency), and January 12, 2026 Presidential Notice (Continuation of the National Emergency With Respect to Energy). With this changing regulatory framework, the continued operation of CUF carries less regulatory compliance risk due to potentially lower regulatory compliance costs and more flexibility to meet regulatory compliance deadlines. An example of the changing regulatory framework is the Environmental Protection Agency's revised rule to extend compliance deadlines for the effluent limitations guidelines that apply to coal-fired generation. Additionally, proposed rule changes, such as those relating to greenhouse gas emissions, could provide even more flexibility. In light of the declared energy emergency, the Department of Energy ("DOE") has recently used its authority under section 202(c) of the Federal Power Act and section 301(b) of the Department of Energy Organization Act to order the continued operation of five coal plants that were previously scheduled for retirement. See Attachment B. During 2025, three coal plants stopped operating

due to factors distinguishable from CUF. Since CUF can help address the energy emergency, DOE is likely to mandate the continued operation of CUF beyond its currently scheduled retirement dates. Accordingly, it is recommended that TVA expend funds necessary to allow for continued safe and reliable operations.

Continued operation of CUF is in accordance with TVA's most recent IRP. The 2019 IRP contemplated the "evaluation" of the retirement of coal-fired generation and to retire only if cost effective. The 2019 IRP did not direct retirement of coal-fired generation, and TVA's recent system value analysis (Attachment A) reflects that continued operation of CUF is an economic solution given the changed circumstances since the initial retirement decision in January 2023.

Since the decision was made to retire CUF, the operational performance of the plant has improved in terms of unit availability and outage rates. CUF's forced outage rate, including forced outages and failed starts, was top quartile in 2024. Over the same period, the cost and unavailability risk for securing market power has increased. Taken together, the continued operation of CUF reduces overall system reliability risk. The continued operation of CUF will allow TVA to reduce market capacity need by up to 2,000 MW.

In accordance with the National Environmental Policy Act, TVA prepared a supplemental EIS ("SEIS"). The supplemental EIS studies the environmental impacts of the continued operation of CUF along with CUG. A summary of the environmental impacts of continued operation of CUF with CUG is included in Attachment C, and a copy of the SEIS will be made available to the public.

Total expenditures (combined O&M and capital) have been included in the system value analysis summarized in Attachment A. Expenditures will allow TVA to continue historical operations and are primarily for (1) maintaining existing reliability (e.g., catalyst layer replacement, high pressure feedwater heater replacement, pulverizer repair), (2) new transmission corridors (e.g., two miles to a new switchyard and switchyard modifications), and (3) regulatory compliance (e.g., bottom ash transport water, beneficial reuse facility). Any estimated expenditures for continued operations in FY 2026 can be managed within the total amount of expenditures authorized in the FY2026 Expenditures Approval, approved by the TVA Board in July 2025. Expenditures beyond TVA's FY 2026 are subject to future Board-approved budgets and, if needed, Board approved capital projects that exceed $200 million consistent with the TVA Board Practice, *Capital Projects Approvals*, as well as any contracting authority Board approvals pursuant to applicable TVA Board Practices.

As summarized in Attachment A, the continued operation of CUF results in lower than planned market power needs which generates savings in purchased power costs and drives positive economic value.

ALTERNATIVES CONSIDERED

To address the need for more generating capacity being created by load demand and load growth exceeding previous expectations, TVA has invested in its existing natural gas fleet, new natural gas-fired generation resources, new demand-side programs, its existing nuclear fleet in pursuit of operating license extensions, its existing hydro fleet to improve safety and efficiency, and the existing coal fleet to maintain safe and reliable generation. Further, TVA is actively securing new capacity through power purchase agreements and market capacity and related off-system

resources. Even with these efforts, TVA still anticipates the need for more generating capacity on the system to meet growing demand. The continued operation of CUF, with the necessary investment to maintain operating performance and compliance with regulatory requirements, is an immediate, cost-effective, and risk-informed option to reduce total system cost and system reliability risk.

RECOMMENDED ACTION

TVA staff recommends the Board (1) authorize TVA, at the direction and discretion of the CEO, to operate CUF and CUG in accordance with all applicable laws and regulatory requirements, including all requirements imposed by any applicable permits; (2) direct TVA staff to apply for any permits that may be applicable to CUF and CUG for TVA to continue to operate CUF, along with CUG, beyond its currently planned retirement dates; (3) direct that FY 2026 funds needed to support the continued operation of CUF, consistent with any applicable permits, are authorized so long as the expenditures, when coupled with other FY 2026 expenditures, do not exceed the total amount of expenditures previously authorized in the FY 2026 Expenditures Approval, with approval of expenditures in later years subject to future Board-approved budgets; and (4) in accordance with the TVA Board Practices *Implementation and Contract Authority* and *Commercial Energy Agreements and Related Contracts,* approve TVA entering into those Procurement Contracts, as defined in the Board Practices, needed to support operation of CUF and delegates authority to the CEO to execute and administer those Procurement Contracts, with any such contracts being deemed to be in conformance with the Contracting Plan that was approved by the Board in as part of the FY 2026 Expenditures Approval.

Tom Rice
Executive Vice President and
Chief Financial Officer

Attachments

January 30, 2026

Edward C. Meade
Vice President and
Deputy General Counsel

Date

January 30, 2026

Donald A. Moul
President & Chief Executive Officer

Date