

No. 24-02

Approved by the Board of Directors  
at its August 22, 2024, meeting:



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Executive Vice President, General  
Counsel and Corporate Secretary

MINUTES OF MEETING  
OF  
THE BOARD OF DIRECTORS  
TENNESSEE VALLEY AUTHORITY  
May 9, 2024

A meeting of the Board of Directors of the Tennessee Valley Authority was held in the Lipscomb University George Shinn Event Center, 3906 Belmont Boulevard, Nashville, Tennessee on May 9, 2024. The meeting was called to order at 9:00 a.m. (CT). The meeting agenda was announced to the public on May 2, 2024. The meeting was open to public observation.

Board members in attendance were: Director and Chair Joe Ritch and Directors Beth Harwell, Beth Geer, Robert (Bobby) Klein, William (Bill) Renick, and Wade White.

Also present were TVA officers, including Jeffrey J. (Jeff) Lyash, President and Chief Executive Officer; Don Moul, Executive Vice President and Chief Operating Officer; John M. Thomas, Executive Vice President and Chief Financial and Strategy Officer; Tim Rausch, Executive Vice President and Chief Nuclear Officer; Jeannette Mills, Executive Vice President and Chief External Relations Officer; and Michael McCall, Vice President Environment and

Chief Sustainability Officer. Edward Meade, Associate General Counsel and Assistant Corporate Secretary, served as the Board's parliamentarian.

Chair Ritch presided over the meeting, which was duly called, notice to each Director having been delivered pursuant to Section 1.2 of the Bylaws governing meetings of the Board of Directors of the Tennessee Valley Authority. A quorum was present.

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#### **24-02-1      Welcome**

Chair Ritch expressed the Board's concern to those impacted by the severe weather and asked Jeff Lyash, President and Chief Executive Officer, to provide an update. Mr. Lyash provided an update on the damage and the progress of restoring power. Chair Ritch thanked Lipscomb University and their staff and students for hosting the event. Chair Ritch expressed his appreciation for the hospitality the Board received from Nashville and Davidson County.

The Board then heard remarks from Dr. Candice McQueen, President of Lipscomb University. Chair Ritch then called on Director Harwell, who expressed her appreciation to have the Board and the TVA staff hosted by Lipscomb University, her alma matter.

Chair Ritch next called on Jessica Dufner, Director of Business Communications, to summarize the comments received during the Board's public listening session. Ms. Dufner summarized that the Board heard from 38 individuals in person and several more submitting comments online.

Ms. Dufner reported the comments included the need for reliable, affordable energy and more renewable generation, suggestions on how to expand generation capacity, and advocacy for advanced nuclear and fossil generation. Ms. Dufner reported property owners and residents

expressed concern about the proposed generation site in Cheatham County. Ms. Dufner reported representatives of the Tennessee Farmers expressed their appreciation for TVA's collaboration of riverbank stabilization and river management and expressed concern about the loss of farmland for solar facilities. Ms. Dufner reported community leaders shared their thanks for TVA's partnership with various non-profits and TVA's support for robotics programs for students. Ms. Dufner reported other speakers discussed climate change, spent nuclear fuel storage, and the importance of diverse generation sources, protection of endangered species and water quality, and public input into TVA's Integrated Resource Plan.

Chair Ritch expressed his appreciation to the members of the public who spoke and provided comments to the Board.

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### **Old Business**

After a motion duly made and seconded, the Board approved the minutes of its February 14, 2024, meeting.

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### **New Business**

Chair Ritch called on TVA President and Chief Executive Officer, Jeff Lyash, to provide opening comments. Mr. Lyash expressed his appreciation for Governor Bill Lee attending a reception the previous night and his comments that were focused on the growth across the State of Tennessee and how Tennessee's leadership in nuclear energy is a competitive advantage. Mr. Lyash stated TVA values its partnership with the 153 local power companies and expressed his condolences to the passing of Chuck Bowlin, President and CEO of Greeneville Energy Authority.

Mr. Lyash congratulated Lipscomb University for winning TVA's Investment Challenge Program. Mr. Lyash explained the Investment Challenge Program is an example of how TVA partners with colleges, universities, technical training programs, and schools to support educational opportunities for students at all levels. Mr. Lyash reported that TVA has issued science, technology, engineering, and math (STEM) grants this year totaling \$1.5 million. Mr. Lyash reported that, together with Tennessee's Energy Efficient Schools Initiative, more than \$10 million has been invested to help over 225 schools reduce their energy costs. Mr. Lyash reported TVA's School Uplift program recently was awarded the Environmental Protection Agency's highest level of recognition by receiving an Energy Star Partner of the Year award.

Mr. Lyash discussed TVA's Sustainability Report that will contain information on TVA's progress on clean energy, carbon reduction, partnerships that bring jobs to local communities, and work to protect the region's biodiversity.

Mr. Lyash discussed TVA employees' volunteer service across the region including supporting food banks, building homes with Habitat for Humanity, preparing summer learning materials for students, and removing invasive species at state parks.

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#### **24-02-2 Information Item**

Chair Ritch reported the Board has one information item. Chair Ritch reported the Board recently approved by notation the item described below.

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#### **24-02-3 Committee Assignments**

As recommended by the Board Chair, the individual Board members notationally approved new committee assignments. A copy of the resolution is filed with the records of the Board as Exhibit 05/09/24A.

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Chair Ritch reported the Board has been reviewing steps to increase transparency related to the approval of large capital projects. Chair Ritch explained that, in accordance with a TVA Board Practice, the Board can authorize the President and CEO to approve capital projects when included in a Board approved budget. He noted that it may be difficult for customers, stakeholders, public officials, or the media to fully understand what projects are being approved. Chair Ritch explained that the Board wants TVA management to display publicly the list of large capital projects that are proposed as part of the budget. Chair Ritch reported that the Board has requested management to publish to TVA.com, the TVA website, resolutions that are approved at the Board meeting within one week of the Board meeting. Chair Ritch called on President and CEO, Jeff Lyash, to confirm that is something TVA can implement. Mr. Lyash confirmed that is a step that can be implemented and stated that management has taken a number of steps of over the last few years to increase public transparency. Chair Ritch reported the Board will continue to review governance processes and make updates and changes as appropriate.

Director Beth Geer voiced her support for the change and provided her explanation for that support.. Director Bill Renick then read a statement from Director Michelle Moore, who was not able to attend the Board meeting, expressing her gratitude to the individuals and organizations who raised concerns about transparency and governance with the Board. Director Moore, through Director Renick, stated that while delegation may be the right pathway for many

projects, there may be some that require particular consideration. Director Moore, through Director Renick, expressed appreciation for Chair Ritch's leadership in directing the initial steps to improve transparency and said she was looking forward to working with her colleagues to address the issues.

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#### **24-02-4 Report of the Operations and Nuclear Oversight Committee**

Chair Ritch called on Director Bobby Klein, Chair of the Operations and Nuclear Oversight Committee, to present the Committee's report. Director Klein reported the Committee met on April 9th and during the meeting toured the training center at Watts Bar Nuclear Plant.

Director Klein called on Don Moul, Executive Vice President and Chief Operating Officer, to provide an update on operational performance. Mr. Moul reported performance continues to be strong across operations. Mr. Moul explained TVA's key measures for transmission, non-nuclear generation reliability, and environmental stewardship are better than planned. Mr. Moul reported that preparations for the upcoming summer are under way and that TVA is continuing to build on lessons learned from last year's improved readiness. Mr. Moul reported Power Operations has completed 56 planned outages this spring, with 49 more to complete this outage season, and is executing 43 reliability projects. Mr. Moul discussed the upgrades and technology improvements at Nickajack Unit 4 and Cherokee Unit 4, which allowed the recovery of approximately 15 megawatts of clean, renewable and reliable power.

Mr. Moul discussed site preparation is nearing completion for the Cumberland Combined Cycle Plant and the last of 10 aeroderivative gas turbines and generators are being set on their foundations at the Johnsonville Combustion Turbine plant. Mr. Moul reported to enhance fuel, reliability, and resiliency of the gas fleet, TVA recently executed an agreement to

secure significant firm pipeline transportation from south Texas, which will give TVA access to firm gas from the Permian and Eagle Ford basins to diversify the natural gas supply portfolio. Mr. Moul reported the transmission team recently completed a North American Transmission Forum resilience maturity model assessment and is currently evaluating its next steps based on feedback from the assessment.

Mr. Moul reported the environment and sustainability team provided sponsorship and partnership for the Tennessee Environmental Council's Annual Tennessee Tree Day by helping to distribute trees at Caswell Park. Mr. Moul reported TVA has increased recreational access by awarding several grants to members of the community to help offset equipment and transportation costs and provide supplies to programs. Mr. Moul discussed efficiencies gained in coordinating cross-organizational activities such as identifying opportunities to execute the Lagoon Shelby Fiber Project in a manner that eliminated 1600 megawatts of potential generation loss resulting in a \$13.5 million cost avoidance. Mr. Moul noted TVA is continuing to grow capabilities in the Labor Forecast Center by jointly working with union partners to find ways to improve scheduling major work windows to optimize how TVA meets labor needs across the Valley. Mr. Moul reported the performance would not be possible without the tremendous work of TVA employees, union partners, contractors, and customers.

Director Klein reported that the Committee discussed the success of the Labor Forecast Center as well as management's efforts to increase supplier diversity. Director Klein reported the Committee reviewed and provided comments on the proposed revision to the TVA strategic elements in the area of operational excellence. Director Klein reported the Committee received a management update on improvements and continuing challenges in supply chain and component

procurements over the past year, the status of new generation projects, and ongoing improvements to TVA's transmission interconnection process.

Director Klein called on Executive Vice President and Chief Nuclear Officer Tim Rausch to provide an update on TVA's nuclear performance. Mr. Rausch reported operation in 2024 has been strong while working through many planned and some emergent activities. Mr. Rausch discussed the Nuclear organization recently completed its summer readiness assessment and an executive challenge that culminated in a fleet certification of readiness for the season. Mr. Rausch reported scheduled maintenance and equipment upgrades were completed during two refueling outages in the spring. Mr. Rausch reported two weeks ago Browns Ferry Nuclear Plant experienced a main power transformer failure. Mr. Rausch explained that, due to extensive planning and preparation several years ago, there was a spare transformer on site that allowed the spare transformer to be placed in service efficiently and effectively.

Mr. Rausch discussed a self-performed outage service initiative that has created 49 new TVA jobs and reduced dependency on vendors to provide skilled and proficient key services that are required for a successful refueling outage. Mr. Rausch reported there are three fall refueling outages along with major projects scheduled throughout the rest of the year to improve equipment reliability. Mr. Rausch discussed investing in equipment reliability will enable 80 years of operation of the seven units, preserve 8,300 megawatts of reliable carbon-free nuclear generation, and increase output by an additional 244 megawatts.

Mr. Rausch reported TVA continues to investigate and work with partners on new nuclear opportunities along with working with GE Hitachi, Synthos Green Energy, and Ontario Power Group on the standard design completion of the BWRX-300. Mr. Rausch reported TVA continues to work in partnership with the Nuclear Energy Institute, other utilities, and



technology developers to build a unified industry position on cost, fast follower commitments, and standardization that will help inform U.S. policymakers.

Director Klein reported the Committee discussed the completed spring outage at Browns Ferry Nuclear Plant Unit 3 and the ongoing spring outage at Sequoyah Nuclear Plant Unit 1. Director Klein reported the Committee received a management update highlighting several new initiatives and discussed the portfolio of projects to support extending the life of the TVA nuclear fleet. Director Klein reported the Committee received a management report explaining its request for approval to use a portion of the Fiscal Year 2024 rate increase revenue to fund identified operations and nuclear strategic initiatives that will be discussed during the Finance, Rates, and Portfolio Committee report.

Director Bill Renick read a question from Director Michelle Moore, who was not able to attend the meeting, requesting President and CEO Jeff Lyash to provide his perspective on how TVA is working to reduce the amount of time it takes to implement TVA's interconnection process on clean energy projects. Mr. Lyash explained the industry has seen an explosion of interconnection requests and at TVA the requests have gone up about 15-fold on an annual basis. Mr. Lyash explained the process is to conduct an analysis and identify what has to happen to accommodate the interconnection. Mr. Lyash explained the process takes about two years, which is good performance by industry standards but is not good enough. Mr. Lyash reported that FERC Order 2023 provides a different structure for handling transmission interconnection requests. Mr. Lyash reported he expects to implement the new approach by the end of the year and noted that the new approach will make the process more efficient and clear for developers. Mr. Lyash discussed TVA is in the process of identifying the type of strategic investments that can be made that will address the length of time it takes once an interconnection agreement is in

place to construct the transmission assets and connect the project to the grid. Mr. Lyash explained the time has been extended due to post-pandemic supply chain constraints and TVA's growth. Director Renick discussed his recent visits to Choctaw County, Mississippi, and his unveiling of a new sign that will be placed on the first TVA pole raised on January 4, 1934, in Pontotoc County, Mississippi.

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#### **24-02-5 Report of the Finance, Rates, and Portfolio Committee**

Chair Ritch called on Director Wade White, Chair of the Finance, Rates, and Portfolio Committee, to present the Committee's report. Director White reported the Committee met on April 17th.

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#### **24-02-6 FY24 Strategic Initiatives Funding**

Director White reported the Committee has one action item related to management's request for approval of the use of revenue raised from the rate adjustment the Board approved last August. Director White reported the Operations organization has requested \$82.3 million to fund equipment reliability risk mitigations across the power operations fleet, winter resiliency and storm response, turbine generator issues at Ackerman Combined Cycle Plant, and wildfire mitigation work on TVA's rights-of-way. Director White reported the Nuclear organization is requesting \$60.8 million to fund new nuclear life extension projects to execute major component life cycle replacement for the operating fleet. Copies of the slides used by Director White in his report are filed with the records of the Board as Exhibit 05/09/24C.

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from Executive Vice President and Chief Operating Officer

Don Moul and Executive Vice President and Chief Nuclear Officer Tim Rausch, dated April 5, 2024, and filed with the Board as Exhibit 05/09/24B.

WHEREAS, at its August 24, 2023, meeting, the TVA Board of Directors (Board) approved a rate adjustment that increased the wholesale base rates by 4.5% to be effective on October 1, 2023; and

WHEREAS, in its approval of the FY 2024 TVA budget, the Board conditioned the use of any revenue generated from the rate adjustment in FY 2024 to support strategic initiatives as specifically approved by the Board; and

WHEREAS, as recommended in the April 5, 2024, memorandum from the Chief Operating Officer (COO) and Chief Nuclear Officer (CNO), a copy of which is filed with the records of the Board of Directors (Board) as Exhibit 05/09/24B, the Board has determined that the COO and CNO Strategic Initiatives, as defined in the memorandum, should be funded with revenues generated in FY 2024 by the rate adjustment that was approved by the Board on August 24, 2023.

BE IT RESOLVED, That the Board approves the COO and CNO Strategic Initiatives as defined in the memorandum and authorizes TVA to spend revenue generated in FY 2024, in a total amount not to exceed \$143.1 million from the rate adjustment that was approved at the August 24, 2023 Board meeting to support the initiatives;

RESOLVED further, That any funding of the COO and CNO Strategic Initiatives that is required beyond FY 2024 must be approved during the Board's ordinary budget processes or otherwise specifically approved by the Board.

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## **24-02-7 Financial Update**

Director White called on John Thomas, Executive Vice President and Chief Financial and Strategy Officer, to provide the fiscal-year-to-date financial summary. Mr. Thomas provided a report on the first six months of the year. Mr. Thomas reported rates that customers are paying are lower for the first six months over last year largely due to TVA's diverse generation portfolio. Mr. Thomas reported the overall performance of the portfolio as well as TVA's ability to take advantage of low commodity prices helped drive the rate down. Mr. Thomas provided a report on the first six months' financial results. Mr. Thomas addressed items influencing

financial performance, including weather, revenue, and fuel costs. Mr. Thomas reviewed revenues, expenses, and TVA's summary income statement and summary cash flow statement. A copy of the slides used by Mr. Thomas in his presentation is filed with the records of the Board as Exhibit 05/09/24E.

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Director White reported the Committee discussed TVA's financial strength and igniting innovation strategic priorities and shared their feedback with management on potential updates to the elements relevant to TVA's strategic priorities. Director White reported the Committee received a management update on TVA's draft financial plan, which will be used to form budgets for FY 2025 and beyond. Director White reported management also provided the Committee a summary of potential alternative financing structures that are being considered to help finance needed projects while maintaining financial health.

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#### **24-02-8 Report of the People and Governance Committee**

Chair Ritch called on Director Beth Harwell to present the Committee's report since Director Brian Noland, Chair of the People and Governance Committee, was not able to attend the meeting.

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#### **24-02-9 Executive Compensation Review**

Director Harwell reported the Committee has one action item which addresses recommendations that are the result of the recent work of the Board's Executive Compensation Task Force (Task Force). Director Harwell expressed her appreciation for the work of the group. Director Harwell reported that, with the help of an independent compensation consultant, the

Task Force completed its review and provided its recommendation to the Committee on April 18th. Director Harwell reported that if the recommendations are approved, TVA will be publishing an 8-K with specific information around the changes. Director Harwell discussed Recommendations 1 and 2, which are to adopt a new Board practice to include all compensation delegations in one location with specific amendments to existing delegations and to include specific guidance for the Committee's independent compensation consultant in the TVA Compensation Plan. The Task Force reviewed all existing compensation delegations to make recommendations to improve clarity, ensure appropriate Board oversight of compensation, and avoid situations where the CEO would need to make changes in plans in which he or she was a participant. Director Harwell reported the Task Force prepared guidance language to include in the TVA Compensation Plan around the role of independent compensation consultant. Director Harwell reported Recommendation 3 is to assign any action around the CEO's participation in the Executive Severance Plan to the Chair of the People and Governance Committee with concurrence of the Board Chair. Director Harwell reported Recommendation 4 is to reduce the severance multiple from 1.5 to 1.0 for the CEO position. Director Harwell reported Recommendation 5 is to include annual salary only in the calculation of any cash separation payment applicable to the CEO position, removing target annual incentive opportunity from the formula, with the CEO position still being eligible for a pro-rated amount under the existing annual incentive plan. Director Harwell reported Recommendation 6 is to make no change to the healthcare benefits under the Executive Severance Plan. Director Harwell reported Recommendations 7 through 9 relate to information provided to the Board regarding compensation for the CEO position and re-establishing the previous maximum payout of 150% for the CEO under TVA's annual and long-term incentive plans, with which the Committee

concur. Director White stated he believed the nine recommendations make significant changes to the CEO's compensation and will make the compensation process more transparent and in line with public power.

After a motion duly made and seconded, the Board adopted the following resolution, as recommended in a memorandum from Director Brian Noland, Chair of the People and Governance Committee, dated April 29, 2024, and filed with the Board as Exhibit 05/09/24D.

WHEREAS on December 18, 2023, the Board approved the creation of an Executive Compensation Task Force (Task Force) to conduct a review of executive compensation and required the Task Force to complete its review and make recommendations to the People and Governance Committee (Committee) in advance of the Board's May 2024 meeting;

WHEREAS the Task Force completed its review and made its recommendations to the Committee during an executive session portion of the Committee's meeting on April 18, 2024;

WHEREAS in a memorandum dated April 29, 2024, a copy of which is filed with the records of the Board as Exhibit 05/09/24D (Memorandum), the Chair of the People and Governance Committee, on behalf of the Committee, recommends approval of various items that were presented to the Committee by the Task Force;

WHEREAS the Board concurs with the recommendations of the Committee, and the Board applauds the Task Force for its significant efforts in completing its review as required by its charter; and

WHEREAS to the extent that the Task Force did not maintain minutes or otherwise comply with any specific procedural obligations under the terms of its charter, the Board excuses the Task Force due to the sensitive nature of its work and the significant effort that was required to complete its review in such a short period of time;

BE IT RESOLVED, That the Board approves the recommendations numbered 1 through 9 as outlined in the Memorandum;

RESOLVED further, That the Board hereby specifically approves the *TVA Employee Compensation Board Practice*, attached as Exhibit 1 to the Memorandum;

RESOLVED further, That the Board hereby specifically approves the amended Executive Severance Plan, Executive Annual Incentive Plan, Long Term Incentive Plan, Deferred Compensation Plan, Restoration Plan, and Supplemental Executive Retirement Plan, attached as collective Exhibit 2 to the Memorandum;

RESOLVED further, That the Board hereby specifically approves the amended Compensation Plan, attached as Exhibit 3 to the Memorandum; and

RESOLVED further, That the Board hereby specifically approves the use of templates, substantially in the form of Exhibit 4 to the Memorandum.

Director Harwell reported the Committee will also consider the items the Task Force identified for a more robust analysis of TVA's compensation philosophy, including benchmarks, grant opportunities, simplification of compensation programs, target-setting methodology, establishment of CEO's goals, and peer group selection. Director Harwell requested management to review these considerations and prepare recommendations for the Committee's review.

Director Harwell reported the Committee received updates on the status of TVA's labor relations. Director Harwell discussed TVA's strong relationship with its union partners has allowed TVA to navigate a year of unprecedented challenges and to be more competitive in the labor market. Director Harwell reported the Committee discussed proposed updates to TVA's strategic elements which serve as the basis for TVA's strategic and business planning. Director Harwell reported the Committee reviewed TVA's succession planning program and received a management update on the status of TVA's succession plan and talent development.

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#### **24-02-10 Report of the External Stakeholders and Regulation Committee**

Chair Ritch called on Director Beth Harwell, Chair of the External Stakeholders and Regulation Committee, to present the Committee's report. Director Harwell reported the Committee met on April 17th. Director Harwell reported the Committee reviewed management's proposed updates to the Powerful Partnerships strategic element. Director Harwell reported the Committee supports the revisions which reflect the importance of

partnership as TVA meets the challenges of an evolving industry. Director Harwell reported the Committee received an update on customer and stakeholder engagement with management providing the findings of a recently completed review of TVA's community contribution program. Director Harwell reported that, following the review, management has refined the contribution strategy including a greater focus on Valley-wide, programmatic opportunities and implemented process improvements including adding more rigor to the approval process. Director Harwell reported the Committee received a management update that reported positive engagement with city leadership in Bessemer, Alabama, to address regulatory issues. Director Harwell reported the Committee received a management update on community engagement in Cheatham County related to TVA's proposed generation project, with TVA having held a series of public engagements in February and March.

Director Harwell reported the Committee was provided with an overview of the newly formed Southwest region highlighting key focus areas for the region and economic development activity. Director Harwell reported the Committee received an update on the work of TVA's Federal Affairs team highlighting key engagements on issues important to TVA's strategy and efforts related to federal funding opportunities. Director Harwell reported the Committee received a quarterly economic development update including the impact of TVA's site development programs and TVA having a role in creating or retaining over 28,000 jobs and bringing \$3.4 billion in capital investments in fiscal year 2024.

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## **24-02-11      Sustainability Report**

Director Harwell called on Michael McCall, Vice President Environment and Chief Sustainability Officer, to discuss the TVA Sustainability Report. Mr. McCall reported the



Sustainability Report is live on TVA's website and encouraged review. Mr. McCall reported aligning sustainability principles and measurements to TVA's mission is how TVA defines sustainability. Mr. McCall noted that TVA incorporates economic growth, workforce preparedness, and community impact into the Sustainability Report. Mr. McCall reported TVA's operational and financial performance has led TVA's economic development partners to have a globally competitive energy supply. Mr. McCall discussed 55% clean, carbon-free energy being delivered to customers, which is really strong performance compared to regional peers. Mr. McCall reported the Board-approved environmental policy and natural resources plan are available for the public to review. Mr. McCall reported TVA's air emissions and water use metrics are at historic lows. Mr. McCall discussed resiliency improvements, energy efficiency programs, TVA's biodiversity policy, community support, federal funding opportunities, and supplier diversity. Mr. McCall discussed the challenges and opportunities relative to sustainability including load growth, energy equity, land management, and sustainability performance. A copy of the slides used by Mr. McCall in his presentation is filed with the records of the Board as Exhibit 05/09/24F.

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Director Harwell reported the Committee received an update on TVA's supplier diversity program with TVA being in the top quartile in inclusion.

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## **24-02-12 Report of the Audit, Risk, and Cybersecurity Committee**

Chair Ritch called on Director Beth Geer to present the Committee's report since Director Michelle Moore, Chair of the Audit, Risk and Cybersecurity Committee, was not able to attend the meeting. Director Geer reported the Committee had its quarterly meeting on April

18th and met on April 29th to review TVA's quarterly filing with the SEC. Director Geer reported the Committee has engaged in extensive conversations with management and the Office of Inspector General about how TVA is resourcing and responding to cybersecurity challenges, which is a top risk across the utility sector. Director Geer reported the Committee explored Artificial Intelligence (AI) both as a cybersecurity risk and as a potentially beneficial tool and discussed governance measures TVA is taking to ensure its use of AI will be safe, effective, and ethical, including the establishment of an internal Security and Technology Control Board.

Director Geer reported that as part of TVA's annual enterprise risk and assurance assessment, TVA's Chief Risk Officer will interview each member of the Board. Director Geer reported the Committee reviewed TVA's proposed updated strategic elements with a focus on aligning the final proposed strategic elements with top enterprise risks, including cybersecurity and resiliency.

Director Geer reported the Committee received a legal and ethics update that discussed several current lawsuits and TVA's enterprise investigation process and presented an analysis of the 48 investigations conducted by various internal investigating bodies during fiscal year 2023. Director Geer reported the Committee received a quarterly update from the Inspector General (IG) and his staff and then met separately with Ernst & Young (EY), TVA's independent auditor. Director Geer reported the Committee received a management update on the subject of a recent IG report, TVA's 26a permitting program, and looks forward to tracking future progress and full resolution.

Director Geer reported the Committee met via videoconference on April 29th to review TVA's quarterly report to the SEC on Form 10-Q. Director Geer reported the Committee will review at its next quarterly meeting the recently released SEC rules regarding climate-related

risk disclosures.

Director Geer expressed her appreciation for Nancy Holloway, Assistant Inspector General of Investigations, who recently announced her upcoming retirement.

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## **24-02-13      President's Report**

Chair Ritch called on TVA President and CEO, Jeff Lyash, to provide the President's Report. Mr. Lyash expressed his appreciation and recognition to the TVA employees who are focused on delivering sustainable energy to meet the region's growing needs. Mr. Lyash discussed the region's growth is driven by sustained in-migration, increased electrification, and economic development that brings jobs to local communities. Mr. Lyash reported that over the last five years TVA has helped bring capital investments to the region that total a projected \$46 billion and bring clean energy jobs and industries that will help drive the clean energy economy. Mr. Lyash reported to support the growth TVA is expected to need to at least double its electric system by 2050. Mr. Lyash reported TVA is making significant progress, investing in current assets, adding 3800 megawatts of additional generation, and working to accelerate clean energy programs. Mr. Lyash reported TVA gained significant experience over the last year in energy efficiency, demand response, energy storage, and solar generation with a goal of 10,000 megawatts of solar energy. Mr. Lyash reported TVA has 4,000 megawatts of the 10,000 either in commercial operation or in development and construction but the pandemic's impact on the supply chain continues to hamper progress in solar installations and energy storage. Mr. Lyash reported TVA has experienced a dramatic increase in transmission interconnection requests and lengthened response times. Mr. Lyash reported TVA is reviewing its processes to improve that

performance. Mr. Lyash reported the focus in the coming year will be how to accelerate the deployment of clean energy assets.

Mr. Lyash reported TVA is optimizing existing generation assets and expanding the system with new generation and innovative technologies. Mr. Lyash reported that nearly 60% of TVA's generation comes from carbon-free sources. Mr. Lyash reported TVA invested \$20 billion in capacity expansion and base capital in the power system in the last ten years and is planning to invest an additional \$15 billion in capital over the next three years. Mr. Lyash reported that the first of three solar plus storage projects that are part of TVA's Green Invest Program is in its final phases. The first project will supply 150 megawatts of generation along with 200 megawatts of battery storage, and when all three projects are complete, they will have a total capacity of 550 megawatts. Mr. Lyash discussed energy efficiency upgrades and noted that TVA's efforts to help businesses and residents reduce energy have eliminated over 161,000 tons of carbon from the program expansion. Mr. Lyash reported TVA launched this week a new voluntary demand response option for new customers called Valley Growth Partners, which can accelerate energy efficiency and demand response deployments.

Mr. Lyash reported the foundational source of TVA's carbon-free energy is the nuclear fleet, which has generated 43% of the total power supply for the region this year. Mr. Lyash reported TVA is continuing to pursue advanced nuclear technologies that will play a role in meeting electricity needs and carbon reduction goals for the region and entire nation. Mr. Lyash discussed natural gas which provides critically important flexibility to reliably integrate renewables into the system. Mr. Lyash reported natural gas supports TVA's energy supply by replacing generation that came previously from coal plants but is cleaner and more efficient than coal and available on demand. Mr. Lyash discussed TVA's transmission system is affected by

the economic growth as more and more customers are needing to connect to the transmission system with up to a 20-fold increase in interconnection requests. Mr. Lyash reported other investments include the new primary system operation center, a strategic fiber backbone initiative, and collaboration with local power companies on a regional grid transformation project. Mr. Lyash discussed that energy was key when TVA was established over 90 years ago and is key to continuing prosperity in the Valley and across the nation. Mr. Lyash discussed the public power model as giving this region a competitive advantage. Mr. Lyash discussed how TVA is working together to build the nation's premiere clean energy ecosystem including the Valley Partners Pathway Study and working with local power companies to pursue the Valley Vision 2035.

Director Klein expressed his appreciation for the energy efficiency work going on across the Valley with over 12,000 homeowners having taken advantage of programs through TVA's EnergyRight programs. Copies of the slides used by Mr. Lyash in his presentation are filed with the records of the Board as Exhibit 05/09/24G.

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Chair Ritch closed the meeting by thanking the Committee Chairs, thanking Lipscomb University and Nashville for hosting the Board, and thanking the TVA Police, Mary Margaret Painter, Rebecca Tolene, and the Communications team for their support. Chair Ritch introduced a video celebrating the linemen who work to ensure reliable power.

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The meeting was adjourned at 10:21 a.m. (CT).