

**PROPOSED BOARD RESOLUTION
(Power Availability)**

WHEREAS a new customer of Memphis Light, Gas and Water (MLGW) has proposed to locate operations within the service territory of TVA; and

WHEREAS the new load requirement of the end-use customer is 150 megawatts, and the customer has requested to take the power by the end of the calendar year, possibly as early as December 1, 2024; and

WHEREAS TVA Board approval is required to authorize TVA to make available new amounts of firm power exceeding 100 megawatts; and

WHEREAS a memorandum from the Senior Vice President Customer & Community Relations, dated October 7, 2024, a copy of which is filed with the records of the Board as Exhibit 11/07/24G, recommends that the Board approve the arrangements set forth in the memorandum; and

BE IT RESOLVED, that after review of the memorandum, the Board of Directors finds it to be appropriate and in the interest of TVA, and hereby approves 150 MW of power supply to the new MLGW end-use customer on the requested timeline contingent on the new customer's agreement to certain demand response terms offered for similar customer loads.

**Approved by TVA Board of
Directors**
November 7, 2024

KAB
Assistant Secretary

EXHIBIT 11/07/24G

October 7, 2024

Customer and Community Relations

Board of Directors

SUBJECT

The TVA Board of Directors (Board) is requested to approve the availability of firm power exceeding 100 megawatts (MW) to a new customer of Memphis Light, Gas and Water (MLGW). The request will allow MLGW to enter into a power contract with CTC Property LLC, an xAI subsidiary, (hereinafter also referred to as Company or xAI) with a demand that exceeds 100 MW at the former Electrolux site in Memphis, Tennessee. CTC Property LLC is a new MLGW customer with a desire for a firm power contract demand of 150 MW for its initial phase of operation. The Company would like to take full power by the end of the calendar year, possibly as early as December 1, 2024.

BACKGROUND

CTC Property LLC is focused on competing in the Artificial Intelligence (AI) industry. Given the rapidly evolving industry, speed-to-market is of vital importance to xAI, and the Company has exhibited a sense of urgency throughout the project.

Industrial developer Phoenix Partners acquired the vacant Electrolux building in Pidgeon Industrial Park in late 2023. Shortly after, xAI signed a lease on the property. In March of this year, xAI inquired about MLGW and TVA's potential to supply a 150 MW operation at the site for the purpose of operating an AI data center that would house the world's largest supercomputer. TVA has not identified any adverse system impacts.

The Memphis Chamber of Commerce announced in early June that xAI was moving forward with plans to locate its operations at the former Electrolux building. Consistent with the need for expedited operation, the Company quickly began to build the supporting infrastructure and purchase the necessary equipment for its operations. The Company brought in temporary gas generators to power the operation during early testing and operational ramp up. By August of this year, xAI was already operating at over 50 MW with a combination of limited MLGW power and xAI gas turbines. xAI is completing its buildout as it also constructs the new substation onsite that will be the delivery point for firm power for the plant.

TVA's Commercial Energy Solutions team presented a term sheet to xAI outlining the expectations for the Company's participation in demand response. The Company has so far been receptive and understands the need for such an approach for large scale loads in order to make the requested amount of power available on the requested timeline. The Company has batteries for use in demand response events. TVA would only make the requested 150 MW of power available as early as December 1, 2024 if Company agrees to demand response terms offered for similar customer loads.

ALTERNATIVES CONSIDERED

Management evaluated the ability to supply the requested demand on the requested timeline. Consistent with TVA's obligations under the wholesale power contract with MLGW, TVA has worked with the Company and MLGW to understand power needs, ramp up schedule, and other

factors affecting TVA's ability to meet the request and maintain system reliability. Management determined that TVA could make the requested amount of power available when requested if xAI agrees to certain demand response terms offered to similar customer loads.

RISKS, BENEFITS, AND RECOMMENDED ACTION

Associated Risks

With the continued addition of incremental load, TVA will continue to maintain wide-area reliability operating reserves mandated by the North American Electric Reliability Corporation (NERC). However, TVA is currently at risk of not meeting "planning reserve margin" targets for winter and summer peak seasons over the next five years.

TVA currently maintains these planning reserve margins at 25 percent additional capacity over expected winter peak demand and 18 percent additional capacity over expected summer peak demand. These values are evaluated periodically and will be adjusted to maintain industry reliability standards. Planning reserves help ensure that there are adequate resources available to serve demand, even in the face of temperature variability, load forecast error, and unscheduled plant outages.

The addition of incremental load to the system increases this risk, without other measures such as interruption rights or adding capacity (whether building new generation or entering into power purchase agreements). Measures such as demand response help mitigate this risk during periods of peak power demand.

Benefits Associated with Requested Action

The project intends to invest \$5 billion worth of capital with over 200 high-tech jobs in cutting-edge technologies that have the potential to attract other economic prospects to the Valley.

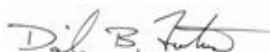
Recommended Action

For the reasons discussed above, it is recommended that the Board approve TVA making 150 MW of firm power available for MLGW to supply xAI on the requested timeline, contingent on the Company's agreement to certain demand response terms offered for similar customer loads.



Daniel Pratt
Senior Vice President
Customer & Community Relations

REVIEWED AND APPROVED:



October 17, 2024

David Fountain
Executive Vice President and
General Counsel

Date



October 17, 2024

Jeffrey Lyash
President and Chief Executive Officer

Date