

**PROPOSED BOARD RESOLUTION**

(Battery Energy Storage Systems Opportunity to Maintain Continuity of Operations)

WHEREAS the Tennessee Valley Authority (“TVA”) Board approved by notation the fiscal year (“FY”) 2026 Expenditures and Related Items; and

WHEREAS Section 2(e) of the TVA Act provides that five members of the Board shall constitute a quorum for purposes of transacting the business of TVA; and

WHEREAS with fewer than five members currently serving on the Board, the Board is limited to taking actions consistent with Section 1.6 of the TVA Bylaws as necessary to assure continuity of operations along the lines established while the Board was guided by a quorum; and

WHEREAS the FY 2026 Contracting Plan includes projected expenditures and commitments, for which approval is necessary for TVA to continue during FY 2026 to generate and purchase the power that is required for TVA to fulfill its mission and meet its contractual obligations; and

WHEREAS the FY 2026 Contracting Plan also includes authorization for TVA to execute certain power purchase agreements (“PPAs”) for capacity purposes with delivery dates from FY 2026 through FY 2031; and

WHEREAS the FY 2026 Contracting Plan does not authorize management to execute capacity PPAs with delivery dates beyond FY 2031, but recognizes that management may return to the Board for approval if a commercial opportunity extending into the long-term window is deemed necessary for continuity of operations; and

WHEREAS a memorandum dated September 15, 2025, a copy of which is filed with the records of the TVA Board of Directors as Exhibit 11/06/25F (the “Memorandum”), from the Executive Vice President & Chief Business Officer, Business Operations, recommends that the Board authorize TVA to execute contracts with delivery periods that extend into the long-term window for up to 1,500 MW of battery energy storage systems; and

WHEREAS the Memorandum explains that the action being proposed is necessary to assure continuity of operations consistent with the Board’s authority under Section 1.6 of the Bylaws of the Tennessee Valley Authority (“Bylaws”);

BE IT RESOLVED, That the TVA Board of Directors hereby authorizes up to 1,500 MW of battery energy storage systems as described in the Memorandum; and

RESOLVED FURTHER, That the TVA Board of Directors authorizes the Chief Executive Officer (“CEO”), or their delegate, to execute contracts consistent with what is described in the Memorandum in accordance with the delegations established under the TVA Board Practice, *Commercial Energy Agreements, Programs, and Related Contracts*, for projects or activities approved by the Board and that the contracts authorized by this Resolution will be treated as Commercial Energy Agreements, Programs, and Related Contracts as defined in that Board Practice.

**Approved by TVA Board of  
Directors**

**November 6, 2025**

**ECM**

**ASSISTANT SECRETARY**

September 15, 2025  
**Business Operations**

Board of Directors

**SUBJECT**

The Executive Vice President, Business Operations & Chief Business Officer (“CBO”) requests that the TVA Board of Directors (“Board”) authorize expedited deployment of up to 1,500 MW of battery energy storage systems (“BESS”) as described further below. The Board’s authorization would enable TVA to enter into contracts during FY 2026 for new-build, TVA-interconnected energy storage assets that would provide capacity additions to TVA’s system with commercial operation dates (“CODs”) from calendar year (“CY”) 2027 to CY 2029. All BESS would be contracted via Energy Storage Agreements (“ESAs,” a form of PPA tailored to energy storage assets), each up to 20 years in operational duration.

The CBO further requests that the Board authorize execution of up to 1,500 MW of BESS that satisfies the criteria set out in the Recommendation section below in accordance with the delegations established under the TVA Board Practice, *Commercial Energy Agreements, Programs, and Related Contracts*, for projects or activities approved by the Board and that the contracts authorized be treated as Commercial Energy Agreements, Programs, and Related Contracts as defined in that Board Practice.

**BACKGROUND**

TVA has considered the addition of BESS to its system for several years. TVA’s 2019 Integrated Resource Plan (“2019 IRP”) demonstrated a need for new capacity under all scenarios, regardless of the strategy employed, in order to replace expiring or retiring capacity. With respect to BESS, the 2019 IRP identified significant storage additions by 2028 and 2038 in certain strategic portfolios and scenarios in order to provide reliability and/or system flexibility.<sup>1</sup>

Deploying BESS will help TVA meet growing demand on the system in the five-year horizon where TVA has limited new-build generation options and known capacity constraints.

In addition to its value as a dispatchable capacity asset, BESS provides further system value for reactive power support and voltage control, regulation and frequency control, and augmenting spinning reserves and supplemental reserves. Further, BESS enables TVA to arbitrage energy

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<sup>1</sup> The strategic plans designed to support the promotion of distributed energy resources (“DER”), resiliency, efficient load shape, and renewables contemplated the most significant storage additions, with most of these additions being utility-scale batteries. However, due to unfavorable cost at the time, TVA’s Base Case in the 2019 IRP did not include BESS additions. Even so, the 2019 IRP noted that TVA would continue to monitor rapidly evolving battery storage technologies for improving economics.

value through economic charging and dispatch.<sup>2</sup> These attributes bring significant value to TVA's system with the changing market conditions in the Valley.

The FY 2026 Contracting Plan includes authority to execute mid-term capacity agreements with delivery dates from FY 2026 through FY 2031. Competition for available resources to meet mid-term system needs continues to increase due to load growth, growing capacity needs throughout the country, and transmission constraints. TVA has identified a commercial opportunity that may add up to 1,500 MW of new operational BESS capacity by CY 2029, which will help meet mid-term needs, but the opportunity requires execution of long-term agreements with delivery periods beyond FY 2031. BESS capacity additions will enable TVA to mitigate capacity market risk and power import risk because these new storage resources will be directly connected to TVA's transmission system.

### **CONTINUITY OF OPERATIONS CRITERIA**

Under Section 1.6 of the Bylaws, the remaining Board members in office may, as a Board without a quorum, continue to exercise those powers of the Board "which are necessary to assure continuity of operations of [TVA] along the lines established while [TVA] was guided by a quorum of the Board, but shall not have the authority to direct [TVA] into new areas of activity, to embark on new programs, or to change [TVA's] existing direction."

The 2019 IRP identified up to 2,400 MW of storage by 2028 and up to 5,300 MW by 2038, which would include BESS. TVA has only added 390 MW of storage (either operating or under construction) since the 2019 IRP. Given improvements in technology and TVA's operational experience, the value of BESS to TVA's system has increased over time. In 2024, the Board approved adding an aggregate of up to 6,000 MW of solar, wind, and storage as part of the FY 2025 Contracting Plan. Under that authority, TVA has added 150 MW of solar, and thus, 5,850 MW of authority under the Board quorum-approved FY 2025 Contracting Plan was not utilized.

Long-term BESS capacity additions that are operational by CY 2029 will help TVA address mid-term capacity needs and better enable TVA to maintain continuity of its operations by delivering capacity to the system in an expedient and cost-effective manner. Given constraints on the availability of other resources, BESS additions will mitigate against potential reliability impacts through 2031.

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<sup>2</sup> Energy arbitrage through economic charging and dispatch of BESS is similar in principle to TVA's longstanding pumped energy storage approach of filling the Raccoon Mountain reservoir when demand and energy values are lower, then using the stored reservoir energy to generate electricity when demand and system values are higher.

**ALTERNATIVES CONSIDERED**

TVA continues to evaluate opportunities for new build energy resources that are directly connected to TVA’s system. Such resources are constrained due to interconnection, construction, and component availability timelines. Further, while TVA continues to execute transactions for imported power when feasible, both short-term and mid-term capacity market purchases face significant headwinds. Neighboring transmission systems also are becoming capacity constrained, leading to elevated prices and reduced availability. More broadly, power imports are increasingly constrained by transmission congestion throughout the southeast region, particularly during peak seasons when system needs can be most acute.

**RECOMMENDED ACTION AND POTENTIAL IMPACTS**

Management recommends that the Board authorize TVA to execute agreements for up to 1,500 MW of battery energy storage systems (“BESS”) under contracts with delivery periods of up to twenty years that meet the following criteria:


- Projects must be evaluated in a manner that is consistent with TVA’s least-cost planning requirements;
- Each transaction must be evaluated in accordance with existing concurrence processes for similar resources; and
- Agreements must provide for an initial delivery date prior to the end of CY 2029.

Management further recommends that the Board authorize execution of up to 1,500 MW of BESS that satisfies the criteria set out above in accordance with the delegations established under the TVA Board Practice, *Commercial Energy Agreements, Programs, and Related Contracts*, for projects or activities approved by the Board and that the contracts authorized be treated as Commercial Energy Agreements, Programs, and Related Contracts as defined in that Board Practice.

  
Jeremy P. Fisher  
Executive Vice President & Chief Business Officer, Business Operations

Attachments

**REVIEWED AND APPROVED:**

  
\_\_\_\_\_  
Rebecca Tolene  
Executive Vice President and  
General Counsel

10/16/2025

Date

  
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Don Moul  
President and Chief Executive Officer

10/16/2025

Date