Painted Desert Power

Frequently asked questions

1. **Q: What is the Painted Desert Power project?**
   A: Painted Desert Power is a 750 MWac photovoltaic (PV) solar and 750 MWac battery energy storage system (BESS) project being developed in the Coalmine Canyon and Cameron Chapters on Navajo Nation. It is approximately 5 miles east of the town of Cameron, AZ. The project will interconnect to the Moenkopi Substation, operated by Arizona Public Service (APS) via a 4.5-mile 500kV generation intertie.

2. **Q: When did Painted Desert Power begin development?**
   A: Navajo Power began development of the project in 2019. AES has been involved with the project since 2021 and purchased the project from Navajo Power in 2022. AES is working closely with Navajo Power to continue to develop this project in partnership.

3. **Q: Who is AES?**
   A: AES is the developer and will be the owner/operator of the Painted Desert project. The AES Corporation is a global energy company committed to accelerating the future of energy. AES is headquartered in Arlington, Virginia, and is a publicly-traded company listed on the New York Stock Exchange (NYSE: AES). With more than 8,000 employees in 10 countries, AES has been developing and delivering innovative energy solutions to its customers for more than 40 years. In the US, AES safely operates more than 600 solar, wind, battery energy storage and energy infrastructure projects across 29 states and territories in the US, representing 13.9 GW of capacity. We have a total backlog of 7.9 GW of signed PPAs, with 2.9 GW under construction and an overall development pipeline of 53 GW. AES is a diversified energy company, owning and operating two large investor-owned utilities in Indiana and Ohio and other generation assets in the US and worldwide. AES' business model is to own and operate projects for their entire lifetime.

4. **Q: Does AES have any experience in the state of Arizona?**
   A: AES is proud to be helping to shape Arizona's clean energy future. With over 1.1 GW of clean energy already in operation, including one of Arizona's largest wind

projects, Chevelon Butte, and another 1.2 GW under construction, AES is building momentum across the state. We work closely with local utilities to deliver reliable and affordable energy solutions through innovative programs and strong collaboration. AES teams are on the ground, managing operations 24/7 and coordinating with local responders to ensure the safety and reliability of our projects. We are committed to being good neighbors, working together with our partners to create long-term value and positive impact for local communities in Arizona.

5. **Q: What was the official review process for Painted Desert Power and was the community involved?**
   A: Between August 2018 and February 2022, Navajo Power held dozens of meetings with Navajo families who hold grazing permits in the Cameron and Coalmine Canyon chapters. At these meetings, the project team educated local grazing permit holders about solar power and the development steps required for a large solar project. Grazing permit holders were involved in selecting the site to ensure the project did not disturb traditional ceremonial areas or areas currently used for grazing activities. Before entering into agreements with grazing permit holders for rights to their grazing land, legal representation was provided to ensure that the grazing permit holders fully understood the agreements and that the agreements addressed the concerns of the grazing permit holders. All affected grazing permit holders have signed consents supporting development of the Project on the Project Site. PDP has assigned a representative to provide updates to grazing permit holders on a regular basis.

   The project team followed the Navajo Nation Land Withdrawal Regulations and Leasing Regulations, including: obtaining Chapter resolutions in support of the project with Cameron and Coalmine Canyon Chapters; obtaining consent from all valid grazing permit holders in the presence of a local grazing official and a General Land Development Department (GLDD) Land Agent who explained the consent in English and Navajo; obtaining a Land Withdrawal Designation from GLDD; securing biological and cultural clearances from the Navajo Nation Department of Fish & Wildlife and Heritage and Historic Preservation Department, respectively; and going through the Navajo Nation's 164 review process, which requires the sign-off of several Navajo Nation agencies including Navajo Nation Department of Justice, Department of Minerals and Environmental Protection Agency. The process was a multi-year effort that was kicked off in 2019.

   The project is also in the final stages of conducting an extensive Environmental Assessment (EA) under the National Environmental Policy Act (NEPA) guidelines. Project input was solicited from the public to assist in identifying key issues and

defining the scope of the EA. This process has included public scoping notifications to 64 potentially interested agencies, organizations, tribes, and neighbors, newspaper notices (in both the Arizona Daily Sun and the Navajo-Hopi Observer), and internet publication. No significant issues were brought up during scoping to be addressed in the EA.

6. **Q: How were permit holders determined?**
   A: The official list of grazing permit holders is maintained by the Bureau of Indian Affairs (BIA). NNGLDD requested the list from the BIA, and the list was verified with the local grazing official. GLDD's land agent is tasked with supporting the project team in verifying who is a valid, impacted permit holder. NLDD provided the complete list of permit holders based on these records in 2020. Only permits that have been transferred and recorded by BIA will be reflected in the permit holder records. Because permits are frequently transferred across generations or in probate, the list of permit holders in an area is a snapshot in time and will only reflect current permit holders when the list is generated.

7. **Q: Who will receive annual payments for the project's use of the land?**
   A: Payments will be made to Chapters, the Navajo Nation government, and valid, impacted grazing permit holders who were on the BIA's list when it was generated for the project's approval process in 2020.

8. **Q: Will the project employ Navajo workers?**
   A: Yes, the project will follow the requirements of the Navajo Preference in Employment Act. Our goal is to employ as many local and Navajo workers in the construction and operation of the plant as possible, employing best and good faith efforts. AES has a partnership with Fort Lewis College that provides internships and access to training and is engaging with potential construction management partners for how we can support local hiring efforts. Navajo Power is spearheading a workforce development consortium that will bring together training resources, employers and prospective applicants together.

9. **Q: Will sheep grazing still be allowed under the panels?**
   A: Yes, the project will be designed to allow for continued grazing on some portion of the site for valid permit holders.

10. **Q: How are any potential historical or cultural resources on site being managed?**
    A: A cultural survey was conducted in 2021 to identify cultural resources, and the Navajo Nation Heritage and Historic Preservation Department (HHPD) reviewed the

findings and issued a cultural clearance. During construction, tribal cultural monitors will be present to ensure that known sites will not be disturbed. If any new sites are found during construction, construction will be paused while the finding is reviewed, and an action is recommended by HHPD.

11. **Q: How will Painted Desert Power be financed?**
    A: AES anticipates financing the project through a combination of back-leveraged debt, AES-sponsored equity, tax equity, and tax credit transfers. During the construction phase, sponsor equity and construction financing proceeds will be used to cover capital expenditures.

12. **Q: How long will it take to build Painted Desert Power?**
    A: The project is anticipated to be built in phases. We expect active construction to begin on the first phase in 2027 and become operational in 2030.

13. **Q: What is the expected project lifetime?**
    A: Each project phase will have a lifetime of 40 years, and the entire project will not exceed 50 years. At the end of the project's life, it will be fully decommissioned, including abiding by all local Navajo Nation standards, and the land surface within the project area will be sensitively restored to pre-project conditions to allow a return to uses consistent with land-use policies at the time. AES' decommissioning performance obligations will be secured by a bond to ensure the funds to decommission the project remain available until they are required.

14. **Q: What is the decommissioning plan for the project's end of life?**
    A: When a solar project reaches the end of its life, the owner/operator is responsible for executing the approved Decommissioning Plan, including abiding by all applicable state and Navajo Nation laws. This includes the removal, recycling, and disposal of all solar panels, racking, equipment, and other structures associated with the project, as applicable. The land surface within the project area will be sensitively restored to allow a return to prior grazing use, or other uses consistent with Navajo Nation land-use policies. AES' supply chain process identifies and prioritizes equipment manufacturers that align with our environmental safety, and human rights commitments. Some of these commitments include buying equipment from manufacturers whose supply chains and suppliers comply with a national recycling program.

15. **Q: Will the project impact local roads and traffic?**
    A: The public may see or hear construction vehicles transporting material to the site during construction. Once construction is complete, there will be a minimal number

of vehicles accessing the site. AES will coordinate closely with local and state transportation authorities before, during, and after construction to ensure local roads are cared for, and any necessary road improvement or use permits are obtained.

16. **Q: How is the historical use of uranium mining on and around the project site being addressed?**
    A: Uranium mining occurred around the project site in the 1950s and 1960s. To date some of the mines have not been properly reclaimed to meet U.S. Environmental Protection Agency (USEPA) standards and are classified as abandoned uranium mines (AUMs). The Painted Desert Power project is designed to avoid all AUM boundaries and preserve access to the AUM sites to allow for any future reclamation efforts that may be undertaken by USEPA or NNEPA.

    Navajo Power identified this site as a good candidate for solar development due to the fact that it had been previously disturbed. Developing so-called brownfield sites such as this one avoids development on undisturbed land. The USEPA encourages and provides guidelines for responsible brownfield redevelopment such as building renewable energy projects.

    Safety is a core value at AES. We have drafted a detailed uranium construction safety plan to ensure that all construction workers, operators, nearby residents, and the community are not exposed to harmful levels of radiation during the project's lifetime. The plan includes site employee radiological training, personal protective equipment requirements, guidelines for how ambient radiation levels will be monitored during construction, dust suppression recommendations, procedures for testing of spoils from drilling and trenching, a disposal plan for any spoils that exceed federal limits, and other important details. All AUMs within the project boundary will be fenced off for the lifetime of the project with signage restricting their access.

17. **Q: Are the batteries that the project will use safe?**
    A: Utility-scale battery energy storage systems (BESS) are familiar and tested technology. According to the U.S. Energy Information Administration, there is currently more than 26 GW of utility-scale operational battery capacity deployed in the U.S and is expected to more than double and reach 65 GW by the end of 2026. Storage capacity has grown rapidly from around 1 GW just four years ago. At the end of this decade, the buildout of batteries across the U.S. will almost certainly exceed 100 GW. Along with this rapid growth, there have been steady and significant advancements in materials, standards, operations, safety and monitoring systems, and emergency response training as the industry grows.

AES is one of the pioneers of utility-scale energy storage and we've have been operating a global fleet of BESS for nearly two decades. Fire incidents at energy storage facilities are rare occurrences and remain isolated. Earlier thermal events have reshaped AES' and the energy storage industry's approach to BESS system design and safety. Lessons learned have resulted in the adoption of UL9540 and NFPA 855 standards, in addition to safety and design improvements to AES' BESS projects.

We understand the technical and safety management of thermal hazards at a much greater level of detail today. The utility-scale BESS technology we deploy today looks and operates very differently from the technology used just five years ago, as AES continues to incorporate the most advanced technology and safety standards into our BESS facilities. AES' BESS projects are designed and tested to meet all the latest applicable codes and standards for battery energy storage systems.

Today's BESS installations are equipped with advanced safety monitoring and management systems to ensure that risks associated with the installation and operation of the battery system are addressed and mitigated. These safety improvements include fire suppression at the individual battery cell level and active exhaust ventilation and deflagration vents to prevent buildup of combustible gases in the enclosure in the unlikely occurrence of a thermal event.

18. **Q: Will the entire project area need to be graded and leveled? How will soil conditions be impacted?**
A: The project will be constructed at existing grade to the greatest extent possible. Minor grading and/or grubbing may occur in portions of the solar facility. Solar panel racking and mounts for the solar tracking system do not require leveling the land or the installation of complex foundations. The installation method will be either pile or screw driven, depending on the geotechnical considerations. The area around the project substation and battery equipment will be graded and leveled to include a gravel surface with concrete foundation pads or piles for certain equipment, including the individual battery containers. Grading will conform to accepted slope stability requirements. Reclamation shall include the re-establishment of native vegetation. using certified weed-free native seed mix.

19. **Q: What are solar panels made of? Are the components a health risk?**
A: Crystalline-silicon solar modules are largely made of glass, aluminum, copper, and silicon, along with other commonly used plastic and wires. The cells on solar modules that are used to capture sunlight are made of silicon, which is a naturally

occurring element. Crystalline-silicon solar modules are made of basic “solid-state” materials, meaning there are no liquid or gaseous components. The project will be constructed with Tier I panels. Tier I panels are high quality and rigorously tested for predictable performance, durability and content. All solar panels used by AES pass the EPA’s Toxic Characteristic Leaching Procedure (TCLP) test and are classified as non-hazardous and not regulated as toxic materials. If panels are damaged or reach the end of their lifecycle, AES has partnered with SOLARCYCLE to recycle and/or repurpose the solar panel materials at their recycling facility in Odessa, Texas.

20. **Q: Where will the power generated by Painted Desert Power go and will it serve Navajo communities?**
A: Painted Desert Power will sell power to one of the utilities that interconnect at the Moenkopi Substation, which includes the three largest utilities in Arizona, to support their clean energy procurement goals. Power from the project cannot be sold to Navajo Tribal Utility Authority (NTUA) and distributed to homes on Navajo Nation due to the fact that NTUA does not tie-in to Moenkopi Substation. Even if it were technically possible to sell to NTUA, the power produced by Painted Desert Power will exceed the Nation's power needs across its entire service area. Access to external power markets is required to support a project of this size and the associated benefits it will bring to Navajo Nation.

    AES and Navajo Power acknowledge the lack of access to electricity many Navajo families face in the former Bennett Freeze area. We are committed to doing our part to expand access to electricity for communities in the vicinity of the project. One way this can be achieved is by expanding electrical distribution lines, but the process can be cost prohibitive in less-densely populated areas and must be performed by the owner of the distribution system. AES and Navajo Power have instead focused our efforts on electrifying homes through the use of off-grid systems which can be quickly and efficiently deployed to homes that lack electricity.

    Navajo Power Home has deployed over 400 off-grid systems on the Navajo Nation and is committed to 400 more installations with its DOE grant funding. AES also partners with local organizations, such as Fort Lewis College, to support their Navajo Nation Solar VAP program. This initiative aims to install residential solar systems for families living in rural communities like Navajo Mountain, Shonto, and Black Mesa, where access to electricity is limited. FLC aims to install 8-10 residential solar units in 2025.