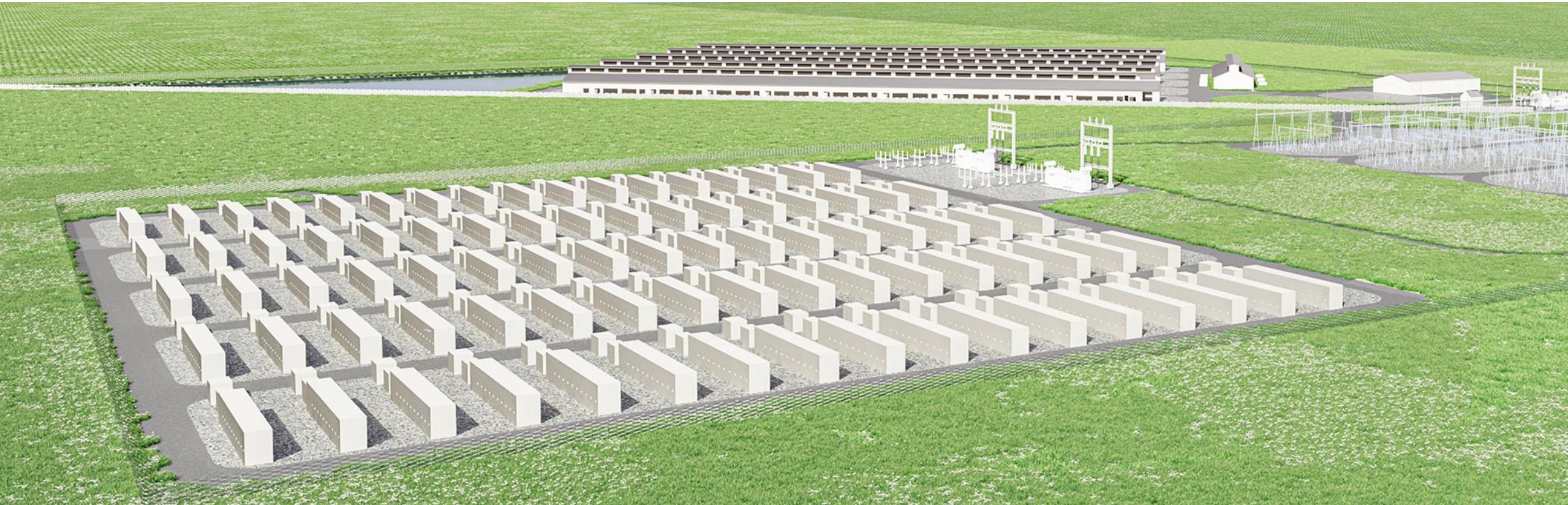




1242 McKinzie Road – Industrial District Agreement 110-B





Agenda & Requested Action

- Discuss state of cryptocurrency mining, and energy storage
- IDA-110B – presentation of proposed alternative industrial use
- Discuss anticipated completion timeline for the proposed alternative
- Questions and clarifications
- Obtain City Manager/staff concurrence and next steps



IDA 110-B (April 2022)

The Bootstrap IDA includes a unique clause (3.08) to place specific restrictions on development of this unique “industrial” purpose: cryptocurrency mining

- (i) requires development of a cryptocurrency mining facility; and
- (ii) imposes a placed-in-use deadline of 12/31/2023

City has provided its concurrence that this clause is not intended to restrict the Company from proposing an alternative industrial use for City consideration

Company proposes alternative industrial use and alternative completion schedule

Company seeks City’s “reasonable acceptance” of the proposed alternative plan.



Discussion of Crypto Winter – Decision to Diversify





Bitcoin Price Collapse, Contagion

- Sector-wide infrastructure investments disrupted by “crypto winter”
- Phase-1 (IDA 110) customer Compute North timeline
 - CN closes \$385MM capital raise (Feb 9, 2022) → **BTC price \$44,000**
 - CN and Bootstrap execute design-build contract to sell 33 Acres (Feb 22, 2022)
 - CN commits first breach for non-payment (June 16, 2022), Bootstrap halts work
 - CN files for Chapter-11 bankruptcy protection (Sep 22, 2022) → **BTC price \$18,000**
- FTX crypto exchange collapses (Nov), Core Scientific Ch-11 (Dec) → **BTC price \$15,000**
- Phase-2 (110-B) customer backs out just days before expected closing



New Opportunity: Grid Energy Storage

- Inflation Reduction Act – July 2022
- Massive new federal tax credit (ITC) for stand-alone battery energy storage systems
- Bootstrap approached by numerous energy storage developers
 - Major power grid infrastructure, advanced state of AEP engineering/analysis
- **Partnered with Navitas Energy** (backing from **Leyline Renewable Capital**)
- Navitas acquired a 50.1% stake in 1242 McKinzie (IDA-110B) in February 2023
- Immediately filed with ERCOT and AEP for 300MW energy storage resource (BESS)



Experienced developer of Texas grid-connected resources

- Battery Energy Storage Systems (BESS)
- Gas-fired power generation, solar and wind energy

Successfully developed, financed, and completed (6) 100 MW quick-start peaker plants in three counties in South Texas over the last 7 years

- Victoria Co. (3), Harris Co. (2), Calhoun Co. (1)

Joint development partnership with Bootstrap Energy

Principals have over 80 years combined experience in U.S. power markets

Navitas-Bootstrap team is developing a diverse portfolio across Texas

- Three BESS developments currently in the sale/financing process
- Two-dozen BESS development sites – federal tax credits
- Five gas-fired development sites (early-stage) – state legislative mandate
- Projects scheduled for financing and construction in 2024-2026





Navitas Energy – Completed Gas Power Projects



600 MW of Quick-Start Reliability Generation in ERCOT





IDA 110-B: Proposed Alternative Use, Alternative Schedule

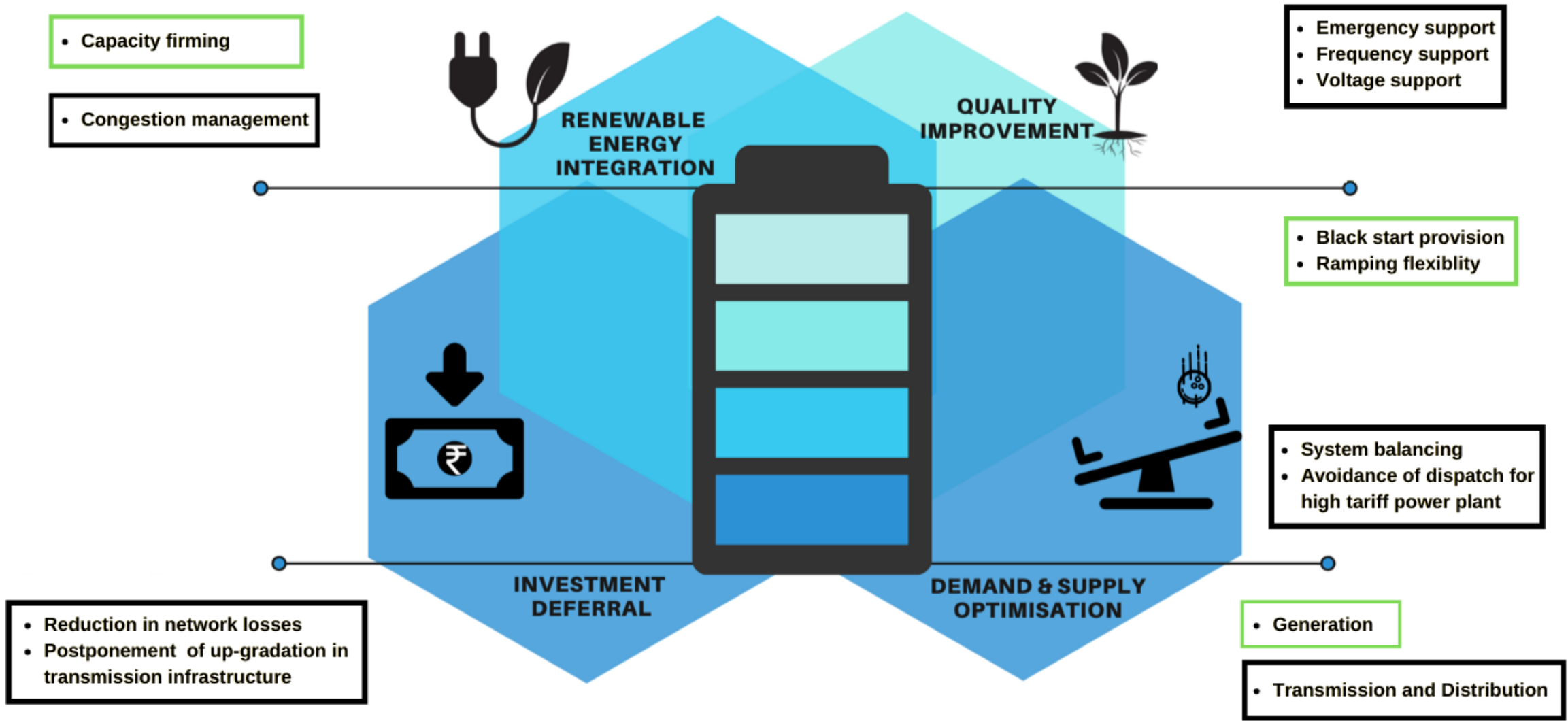


Conventional Utility Application: Battery Energy Storage

- **Navitas Energy**, acquired a majority interest in 1242 McKinzie Road property
 - Assignment of IDA-110B to project company 1242 McKinzie Owner LLC
- Immediately began planning and study of a 300 MW Battery Energy Storage System (BESS)
- AEP & ERCOT Generator Interconnection Process underway since March
 - Full Interconnection Study in-progress (~6-month study)
 - Standard Generator Interconnection Agreement (SGIA) expected by year-end
- Battery facility footprint is 6-10 acres of the 80-acre property
- AEP in process of acquiring ~8 acres from 1242 McKinzie for switching station expansion
- Battery project requires roughly 24-months to implement (finance, design, procure, construct)
- Placed-in-use target end of 2025 coincides with AEP switching station completion



Battery Energy Storage Systems



Source: National Renewable Energy Laboratory (NREL)



BESS Implementation Timeline

Activity	Target Date
ERCOT Interconnection Application Filed	March 2023
AEP Full Interconnection Study complete	November 2023
AEP Interconnection Agreement ready	January 2024
Financial Close	March 2024
Start Detail Design & Long Lead Procurement	April 2024
Engineering issued for construction	August 2024
Construction Notice to Proceed	October 2024
Begin delivery/install of BESS components	April 2025
BESS commissioning check-out	October 2025
AEP interconnection facilities complete	October 2025
ERCOT approval to energize & test	November 2024
BESS facility placed-in-use	December 2025



Requested Action

Request City's concurrence of proposed alternatives pursuant to article 3.08:

- 1. Accepting BESS as an approved alternative in lieu of cryptocurrency mining**
- 2. Accepting the alternative timeline for the BESS project placed-in-use by end of CY-2025**

Propose minimum PILOT payment \$100k starting 2026 if battery facility is not placed-in-use by 12/31/2025

Please refer to Company's draft concurrence letter



SUPPLEMENTAL SLIDES



Architect's Rendering – Energy Park Complex



Right/Foreground: Bootstrap Energy 300MW Data Center (IDA 110, 1102 McKinzie Road)

Left/Background: 300MW Battery Energy Storage System (IDA 110-B, 242 McKinzie Road)

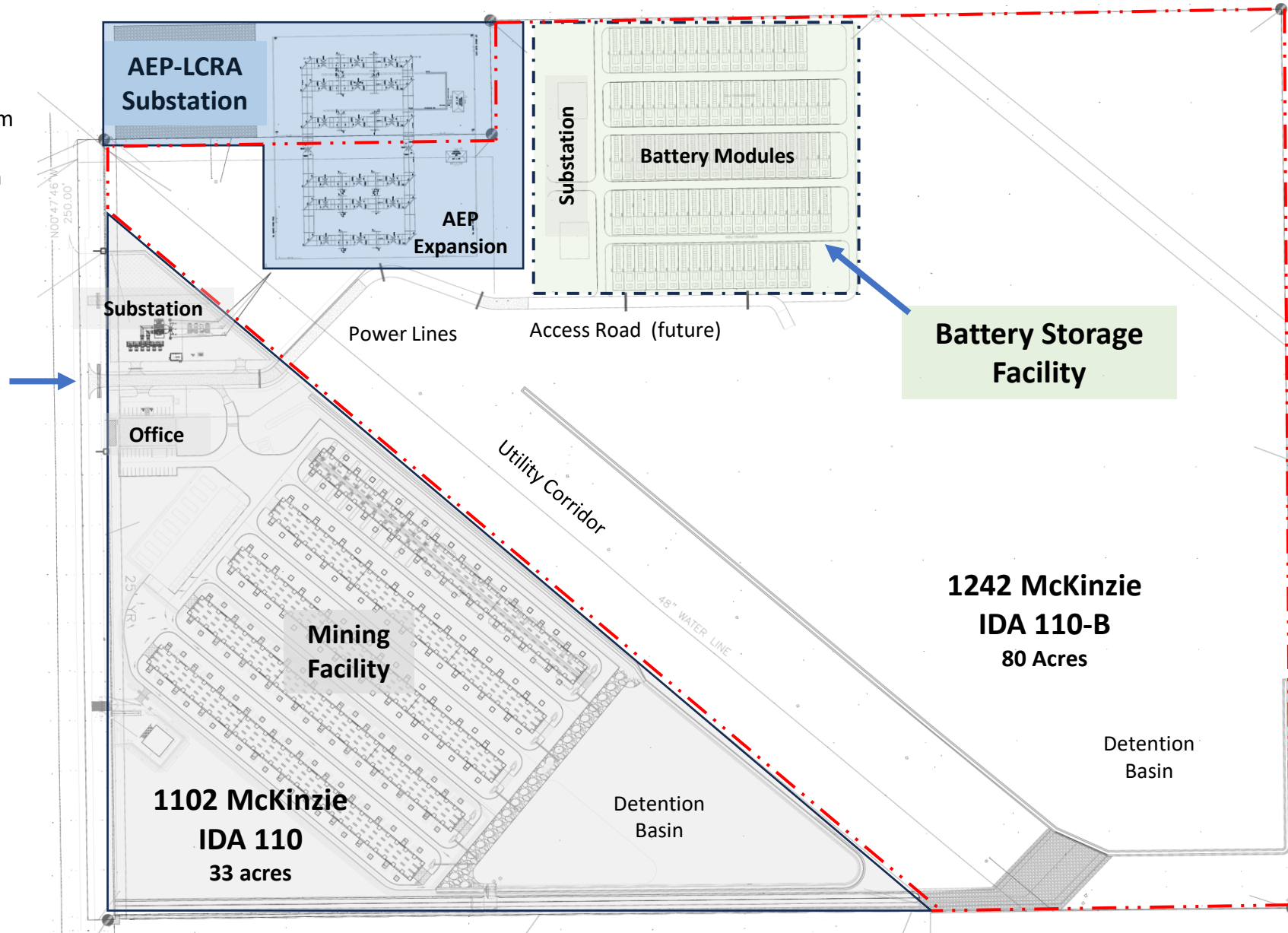
Center-left: AEP McKinzie Road Switching Station Expansion (10 acres)



Energy Park Master Plan – Survey and Site Layout

AEP in process of acquiring ~8 acres from 1242 McKinzie for substation expansion

Common Access Road (existing)



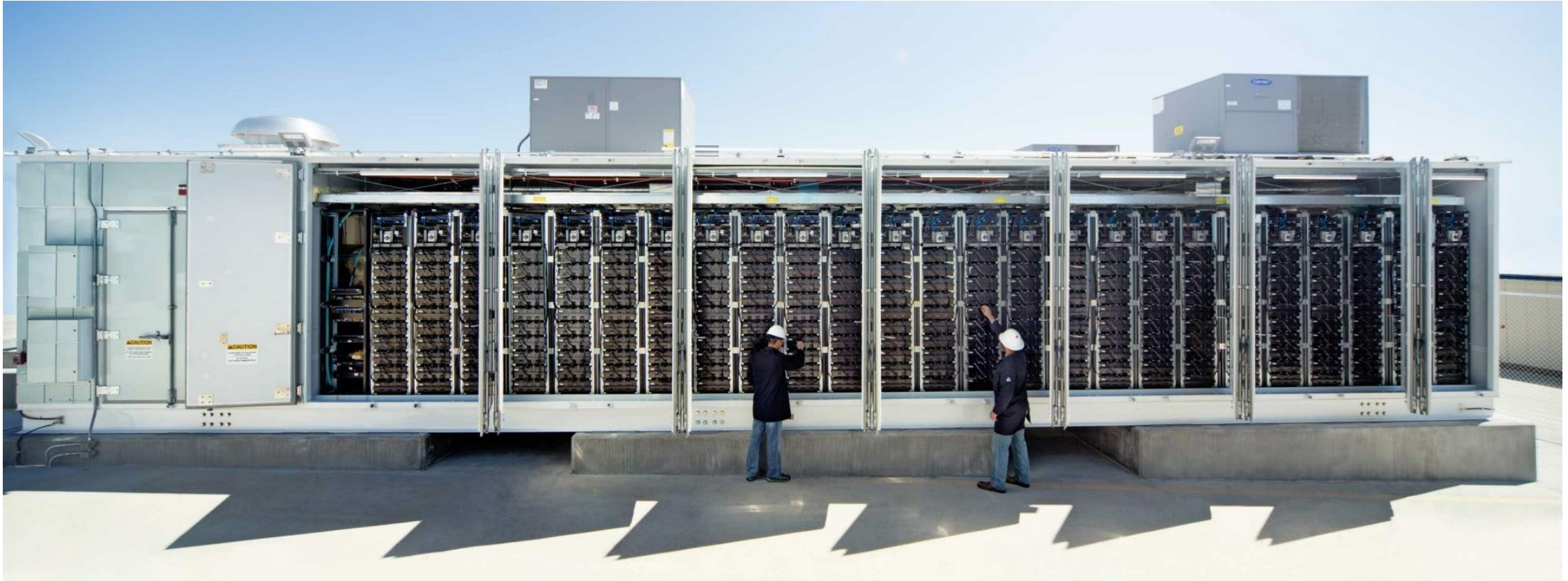


Typical BESS Installation





Typical Battery Energy Storage Container





Site during BESS Construction

- Typical industrial site
- Skilled work: high-voltage electrical, foundations
- 12-month construction schedule
- Peak workforce of ~100-150
- Peak activity for battery module deliveries
- AEP high voltage switching station construction





Site During BESS Operating Life

- Noiseless, no personnel on site
- Remote security monitoring
- Automated operations
- No emissions or pollutants
- No hazardous liquids or chemicals
- RTFC Fire and emergency response
- Occasional repairs and testing
- Contracted electrical maintenance

