



xAi Project Quick Facts

- xAi is occupying the former Electrolux manufacturing facility in the Pidgeon Industrial Park and is operating.
- MLGW is providing utilities to the facility at prevailing commercial rates as set by the board and Memphis City Council, and at no capital cost to MLGW:
 - **Water** - Up to 1 MGD from an existing 20” water main serving the area. The water main had available capacity before the xAi project. **There will be no impact on the availability of water to other customers.**
 - **Natural Gas** - The facility is being served with natural gas from an existing 16” gas main. Like other industrial customers, xAi will secure contracts for gas from third parties for their operation that will flow from our gas main to their facility. They cannot exceed contracted quantity, therefore **there will be no impact on the availability of gas to other customers.**
 - **Electricity** - The facility is being served initially with the adjacent substation used by Electrolux, which will be increased to 50MW of capacity when several circuit breakers are added to upgrade the substation by MLGW. The customer is paying for all upgrades. **There will be no impact to the reliability of availability of power to other customers from this electric load.**
- xAi is requesting an additional 100MW of power, for a total of 150MW of power, which will require several actions to be completed. With these conditions met, there will be no impact to other electric customers:
 - Approval by the TVA Board of Directors to serve the total 150MW demand
 - Enrollment in a Demand Response (DR) program in which the company agrees to reduce its electric consumption when conditions warrant it to preserve power for existing customers
 - \$1.7M of improvements to a 161kV transmission line (per the MLGW electric system impact study)
 - Construction of a new substation adjacent to the facility
- Value for the MLGW Customers.
 - Increased MLGW electric sales will result in ~\$500K of additional PILOT payments annually to the City of Memphis. (MLGW pays approximately \$60M per year to the City’s General Fund.)
 - The project is forecast to create ~300+ new, high paying jobs.
 - Reducing demand on the aquifer. xAi is joining the City of Memphis, MLGW, and TVA in the design and proposed construction of a graywater/recycled wastewater facility that will take in treated wastewater and produce water suitable for cooling processes. When completed, this project will reduce the daily draw on the aquifer by up to 10 MGD and will put recycled wastewater to productive use.
 - Utility Scale Battery Storage. MLGW and XAI are negotiating the discounted procurement and early installation of more than 50MW of utility scale battery storage in the MLGW system starting in 2024. The batteries once installed will be used by MLGW to “peak shave” during periods of high energy consumption, and to provide dispatchable energy into MLGW’s system when demands on the grid are high. This will provide an additional hedge of resilience for our customers. This will be the very first of what is forecast to be a series of investments in battery storage by MLGW.