

Exhibit to Agenda Item #1

Accept the monitoring report for **Strategic Direction SD-11, Public Power Business Model.**

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, December 13, 2023, immediately following the Finance & Audit
Committee Meeting scheduled to begin at 6:00 p.m.
Auditorium, SMUD Headquarters Building

Public power business model



Core value

SD-11 guides legislative and regulatory advocacy



In compliance with SD-11

Public power business model

SD 11



Supporting and strengthening the public power business model is a core value. Local decision making and flexibility are essential to effective and responsible local governance.



Community-owned utilities are primarily accountable to their customers, not stockholders. Community citizens have a direct voice in public power decisions.



Preservation of this business model is vital to ensure public power systems continue to provide innovative solutions tailored to best meet the needs of their customers and communities.

Public power business model

State legislative issues

Support

ACA 13: Voting Thresholds to help safeguard local government revenues.

Eligible for Nov. 2024 ballot.

AB 126: Fee Reauthorization to extend funding for electric vehicles and infrastructure.

AB 557: Remote Meeting Authority extended during emergencies.

Opposed (moved to neutral)

AB 1373: Planning Reserve Margin to impose a fee for not meeting planning reserve margin.

Only California Independent System Operator (CAISO) publicly owned utilities subject to fee (SMUD is excluded).

AB 965: Batch Broadband Applications to institute a shot clock on broadband pole attachment approvals.

Publicly owned utilities removed from bill.



Public power business model Regionalization

AB 538 on regionalization stalled in May.

SMUD and Balancing Authority of Northern California (BANC) approved Extended Day Ahead Market (EDAM) participation.

California, Oregon and Washington regulators proposing to create a separate entity to form a West-wide market.

SMUD anticipates participation in EDAM beginning in 2026.

May 2023

Aug. 2023

2024

2026

Public power business model

State regulatory issues



Advanced Clean Fleets

- Transition of all medium- and heavy-duty vehicles to zero-emission beginning in 2024.
- Key changes in the final rule advanced by SMUD included:
 - Securing a fleet averaging compliance option for public fleets.
 - Expanding the conditions for seeking an exemption.

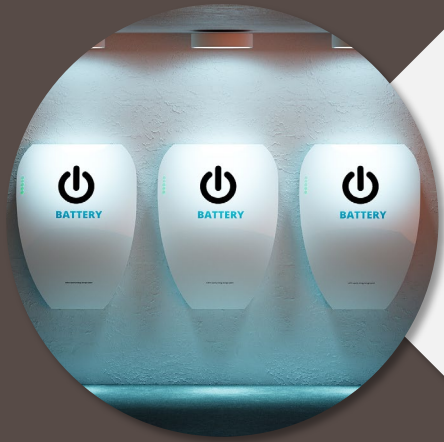


Cap-and-Trade

- California Air Resources Board initiated pre-rulemaking for potential updates to the regulation.
- SMUD advocating to preserve allowance allocations for publicly owned utilities and flexibility regarding allowance disposition.

Public power business model

State regulatory issues



Demand Side Grid Support (DSGS)

- Incentives to utility customers that reduce load during emergencies
- Publicly owned utilities can be DSGS providers.
- California Energy Commission revised the program guidelines to allow non-California Independent System Operator (CAISO) balancing authority areas flexibility to customize the DSGS program.

Public power business model

Federal issues

\$50
million

in funding from the Department of Energy for our Connected Clean PowerCity project.

\$3
million

in Matsui earmark for electrifying 300 homes in Meadowview.

Energy tax credits and direct pay

were preserved in the debt limit bill.

Q&A