

# Exhibit to Agenda Item #2

Present the Load Management Standard (LMS) Compliance Plan.

Board Energy Resources & Customer Services Committee Meeting and Special  
SMUD Board of Directors Meeting

Wednesday, October 18, 2023, scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

# Background

Load Management Standard (LMS) became effective April 1, 2023

## Objectives:

- Encourage the use of energy at off-peak hours
- Improve system efficiency and reliability
- Reduce fossil fuel consumption and greenhouse gas emissions

## Requirement

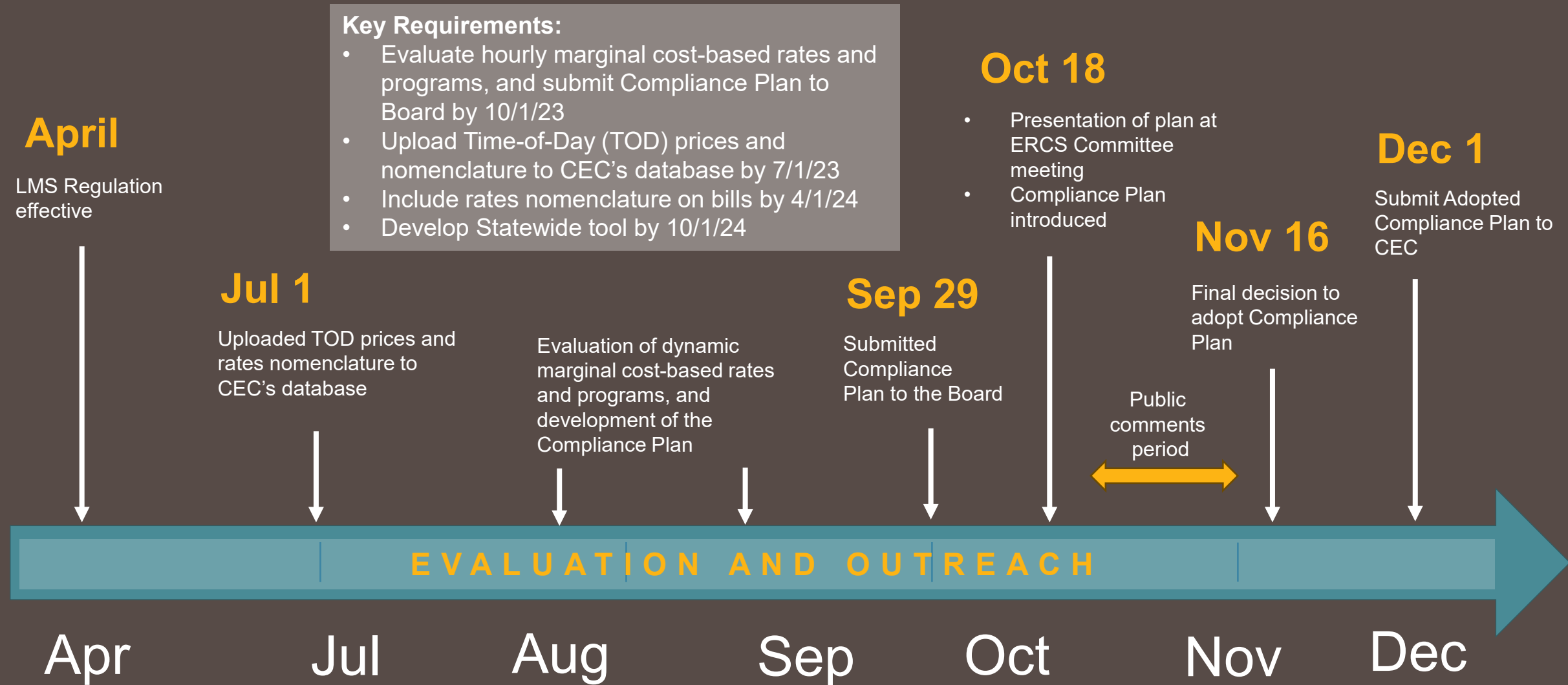
- Develop hourly marginal cost-based rates or programs that allow automatic response for all rate classes for which such rates or programs will materially reduce peak load

SMUD has a long history of achieving the same objectives through rates and programs

Our rates are marginal cost-based

Strategic Direction SD-2 has same objectives to reflect cost of energy, encourage energy efficiency, conservation and carbon reduction

# Load Management Standard (LMS) Regulation Timeline



# SMUD Time-of-Day (TOD) Rates

- SMUD's TOD rates are marginal cost-based
  - They balance many objectives and rate design principles, including SD-2 and LMS goals
- Rates are simple and easy to understand
  - We implemented TOD because of a successful SmartPricing pilot
  - Marginal cost-based TOD rates provide significant load reduction
  - It does not pass through risk of volatile electricity market
  - Participation is >96%



Residential TOD provides 4-8% peak load reduction, 12,000 tonnes reduction of GHG and \$11-16 million in commodity savings.

# Portfolio of Load Flexibility Programs

## Residential

- My Energy Optimizer (MEO) Partner
- MEO Partner+
- PeakCorps
- PeakConserve
- Managed EV charging pilot

## Commercial

- PowerDirect
- Commercial Virtual Power Plant
- Vehicle to Grid pilot

Combined benefit of 364 – 1325 MW  
Without the need of complex dynamic rates



# Pricing Risk with Dynamic Rates

- Our combination of TOD rates and load flexibility programs balance many rate design objectives, including LMS goals
  - Dynamic rates pass through market volatility to customers
    - Impact on customer experience
    - May reduce participation in load flexibility programs
  - Our TOD rates reduce customer exposure to volatile energy markets
    - Customers would have experienced substantially higher bills in December 2022 with pass through of market prices

2022 Average Monthly Market Prices (NP-15)

Month	Avg. Daytime Price (\$/MWh)	Avg. Nighttime Price (\$/MWh)
January	\$ 54.89	\$ 50.17
February	\$ 48.43	\$ 46.58
March	\$ 48.09	\$ 45.24
April	\$ 63.40	\$ 63.44
May	\$ 67.86	\$ 65.06
June	\$ 77.34	\$ 68.66
July	\$ 80.59	\$ 67.34
August	\$ 104.93	\$ 87.21
September	\$ 130.24	\$ 96.46
October	\$ 73.36	\$ 65.75
November	\$ 93.51	\$ 88.70
December	\$ 271.06	\$ 256.14

# Recommendation

## Not recommending dynamic rates at this time.

- Current Time-of-Day (TOD) rates provide significant peak load reduction.
- Passing through market prices to customers risks exposing customers to extreme market volatility.
- Hourly rates are more complex than our simple easy to understand TOD Rates.

## Not recommending programs link to CEC's rate database at this time.

- Current programs designed to achieve significant peak load reduction.
- SMUD is piloting programs to refine our customer experience, ensure operational value and measure cost effectiveness
- Will continue to evaluate how to incorporate real time/day ahead marginal cost-based price signals.

# Requested Action

Adopt the proposed Load Management Standards Compliance Plan at the Board Meeting on November 16. Once adopted by the Board, staff will submit the Compliance Plan to the CEC.