

Exhibit to Agenda Item #4

Board monitoring: Board-Staff Linkage BL-12, Delegation to the Chief Executive Officer/General Manager with Respect to Transactions Involving Transmission and Wholesale Energy, Fuel, and Environmental Attributes; Board-Staff Linkage BL-13, Delegation to the Chief Executive Officer and General Manager with Respect to Grants; and Board-Staff Linkage BL-14, Delegation to the Chief Executive Officer and General Manager With Respect to Products, Services and Programs.

Board Policy Committee Meeting

Wednesday, September 13, 2023, scheduled to begin at 6:00 p.m.

Auditorium, SMUD Headquarters Building

BL-12, Delegation to the CEO with Respect to Transactions Involving Transmission & Wholesale Energy, Fuel & Environmental Attributes

As part of prudently managing energy related risks, providing retail rate stability and serving customers, SMUD is required to enter into: (i) contracts to purchase and sell wholesale electricity, electric capacity and storage, natural gas and clean and emissions-free fuel, and environmental attributes; (ii) contracts for transmission, fuel transportation and fuel storage; and (iii) contracts to financially hedge or mitigate pricing, supply and market risks associated with the transactions above.

BL-12 Continued

Delegation of Authority: The Chief Executive Officer/General Manager is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

Compliance Scores:

High 5

Med

Low

BL-13, Delegation to the CEO with Respect to Grants

SMUD's participation in state and federal grants as a prime-recipient or sub-recipient provides a unique opportunity for SMUD to leverage state and federal funds to advance SMUD's policies, conduct research and development projects, and provide benefits to the Sacramento community. SMUD's grant participation shall further SMUD's strategic directives, provide benefits to SMUD's customers and the community, and shall be consistent with the following principles.

- a) **Competitive Advantage:** Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.

- b) **Viable Grant Partners:** SMUD shall only contract with reputable and financially viable grant partners.

- c) **Local Grant Partners:** All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.

BL-13 Continued

d) Delegation of Authority to the Chief Executive Officer and General Manager: The Chief Executive Officer and General Manager is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD's commitment of financial and in-kind resources to the grant does not exceed \$3 million.

Comment: Is the \$3 million threshold still sufficient?

Compliance Scores:

High 5

Med

Low

BL-14, Delegation to the CEO With Respect to Products, Services and Programs

SMUD develops and provides innovative products, services and programs to benefit our customers, community and operations. These products, services and programs provide options to our customers, improve our operations, and further the purpose of Strategic Direction 19 (Diversified Business).

a) Delegation of Authority: The Chief Executive Officer and General Manager is delegated decision making and approval authority for the development and delivery of products, services and programs for SMUD customers.

In addition, the Chief Executive Officer and General Manager is authorized to enter into strategic partnerships related to the development and delivery of innovative technologies, new business models, programs or services within and outside of the SMUD service area consistent with Strategic Direction SD-19.

BL-14 Continued

The Chief Executive Officer and General Manager shall seek prior Board approval for strategic partnerships that create a material financial, reputational, or operational risk.

b) Reporting: The Chief Executive Officer and General Manager shall provide advance notice to the Board prior to entering into new strategic partnerships.

Compliance Scores:

High 5

Med

Low