

Exhibit to Agenda Item #1a

Board Strategic Development Committee Meeting and Special SMUD
Board of Directors' Meeting

Tuesday, April 17, 2018 scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

SMUD Energy Markets

Markets...The What, Why, Where, When.

What markets does SMUD participate in?

- **Power**
 - Energy
 - Capacity
 - Ancillary Services
- **Natural Gas**
 - Assets (Production, Pipeline, Storage)
 - Physical & Financial
- **Environmental products**
 - Carbon
 - Renewable Energy Credits (REC)
 - Asset Controlling Source (ACS) carbon free power
 - Bio Gas
 - LCFS/RIN Renewable Identification Number
- **Three Commodities, 20+ products**

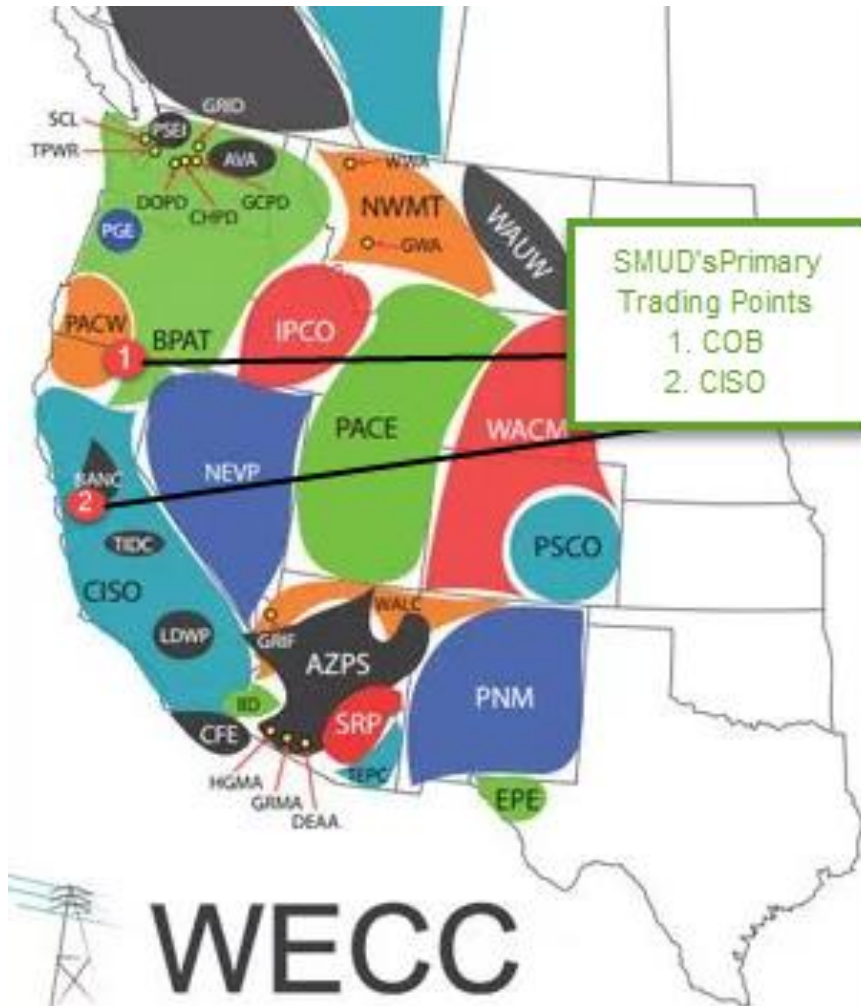


Why does SMUD participate in commodity markets?

- Hedging
 - Fix commodity prices
 - Rate and Budget processes
- Asset Optimization
 - Facilitate the marketing of SMUD assets during times where SMUD supply exceeds SMUD demand
- Least Cost Supply
 - Facilitate the procurement of commodity deficits during times where SMUD demand exceeds SMUD supply



Where does SMUD trade power?



When does SMUD execute in the markets?

