

Exhibit to Agenda Item #1e

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's Market Strategy

Bringing it home...

- Key themes from E3, BBSW & Cal ISO
 - De-carbonization & the integration of renewable resources
 - Regionalization
 - We are experiencing a paradigm shift for utilities
- What is SMUD's Strategy?



Key elements to SMUD's Market Strategy

- Join the EIM
- Maintain access to multiple markets
- Explore new markets as they develop
- Upgrade of Systems
- Evaluate staff capabilities and alignment to the evolving market dynamics

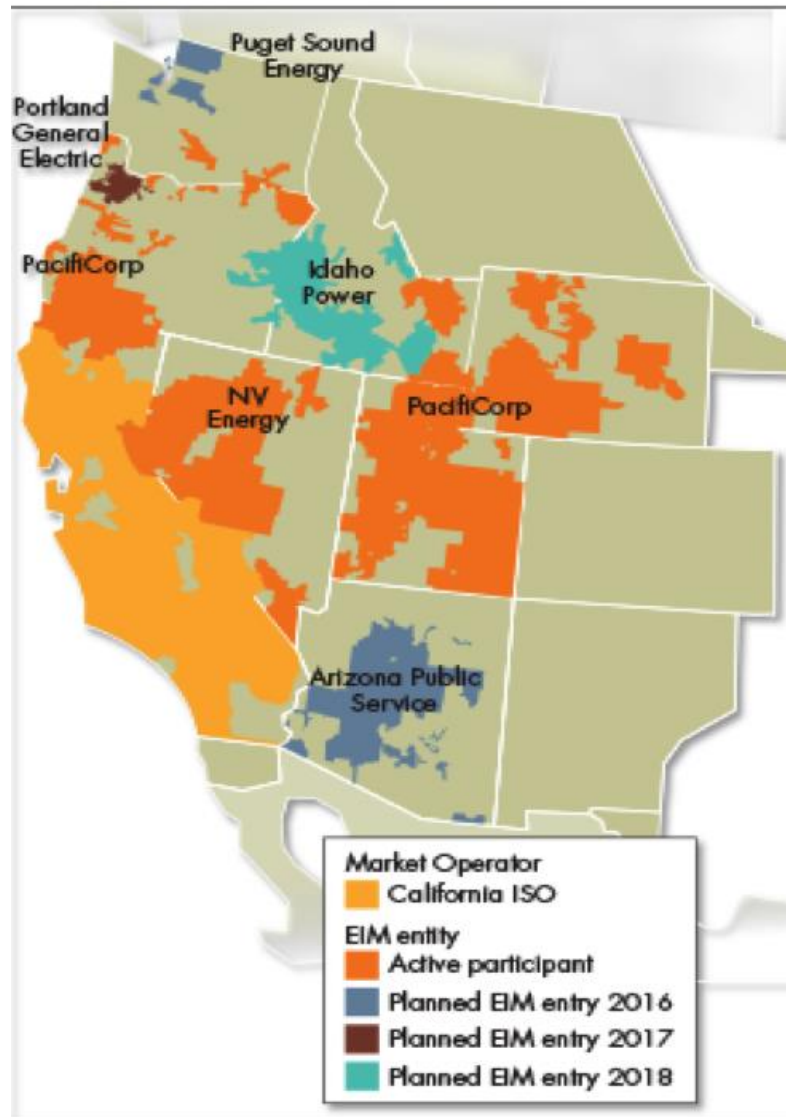


Join the EIM

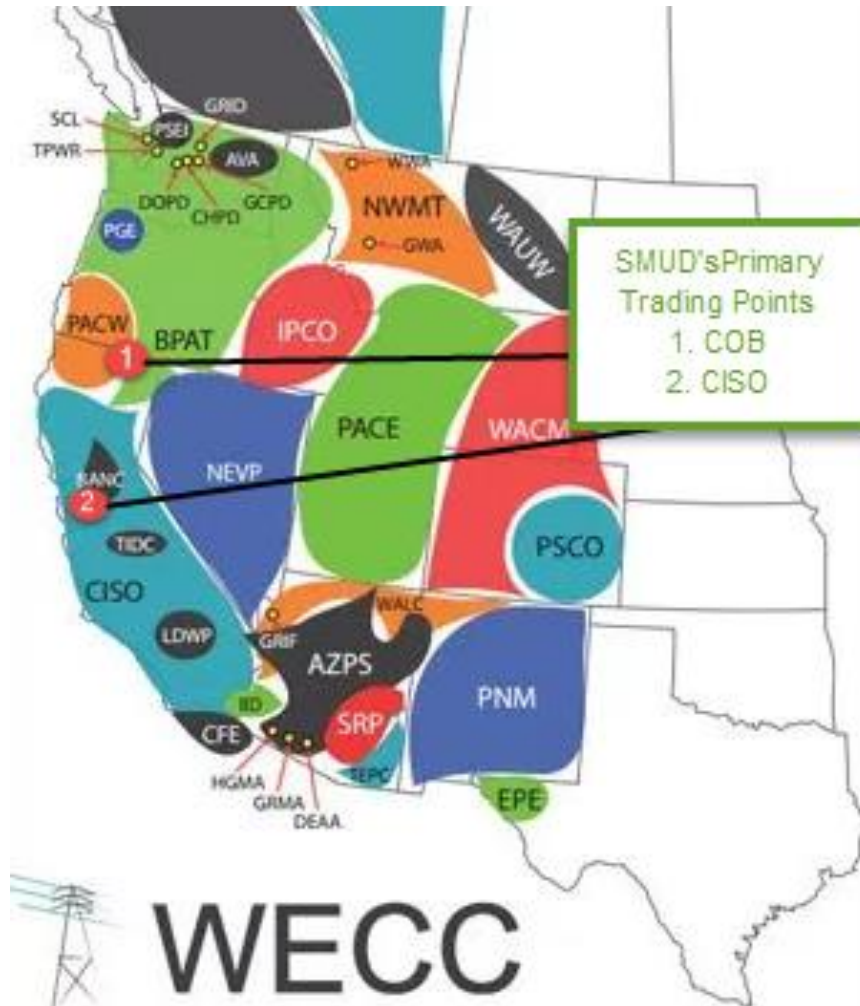
- EIM = SMUD's participation in Regionalization
- April 2019 Go Live
- Estimate \$4M of annual net benefit for SMUD
- Potential of a Day Ahead market that could bring additional benefits
- Potential to provide others Wholesale Energy and Reliability Services



The EIM Footprint



Maintain SMUD's current access to other geographies/markets



Upgrade Systems & Evaluate Staffing

- Energy Trading & Risk Management (ETRM) application
- Energy Accounting application
- EIM capable applications
 - Multiple departments, multiple vendors
- Review processes & staffing



Direct Impacts on SMUD's North Star

- Operational Excellence
- Financial Fitness
- Sustainable Future



Questions...