

Exhibit to Agenda Item # 2

Board Policy Committee Meeting and Special SMUD Board of Directors Meeting
Wednesday, September 11, 2019 scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room

Strategic Direction (SD)-7

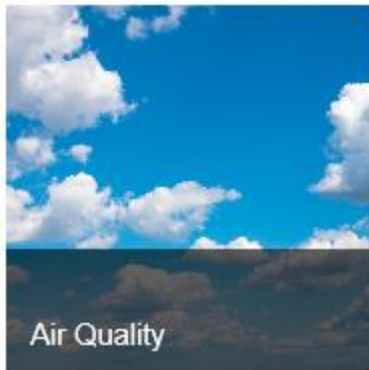
Environmental Leadership

Environmental leadership is a core value of SMUD. The Board is committed to environmental leadership through community engagement, continuous improvement in pollution prevention, carbon reduction, energy efficiency, and conservation.

Therefore:

- a. SMUD will conduct its business affairs and operations in a manner that reduces adverse environmental impacts, reduces pollution, and enhances resource conservation and stewardship.
- b. SMUD will provide leadership in the reduction of the region's total emissions of greenhouse gases through proactive programs in all SMUD activities and development and support of national, State, and regional climate change policies and initiatives.
- c. SMUD will promote the efficient use of energy by its customer-owners.
- d. SMUD will proactively engage its customer-owners and other stakeholders in meeting this directive.

Environmental Services at SMUD



2018 Environmental Leadership



Reduction of environmental impacts and enhanced resource conservation and stewardship (SD-7-a)

- SMUD Sustainability Efforts
- HQ Urban Forestry Plan & Integrated Vegetation Management
- Sacramento Environmental Commission Award for Environmental Leadership
- Health Risk Assessments



Regional, state and national leadership in the reduction of GHG emissions (SD-7-b)

- Sulfur Hexafluoride Reduction Program
- Transportation Electrification
- Rancho Seco Solar II and Solano Phase IV Planning
- Integrated Resource Planning Efforts



Promote customer use of efficient energy (SD-7-c)

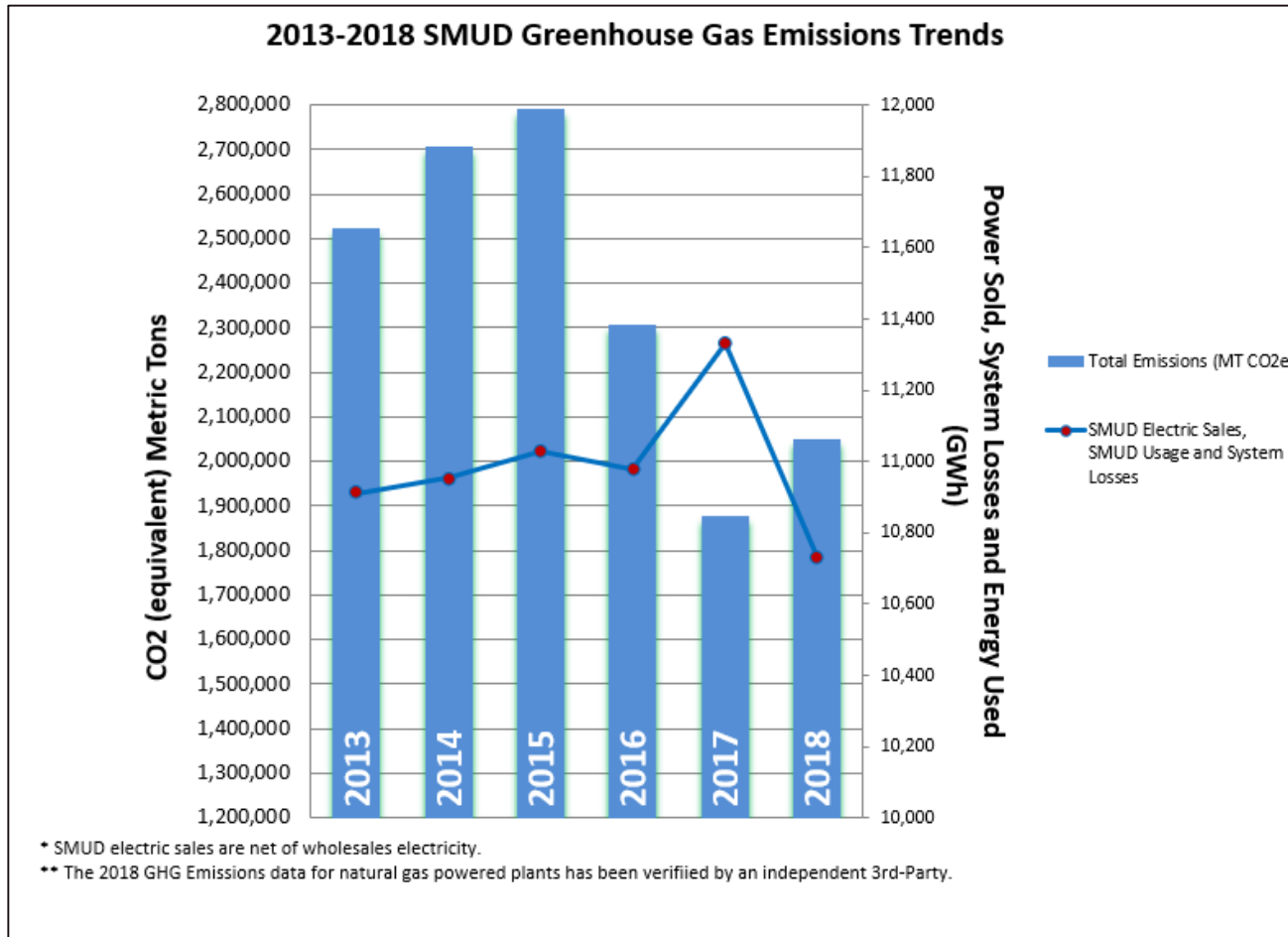
- Environmentally Sustainable Purchasing Program (ESPP)
- Greenergy®, Energy Assistance Program (EAPR), SolarShares®, Shade Tree Program
- SMUD Commercial Development Team- Electric Communities & Twin Rivers Project (electric school buses)



Proactively engage customers and other stakeholders in meeting environmental leadership directive (SD-7-d)

- Sustainable Communities
- Clean Cities, Cleaner Air Partnership, California Clean Air Day (10/2/19)
- Carbon Disclosure Program

2018 GHG Emissions



2018 SMUD Environmental Leadership by the Numbers



9,147
Shade
Trees
Planted



472 Tons of
Recycled
Transformer
Steel



57,000
gallons of
Recycled
Transformer
Oil



757 tons of
Materials
Salvaged

Challenges and Opportunities

Challenges

- Climate Change and Adaptation
- Federal vs. State Regulations (e.g., wetlands delineation process)
- Technology Changes
- Notice of Violation Reduction Efforts

Opportunities

- Community Partnering (e.g., Green City/Electrify America)
- Improved Internal Efficiency and Process Improvements
- Leveraging Lead Industry Groups and Partnerships
- Improved Training and Awareness

Alignment: Tell Our Story *Differently*

Our purpose

SMUD is community owned. Our purpose is to enhance the quality of life for our customers and community through creative energy solutions.

Our vision

SMUD's vision is to be the trusted partner with our customers and community, providing innovative solutions to ensure energy affordability and reliability, improve the environment, reduce our region's carbon footprint and enhance the vitality of our community.

Our values

SMUD has 4 values which distinguish SMUD and describe how we work every day:



- Governing many different, yet often intersecting, lines of business within SMUD.
- Creating a line of sight identifying how each area of work creates value for our customers and community.
- Articulating and accurately reflecting the history and continued investment of resources benefitting the greater Sacramento region.

Requested Action

- SMUD is in Compliance with SD-7.
- It is recommended that the Board accept the Monitoring Report for SD-7, Environmental Leadership.
- Place item on the Board consent calendar for approval September 11, 2019.