

Exhibit to Agenda Item #5

Provide the Board an update on ongoing work, research, and plans to redesign residential Green Pricing programs.

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

Tuesday, August 18, 2020, immediately following the Special Board of Directors meeting scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

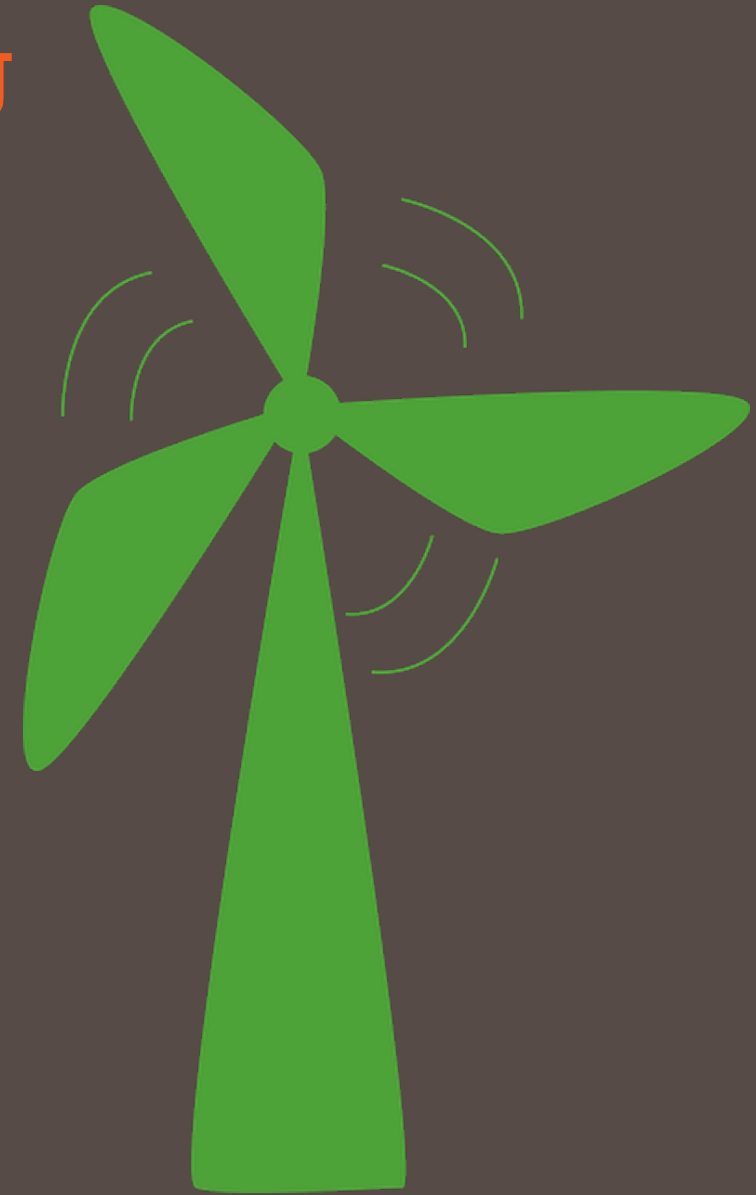
SMUD's Voluntary Clean Pricing Program History

Developed & delivered voluntary clean pricing programs to our customers for 23 years

- A national leader in this area every year

Delivered ~10% of our sales through voluntary clean program participation in 2019

- Half is RPS eligible as a direct reduction to SMUD's retail sales



Residential Greenergy

SMUD's first Voluntary Renewable Energy Pricing (VREP) program—began in 1997

Current Participation = 70,000+ customers

- ~12% market share

Current options:

- \$4/mo for 50% match of usage with 100% Carbon Free mix
- \$8/mo for 100% match of usage with 100% Carbon Free mix

Annual net enrollment has flattened out the last few years

Enrollment channels:

- 43% online move flow
- 55% contact center
- 2% other

Why Redesign?

Restructure offerings to better meet customer preferences

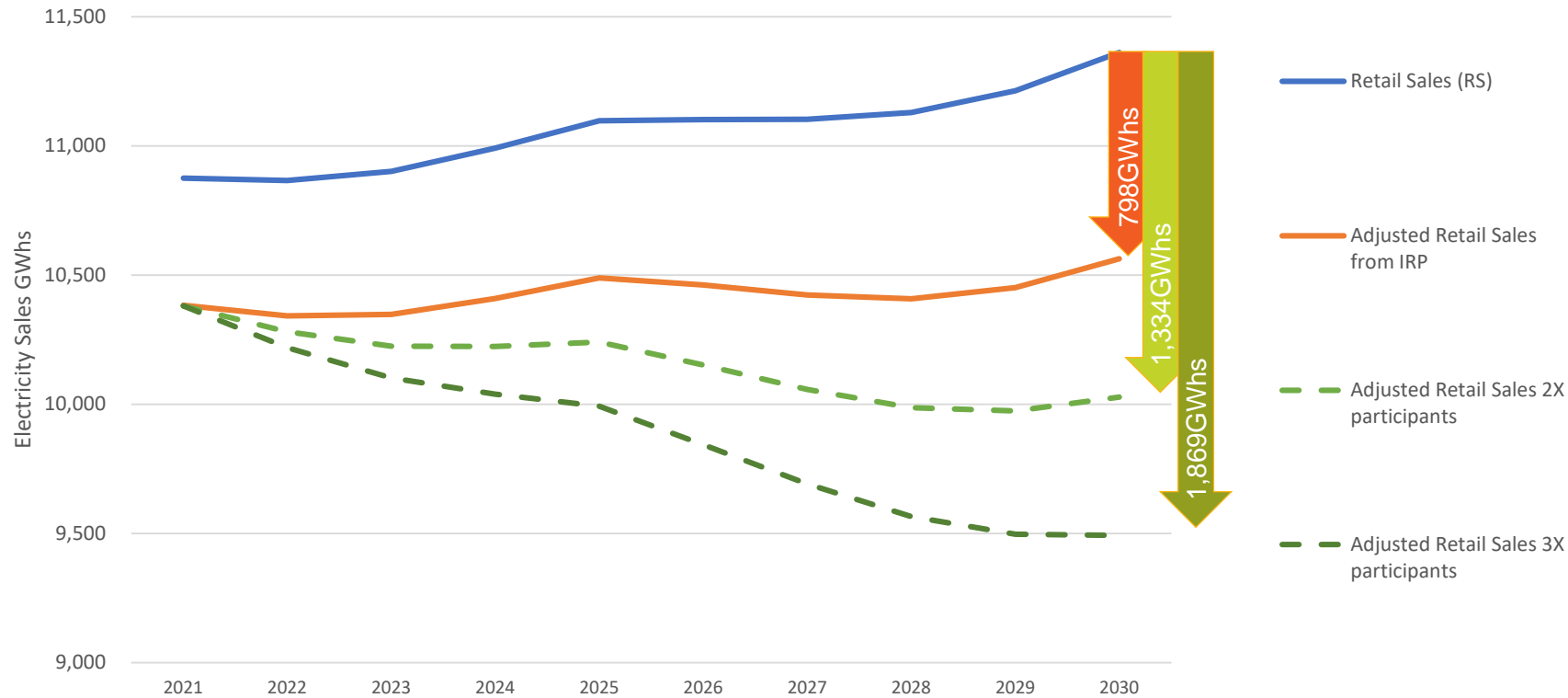
Support our goals for carbon reduction and the IRP

Align Program Suite with regulatory reporting requirements

Build customer loyalty

Create downward pressure on rates

Impact of Clean Pricing Programs on RPS Obligations and the IRP



Voluntary renewable energy programs help us to achieve our carbon reduction goals by reducing our retail sales obligations.

Market Research

SMUD Market Research Team & Cadmus—August 2019

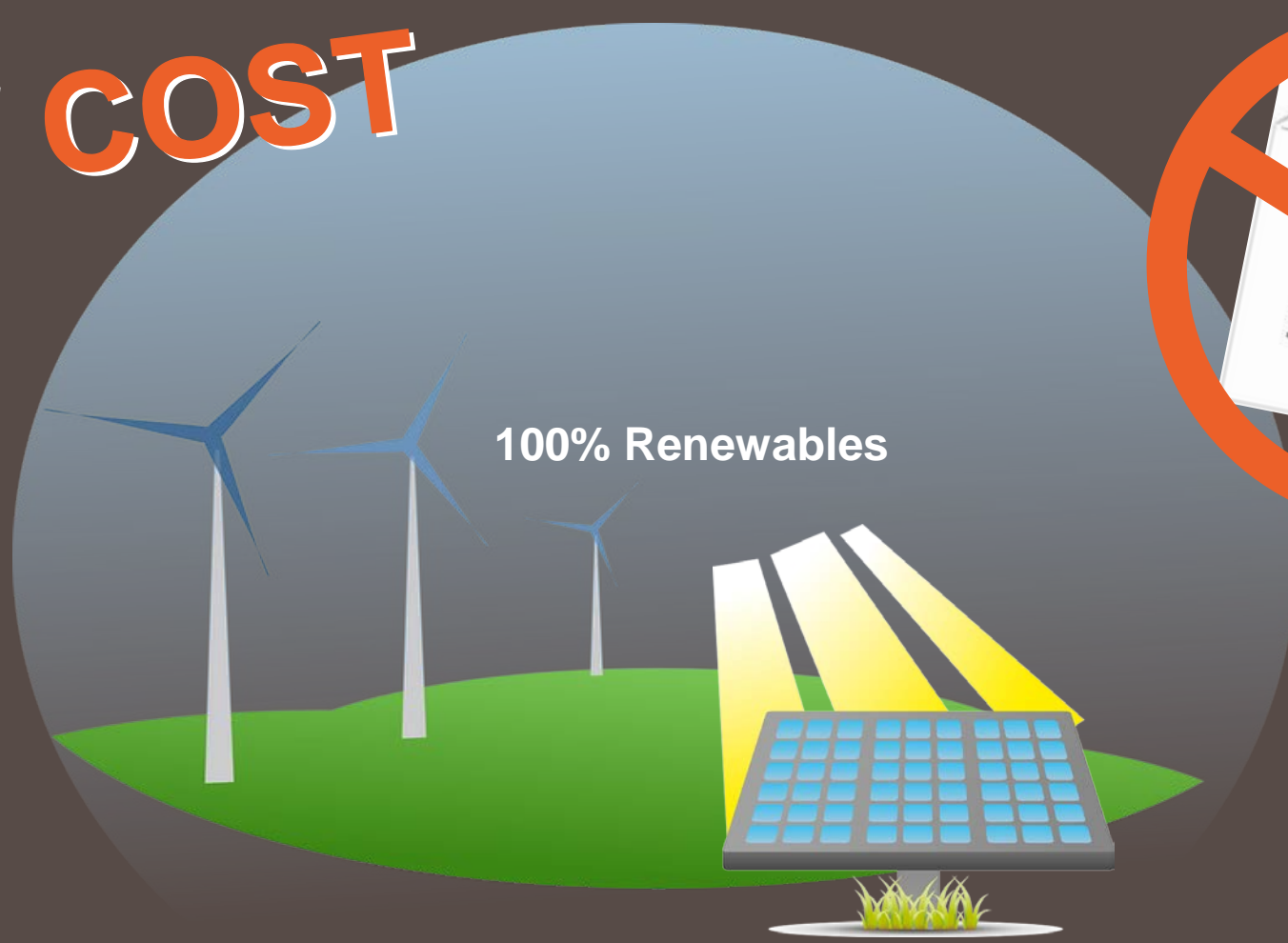
- Objectives
 - Explore customer motivations and drivers for purchasing renewable energy
 - Determine the relationship between Greenergy prices and demand
 - Assess program feature preferences
- Responded to surveys
 - 1808 residential customers
 - 300 small/medium commercial customers

Valley Vision & Institute for Social Research

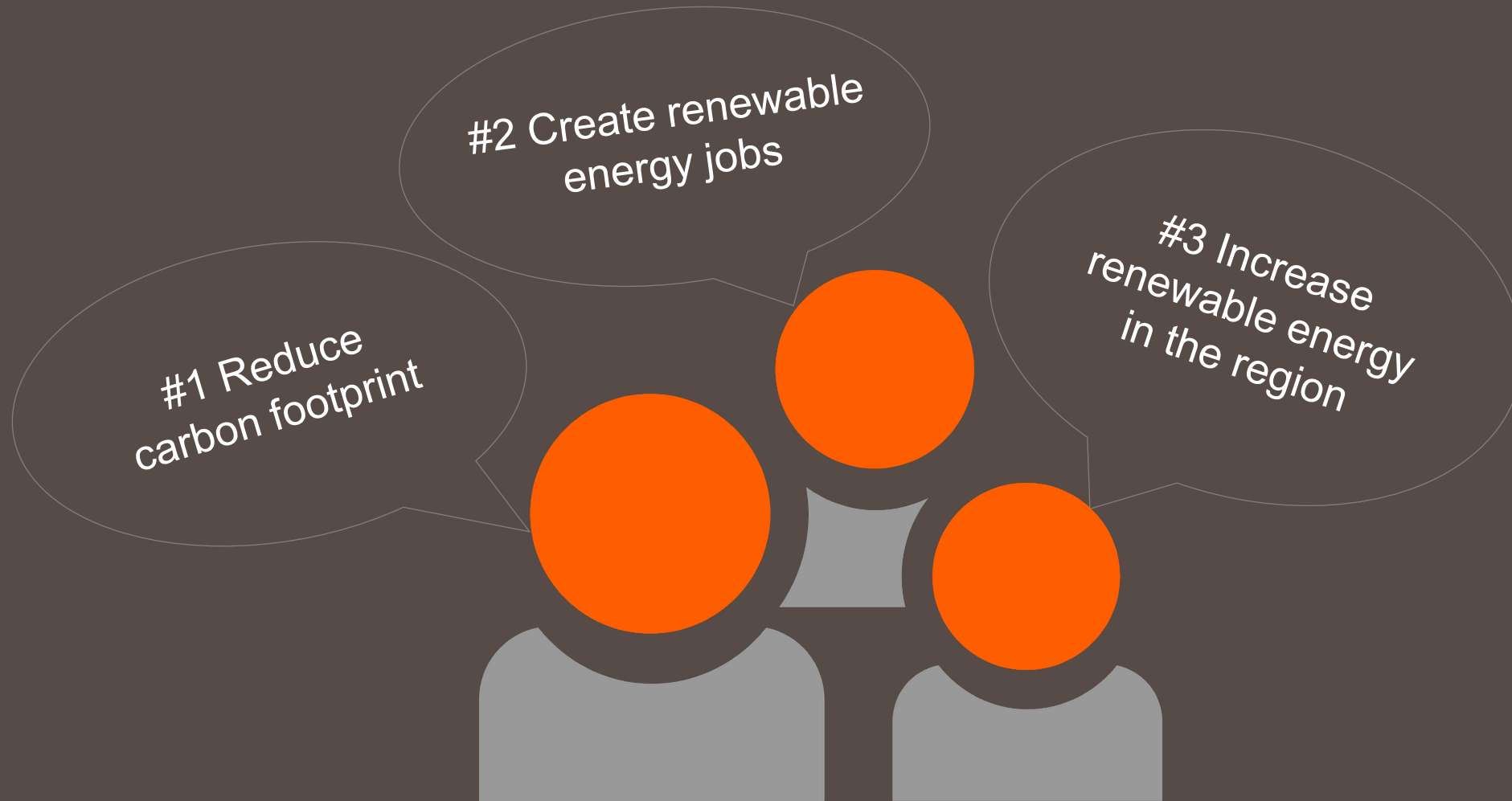
- The Environmental Poll
- May 2019

Program Features Customers Want

LOW COST



Program Benefits Customers Want



Proposed Redesign of Greenergy

Individual Account Options

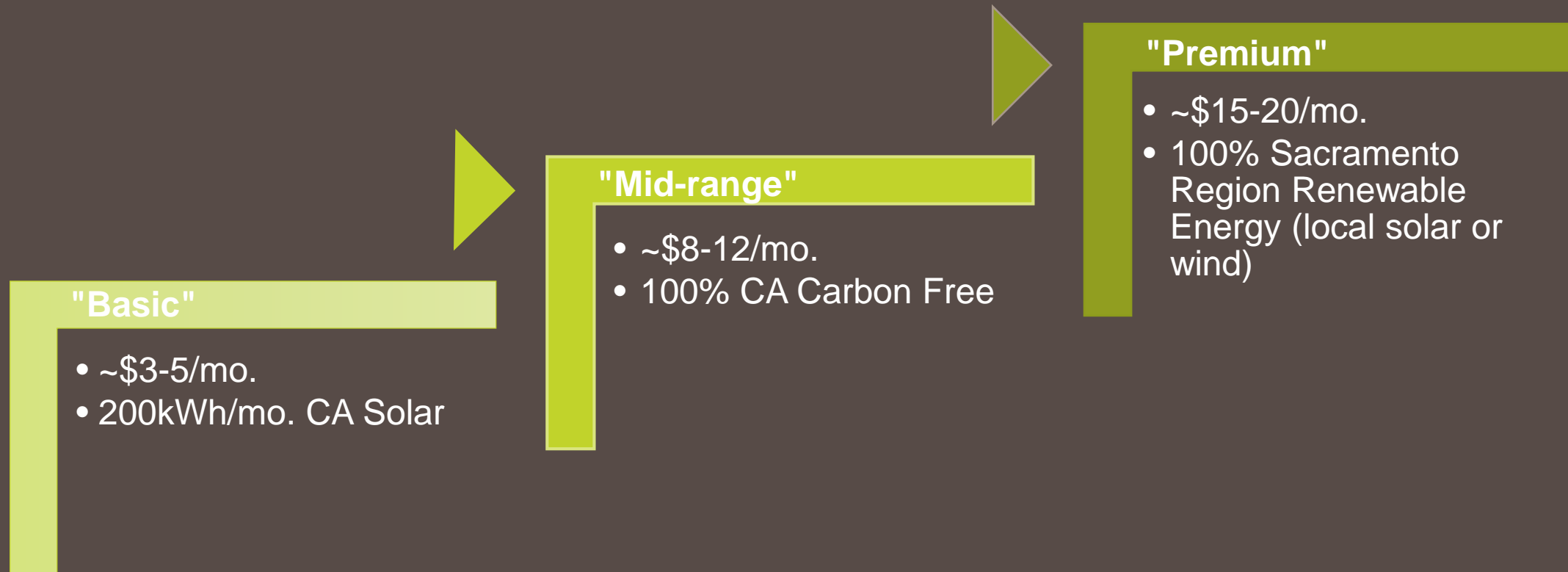
- three new options based on customer cost and resource mix preference

Community Options

- Purchase renewable energy to give to individuals or to a community/ward
- Contribute to designated renewable/carbon reduction projects

Customer Can Choose to Participate in Both Options

Proposed Residential Redesign: New Options Based on Customer Preference



Proposal includes a transition plan for existing Greenergy customers to transfer to the new tiered offerings over the next five years.

Proposed Residential Redesign: Community Options

“Give Green”

- ✓ ~\$3-5 /mo. per block
- ✓ Each block = 200kWh of clean energy
- ✓ Modular to assist individuals or communities
- ✓ CA renewable/solar energy

“Climate Action Fund”

- ✓ Flexible monthly cost program
- ✓ Designed to support local carbon reduction projects or initiatives
- ✓ Accounting and reporting annually

Next Steps

1. Conduct follow up market research to affirm assumptions and validate prototypes
2. Approve/refine overall marketing, sales, acquisition, enrollment and retention strategy
3. Build technology infrastructure to support, billing, marketing reporting, and accounting
4. Develop renewable and carbon free purchase strategy to optimize supply
5. Identify local community projects
6. Finalize program development, implementation and launch timeline