

Exhibit to Agenda Item #13

Authorize the Chief Executive Officer and General Manager to execute Amendment No. 3 to the Western Area Power Administration Custom Product Contract for Variable Resource Service (SMUD Contract I-709) to extend the contract from September 30, 2020, through December 31, 2024.

Board of Directors Meeting

Thursday, September 17, 2020, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

WAPA Custom Product Contract for Variable Resource Service

Authorize the CEO and GM, or his delegate, to execute Amendment No. 3 to the Western Area Power Administration Custom Product Contract for Variable Resource Service (SMUD Contract I-709) for an additional term of four years and three months from the current termination date of September 30, 2020, through December 31, 2024, substantially in the form included in the information packet.

WAPA Custom Product Contract for Variable Resource Service

Context:

SMUD first contracted with the US Bureau of Reclamation for the Central Valley Project's (CVP) Northern CA hydropower in the 1950's.

Now marketed by WAPA, the CVP is SMUD's largest source of contracted carbon-free energy totaling over 660 GWhs/year. CVP energy deliveries are highest April through October and are a valuable capacity resource for meeting SMUD's peak load.

WAPA constructed transmission lines to both connect the Pacific Northwest to California and to serve the Central Valley Project.

WAPA Custom Product Contract for Variable Resource Service

Background:

The CVP contract includes transmission service to deliver energy to SMUD system. Since 2005, WAPA has separately provided an additional 200 MW of transmission capacity under a “Custom Product” agreement.

The WAPA Custom Product contract allows SMUD to purchase and import carbon-free energy from Pacific Northwest resources. The agreement was extended twice, by 5 years each time, and the current term expires on September 30, 2020.

WAPA Custom Product Contract for Variable Resource Service

Background (continued):

The agreement allows SMUD to import more than 2200 GWhs/year of low-cost carbon-free energy. Cost savings are approximately \$2 Million/annually when compared to the cost of CAISO energy imports.

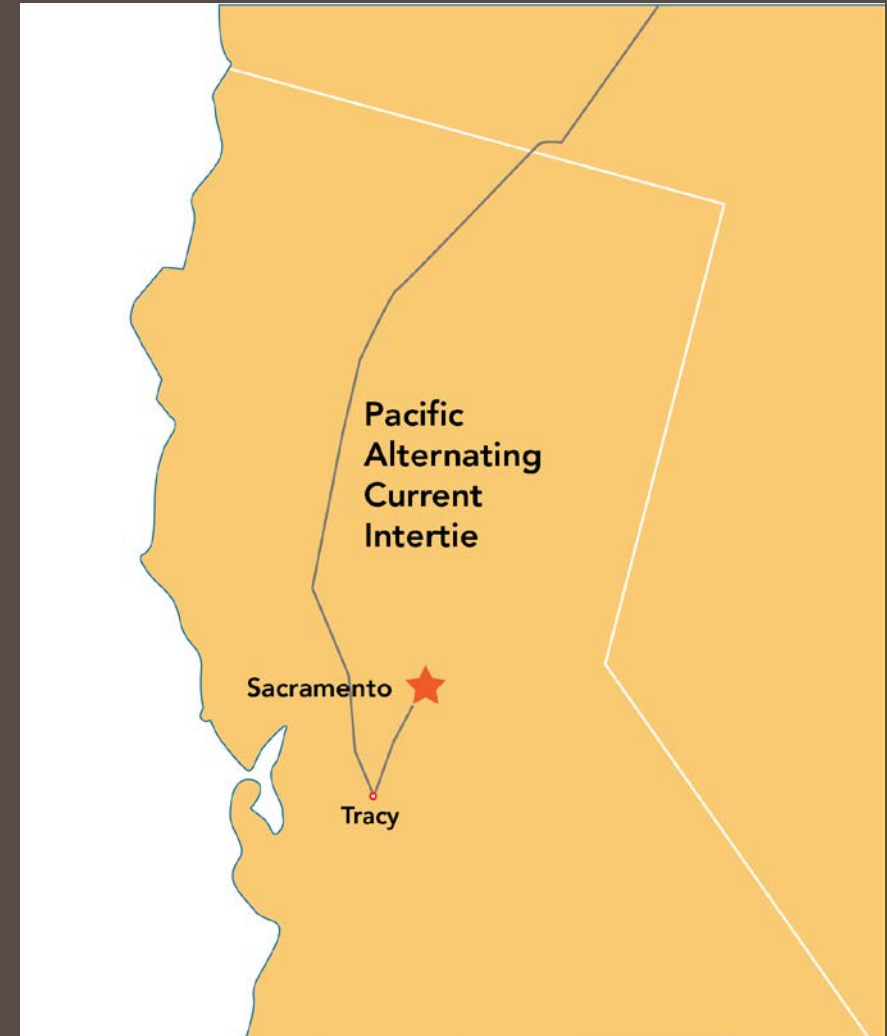
Further, WAPA makes available annually, up to an additional 110 MW of transmission depending on the season of the year.

WAPA Custom Product Contract for Variable Resource Service

Background (continued):

Pacific AC Intertie Transmission –

California Oregon Border to Tracy,
then stepping down for delivery to
SMUD System at
Hurley or Elverta Substations



WAPA Custom Product Contract for Variable Resource Service

Background (continued):

Today's requested action is an extension of the Custom Product contract from: September 30, 2020 to December 31, 2024.

The new expiration date corresponds to the underlying SMUD CVP hydropower contract expiration date.

WAPA Custom Product Contract for Variable Resource Service

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