

Exhibit to Agenda Item #4

Discuss, with possible amendment, **Strategic Direction SD-2,
Competitive Rates.**

Board Policy Committee and Special SMUD Board of Directors Meeting
February 10, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Proposed Revisions to SD-2, Competitive Rates

Maintaining competitive rates is a core value of ~~the District~~ SMUD.

Therefore:

- a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.
- b) SMUD's rates s of change for both rates and bills shall be competitive with other local utilities on a system average basis.
- c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:
 - i) Reflect the cost of energy when it is used or exported to the SMUD grid;
 - ii) Reduce use on peak consumption during periods of high system demand;
 - iii) Encourage energy efficiency and conservation and carbon reduction;

Proposed Revisions to SD-2, Competitive Rates

- iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include, but are not limited to, rooftop solar, battery storage, and energy reduction applications;
- v) Minimize the rate of change “sticker” shock in the transition from one rate design to another;
- vi) Provide customers Offer flexibility and choices options;
- vii) Be as simple and easy to understand as possible;
- viii) Address Meet the needs of people with fixed low incomes and severe medical conditions; and
- ~~viii~~ ix) Equitably allocate costs across and within customer classes.