

Exhibit to Agenda Item #1d

Enterprise Strategy 2022 Proposed Budget.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, November 9, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Enterprise Strategy

2022 Proposed Budget & Initiatives

Scott Martin

Chief Strategy Officer

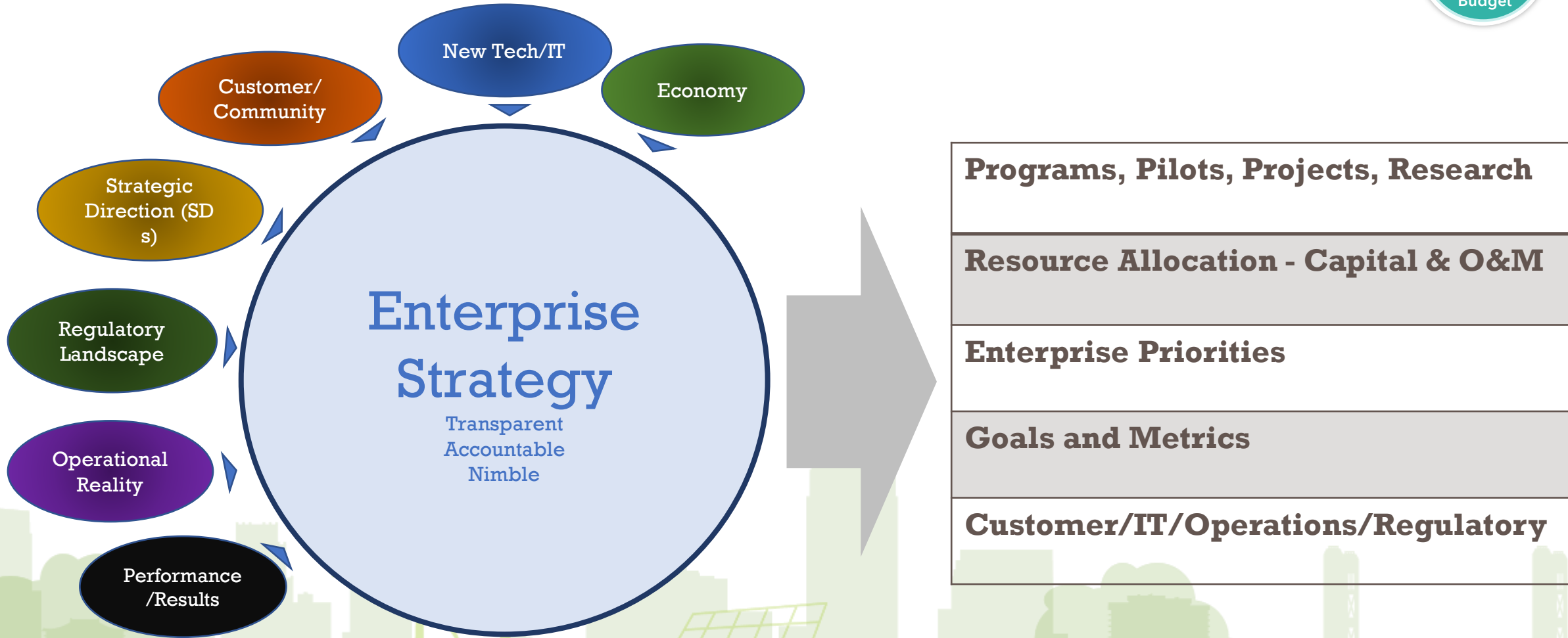


Business Segments & Functions



Enterprise Strategy			
Resource Strategy	Customer & Grid Strategy	Revenue Strategy	Enterprise Prioritization
Strategic Resource Planning	Customer Strategy	Pricing	Enterprise Prioritization
Market Strategy	Grid Strategy	Load Research & Forecasting	
	DER Strategy		
	Strategic Planning		
	Evaluation, Measurement & Verification		

The Strategy Process



Learn **Re-Assess** **Adjust** **Improve**

2022 Strategy



Natural gas generation repurposing

Retire 2 power plants by 2025 and retool remaining 3



Proven clean technology

- Expand SMUD's renewable and battery storage resources by 3.5x
- Support customer resources




New technology & business models

Pilot & scale new projects and programs

Financial

- Grants & partnerships
- Rate increases < Rate of inflation



Maximize community benefits

- Strengthen all communities
- Involve our customers & community in this transition



100%

Zero carbon by 2030



Reduction of greenhouse gas emissions



Continue Implementation of Zero Carbon Plan Strategy

-Operations & Safety -Legal & Regulatory -IT -Customer & Communities -Diversity, Equity and Inclusion



Safety & Reliability

- **Maintain a ZERO injury culture** SD-6
- **Ensure safe and reliable delivery of electricity to our customers** SD-4,7
 - Plan clean resources needed to transition away from our natural gas plants
 - Develop market strategy that supports our clean future
- **Research reliable and safe alternatives to our natural gas plants** SD-4,7
 - Emerging clean grid scale as well as distributed and customer resources
- **Engage Distributed Energy Resources (DERs)** SD-4,7
 - Partner with our customers and leverage their investments and connected devices





Affordability

- **Implement revenue strategy aligned with 2030 Zero Carbon Plan**
 - Implement new Solar + Storage Rate, Critical Peak Pricing and Virtual Power Plant pricing and incentives
 - Develop specialized rates to support strategic objectives, including Electric Vehicle (EV) and microgrids
- **Minimize the cost of the 2030 Zero Carbon Plan**
 - Pursue competitive solicitations for renewables and storage
 - Increase operational efficiencies
 - Promote load growth to bring new revenue

SD-2,3,5

SD-2,7,10





Organizational Agility

- Implement Enterprise Prioritization to ensure alignment and focus the organization on the top priorities for SMUD SD-2,10,17
- Align future pricing to support the 2030 Zero Carbon Plan SD-2,7,9,10
- Expand and refine evaluation efforts to understand performance and adjust strategy SD-2,7,10
- Facilitate rapid discovery and evaluation of innovative ideas through IdeaHub SD-2,10





Environmental Leadership

- **Drive aggressive Greenhouse Gas (GHG) reductions**

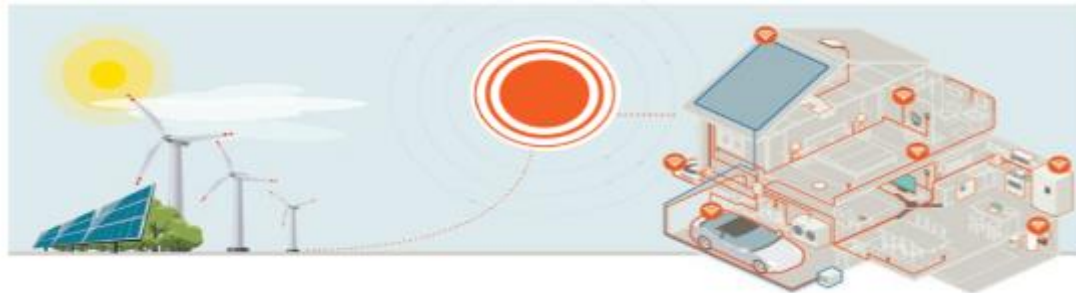
SD-7,9

- Expand renewables and battery storage while maximizing local benefits
- Explore and expand decarbonization offerings to support under-resourced communities
- Research and evaluate emerging technologies for promising solutions

- **Electrify Sacramento**

- Expand residential and commercial electrification offerings supporting aggressive building and transportation GHG reductions
- Increase focus on electric vehicle charging infrastructure with a plan to offer support for growth in Medium and Heavy Duty Zero Emissions Vehicles

SD-7,9,10





Community Vitality

- **Ensure no community left behind**
 - Develop strategy for Low & Moderate Income (LMI) and under-resourced communities to increase engagement and strengthen linkage with the 2030 Zero Carbon Plan
 - Utilize the 2030 Zero Carbon Plan to advance workforce development & job pipelines to support regional economic development and expand opportunities for under-resourced communities

- **Bring the benefits of the 2030 Zero Carbon Plan to under-resourced communities**
 - Implement solutions to enable thermal plant retirements
 - Implement local solar and storage solutions that provide both customer and community benefits, including Virtual Solar
 - Improve local air quality within under-resourced communities through increased building and transportation electrification

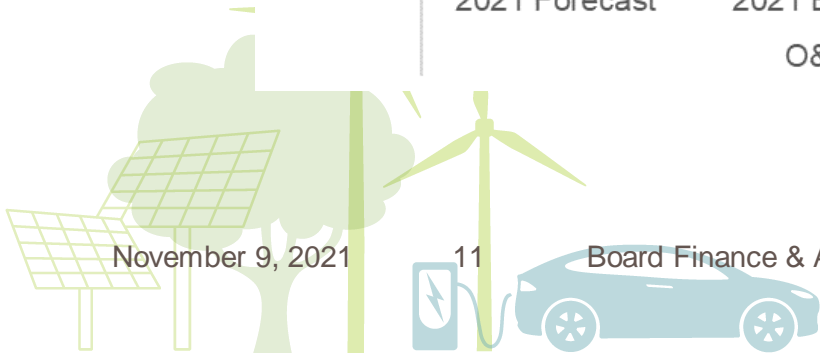
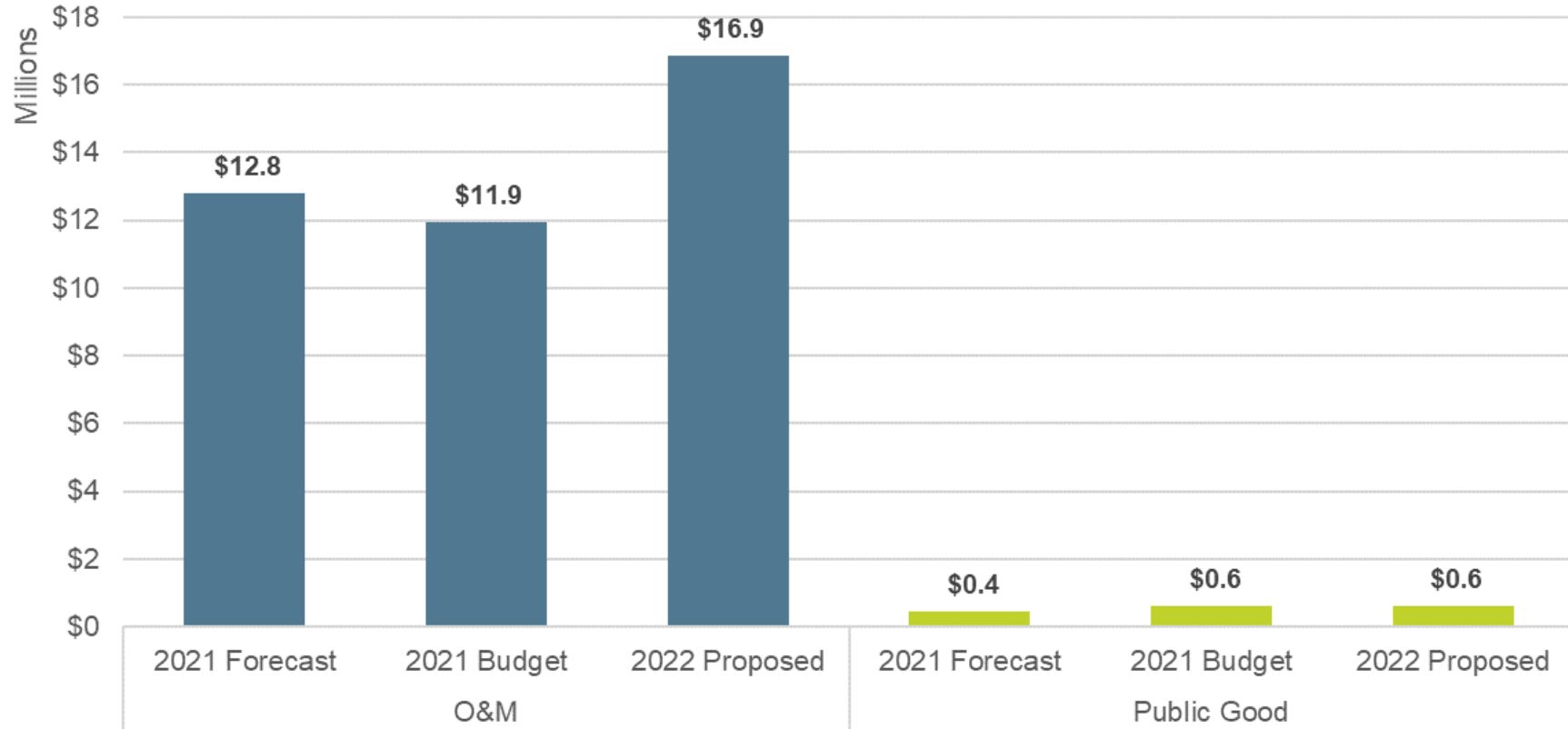
SD-5,13,15



SD-5,7,9,13



2022 Proposed Budget



November 9, 2021

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Board Finance & Audit Committee and Special SMUD Board of Directors Meeting – 2022 Proposed Budget

