

# Exhibit to Agenda Item #10

Discussion and possible approval of draft rate resolutions introduced at the August 31, 2021, Board of Directors meeting to make changes to SMUD's Rates, Rules and Regulations proposed by:

- a. Chief Executive Officer and General Manager's Report and Recommendation on Rates and Services (Volumes 1 & 2) dated June 17, 2021 ("CEO & GM Report") [two resolutions]; and
- b. Chief Executive Officer and General Manager's Report and Recommendation on Open Access Transmission Tariff (Volume 1) dated June 17, 2021 ("OATT Report") [one resolution].

Board of Directors Meeting

Thursday, September 16, 2021, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

# 2021 Rate Process Summary

## May 18

Board Committee Meeting @ 5:30 p.m.  
Introduction to the Rate Recommendations & overview of the Solar and Storage Rate

### Public outreach process contacts:

- 50+ community organizations
- 1,200+ community & business leaders
- 55 local elected officials
- 300+ community & business partners

## Aug. 31

- Hosted public rates hearing @ 5:30 p.m. via Zoom
- Draft rates resolutions introduced

## June 17

Released the CEO & GM Reports and Recommendations on Rates and Services & Open Access Transmission Tariff

## July 8 & July 27

Hosted public rates workshops via Zoom

## Sept. 16

Final decision on rate resolutions at SMUD Board meeting

EXTENSIVE PUBLIC OUTREACH THROUGHOUT

2+ years collaboration w/ solar industry

May

June

July

August

Sept.

# Proposed changes to SMUD rates

Rate proposal	Rate increase & effective date	Customer groups impacted
<b>2022 – 2023 rate increases</b>	1.5% effective on 3/1/2022 2.0% effective on 1/1/2023	All customers
<b>Solar and Storage Rate</b>	Effective 1/1/2022	All solar and storage customers approved for interconnection on or after 1/1/2022
<b>Optional Critical Peak Pricing Rate (CPP)</b>	6/1/2022	Optional rate for residential customers 1. Up to 30,000 customers with a SMART thermostat 2. Solar + storage customers 3. Storage only customers

## Other Rate Changes

- Open Access Transmission Tariff (OATT) price update
- Implementation delay of commercial rate restructure and new rates nomenclature
- Minor language changes to certain tariffs

# Solar and Storage Rate proposal

All existing solar customers will continue to get the current NEM 1.0 rate and its benefits through 2030.

Rate proposal	Rate effective date	Customer groups impacted
Solar and Storage Rate	January 1, 2022	All Solar and Storage customers approved for interconnection on or after 1/1/2022

- Will accelerate storage adoption and transform the market from solar only to solar and storage.
- Will benefit all our customers and help SMUD achieve the 2030 zero carbon goal at a lower cost by partnering with our customers.
- Excess power can be sold back to SMUD for 7.4¢/kWh no matter the time-of-day or season.
- SMUD will reevaluate this value every 4 years (2026 & 2030) and the value will not be revised more than +/- 30%.
- Staff will implement an interconnection fee of \$475 for a majority of new residential solar applications effective January 1, 2022.

# Excess power sold back to SMUD for 7.4 ¢/kWh

## What makes up the 7.4¢/kWh?

- Recognizes value customers' energy provides to SMUD by reducing the need to generate power from a power plant.
- Avoids the following power generation related costs:



- Carbon / greenhouse gases
- Natural gas
- Capacity (transmission, distribution & generation)

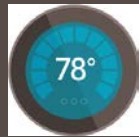


SMUD is recognizing rooftop customers' excess energy provides a **unique indirect benefit of avoiding disturbing** land for a utility size solar plant.

*For more details, please see the Changes to Net Energy Metering section in the GM Report.*

# Optional residential Critical Peak Pricing (CPP) rate

## Who can participate?



Customers with smart thermostats



Customers with solar and storage



Customers with storage only



Customers with solar only

## What?

- In times of extreme grid stress, SMUD declares a Critical Peak Pricing “event.”
- SMUD asks customers to conserve energy and use batteries (where applicable).
- Opted-in customers pay more during “events” in exchange for a discount on summer Off-Peak and Mid-Peak hours.

## When?



- June, July, August, September
- 1 to 4 hours per event with advance notice
- No more than 50 hours per summer

## Why?

- Conserves energy & reduces stress on grid during peak events, helping make energy available for others.
- Reduces need for energy from less environmentally friendly power plants.
- Opted-in customers receive discount rate during summer Off-Peak and Mid-Peak hours.

# Open Access Transmission Tariff update

*This rate does not impact SMUD's residential and commercial retail customers*

Price description	Schedule 1 Scheduling, system control and dispatch service	Schedule 2 Reactive supply and voltage control from generation or other sources service
Yearly Delivery (per MW of Reserved Capacity per year)	\$4,340.62	\$964.52
Monthly Delivery (per MW of Reserved Capacity per month)	<b>\$361.72</b>	<b>\$80.38</b>
Weekly Delivery (per MW of Reserved Capacity per week)	\$83.47	\$18.55
Daily Delivery (per MW of Reserved Capacity per day)	\$16.69	\$3.71
Hourly Delivery (per MW of Reserved Capacity per hour)	\$1.0434	\$0.2319

# New Programs to Support Storage with Solar



# \$25M storage incentive program

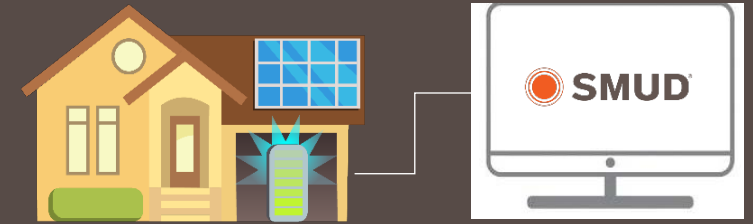
## Type



Battery Storage



Battery Storage + Residential  
Critical Peak Pricing



Battery Storage + Virtual  
Power Plant Partner

## Incentive

Up to \$500

Up to \$1,500

Up to \$2,500

## Benefits

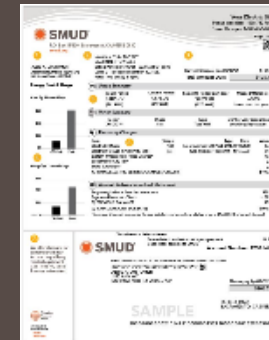
- Customer uses stored energy when power is most expensive
- Reduces SMUD's peak load
- Battery provides backup power during an outage

- Battery storage benefits
- +
- Helps SMUD during critical times when energy demand is highest or the grid is stressed

- Battery storage benefits
- +
- SMUD pays an ongoing payment for participating in the program
  - VPP partner shares stored energy with other customers when called upon

# New Virtual Solar Program (VNEM)

- Virtual Solar Program for under-resourced multi-family dwelling communities effective June 1, 2022.
- SMUD buys all solar and allocates bill credits to individual program participants in that building.
- Participants receive a bill credit from on-site solar.
  - Eligible customers continue to receive EAPR or MED Rate discounts.



# Public outreach process: direct engagement



Emails to customers, local organizations and to our Listserv subscribers.

**256,000+**

Community & business leaders received emails, letters and/or phone calls to offer meetings & information.



**1,200+**



Community & business partners were provided information and fact sheets to share with their constituents, members and networks.

**300+**

Local elected officials were mailed info packets and offered to meet.



**55**



**~50**

Community organizations or neighborhood associations received presentations.

# Summary of alternate recommendations

- **Alternative recommendation**: Consider different rate with different structure for implementation date, review date, duration of legacy rate for existing solar customers, including payment of wholesale rate for systems sizes that exceed household usage.
  - **Response**: Proposal based on independent Value of Solar and Storage Study and consideration of investment made by solar customers and SMUD's strategic direction on rates.
- **Alternative recommendation**: Proposal to reduce existing residential rates revenue due to a scalar.
  - **Response**: SMUD follows widely accepted rate making methods, the change would reduce retail revenue and impact SMUD's financial obligations.
- **Alternative recommendation**: Modify tariff language on Renewable Energy Credit (REC) ownership.
  - **Response**: The proposal is outside of the items included in the rate resolution and SMUD is not considering changes related to REC treatment.

# Requested Action

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