

# Exhibit to Agenda Item #3

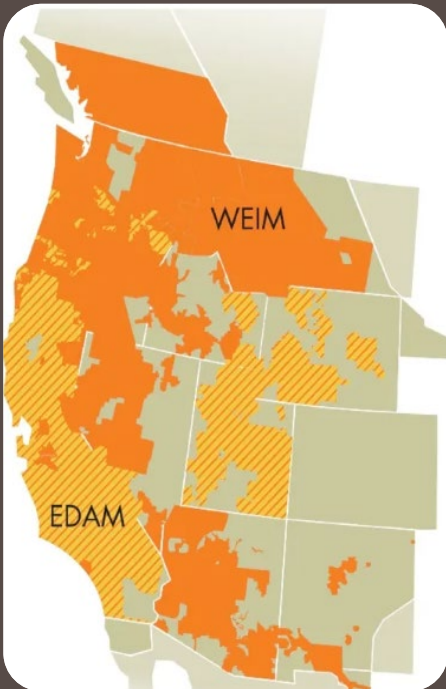
Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute a sole source contract with **Power Costs, Inc.** for professional services and software maintenance in support of the Generation Supply Management System for a five-year term starting approximately August 25, 2025, in an amount not to exceed \$10.7 million.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, August 19, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Background

Board Resolution 23-08-06 of August 2023 authorized participation in the California Independent System Operator Corporation (CAISO) Extended Day-Ahead Market (EDAM).



- Power Costs Inc.'s (DBA PCI Energy Solutions) Generation Supply Management is the backbone of SMUD's energy trading solution.
- PCI provides power trading and scheduling into the Western Energy Imbalance Market (WEIM).
- PCI is a SMUD Strategic partner for 11 years.
- SMUD will join EDAM with BANC in October 2027.

# Benefits of EDAM to SMUD



Affordable

Access to lower-cost generation outside of the SMUD portfolio with estimated \$7 million in net benefits per year.



Reliable

Better management of the variability associated with renewable generation.



Affordable

Transparent price signals result in better grid investment decisions.



Sustainable

Geographic diversity enables higher renewable penetration.



Reliable

Access to a broader pool of flexible resources during contingencies, thus lowering the probability of loss-of-load events.



Sustainable

Avoids duplication of thermal backup generation.

# Procurement Strategy

- Request a new five-year contract with PCI for \$10.7million to include software and professional services through May 31, 2031.
- 5-year software renewal term provides approximately \$380,000 (8%) in savings vs. the 3-year option and will be paid annually.

