

Exhibit to Agenda Item #3

Discuss authorizing the Chief Executive Officer and General Manager to execute, substantially in form attached, Firm Storage Service (FSS) schedules with **Central Valley Gas Storage, LLC**, for:

- a. 1 Bcf of natural gas storage service for the period April 1, 2026, through March 31, 2031; and
- b. Natural gas injection service for the period March 1, 2026, through April 1, 2026.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, December 9, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

5-Year Contract for Natural Gas Storage and Injection Services with Central Valley Gas Storage, LLC

Background

- SMUD uses natural gas storage for 3 key benefits:
 - Reliability: Fueling our power plants during system constraints
 - Flexibility: Avoiding penalties during abnormal operating conditions
 - Arbitrage: Maintaining stable commodity costs

5-Year Contract for Natural Gas Storage and Injection Services with Central Valley Gas Storage, LLC

Context

- SMUD has two contracts for storage with two different storage providers
- One contract is expiring on March 31, 2026
- Bids were received from three Northern California storage providers
- Staff conducted an evaluation of the offers and determined that the Central Valley Gas Storage offer provided superior value vs. alternatives

5-Year Contract for Natural Gas Storage and Injection Services with Central Valley Gas Storage, LLC

Key Contract Terms

Volume:

- ~1,000,000 Dth of inventory (equivalent to 1 Billion cubic feet)
- Injection rate: 10,000 Dth/day
- Withdrawal rate: 20,000 Dth/day

| Term | 5 Year |
|---------------|----------------|
| Start | April 1, 2026 |
| End | March 31, 2031 |
| Price | \$3.72 Dth |
| Cost per year | \$3,765,00.00 |

5-Year Contract for Natural Gas Storage and Injection Services with Central Valley Gas Storage, LLC

Requested Action

Authorize the Chief Executive Officer and General Manager, or his designee, to execute, substantially in form attached, Firm Storage Service (FSS) schedules with Central Valley Gas Storage, LLC, for:

- a) 1 Bcf of natural gas storage service for the period April 1, 2026, through March 31, 2031; and
- b) Natural gas injection service for the period March 1, 2026, through April 1, 2026.