

Exhibit to Agenda Item #1

Provide the Board presentations by external and internal experts regarding Resource Adequacy and Summer 2026 Readiness followed by a discussion on the topic.

Board Strategic Development Committee and Special SMUD Board of Directors Meeting

Tuesday, June 9, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Agenda

- 2025 Recap
- SMUD Summer 2026 Setup
- Market Outlook for Remainder of Year
- Questions

What is SMUD's Market Footprint?

Bilateral Market

SMUD participates in energy markets in the Western Interconnect - from the Rocky Mountains west including parts of Canada and Mexico. Transactions from next hour to years' long complex Power Purchase Agreements (PPAs).

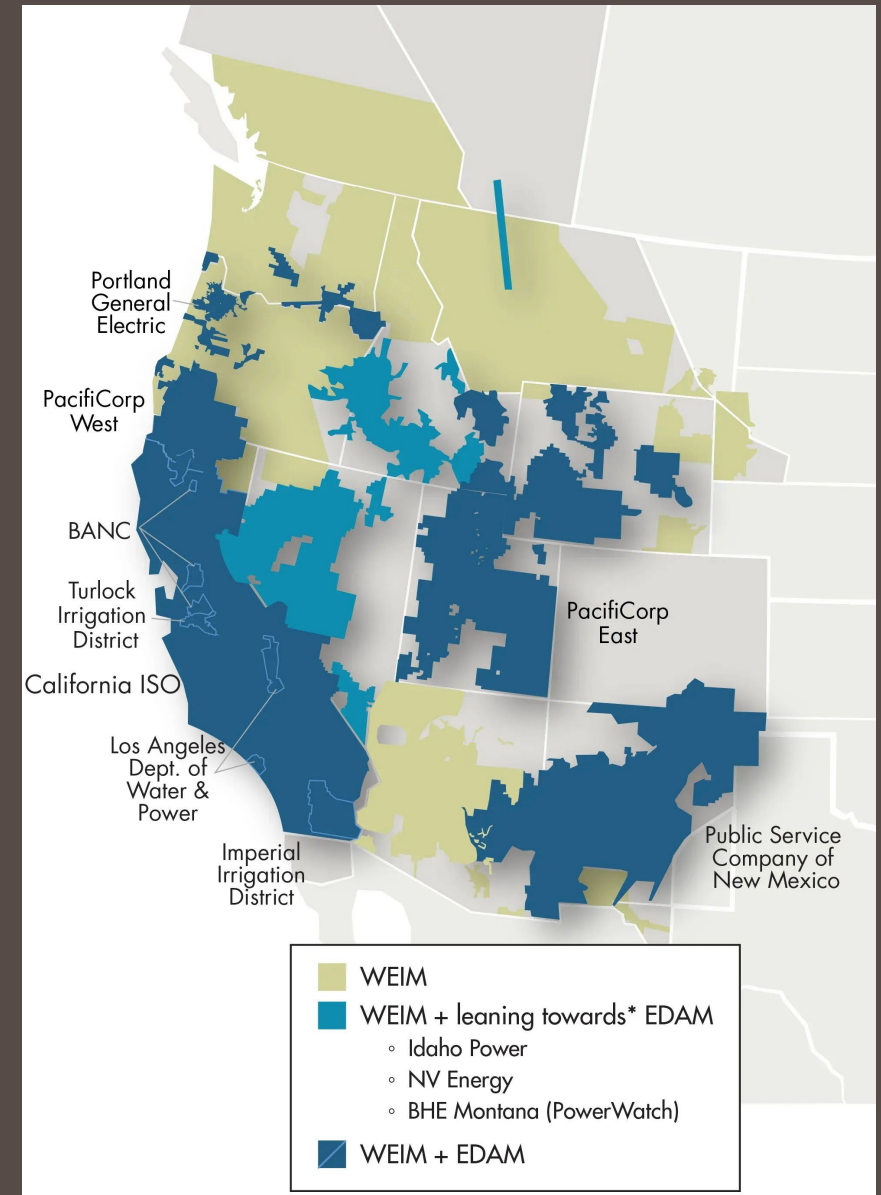
CAISO Energy Imbalance Market (EIM)

The EIM's advanced market system automatically finds low-cost energy to serve real-time consumer demand across the west. Since its launch in 2014, the EIM has enhanced grid reliability and generated cost savings for its participants. Besides its economic advantages, the EIM improves the integration of renewable energy, which leads to a cleaner, greener grid.

The EIM serves as SMUD's primary Realtime Energy Market. SMUD went live in April of 2019 with the remainder of Balancing Authority of Northern California (BANC) joining in March of 2021.

CAISO Extended Day-Ahead Market (EDAM)

The EDAM went live May 1, 2026, with PacifiCorp as the first participant. Portland General Electric is on target for Fall 2026. SMUD Board approved participation in EDAM, and BANC/SMUD are on target for go-live in October 2027. EDAM extends the process of the EIM into the Day-Ahead timeframe allowing for the deeper redispatching of resources to achieve the most reliable and lowest cost solutions while facilitating a deeper integration of renewables across the regional market footprint.

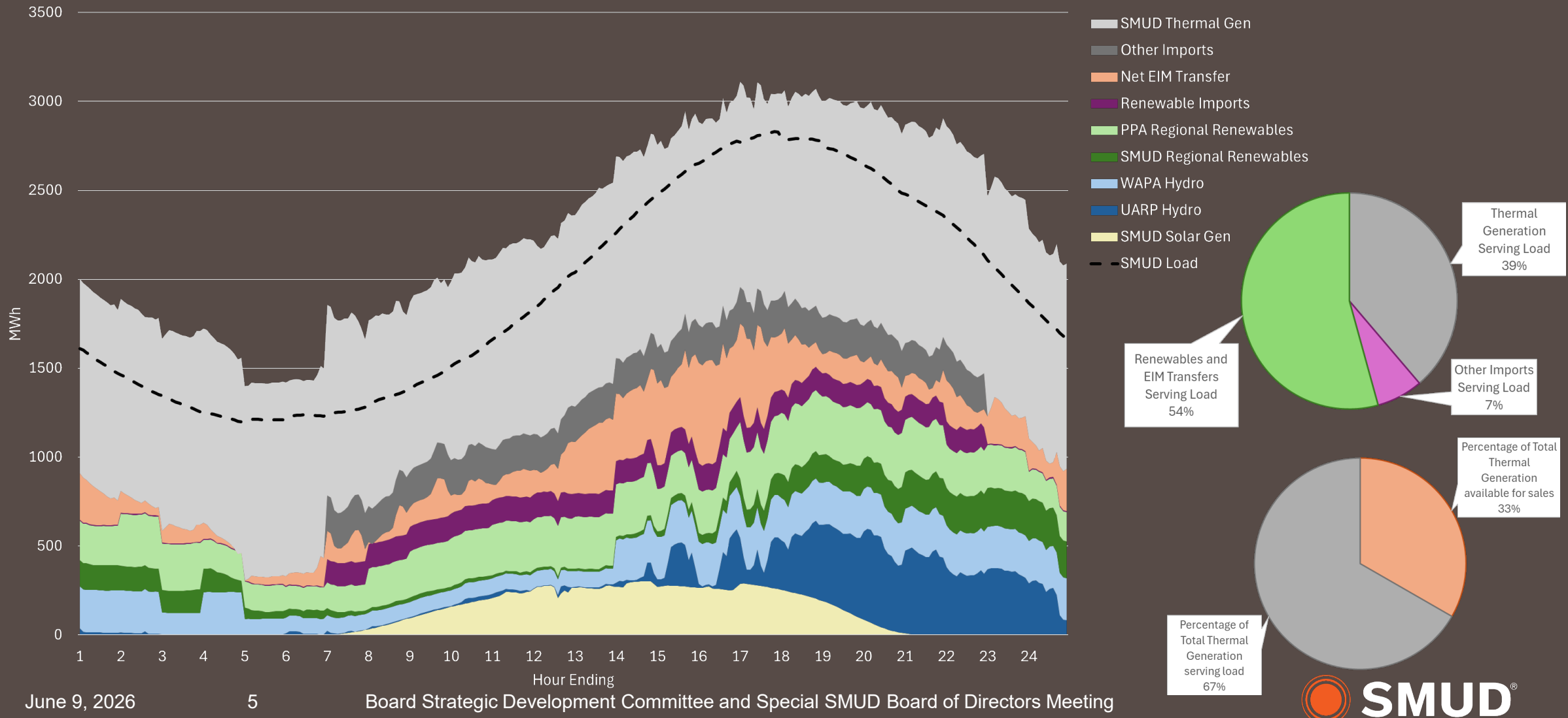


2025 Recap

- Few extreme operating days compared to recent years.
- SMUD Peak Load was 2,797 MWs on July 11, 2025.
 - Fun Fact: 2024 peak load occurred on July 11th as well.
- Generation fleet and transmission system healthy. No significant forced outages during the summer period.
- Tule Fog challenge met with resilient portfolio and regional market footprint.

July 11, 2025, Summer Peak Energy Portfolio

A full regional perspective



June 9, 2026

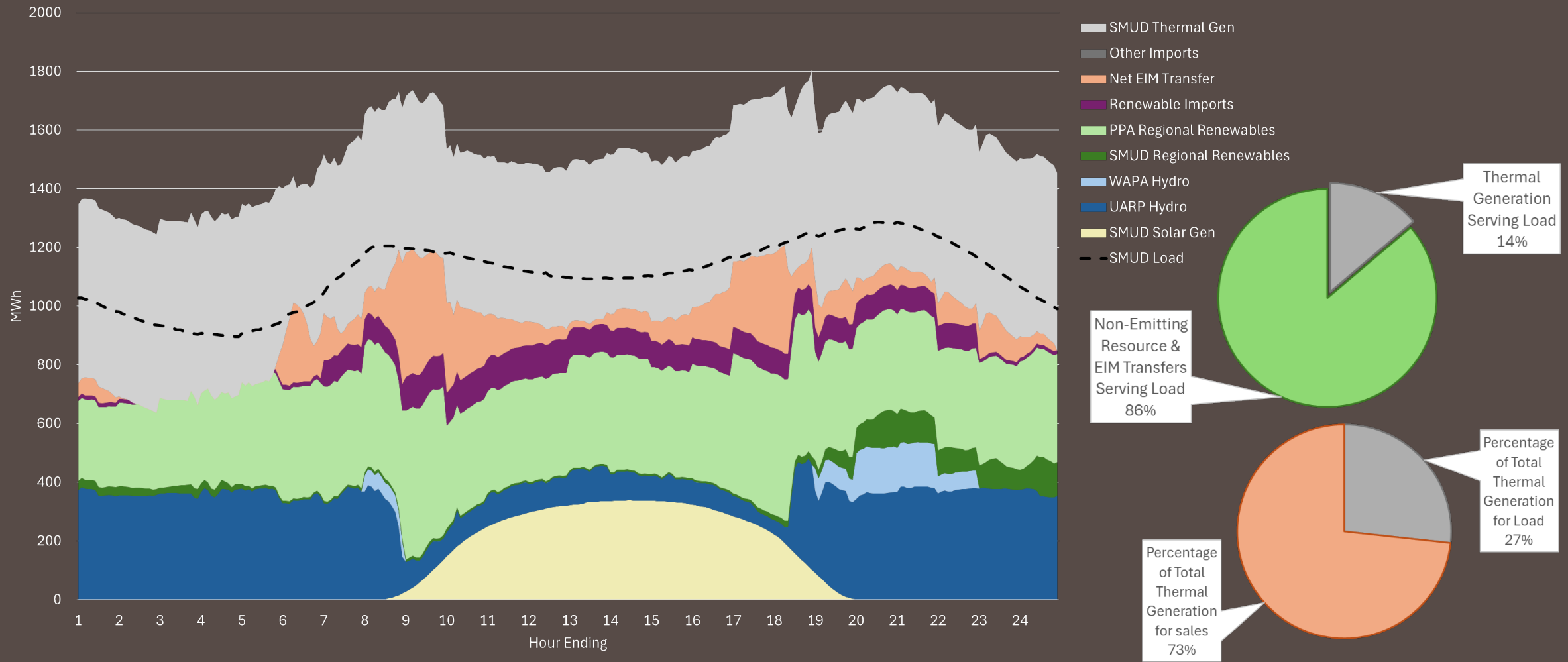
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Board Strategic Development Committee and Special SMUD Board of Directors Meeting



March 12, 2026, Lower Load Energy Portfolio

A full regional perspective



Edge operating condition: Tule fog impacts

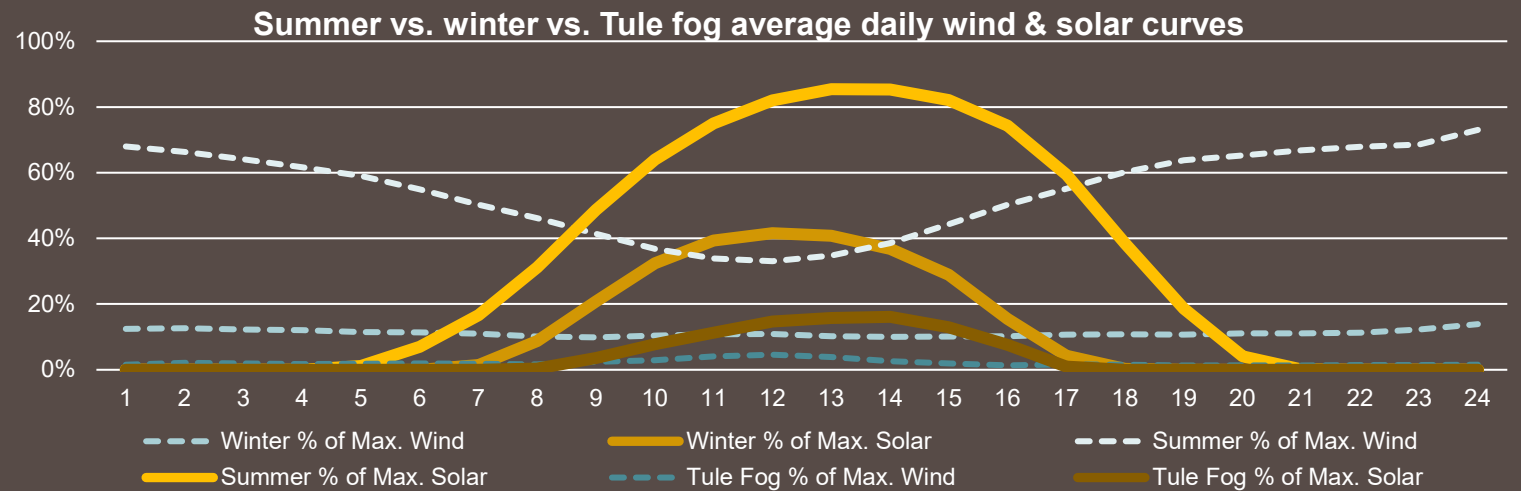
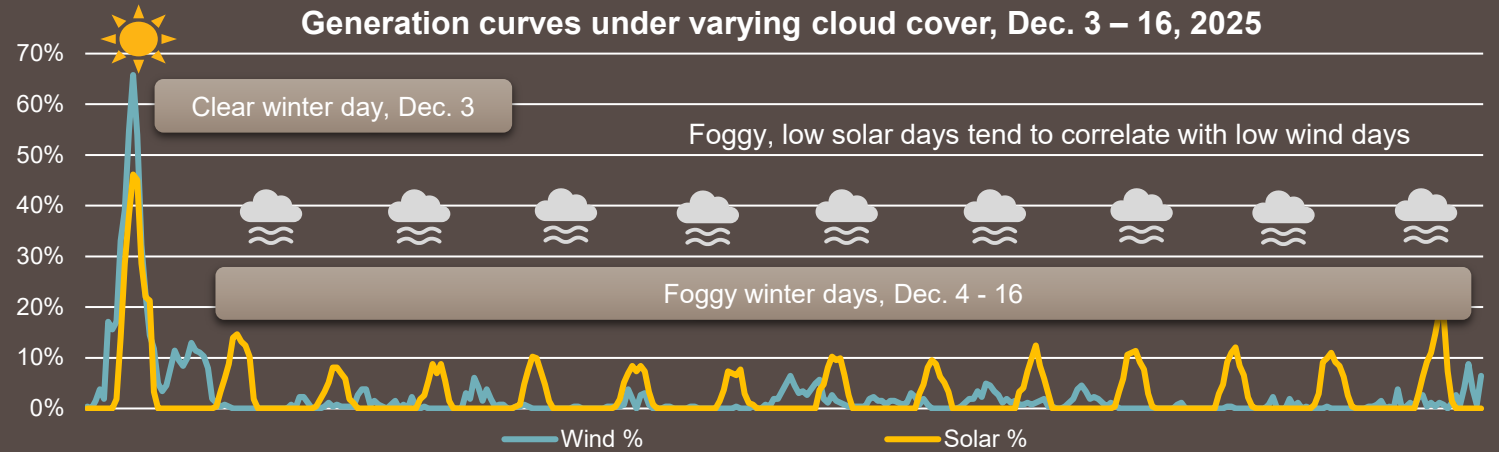
Tule fog event in California's Central Valley
Nov. 24 – Dec. 9, 2025



16-day Tule fog event in 2025 reduced utility-scale solar generation to as low as 10% of potential max generation.



Only 34% of the seasonal winter average was generated during this weather event.



Summer Setup 2026 - Changes in Resource Adequacy (RA) Plan from 2025 to 2026

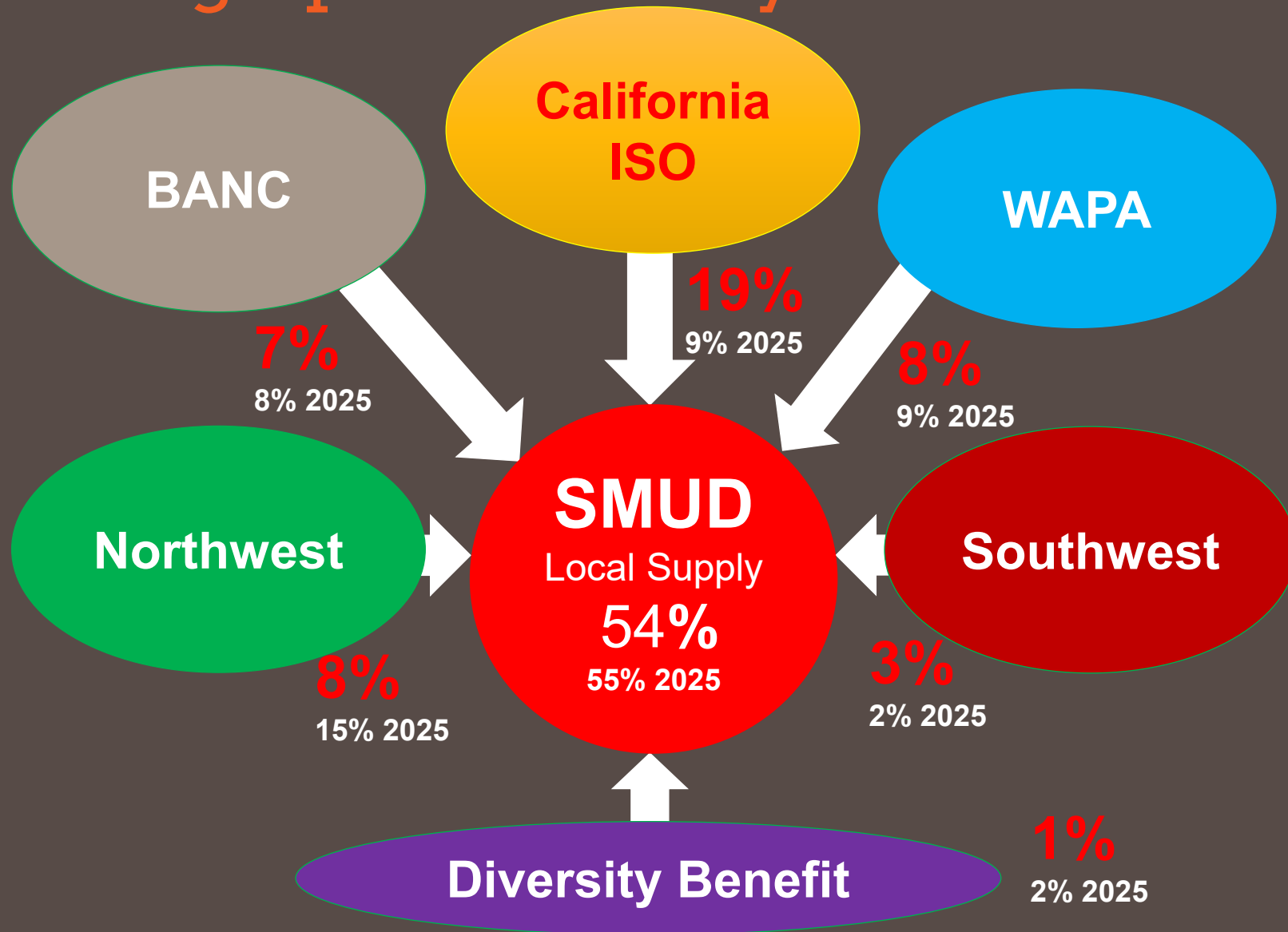
	Jul-25	% of Portfolio	Jul-26	% of Portfolio	Change 2025-2026
Load	2,931		3,074		143
RA Obligation	3,443		3,612		169
Resource Locations					
SMUD/BANC	2,148	62.4%	2,189	60.6%	41
<i>SMUD Gen</i>	1,890	54.9%	1,931	53.5%	41
<i>Sutter</i>	258	7.5%	258	7.1%	0
CAISO	308	8.9%	686	19.0%	378
<i>Energy (Renewables Portfolio Standard)</i>	293	8.5%	311	8.6%	18
<i>Non-RA</i>	15	0.4%	375	10.4%	360
Western Area Power Admin	322	9.4%	304	8.4%	(18)
Pacific Northwest	524	15.2%	272	7.5%	(252)
Desert Southwest	77	2.2%	106	2.9%	29
Diversity Benefit	64	1.9%	55	1.5%	(9)
Total Resources	3,443		3,612		169



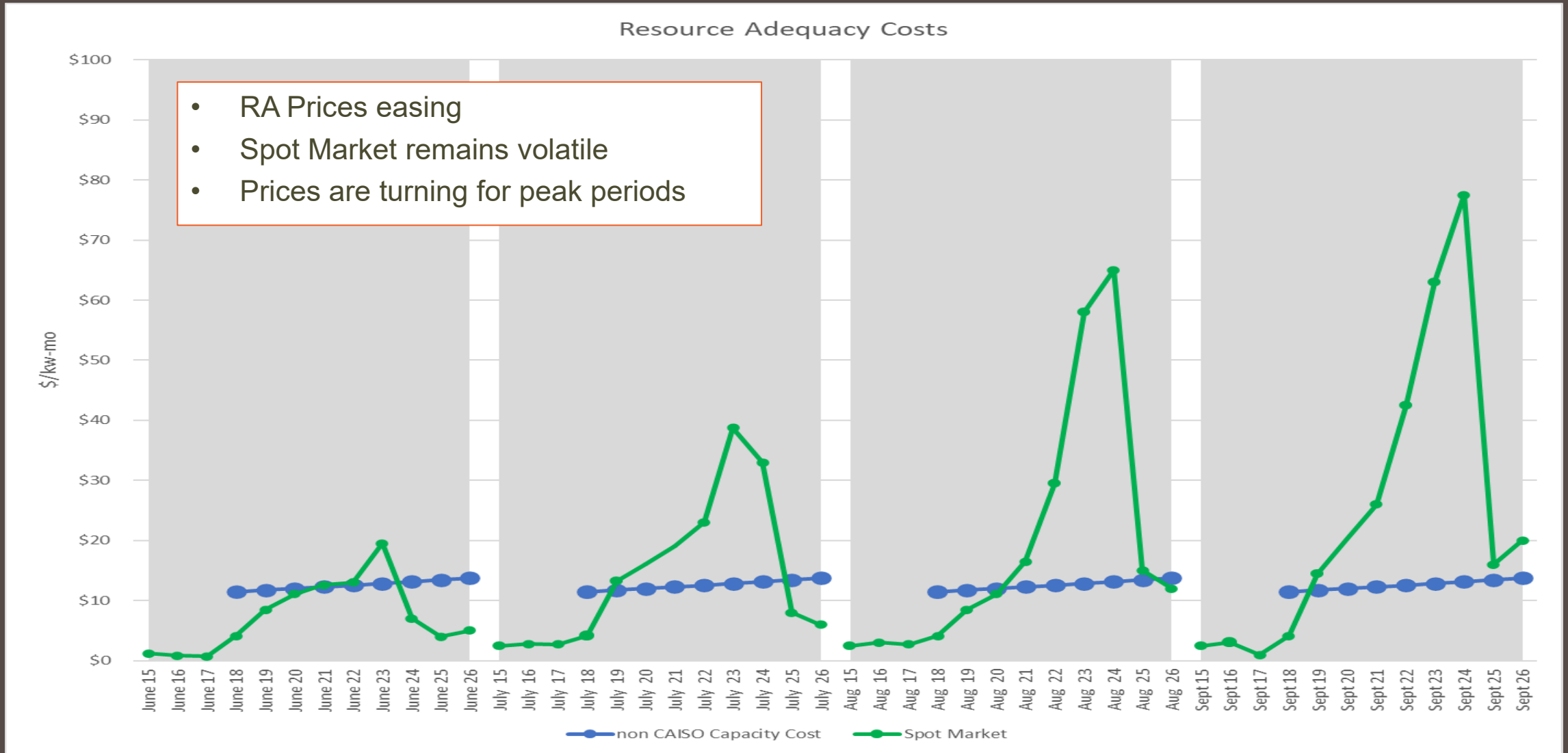
Resource Adequacy Second Half 2026 - Compliant

	26-Jul	26-Aug	26-Sep	26-Oct	26-Nov	26-Dec
Load	3,074	2,897	2,768	1,944	1,520	1,648
RA Obligation	3,612	3,404	3,252	2,284	1,786	1,936
SMUD/BANC						
	2,189	2,172	2,159	1,701	1,840	1,913
<i>SMUD Gen</i>	1,931	1,914	1,901	1,574	1,582	1,655
<i>Sutter</i>	258	258	258	127	258	258
CAISO	686	685	509	278	167	156
<i>Energy (Renewable Portfolio Standard)</i>	311	311	291	228	167	156
<i>Non-RA</i>	375	374	218	50	0	0
Western Area Power Admin	304	307	287	236	235	240
Pacific Northwest	272	100	150	19	19	19
Desert Southwest	106	86	70	80	125	123
Diversity Benefit	55	60	81	102	(152)	(113)
Total Resources	3,612	3,381	3,228	2,416	2,234	2,338

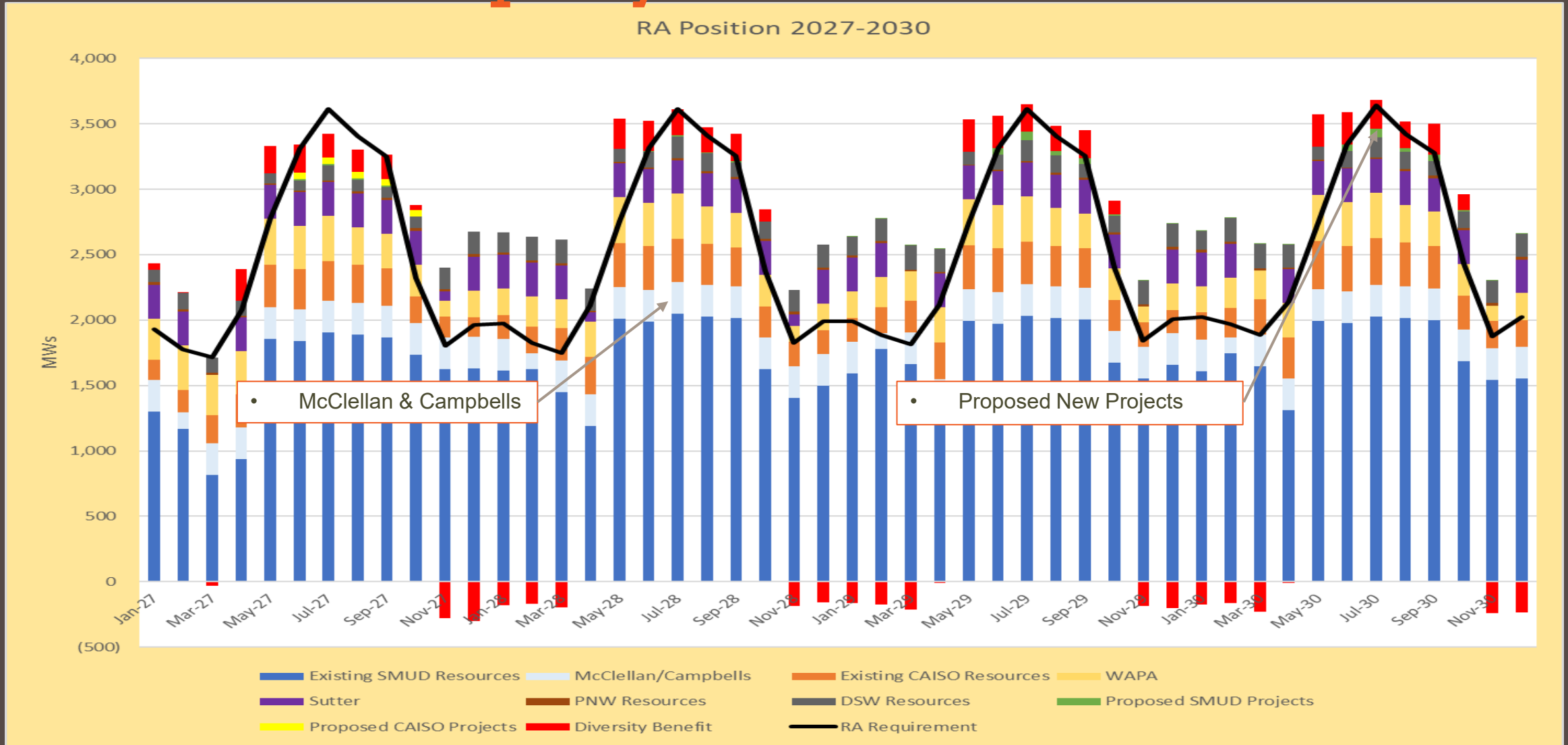
Geographic Diversity of 2026 RA Plan



RA Prices 2026



Resource Adequacy 2027-2030



Market Outlook Summer 2026

- *BANC/SMUD Summer Readiness – "Cautiously Optimistic"*
- *RA Market pricing continues to ease,*
 - *September 2026 RA @ \$9.00 KW/month (September 2025 @ \$20.00)*
- *Market energy prices have continued to ease year over year*
 - *Northwest Heavy Load for July 2026 currently @ \$59.93 (July 2025 @ \$88.20)*
 - *Northwest Heavy Load for August 2026 currently @ \$75.38 (Aug 2025 @ \$119.29)*
- *Weather*
 - *NWS seasonal outlook suggests above average temperatures for Sacramento and the broader West with developing El Nino.*

Required Actions

- *Will utilize financial hedges to address forward looking energy imbalances to provide price protection.*

Market Outlook Summer 2026 - Continued

There are three important regions to consider for hydrological conditions:

- Upper American River Project (UARP) – SMUD-owned hydro generation
- Western Area Power Administration (WAPA) Central Valley Project (CVP) – hydro generation contracted with WAPA from across California
- Pacific Northwest (PNW) - hydro generation in Oregon, Washington and British Columbia

Area (as of 5/27/2026)	Precipitation as snowpack (% of normal)	Precipitation as rain (% of normal)
UARP	0	93
CVP	0	94
PNW	36	99

Water Year 2026 began with steady precipitation; however, snowpack did not materialize behind the early precipitation, resulting in the second lowest snowpack on record. Current inflow into the UARP is about 25 days earlier than when it typically is at this level.

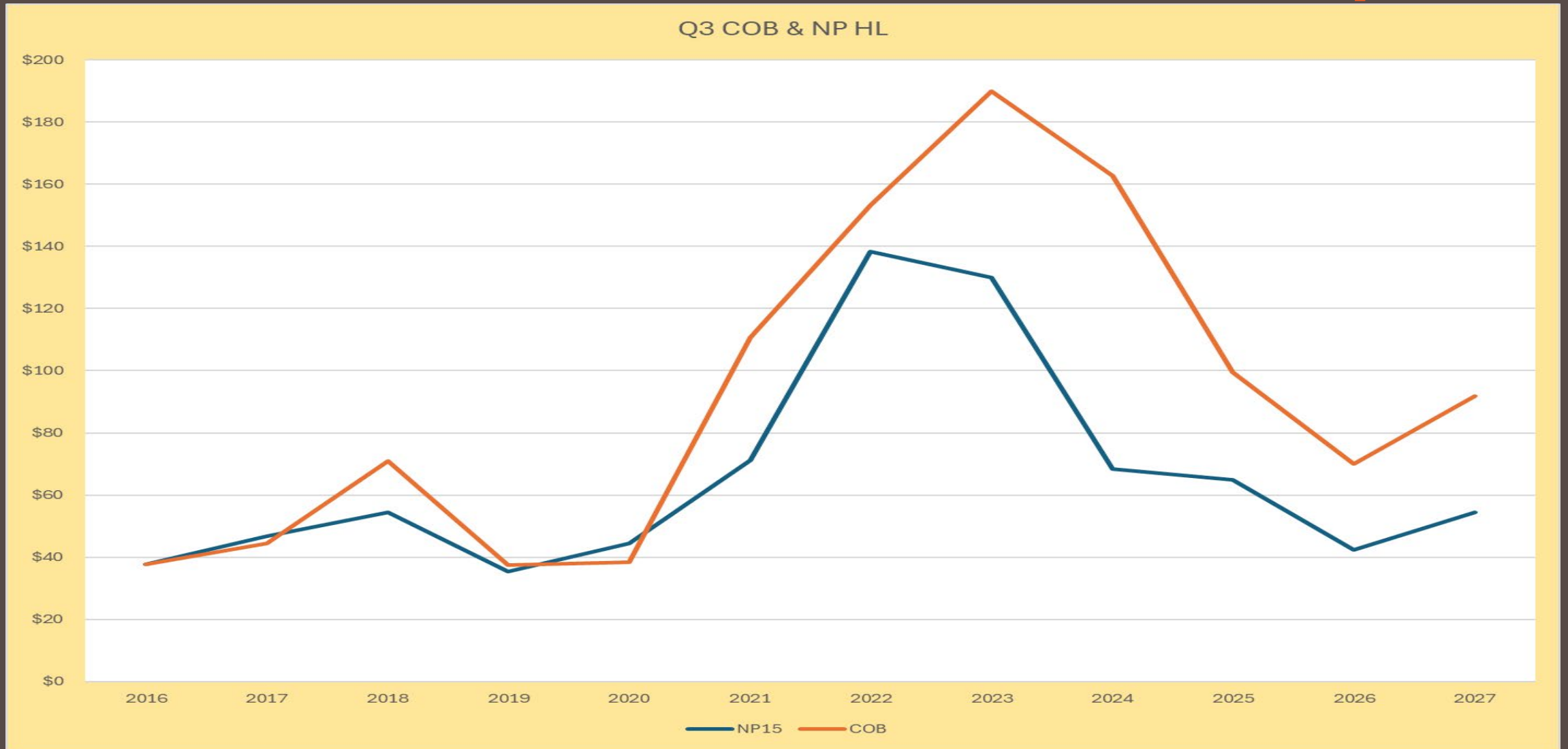
Energy Prices 2026 – Prices Moderating

COB HL	2024	2025	2026	2027	2028
Jul	\$135.94	\$88.20	\$59.93	\$79.38	\$84.26
Aug	\$199.75	\$119.29	\$75.38	\$105.36	\$114.58
Sep	\$152.75	\$90.97	\$74.87	\$90.73	\$86.32
Q3	\$162.81	\$99.49	\$70.06	\$91.82	\$95.05

NP HL	2024	2025	2026	2027	2028
Jul	\$55.70	\$61.97	\$38.14	\$50.37	\$51.59
Aug	\$79.90	\$72.38	\$45.29	\$57.69	\$69.71
Sep	\$69.90	\$60.63	\$43.53	\$55.09	\$58.64
Q3	\$68.50	\$64.99	\$42.32	\$54.38	\$60.01

- 2024 – 2025 are of as March of each year
- 2026 – 2028 are as of May 2026

Market shift Northwest vs California over the years



Key Takeaways for 2026

Cautiously Optimistic

- *Generation and Transmission assets healthy*
- *Energy, Resource Adequacy and Natural Gas prices relatively stable*
- *Significantly hedged portfolio*

Things to keep an eye on

- *Wildfire, particularly on westwide transmission system*
- *Westwide heat event*

Questions

